Executive

Wednesday 10 February 2016

A meeting of the Executive will be held at the Town Hall, Royal Leamington Spa on Wednesday 10 February 2016 at 6.00pm.

Membership:

Councillor A Mobbs (Chairman)

Councillor M Coker	Councillor P Phillips
Councillor S Cross	Councillor D Shilton
Councillor Mrs S Gallagher	Councillor P Whiting
Councillor Mrs M Grainger	

Also attending (but not members of the Executive):

Whitnash Residents Association (Independent) Group Observer	Councillor Mrs Falp
Labour Group Observer	
Liberal Democrat Group Observer	
Chair of the Overview & Scrutiny Committee	Councillor Boad
Chair of the Finance & Audit Scrutiny Committee	Councillor Barrott

Emergency Procedure

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

Agenda

1. **Declarations of Interest**

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

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

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

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

2. **Minutes**

To confirm the minutes of the meeting held on 13 January 2016 **(Item 2/Page 1)**

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

2A. **Election of Chairman and Vice-Chairman of the Council 2016/17**

In accordance with Procedure Rules, to recommend to Council the persons to be elected as the Chairman and the Vice-Chairman of the Council for 2016/17

3. **Waste Container Charging**

To consider a report from Neighbourhood Services **(Item 3/Page 1)**

4. **Budget 2016/17 and Council Tax – General Fund Revenue and Capital**

To consider a report from Finance **(Item 4/Page 1)**

5. **Housing Revenue Account (HRA) Budget 2016/17 and Housing Rents**

To consider a report from Finance and Housing & Property Services **(Item 5/Page 1)**

6. **Heating, Lighting and Water Charges 2016/17 – Council Tenants**

To consider a report from Housing and Property Services **(Item 6/Page 1)**

7. **Treasury Management Strategy Plan for 2016/17**

To consider a report from Finance **(Item 7/Page 1)**

8. **Design Guidance for the Strategic Urban Extension, South of Royal Leamington Spa and Warwick (February 2016)**

To consider a report from Development Services **(Item 8/Page 1)**

Part 2
(Items upon which the approval of the Council is not required)

9. **Multi-Storey Car Parks Condition Survey**

To consider a report from Neighbourhood Services **(Item 9/Page 1)**

10. **General Reports**

(A) Rural / Urban Capital Improvement Scheme (RUCIS) Application

To consider a report from Finance **(Item 10A/Page 1)**

11. **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 Nos.	Para Nos.	Reason
12	1	Information relating to an Individual
12	2	Information which is likely to reveal the identity of an individual

12. **Potential Redundancy Costs (Customer Service Centre)**

To consider a report from Neighbourhood Services **(Item 12/Page 1)**
(Not for Publication)

Agenda published 2 February 2016

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

Details of all the Council's committees, Councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

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

Executive

Minutes of the meeting held on Wednesday 13 January 2016 at the Town Hall, Royal Leamington Spa following the conclusion of Council, at 7.15 pm.

Present: Councillor Mobbs (Chairman); Councillors Coker, Cross, Mrs Gallagher, Phillips and Shilton.

Also present: Councillor Barrott (Chair Finance & Audit Scrutiny Committee), Councillor Boad (Chair of Overview & Scrutiny Committee & Liberal Democrat Group Observer), Councillor Knight (Labour Group Observer), Councillor Heath (Whitnash Residents' Association Group); Councillors; Davison, Gill, , Margrave, Naimo, Parkins, Quinney, and Weed.

Apologies for absence were received from Councillors Grainger and Whiting.

78. **Declarations of Interest**

Minute Number 89– Proposal to change parking regulations on Archery Road, Royal Leamington Spa

Councillor Shilton declared an interest because he was a Warwickshire County Councillor.

Minute Number 95– Use of Emergency Powers – Response to the Minerals Development Framework – Preferred Option and Policies Consultation (WCC)

Councillor Philips declared an interest because he had recently moved from one of the affected villages and had objected to the consultation. He therefore felt he was predetermined on the matter and left the room whilst the item was discussed.

79. **Minutes**

The minutes of the meeting held on 2 December 2015 were agreed as written and signed by the Chairman as a correct record, subject to the attendance being amended to show Councillor Shilton as present and to remove Councillor Phillips from the list of apologies.

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

80. **Constitution and Policy revisions**

The Executive considered a report from Democratic Services, that brought forward changes following the review of the Constitution and sought confirmation of the Council's Partnership Policy.

The Council's Constitution was identified as an area for review in the Annual Governance Statement of 2013. A substantial review had been undertaken with various changes brought forward on an ongoing basis. This report recommended further changes as well as some additional delegations to officers to enable them to work more effectively.

The changes to Article 2 of the Constitution were to reflect practice within the Council. The Code of Conduct for Planning Committee, as an example, had not formed part of the Constitution for five years and therefore reference to it should be removed; that said the Code was still in place and would be reviewed and updated in this calendar year along with all other annexes to the Constitution. The Role of the Councillor leaflet would still be available but how to get a copy was covered by Article 16 of the Constitution.

The changes to Article 6 of the Constitution were proposed to ensure that it reflected the responsibilities the Council had in terms of Health Scrutiny and the arrangements this Council had in place.

The amendment to Article 9, to remove the requirement for an Independent Person to be part of the Standards Committee or to be present, was in line with requirements of Localism Act 2011.

The changes within Article 11 were to recognise the Joint Committee across the Coventry & Warwickshire Area to drive the economic development and prosperity agendas. This was set out in Minute 84 of the Executive of 13 November 2013. The terms of reference for the Joint Committee, if approved, would then be appended to the Constitution.

The changes to Article 16 were to reflect the practice of this Council since the Constitution was introduced. The removal of a requirement to provide a paper copy enabled Councillors to have an electronic copy if they so wished or simply provided a link to the relevant pages on the Council's website.

The changes to the officer scheme of delegation CE (4) and HS (2) and the addition of HS (97) were to enhance service delivery. The additions of HS (94), HS (95) and HS (96) were included to ensure that officers had appropriate authority to enforce legislative requirements rather than having to seek approval from Executive each time. FS (5) was not technically a new delegation because it was approved in December 2004 by Council, but had not been formally recorded in the scheme of delegation, although the practice had occurred ever since. The inclusion of FS (17) was to enable a more dynamic and flexible approach to setting these requirements removing the need for Council to approve them each time. They would also be discussed by the procurement champions as part of their regular meetings. The inclusion of FS (18) was a matter approved by Council on 23 January 2013.

The amendments to the Council Procedure Rules were included to provide clarity about when a member of the Public could address the Council.

The amendments to the Executive procedure rules were brought forward so that they reflected practice that had been in place for the last four years. Changes to Access to Information Procedure Rules were brought forward to recognise the changes to legislation in 2013 regarding publication of the Forward Plan.

The removal of the Standard Terms and Conditions for the Purchase of Goods and Services was to enable a more dynamic and flexible approach to setting these requirements, removing the need for Council to approve them each time. They would also be discussed by the procurement champions as part of their regular meetings.

The amended Policy & Budgetary Framework was brought forward to confirm the arrangements already established by the adopted Code of Financial Practice and provide clarification on process.

With regard to recommendation 2.2, the Council had taken advice from Counsel on its Committee structure with regard to the Licensing & Regulatory Committee as required under the Licensing Act 2003. This advice had been shared with the Chairman of the Committee and this recommendation was brought forward to remove any ambiguity from the Constitution.

Following the conclusion of this work, subject to the approval by Council, a single .pdf file of the Constitution would be published on line and made available to Councillors.

In accordance with good practice, the Council’s Partnership Policy had been reviewed to determine whether it was still fit for purpose. It was originally approved in 2010 following an extensive review. Officers were of the view that no changes to the Policy were required and so it was recommended that the current Policy was approved once again

The report brought forward the final changes to the Constitution to bring it up to date. Therefore, no alternative options had been considered and Members.

Recommended that

(1) Council approves the amendments to the Constitution as set out at Appendix 1 to the minutes;

(2) for the avoidance of doubt, Council confirms that it has established a Licensing Committee under section 6 of the Licensing Act 2003; that it has delegated to that committee responsibilities under section 7 of the Licensing Act 2003 and section 154 of the Gambling Act 2005; and that this Committee is known in the Constitution as the Licensing and Regulatory Committee;

(3) Council confirms the Partnership Policy as set out at Appendix 2, to the minutes.

(The Portfolio Holders for this item were Councillors Phillips, Mobbs and Whiting)
(Forward Plan Reference Number 740)

81. **Housing Revenue Account (HRA) Budgets latest 2015/16 and Base 2016/17**

The Executive considered a report from Finance, that presented the Housing Revenue Account (HRA) 2015/16 latest and 2016/17 base budgets. The figures assumed a 1% rent reduction in 2016/17, although it did not commit to any rent change; because a rent setting report would be presented to the Executive in February 2016 which would then recommend 2016/17 Housing Rents to Council.

Appendix 'A' to the report summarised the adjustments from 2015/16 base budgets to the 2015/16 latest budgets and 2016/17 base budgets. Appendix 'B' to the report provided additional details of the budget changes for Supervision and Management, which formed a major item included in Appendix 'A' to the report. Appendix 'C' to the report presented the detailed HRA revenue budgets and key budget changes.

The report recommended the base budget requirements that would be used in the setting of Council Housing Rents for 2016/17 in February 2016. These figures reflected the costs of maintaining the current level of service and any unavoidable changes in expenditure (for example, where the Council was contractually or statutorily committed to incur additional expenditure). The report also considered the current year's budget, and included details of proposed updates to the 2015/16 Budget.

Any recent changes that needed to be resolved that had not been included in the budgets at this stage, would be fed into the February report. In February the Council would be in a position to agree the 2016/17 Budget and Council Housing Rents for the year.

In agreeing the latest 2015/16 budgetary position, managers had considered the outcome of their monthly budget reviews. Many changes had already been reported to Members as part of the Quarterly Budget Review Reports in July and November of this year. Further amendments had been identified during the rigorous review to determine next year's base position.

The purpose of this report was to produce budgets as determined under the requirements of the Financial Strategy. Any alternative strategies would be the subject of separate reports.

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

Recommended that Council approves;

(1) the base revenue budget for Housing Revenue Account Services in respect of

2016/17 as outlined in Appendix '3', to the minutes; and

(2) the latest revenue budget for Housing Revenue Account Services in respect of 2015/16 as outlined in Appendix '3', to the minutes.

(The Portfolio Holder for this item was Councillor Phillips)
(Forward Plan Reference number 700)

82. **Fees and Charges – Lifeline Services (non HRA Customers)**

The Executive considered a report, from Housing & Property Services, that set out changes being made to improve the viability of the Council's Lifeline Services and detailed the proposals for the introduction of new Fees and Charges for non HRA customers in respect of the Council's Lifeline Service, from 1 April 2016.

During 2015 the Lifeline Services Business Manager had carried out a full review of Lifeline Services. As a result, improvements had been made to the way the service was operated which had improved efficiency and started to reduce costs. Examples included more efficient use of vehicles and better use of staff resources so there was less reliance on overtime and bank staff. The review also revealed a number of other changes that could be made to improve the viability of Lifeline Services.

Currently, private clients of the Council's Lifeline Service were expected to make a one-off donation to one of two charities, the Mid and South Warwickshire Lifeline Trust or the Leamington Lifeline Appeal, which then provided the clients with a monitoring unit. This donation was in excess of the retail price of the monitoring unit, and consequently did not offer the best value for money for the client This process involved the need for considerable administrative support to be provided by the Lifeline Service collecting the donations and then distributing them to the relevant recipients. These charities were set-up over twenty years ago to make the equipment more affordable for people, when the cost of purchasing such equipment was relatively expensive. This was no longer the case because equipment costs had followed the trend for information based technology and fallen in price. To allow the Council's clients to benefit from this change in the market, and to help Lifeline Service be more competitive in winning new business, consultation had taken place with the relevant charities and their agreement had been secured to bring this arrangement to an end.

The Council was required to update its Fees and Charges so that the impact of any changes could inform the setting of its budgets. Discretionary Fees and Charges for the forthcoming calendar year had to be approved by Members. Other than the proposed revisions to monitoring charges, the main Fees and Charge proposals for Lifeline Services were not included in the Annual Fees and Charges 2016/17 Report to Executive on 30 September 2015 due to the prolonged absence from work of the officer who had responsibility for this area of work.

The proposed discretionary fees and charges for Lifeline Services were set out in Appendices One and Two of the report.

To allow the Council to maintain and develop services it needed to make sure its charges were affordable to its primary client groups, competitive with alternative suppliers and contribute towards the financial viability of its services. The implementation of the proposed Fees and Charges that applied to Lifeline Services had been calculated with these criteria in mind.

Clients requested many services, detailed at Appendix A to the report, the team currently carried out for no charge. In line with other service providers it was proposed that a service charge be applied to cover the officer time and travelling costs incurred in delivering these services. These charges would apply to private non HRA customers and not Council tenants living in designated or sheltered schemes.

These charges would apply to new customers. Current customers would receive the services at the charges as described in the agreement that the Council had with them. The Council had IT software that would allow it to differentiate between the new and existing customers to make sure that each was charged correctly.

Alternatively, the Council could continue to work with the charities, not charge for the Lifeline Services that it currently delivered and not move into new areas of work. However, this would mean that it would not be able to generate any additional income to off-set the loss of the Supporting Grant funding that would jeopardise the future of Lifeline Services.

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

Recommended that Council

(1) approves the ending of the current relationships between the Council and the Mid and South Warwickshire Lifeline Trust and Leamington Lifeline Appeal charities;

(2) approves the Fees and Charges set out in Appendices 4 and 5 to the minutes, effective from 1 April 2016;

(3) approves the revisions to the monitoring charges, as set out in the Fees and Charges 2016-17 report to Executive on 30 September 2015, effective from 1 April 2016. This recommendation was included in the Fees and Charges 2016-17 but the figures used for the calculation at this time were

upon further examination found to be erroneous;

	2015 (current)	**2016 (proposed)**
Monitoring	£1.51 week (19.63 quarter)	£1.80 week (£23.40)
Rental + monitoring	£3.03 week (39.39 quarter)	£3.60 week (£46.80)

(4) notes that from 2016 onwards, proposals for revised fees and charges for Lifeline Services will be included in the Council's annual Fees and Charges Report; and

(5) notes that the proposals for revised fees and charges from 2017 onwards will be informed by the outcome of the Council's review of services for older people and the lifeline services (detailed in the Housing Related Support report elsewhere on this agenda).

(The Portfolio Holder for this item was Councillor Phillips)
(Forward Plan reference number 746)

83. **Car Park Fees and Charges 2016/17**

The Executive considered a report from Neighbourhood Services regarding car parking charges in the Council's off-street car parks. In September 2015 the Executive agreed to increase car park pay and display tariffs for the financial year 2016/17. It was estimated that these changes would generate an additional income of £200,000 and contribute to Fit for the Future and essential repairs to multi-storey car parks. However, at Council in November, the approval of car park fees and charges was delayed until January 2016 to allow consultation with local stakeholders to be concluded.

As car park charges had been not increased in the last two years and with a clear need to invest in the multi-storey car parks, it was still necessary to raise additional revenue from the car parks whilst appreciating the parking needs associated with each town.

Consultation had been completed and officers had been unable to gain support for the lower band removal. Serious concern had been raised by all groups during this consultation with the message that *"the loss of choice to customers will detrimentally affect businesses within the three towns".*

Officers had looked at the options for raising fees and charges in car parks. The details of the revised option, was included in section 8.4 of the report. The main amendment to the proposal was to introduce a minimum stay of 30 minutes in most car parks. This was to mitigate the concerns from local groups but had a lower estimated income return and resulted in a £170k increase of estimated income for 2016/17 rather than £200k.

The Council was required to update its Fees and Charges in order that the impact of any changes could be fed into the setting of the budget for 2016/17. Discretionary Fees and Charges for the forthcoming calendar year had to be approved by Council.

Local Groups had generally supported the increase to all day parking charges and the revision to lower band tariff charges was a direct result of the consultation process.

The provision of off-street car parking was an important service that Warwick District Council provided as it supported residents, town centre businesses and tourism.

Due to the need to invest substantial funds in maintaining and improving the car park stock and continued financial restraint by Central Government upon Local Authorities, there was a requirement for Warwick District to increase the income derived from its assets. Car park charges had been not increased over the last two years and these proposed charges take into account the need to raise additional revenue whilst taking into account the parking needs associated with each town.

There were three proposed elements to generate the £170,000 to contribute to the required multi story car park repairs. Firstly there would be an increase to the pay and display budget of £35k which would be derived from natural growth in car park usage. The second was to remove the lower band charges of up to 30 minutes in most car parks. This would mean removing the 20p to 12 minutes charge so the minimum stay would be 30 minutes in Warwick and Royal Leamington Spa. Combining this with introducing the Linear charge of 10p for 12 minutes into Kenilworth, with a 30p - 36 minutes minimum stay. These estimated increases to the pay and display budget from the proposal would be circa £50,000. An increase to the all-day parking charge in all of the Long Stay car parks across the District by £0.50 would see an increase to the pay and display budget of circa £85,000. The Linear charge meant progressing from one charge to another in a series of incremental time steps. Where there was a minimum stay of 30 minutes no pay and display tickets could be purchased for amounts below this tariff vend. Where the linear charge was 10p for 6 minutes the minimum vend for 30 minutes would be 50p and subsequent additional coins would add to the expiry time of 6 minutes for every 10p inserted.

The summary of new charges in section 8, of the report, provided an indication of the tariff structure.

Alternatively in line with the original proposals submitted to September's Executive, to remove the lower band charges from the Long Stay car parks, would mean that the minimum stay in these car parks would be one hour in Kenilworth and two hours in Warwick and Royal Leamington Spa. The estimated increase to the pay and display budget from the proposal was circa £80,000. This option had been discounted due to the serious concern raised by all groups during this consultation with the message that "the loss of choice to customers will detrimentally affect businesses within the three towns".

The Finance & Audit Scrutiny Committee supported the recommendations although this was carried on a split vote. Some Members had strong concerns that the difference in charges between Kenilworth and the other towns was unfair to not only users of the car parks but the businesses in Leamington and Warwick as well. Members felt that this resulted in Leamington subsidising Kenilworth. Conversely, some Members agreed that due to the level of research and statistics used to underpin the recommendations, the officers' advice should be followed and the report supported. As a future measure, it was suggested that a Task & Finish Group could be set up to investigate car parking across the District and take on board the concerns being raised.

Councillor Boad informed the Executive that he was willing to raise the matter as a potential area to investigate with Overview & Scrutiny Committee.

The Executive welcomed the idea of a Group of members looking at this issue, sooner rather than later, to enable an informed discussion to take place well in advance of setting the charges next year.

Recommended that Council

(1) approves the revised increase to car park fees and charges as detailed in Appendix 6 to the minutes, for implementation from 1 April 2016; and

(2) approves the Head of Neighbourhood Services to implement the car park fees and charges (as detailed in Appendix 6 to the minutes), in accordance with the Off-Street Parking Order Process.

(The Portfolio Holder for this item was Councillor Shilton)
(Forward Plan reference number 751)

84. **Whitnash Neighbourhood Plan**

The Executive considered a report, from Development Services, that set out the final step to be taken with regard to the Whitnash Neighbourhood Plan.

The plan had successfully undertaken all the relevant stages to become a policy document which would be used together with national and local planning policy documents when decisions were taken on planning applications, for the designated Neighbourhood Plan area of Whitnash. The last stage was for Council to 'make' (adopt) the plan. This would be the first neighbourhood plan to be 'made' in Warwick District.

The Localism Act, 2011, introduced new rights and powers to allow local communities to shape new development by coming together to prepare neighbourhood plans. It also stated that all local planning authorities (LPAs) had a duty to support and advise neighbourhood groups which were seeking to take forward a neighbourhood plan.

The Whitnash designated area was agreed by Executive at its meeting on 9 January 2013. Since that date, the designated body had worked with the assistance of Kirkwells Planning Consultants to produce firstly a consultation draft of the neighbourhood plan and then a draft submission plan. Public consultations had accompanied each of these stages and informed the subsequent draft plan.

Planning officers carried out Sustainability Appraisal and Strategic Environmental Assessment Scoping for the Plan and had assisted with the administration of the Plan, including the examination by an independent examiner whose report was attached in Appendix A, to the report. The Council had recently held the referendum as required by The Neighbourhood Planning (Referendums) Regulations, 2012.

The referendum was the last stage of public consultation in which those entitled to vote within the designated area were able to choose whether or not to support the neighbourhood plan as a document against which local planning applications would be judged, together with national policy and the Local Plan.

The Whitnash Neighbourhood Development Planning referendum asked electors to vote 'yes' or 'no' in response to the following question: "Do you want Warwick District Council to use the Neighbourhood Plan for Whitnash to help it decide planning applications in the neighbourhood area?"

The results of the referendum were as follows:

Referendum Results	
Number cast in favour of a Yes	926
Number cast in favour of a No	68
Spoilt	6
Electorate	6737
Ballot papers issued	1000
Turn out	15%

Therefore, more than half of those voting, voted in favour of the Neighbourhood Plan and as a result of this vote, the Council was now required to 'make' the Plan.

The Council had a statutory duty to make the Neighbourhood Plan where it had been approved in a referendum, save where it was considered that doing so would breach, or otherwise be incompatible with, any EU or human rights obligations. There was no suggestion that this was the case in respect of the Whitnash Neighbourhood Plan and so it was considered that the Council had no alternative but to make the Plan.

> **Recommended** that the Council 'makes' the Whitnash Neighbourhood Plan, as modified to accord with the Examiner's amendments, under section 38A(4) of the Planning and Compulsory Purchase Act 2004 and acknowledges its role in the future decision making process with regards to planning applications affecting the designated area

(The Portfolio Holder for this item was Councillor Cross)
(Forward Plan reference number 480)

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

85. **Call-in of Executive Decisions – Leisure Development Programme**

The Executive considered a report about its decision of 4 November 2015 regarding the Leisure Development Programme.

On 4 November 2015, the Executive made a decision on two inter-related reports, items 3 and 8, entitled Leisure Development Programme. Subsequently, and in accordance with the Council's call-in procedure, three Councillors called-in some of the decisions to the Overview & Scrutiny Committee for consideration.

At Overview & Scrutiny Committee 1 December 2015, Members discussed the call-in and determined which of the four available options they wished to follow.

The call-in procedure specifies that one of four courses of action could be taken following a call-in of a decision made by the Executive.

The Overview and Scrutiny Committee resolved to refer the decision back to the Executive along with the reasons provided by the Members who had initiated the call-in; advice provided by the Monitoring Officer prior to the meeting, and observations made at the meeting.

Members of the Scrutiny Committee did not reach a consensus on the observations that should be considered by the Executive and therefore all the observations made during the meeting were listed in this report and needed to be considered by Executive.

During the debate, at Overview & Scrutiny Committee, some members of the Committee observed that they felt that the advice provided by the Monitoring Officer beforehand did not address all of the relevant issues.

The Monitoring Officer was present at the Committee meeting and undertook to provide further advice once members had clarified what the perceived omissions were from the previous advice. The resolution therefore asked the Executive to also consider this further advice from the Monitoring Officer, in conjunction with the observations from Committee.

The list of issues that required further consideration, received from some members of the Committee subsequent to the meeting, was set out at Appendix 4 to the report and the Monitoring Officer's further advice, in response to these issues, was set out at Appendix 5 to the report.

There was no requirement for alternative options because a call-in required that a set procedure was followed.

Councillor Barrott addressed the Executive to provide clarity on the Group's position on this matter and clarified that privitisation was a word used by the petitioners not his Group.

Councillor Boad addressed the Executive and emphasised that the key to making this successful would be ensuring a the contract specification was correct and therefore the onus was on Group Leaders to ensure the Working Party comprised of Councillors who had the correct capabilities and were committed to the work and ensuring the Council got the best possible deal.

In response, Councillor Mobbs summarised the key points from the debate at Council earlier in the evening and welcomed the involvement of all members on this item. He agreed that we needed to do more work to ensure that the Council got best value from the final contract and that this matter was brought forward because it was the best option for the Council.

At the request of the Leader, the Monitoring Officer provided confirmation that the Constitution had been considered, along with advice from the Council's Solicitors, and it was correct that this was a matter that the Executive should determine and not one for Council to decide.

Resolved that

(1) the outcome of the Overview & Scrutiny Committee's consideration of the called in item, as well as the debate by Council earlier in the evening and the contents of the petition to the Council from members of the public, be noted; and

(2) having reconsidered the decision of 4 November 2016 in respect of recommendations 2.6 to 2.9 of the Leisure Development Programme report, and in light of the observations made and advice received, the original decision be confirmed.

(The Portfolio Holder for this item was Councillor Gallagher)
(Forward Plan Reference 688)

86. **Significant Business Risk Register**

The Executive considered a report, from Finance, that set out the latest version of the Council's Significant Business Risk Register for it to review. It had been drafted following a review by the Council's Senior Management Team and Leader of the Council.

This report sought to assist members to fulfil their role in overseeing the organisation's risk management framework. In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission set out the responsibilities of members and officers with regard to risk management, which were detailed in the report.

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

The SBRR was reviewed quarterly by the Council's Senior Management Team and the Council Leader and then, in keeping with members' overall responsibilities for managing risk, by the Executive. The latest version of the SBRR was set out as Appendix 1 to the report.

A summary of all the risks and their position on the risk matrix, as currently assessed, was set out as Appendix 2 to the report.

The scoring criteria for the risk register were judgemental and were based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 3, to the report set out the guidelines that were applied to assessing risk.

In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse was true for those risks plotted towards the bottom left corner of the matrix. Any movements in the risk scores over the last six months were shown on the risk matrices in Appendix 1 to the report.

More than six months ago there were three risks in the "red zone" (Risks 4, 6 & 16). Since then, as advised to Members previously, following the introduction of additional controls and mitigations Risks 4 and 6 had come out of the red zone.

The main factors pertinent to Risk 4, 'Risk of corporate governance arrangements not maintained effectively', being removed from the red zone were: Group Leaders signing up to an informal protocol with regard to sanctions imposed by Standards against errant Members; and Well-attended induction training sessions, thus far, for new Members.

The agreement to various projects set out in the Fit For the Future report to Executive on 3 September 2015 had resulted in Risk 6: 'Risk of insufficient finance to enable the Council to meet its objectives (including insufficient reduction in operational costs)' being taken out of the red zone as the actions reduced significantly the likelihood of the risk occurring.

This left Risk 16: 'Risk of Local Plan being unsound' in the red zone. This was because the Planning Inspector considering our Local Plan advised that the plan in its current form would be found unsound unless we withdrew it. Having considered this, the Council wrote to the Inspector to ask that he re-considered and suspended the plan to allow time for the authorities in the sub-region to agree how they would deal with un-met need from Coventry, together with addressing our windfall allowance. The Planning Inspector agreed to this. Until the new Local Plan was agreed, however, the Authority was exposed to the possible consequences that were detailed in the Local Plan Risk Register. It was also the case that until the whole of the Local Plan process was complete this risk would be likely to remain in the red zone. The consequences of the risk had been expanded to outline the impact the delay in the Local Plan may have on infrastructure funding and the Sustainable Community Strategy.

As part of the process of assessing the significant business risks for the Council, some issues had been identified which at this stage did not necessarily represent a significant risk, or even a risk at all, but as more detail emerged might become one. They included: Staff recruitment and retention; and the impact of national housing policy proposals on the Council's ability to remain a viable landlord.

Officers were looking in more detail at these areas. A piece of research has been asked of the Council's HR team to look into the data around staff recruitment and retention issue to determine if it was the issue it was believed to be; and, the HRA business plan was to be updated and reported to the Executive in March which would help to establish the viability of the Council's housing landlord role. The SBRR would be updated as necessary in the light of this additional work and officers would continue to scan to identify other potentially emerging risks. Officers were undertaking a PEST and SWOT analysis in the light of a huge number of changes in the Council's operating environment which would be reported later in the year.

The Finance & Audit Scrutiny Committee supported the report.

Resolved the report be noted including the emerging issues outlined at recommendation 3.12, and did not feel any further actions should be taken other than those detailed in the report

(The Portfolio Holder for this Item was Councillor Mobbs)

87. **Review of the Sexual Entertainment Establishment Policy**

The Executive considered a report, from Health & Community Protection, that sought approval to consult on the draft Sexual Entertainment Establishment Policy, which was applicable to all Sexual Entertainment Establishments within the Warwick District Boundary.

The Executive meeting on the 11 March 2015 requested officers to review Sexual Entertainment Establishment Policy.

Officers were requested to include in the reviewed policy the recommendation of the task and finish group taking into account Counsels' advice.

The proposed policy included changes within both the policy document and the conditions which would be attached to any licence granted.

The existing policy was attached at Appendix 1 to the report, and the proposed policy was attached at Appendix 2 to the report. A summary of the main alterations were included in Appendix 3 to the report.

The draft policy was placed before the Licensing and Regulatory Committee on the 9 December 2015. The Committee made a couple of recommendations to improve the clarity of the policy. These had been included within Appendix 2, to the report but were outlined separately in Appendix 4, to the report.

Before the proposed policy could be adopted, a public consultation had to take place in order to mitigate against the risks outlined in the report.

Any comments received during this consultation period would be reviewed and amendments made to the policy where appropriate. The amended policy and details of the comments received would be reported to Executive.

Alternatively the Council could adopt the Policy without public consultation. Officers did not recommend this option because this would almost certainly result in a judicial review.

The Overview & Scrutiny Committee noted the report.

Resolved that

(1) the reviewed draft policy in Appendix 2, be noted;

(2) a 12 week public consultation is conducted on the proposed policy, as set out at Appendix 2 to the report; and

(3) a further report be brought back to the Executive summarising the consultation response, any alterations that may be made to

the policy in response to the consultation and seeking their recommendation of the final policy to Council for adoption.

(The Portfolio Holder for this Item was Councillor Grainger)

88. **Statement of Community Involvement 2016**

The Executive considered a report, from Development Services, that sought adoption of the Statement of Community Involvement 2016 (SCI). The SCI formally set out the policy and standards for engaging residents, local groups, stakeholders and statutory consultees in preparing development plans and how the Council would consult on planning applications.

The report also set out how the Council would meet the 'duty to co-operate' to meet the requirements of The Localism Act 2011 by engaging with neighbouring local authorities and other statutory bodies to consider joint approaches to plan-making.

It was a statutory requirement under Section 18 of the Planning and Compulsory Purchase Act as amended, that the Council produced and adopted a Statement of Community Involvement (SCI).

The Council's first SCI was adopted in July 2007 and was revised in April 2014 because there had been a number of changes to the planning system. These were largely introduced through the Localism Act 2011 and the National Planning Policy Framework in March 2012.

At the meeting of the Executive on 23 April 2014, members were assured that the SCI would be fully revised to meet the latest regulations, during 2015, and the content of the appended SCI was the result of that work.

The SCI provided the community with clarity on the levels of involvement that they should expect in planning processes, and explained in detail our policy for engaging the community in the preparation of the Warwick District Local Plan and in the consideration of planning applications. The SCI also outlined the consultation processes for Neighbourhood Planning and for the Community Infrastructure Levy (CIL) and our approach to the 'duty to co-operate'.

Since the first SCI was adopted in July 2007 the Government had introduced a series of changes to the planning system. These were principally through the Localism Act 2011 and the issue of the National Planning Policy Framework (NPPF) in March 2012. This was followed by the Planning Practice Guidance (PPG), which complemented the NPPF. Changes were also brought about through the Town and Country Planning (Development Management Procedure) (England) Order 2010.

These changes had resulted in the streamlining of plan preparation, as well as a number of other relevant changes. The changes had also introduced a duty to cooperate with neighbouring local authorities and other organisations on matters of strategic, cross-boundary significance.

The Localism Act 2011 also led to the revocation of the regional strategies and Structure Plans.

In recognition of these reforms, the Government published revised local planning regulations in 2012. These were currently set out in the Town and Country Planning Local Planning (England) Regulations 2012.

This SCI took account of these changes and replaced the July 2007 and revised April 2014 versions of the SCI.

The, proposed, SCI was subject to a public consultation that commenced on 5 October and ended on 16 November. As a result of this, a total of eight responses had been received. These were supportive, although some suggestions were made by Warwickshire and West Mercia Police with regard to their involvement in pre-application discussions. Reference was also made to the omission of the fire and rescue service as a named consultee in the list of consultees and to rectify this, 'emergency services', had been added to include all elements of this important service sector.

Additionally, amendments were suggested by Baginton Parish Council and Kenilworth Town Council and one individual had suggested another consultation body to consider. These suggestions had been summarised and responses provided as to why these amendments were or were not supported and where changes have been made accordingly. A summary of all responses and actions were set out in Appendix B to the report.

There was no alternative to the recommendations because the SCI was a requirement under the Planning and Compulsory Purchase Act 2004 (as amended), the Localism Act 2011, The Town and Country Planning (Local Planning) (England) Regulations 2012, the Town and Country Planning (Development Management Procedure) (England) Order 2010 and the National Planning Policy Framework (NPPF) 2012 and had been prepared in conformity with these documents.

Resolved that the 2016 Statement of Community Involvement, as set out in Appendix A to the report, be adopted.

(The Portfolio Holder for this item was Councillor Cross)
(Forward Plan Reference Number 733)

89. **Proposal to change parking regulations on Archery Road, Leamington Spa**

The Executive considered a report, from Cultural services, that sought approval for an objection to a proposal by Warwickshire County Council to amend the parking regulations that applied to Archery Road, Leamington Spa.

Warwickshire County Council had proposed changes to the parking regulations that applied to Archery Road, Leamington Spa as detailed in Appendix 1, to the report. The changes would see the maximum stay being reduced from four hours to two hours, with no return within four hours, and with the regulations applying from 8am to 10pm.

Archery Road currently allowed a maximum stay of four hours with no return for 8 hours and applied from 8am to 8pm only. Archery Road was the only location in the town with a four hour limit. These conditions had been in place for many years and were introduced to support the expansion of the bowls activities in Victoria Park at the time of the World Bowls Championships being hosted at the greens in 1997.

A reduction in the maximum stay and extension of the regulations to 10pm would have an impact on bowls activities in Victoria Park. Most bowls matches took approximately three hours to complete, and many were then followed by refreshments for those involved in the matches. The greens were the home venue for Royal Leamington Spa Bowling Club (RLSBC), Potterton's Bowling Club, Home Guard Bowling Club, Warwickshire Women's Bowls Association and Bowls England. Matches were played throughout the season from April to September, with RLSBC using their club house on the site for social activities throughout the year.

Victoria Park greens hosted the National Bowls Championships for four weeks each August. For the duration of the Nationals a formal "road closure" was placed on Archery Road, and all regulations were lifted for the period of the closure. Parking on Archery Road from 8am – 5pm during the Nationals was controlled by security personnel and parking permits allowing parking on Archery Road were issued to residents of Archery Road and neighbouring roads, and officials working at the Nationals.

Whilst the greatest impact would be on bowls activities, there would also be some impact on Victoria Park Community Tennis Club and other users of the park as well as one off events that took place in the park. Visitors would have to find alternative parking if they intended to be in the park for more than two hours.

There was "overflow parking" available in the area at the far end of Archery Road (known as the "old tennis courts") which was used on occasions by bowlers and other park users. This was not a formal car park, was not illuminated, and did not have sufficient capacity to accommodate all those needing to park for longer than two hours. In order for the car park to operate effectively it would need to be enforced. This would require investment in the surface, lighting, signage, ticket machines and staff time to visit regularly. Having considered this option as part of the review of the National Bowls Championships, that was reported to the Executive in January 2015, officers concluded that it was unlikely that the income from this car park would cover the cost of providing the car park and operating it.

Bowls England had made a formal objection to the proposals, Appendix 2 to the report, as had RLSBC, and objections were also anticipated from other clubs based in Victoria Park.

The Executive could chose not to object to the proposals. If the changes went ahead as proposed, there would be a significant impact on local clubs using Victoria Park bowling greens, and on some other users of the park. This could result in a reduction in the use of this first class bowls facility in which the Council had made significant investment over many years.

Resolved that a formal objection is submitted on behalf of Warwick District Council by the Head of Cultural Services, following consultation with the Portfolio Holder for Culture, to the proposal to change the parking regulations on Archery Road, Leamington Spa

(The Portfolio Holder for this item was Councillor Gallagher)

90. **Electric vehicles and Charging Infrastructure**

The Executive considered a report from, Health and Community Protection, that explained the Council had secured funding from the Department of Transport's Office of Low Emission Vehicles (OLEV) to cover 75% of the cost of leasing five electric vehicles for use as pool cars for an initial period of two years and installing associated charging infrastructure. The Executive was asked to approve the expenditure to cover the non-funded project costs, which it was anticipated would be recouped through avoided business mileage payments

Warwick District Council had secured 'ULEV Readiness' funding from the Department of Transport's Office of Low Emission Vehicles (OLEV) to cover 75% of the cost of leasing five electric vehicles for a period of two years and installing associated charging infrastructure.

The funding process required an assessment to be carried out by the Energy Saving Trust on behalf of OLEV of the Council's business travel needs and the current electric vehicle market, in order to identify the most suitable models. As a result of this process, an offer was made to the Council, with vehicle types and models being proscribed.

If the Council wished to take up the funding offer, the additional required project expenditure, including the remaining 25% of the vehicle lease and charging infrastructure costs together with vehicle insurance and fuel/electricity, must be met.

The Council's contribution would be offset by savings in staff mileage claims. It was estimated that, over the two-year life of the project, approximately 66,000 miles currently claimed as business travel would be displaced, resulting in net savings of approximately £3,400, as detailed in Section 5 of the report.

By providing an alternative form of transport to employees' own vehicles for the purpose of business travel, the project would support the current staff terms and conditions review.

The initiative would provide an opportunity for the Council to trial both the use of pool cars and electric vehicle technology at minimal financial risk.

The use of electric vehicles would reduce the Council's impact on local air quality, thereby making a positive contribution to meeting air quality objectives, as detailed in Warwick District Council's Air Quality Action and described in section 4.1.2 of the report.

The project would provide an opportunity for the Council to show local leadership on the use of sustainable forms of transport and to gain positive publicity.

Use of these vehicles would result in a predicted reduction in the Council's carbon footprint of approximately 20 tonnes of CO_2 over the two-year lifespan of the project.

This was a funded project covering the specific vehicles detailed in this report. It should be noted that, under the terms of the funding, the Council was not offered a choice of vehicles.

The only alternative option would be not to proceed with the project. This option was discounted on the basis that, not only would it contradict the Council's agreed Strategic Approach to Sustainability and Climate Change and the Air Quality Management Plan, but it would also result in a lost opportunity to trial the use of pool cars and electric vehicles.

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

Resolved that

(1) up to £27,000, to cover the Council's contribution to the costs of leasing and operating five electric vehicles and installing charging infrastructure, be approved from the 2015/16 Contingency Budget; and

(2) under the terms of the external funding secured for this project, it be noted, the vehicle models as set out in paragraph 8.1 were stipulated by the funders.

(The Portfolio Holder for this item was Councillor Grainger)
(The Forward Plan reference 743)

91. **Housing Related Support Services**

The Executive considered a report, from Housing & Property Services, that advised on the outcome of the Warwickshire County Council's (WCC) proposals for the future of Housing Related Support Services, the impact of the decisions made by WCC on current users of this Council's services, the financial impact on the Housing Revenue Account (HRA) Business

Plan and the proposed response by Housing and Property Services to the changes.

In October 2015, WCC agreed to the restructure of Housing Related Support as part of its One Organisation Plan Savings to achieve a cumulative savings target of £3.725 million by 2018. Housing Related Support was implemented by the award of Supporting People grant to service providers to deliver services required and approved by WCC.

To implement this decision, WCC decided to decommission many of the existing services that its Housing Related Support funding supported and to use revised eligibility criteria to commission new services.

WCC had produced a Housing Related Support decommissioning and re-commissioning program: Funding for floating support for homeless families with support needs would terminate on 31 March 2016; Contributory funding to sheltered and very sheltered accommodation and alarm services (Lifeline) for older people. This funding only related to those HRA tenants in our sheltered schemes and our dwellings for older people, it did not fund Lifeline services for private clients; and Non-specialist (generic) floating support services would be re-commissioned through competitive tender and would be active from 1st April 2016.

WCC was not commissioning any services that were specifically for older people. The WCC would be re-commissioning floating support services and any older person who fulfilled the eligibility criteria regardless of tenure could be referred for this service. The Council would not be tendering for the new contract to deliver this service as it would be operated on a county wide basis and could be required by client groups whose needs could require capability and capacity not available to us.

Warwick District Council was currently contracted by WCC to provide housing related support for Older People and Homeless Families with Support needs.

The Older People service provided a monitoring alarm and support service for older people living in our sheltered schemes and dwellings designated for older people. The annual Supporting People grant from WCC towards the cost of this service was £463,700. This contract and funding was due to end on 31 July 2016.

The Homeless Families with Support Needs service provided specialist floating support. To deliver this service, the Council, on behalf of WCC, held a contract with Bromford Support Services which would end on the 31 March 2016. WDC received £30,300 Supporting People grant to pay for this service. Funding for this work would cease on 31 March 2016.

An additional budget provision was held within the HRA Business Plan to cover a scenario where the WCC funding was withdrawn. This funding was set aside to maintain existing levels of Housing Related Support to tenants of the Council's sheltered schemes and properties designated for older people to allow for a measured and structured transition to a new service to be developed and mobilised. The contingency amount was sufficient to cover the worst case scenario of this transition taking twelve months. Any funding not needed from this contingency for the transition period would be returned to the HRA's overall contingency reserves.

In response to these funding changes it was proposed that the Council would carry out a full review of the services it provided for older people and report back to Executive in January 2017, to allow any service revisions to be implemented from 2017/18 onwards. The services affected were the provision of housing related support along with the Lifeline (Warwick Response) monitoring and emergency response service for Council tenants in our sheltered schemes and dwellings designated for older people.

While the Council carried out this review it was recommended that existing levels of housing related support, monitoring and response services should continue to be provided and that the current charging regime should be maintained for those tenants who were currently receiving the service until April 2017. Service provision after that date would be influenced and informed by the outcome of the review. The review, which would include extensive consultation with current and prospective service users, would consider all options for the future of these services, from termination through to expansion. The review would, as part of this work, explore both the scope of the service and the charging options that would be necessary to maintain financial viability for whatever level of service is proposed.

The current service and charges would remain available to new tenants from 31 July 2016 until the scope and offer of the new service had been agreed. This would make sure that the Council delivered an equitable service to all our tenants, current and new, in our schemes and dwellings designated for older people. It meant that all tenants would have the same experiences to inform future consultation, avoid disparities in service level to people living as neighbours and reduce administrative complexity at a time when staffing resources would be focused on designing and the developing ready for delivery a new service.

For Homeless Families with Support Needs, the Council would work in co-operation with WCC to make sure that when the current contract ceased no vulnerable clients would be left without appropriate support. The Housing Support Team would be able to support any Council tenant who was at risk of homelessness but tenants of other Registered Social Landlords would be expected to approach their own landlord for appropriate help. Where there was no support available from a landlord the Council would help affected people to identify appropriate help from other agencies in both the public and voluntary sectors.
The Council could reduce or terminate the services provided for Older People when the Supporting People grant ended. However we had rejected making any changes to the services prior to April 2017 because of the requirement imposed on the Council by the 1985 Housing Act to consult with our tenants regarding changes in housing management. The Council wanted to ensure that this consultation was meaningful and comprehensive so that it could take into consideration the experiences and needs of all elderly and vulnerable tenants living in our sheltered

schemes and dwellings designated for older people. Allowing this time to design, develop and mobilize a new service would allow it to be shaped in a way that took into account the regulations that would arise from the Housing and Planning Bill, currently before Parliament, which were expected to have a substantial impact on the HRA Business Plan.

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

Resolved that

(1) the funding the Council receives from WCC to provide housing related support for older people will cease on 31 July 2016, be noted;

(2) the additional budget provision held within the HRA Business Plan to cover a scenario where the WCC funding is withdrawn is approved to maintain existing levels of Housing Related Support to tenants of the Council's sheltered schemes and properties designated for older people for the remainder of the financial year 2016/17;

(3) officers carry out a full review of the Council's Housing Related Support Services for older people, including Lifeline services and report back to members by January 2017 on proposals for revised service arrangements for 2017/18 onwards;

(4) the Housing Related Support charges for tenants of the Council's sheltered schemes and properties designated for older people remain at their current rate until the new service is agreed and implemented from 2017/18 onwards;

(5) those tenants who are self-payers of the Housing Related Support charges be expected to continue to pay for the service until any new service regime is agreed and implemented;

(6) those tenants who are in receipt of housing benefit and do not pay the full Housing Related Support charges will not have any recovery of these payments made until decisions about the future service offer and service charges are agreed and implemented; and

(7) the funding that the Council receives from WCC to provide specialist floating support for Homeless Families will end on 31 March 2016 and the measures that will be implemented as a result.

(The Portfolio Holder for this item was Councillor Phillips)
(Forward plan Reference Number 674)

92. **Review of the Historic Building Grants Scheme**

The Executive considered a report, from Development Services, that updated them on the findings of a review of the Historic Buildings Grants scheme and made recommendations concerning the cessation of the scheme and the transfer of the outstanding budget to a specific heritage project.

The current review of the Historic Building Grants Scheme identified that resources could be more effectively deployed to protect the District's historic built environment.

The principal objective of the Conservation Building Grants scheme was to preserve and enhance the historic environment of Warwick District. The justification for the grants scheme was that it assisted householders to update and repair Listed Buildings and other buildings within Conservation Areas in a historically appropriate manner rather than choose other potentially more harmful solutions.

It was considered that whilst the grants scheme had been of assistance in bringing forward the appropriate updating and repair of historic buildings, in practical terms the level of grant offered was often a small proportion of the total cost of the works which were likely to have been undertaken in the same way in any case without the grant assistance.

Although the Historic Building Grant scheme was available for Listed Buildings and historic buildings within Conservation Areas across the whole of Warwick District, the current review had identified that over the last two years, 73% of all grants had been awarded within the Royal Leamington Spa Conservation Area rather than more widely across the District. There had been a significant under-spend in the allocation of grants over recent years.

The consideration of these factors had therefore led officers to the conclusion that the continuing operation of the grants scheme was becoming increasingly ineffective in contributing to the protection of the historic environment in the manner in which it was intended.

It was also relevant to consider that the protection of the historic environment from inappropriate repairs and other works could be secured through other, more cost effective means, for example through the provision of an Article 4 Direction within a Conservation Area, which provided the Local Planning Authority greater control over potentially harmful alterations, including replacement windows.

The Council had already approved the introduction of a new Article 4 Direction for the whole of the Royal Leamington Spa Conservation Area, and this would be implemented in 2016. That Direction would ensure that unsympathetic alterations were resisted without the need to offer financial assistance through grants. The potential establishment of further Article 4 Directions in appropriate areas within the District would further reduce any justification or need for grants.

There were current issues relating to the condition of a dilapidated, highly prominent Listed wall which made a significant contribution to the character of the Barford Conservation Area and marked the boundary between Wellesbourne Road (the A429), and the Locally Registered Park and Garden forming the setting of the Grade II* Listed Barford House.

On 31 March 2015, under powers arising from the Planning (Listed Building and Conservation Area) Act 1990, the Planning Committee authorised the issue of a Section 54 Notice requiring the owner to repair the wall. In view of the urgency with which repairs to the wall needed to be brought forward, at that meeting the Committee also authorised the Head of Development Services to take all necessary steps to implement the works required to repair the wall and to recover the cost from the owner of the land. The cost of the repair works was estimated to be a minimum of £70,000.

In accordance with the usual protocol in seeking to recover those funds, a charge was to be placed on the land on which the wall was located, in order that when (and if) the land was sold, the Council would be reimbursed its full costs from the proceeds of the land sale.

The likelihood of any such sale taking place at any time in the future was unknown and therefore in seeking to bring those works forward, it was necessary to identify a budget from which the funds could be drawn down.

Rather than do so by funding from the Planning Reserve, it was suggested that this would be an appropriate use of the outstanding unspent 2015/16 budget from the Historic Building Grant scheme and the allocated budget for 2016/17 the total of which equated to the current estimate of the cost of the repair works.

The historic wall in question was a highly prominent feature within the Barford village and Conservation Area and its increasingly dilapidated state continued to impact on the character of that area. The use of the outstanding and remaining grants budget to facilitate the repair of this wall would, perhaps in contrast to its previous use to contribute funding towards small scale projects, had a significant positive impact on the historic character of Barford and was considered to comprise a practical and effective use of these funds

An alternative option would be to reduce the funding of the current grant scheme, or to phase it out gradually, however this would result in the continuation of a scheme which was underperforming in terms of the benefits to the historic environment and which was not achieving effective value for money at a time when all public services were under pressure.

The current review had considered whether a relatively small grant (maximum £2,000) in practical terms incentivised work to be undertaken that would not otherwise occur, or if it significantly increased the likelihood of works being undertaken in a historically appropriate way. The conclusion was that it did not.

Grants were frequently awarded to parties who had recently purchased high-value property and who were already motivated to undertake a historic building restoration project. This combined with the fact that the total value of works to historic buildings frequently amounted to tens of thousands of pounds brought into question the extent to which a maximum grant of £2,000 was a significant motivating factor.

The review had considered whether administering the grant scheme was an effective deployment of staff time. It concluded that should the grant scheme remain, the level of staff resources devoted to it was likely to be such as to impact upon other core areas of the service.

Should it be considered appropriate, a further possible option for future consideration would be the introduction of an area-based historic building grants scheme funded by the Heritage Lottery Fund. However, it was unlikely that the reintroduction of such an approach could operate in a manner which would omit all of the factors arising from the current scheme which had led officers to the recommendations in this report.

Resolved that

(1) the Historic Building Grants scheme, be discontinued;

(2) officers investigate a further Article 4 Directions within the District's Conservation Areas to control potentially harmful development; and

(3) the unspent 2015/16 budget from the Historic Building Grant scheme and the allocated budget for 2016/17 be used to contribute to the cost of the delivery of a project to repair a dilapidated, visually prominent Listed wall that marks the boundary between Wellesbourne Road (the A429), and the Locally Registered Park and Garden forming the setting of the Grade II* Listed Barford House.

(The Portfolio Holder for this item was Councillor Cross)
(Forward plan Reference Number 753)

93. **Dementia Action Alliance**

The Executive considered a report, from Health & Community Protection, that sought approval to sign up to the National Dementia Declaration, and outlined an action plan for implementation.

To become a member of the Coventry and Warwickshire Dementia Action Alliance, the Council would need to sign up to the National Dementia Declaration and submit a short action plan setting out how it would work towards delivering the outcomes outlined in the declaration. Once this had been submitted successfully, the Council would be considered a member of the Dementia Action Alliance (DAA).

This was supported by members of the Health Scrutiny Sub-Committee and for it to show that the Council was sensitive to the wider issues around mental health.

There was a question about the level of the expenditure which should be allocated to this initiative. It was considered that minor dementia friendly improvements (e.g. lighting) were being made to Riverside House reception area, within existing maintenance and repair budgets. The cost of dementia friendly adjustments therefore did not necessarily entail additional expenditure, just that the matter needed to be taken into consideration. However, the principle needed to be established so that it could be considered if new build, adaptations or improvements were made to corporate buildings

It was suggested that guidance be developed, in discussion with Housing & Property Services and building managers, to provide information on dementia friendly improvements and adaptations options.

Alternatively the Council could seek not to obtain accreditation, to train fewer people and downgrade the improvements proposed. In terms of adapting corporate buildings the Council could choose not to do any works.

Resolved that

(1) the Council becomes a signatory to the National Dementia Declaration;

(2) the Action Plan as set out in the Appendix, to the report, be approved; and

(3) a principle of adaptation of corporate buildings, be approved, for when those buildings are improved or adapted for other reasons, as part of the overall business case for the works.

(The Portfolio Holder for this item was Councillor Grainger)
(Forward plan Reference Number 714)

94. **Use of Delegated Powers – Adoption of the LEP's Planning Protocol**

The Executive considered a report from, Development Services, that informed it of the use of the Chief Executive's delegated authority (CE4) to agree the adoption of the Coventry & Warwickshire Local Enterprise Partnership's (CWLEP) planning protocol to confirm the adoption, in line with all the other local planning authorities within the CWLEP area at the CWLEP Planning and Housing Business Group on 14 December 2015.

Under CE4 of the Officer Scheme of Delegation, set out in the Council's Constitution, the Chief Executive had delegated authority to deal with urgent items that occurred between meetings, in consultation with the relevant Deputy Chief Executive, Head(s) of Service (if available) and Group Leaders (or in their absence Deputy Group Leaders) subject to the matter being reported to Executive at the next available opportunity.

The CWLEP had asked all local planning authorities within its area of operation to confirm that their formal adoption of the Planning Protocol that each had been operating informally at its Housing and Planning Business Group meeting on 14 December 2015. Confirmation on that date would allow the CWLEP to advise its Board and relevant Government representatives that a commitment made as part of the Coventry & Warwickshire City Deal had been fully implemented. The date fell outside the normal cycle of Executive meetings hence the requirement to use delegated powers.

The Chief Executive, in consultation with the Group Leaders, could have chosen not to exercise these delegated powers and not adopt the protocol. This would have potentially affected relationships across the sub-region with regard to the Duty to Co-operate and the future development of the WDC Local Plan, given that the protocol contained a required commitment to joint working. Additionally, it could have potentially resulted in the loss of inward investment within the district, as investors wanted a smooth and problem free service from planning authorities and for the services offered to be as cost effective as possible.

Resolved that the decision of the Chief Executive, after consultation with the Group Leaders, under (CE4) of the Constitution, to formally agree the adoption of the CWLEP Planning Protocol, as set out at Appendix One to the report be noted.

(The Portfolio Holder for this item was Councillor Cross)

95. **Use of Delegated Powers – Response to the Minerals Development Framework – Preferred Option Policies Consultation**

The Executive considered a report, from Development Services, that informed the Executive of the use of the Chief Executive's Delegated Authority (CE4) to agree a response to Warwickshire County Council's

Minerals Development Framework (Preferred Option and Policies Consultation).

Under the Officer Scheme of Delegation the Chief Executive had delegated authority (reference CE (4)) to Deal with urgent items that occurred between meetings, in consultation with the relevant Deputy Chief Executives, Heads of Service (if available) and Group Leaders (or in their absence Deputy Group Leaders) subject to the matter being reported to the Executive at its next meeting.

The response was required to be submitted to Warwickshire County Council by the 4 January 2016, therefore this report was required to notify members of this course of action.

The only alternative would be not to respond which would not be in the best interests of the District and its population

Resolved the decision by the Chief Executive after consultation with Group Leaders under (CE4) of the Constitution to agree the report/ response to the Minerals Development Framework process as set out in Appendix One to the report.

(The Portfolio Holder for this item was Councillor Cross)

96. **Rural/Urban Capital Improvement Scheme (RUCIS) Applications**

The Executive considered a report, from Finance, regarding the Rural/Urban Capital Improvement Scheme grant applications that had been received from Warwick Sports Club, Leamington Lawn Tennis and Croquet Club and Westbury Community Centre (Myton Church).

The Council operated a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grants recommended were in accordance with the Council's agreed scheme and would provide funding to help the project progress. All three projects contributed to the Council's Sustainable Community Strategy.

The Council had a specific capital budget to provide grants of this nature and therefore there were no alternative sources of funding if the Council was to provide funding for Rural/Urban Capital Improvement Schemes. Members could choose not to approve the grant funding, or to vary the amount awarded.

Resolved that

(1) Warwick Sports Club be awarded a grant from the urban cost centre budget of 45% of the total project costs to refurbish several areas of the clubhouse, repair and extend safety fencing and install a security monitoring system as detailed within paragraphs 1.1, 3.2 and 8.1 of the report, up to a maximum of

£27,610 excluding vat, subject to receipt of the following a written confirmation from WREN (or an alternative grant provider) to approve a capital grant of £28,750;

(2) Leamington Lawn Tennis and Croquet Club be awarded a Grant from the urban cost centre budget and the rest of the award from the unallocated 2014/15 budget of 36% of the total project costs to resurface 4 tennis courts as detailed within paragraphs 1.1, 3.2 and 8.2, of the report, up to a maximum of £30,000 including vat; and

(3) Westbury Community Centre (Myton Church) be awarded a Grant from the unallocated 2014/15 budget of 30% of the total project costs to reconfigure the current changing room into two separate parts (storage room and a tea room), refurbish the kitchen and server area and refurbish the main room as detailed within paragraphs 1.1, 3.2 and 8.3, of the report up to a maximum of £30,000 including vat, subject to receipt of the written confirmation from JW Laing Trust (or an alternative grant provider) to approve a capital grant of £20,000.

(The Portfolio Holder for this item was Councillor Cross)

97. **Proposed exemption from the Code of Procurement Practice**

The Executive considered a report, from Housing & Property Services, that sought approval for an exemption from the Code of Procurement Practice to secure the prompt supply and installation of a generator at the Council's Oakley Wood crematorium.

The Council's bereavement services included the operation of a crematorium at Oakley Wood Crematorium. The crematorium relied upon a constant electrical supply for it to operate effectively, ensuring both the proper conduct of services within the chapels, the functioning of the cremators and other process-plant in accordance with environmental legislation. The site did not currently have a 'fixed' stand-by generator installation, with a facility to automatically start in the event of a power supply failure and provide a steady supply of power for prolonged period of power loss from the main grid.

Funding for the supply of a suitable generator to remedy this lack of a back-up was approved by the Council for the base budget for 2015/16.

The approval for the funding coincided with the beginning of the refurbishment works scheduled during 2015/16for the Oakley Wood facility. In December 2014, it was agreed by the project team managing this project to schedule the installation of the generator to the third quarter of 2015/16, with works at the site set to conclude at the end of October 2015. This decision was taken for a number of technical reasons, including the need for a continuity of mains electrical supply for the works, access to the site and the need to keep noisy and intrusive works to a minimum to avoid unnecessary disruption to the core activity of the facility.

The contract documents for the main works had by this time been sealed and were awaiting signature. To have amended the contract at this time to include provision for the installation of the generator would have delayed the overall refurbishment project and incurred additional costs.

In August 2015, officers from Housing and Property Services and Finance discussed how best to procure the generator, with the Procurement Team advising the use of a procurement framework. In November, the Procurement Team advised that it had been unable to identify a suitable framework open to the Council from which it could secure the supply of a suitable generator. On the advice of the Procurement Team, three quotes were then sought for the supply of the generator. The last of these arrived on 5 January, 2016.

All three quotes were however above the Council's £9,999 threshold under which a Head of Service, after obtaining at least three quotations and paying due regard to best value could accept a quote and agree the supply of the relevant goods or services.

To expedite the installation of a generator at Oakley Wood, the Council therefore had two options; progress a formal procurement process, including a formal quotation exercise to be advertised extensively via the e-tendering portal using the 'quick quote' function and through advertising on Contracts Finder. This could take between one month and six weeks, followed by a six to eight week installation timetable from the date the order was finally placed and agreed; or secure an exemption from the Council's Code of Procurement Practice under the following grounds, as detailed in the Council's Code of Procurement Practice.

The first option was not practicable or advisable by reason of emergency to seek competitive tenders; therefore it was considered there were exceptional circumstances in which it would not be in the Council's best interests to follow the tender or quotation procedure.

This approach, if approved, would allow an order to be placed within a week, and so shorten the total installation period from order to commissioning by between three and five weeks.

There had been frequent, often short interruptions to the electricity supply to Oakley Wood, hence the decision to install a stand-by generator. However, the risk of such power outages was likely to by higher during winter months when the weather was such that power lines and other electrical facilities were more prone to failure. The weather this winter had been exceptionally windy and wet, suggesting an increased risk of power supply failures.

The Council had just completed a well-received refurbishment of the Oakley Wood facility to help it provide both a better service to local people and to maintain and increase its share of the bereavement market. If it were to endure further power outages, the benefits of this investment may be negated. In addition, any further power outages during funerals would cause undue distress to bereaved families and friends.

Securing the ability to order within a matter of days a suitable generator would help mitigate and reduce these risks. This could be achieved by the Exemption to the Code of Procurement Practice, recommended in this report.

The option of undertaking a procurement exercise for the proposed supply using a Framework Agreement was considered, but it was not possible to take this forward as the Council was unable to identify a suitable and applicable framework it could use for the supply of a generator.

Following the formal procurement process, including formal quotation exercise to be advertised extensively via the e-tendering portal using the 'quick quote' function and through advertising on Contracts Finder, would add between three and five weeks to the overall time to have in place a suitable generator. This added to the risks of incurring the problems outlined in paragraph 6.2, of the report.

The Finance & Audit Scrutiny Committee supported the recommendations in the report. The Committee raised concerns that another exemption had been submitted but noted that this was an inherited issue and lessons had been learned.

Councillor Phillips provided reassurance that lessons had been learned and as a Council we had a responsibility to resolve this quickly.

Resolved

(1) an exemption to the Code of Procurement Practice, be approved, to accept the most cost effective price received for the supply and installation of a generator at the Council's Oakley Wood crematorium; and

(2) the quote of £22,981.70 from Company A for the supply and installation of a 33kVa generator set and ancillaries at the Oakley Wood Crematorium, be accepted.

(The Portfolio Holders for this item were Councillors Phillips and Councillor Shilton.)

98. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following three 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.

Minute No.	Para Nos.	Reason
99	1	Information relating to an Individual
99	2	Information which is likely to reveal the identity of an individual
99	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

99. **Minutes**

The confidential minutes of the meetings held on 2 December 2015 were taken as read and signed by the Chairman as a correct record.

(The meeting ended at 8.33pm)

Executive minutes 13 January 2016
Minute 82 (Appendix 4)

Discretionary Services Charges

Supply and Install Lifeline	Cost + £50
Supply and install Keysafe	Cost + £35
Moving lifeline (I.e. to a different room)	£35
Service call out (faults)*	£35ph
Replacement batteries*	Cost + £35
Replace lost cables*	Cost + £35
Replace pendant*	Cost + £22 program/post Cost + £35 program/deliver
Replace Lifeline*	Cost + £35

*Charge will be made once the product's warranty expires

Executive minutes 13 January 2016
Minute 82 (Appendix 5)

Price List for Lifeline Services Equipment and Products

Product	**Suggested Resale Price**
Lifeline Vi & My Amie pendant*	£125 posted
	£150 installed
My Ami	£60 posted
	£75 installed
Neck cord	£3.00 posted
Thin wrist strap	£3.00 posted
Thick wrist strap	£3.00 posted
Easy press adapter	£15 posted
Belt clip	£3.00 posted
Key ring	£3.00 posted
Minuet watch	£95 posted
	£125 Installed
Ivi Intelligent Pendant	£95 posted
Fall detector	£130 installed
Cair pendant	£50 posted
	£70 installed
Cair brooch adapter	£3.00 posted
Cair clip adapter	£3.00 posted
Cair wrist strap	£12 posted
Cair neck chain	£12 posted
Oysta 'Just in case'	*£150 configured and posted*
Oysta Lone worker	*£50 configured and posted*

Executive minutes 13 January 2016
Minute 83 (Appendix 6)

Car Parks Fees and Charges 2016/2017

	Present Charge 2015/16	Proposed Charge 1/4/16
LEAMINGTON SPA		
Bedford St, Chandos St & Covent Garden Surface car parks		
Linear charge - 6 minutes for £0.10		
Charges apply 7 Day a week	**£**	**£**
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 Hour	1.00	1.00
1.5 hours	1.50	1.50
2 hours	2.00	2.00
2.5 hours	2.50	2.50
2 hours	3.00	3.00
3.5 hours	3.50	3.50
4 hour Maximum	4.00	4.00
Overnight Charge	0.50	0.50
Adelaide Bridge & Rosefield St		
Linear charge - 6 minutes for £0.10		
Charges apply Monday to Saturday	**£**	**£**
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 Hour	1.00	1.00
1.5 hours	1.50	1.50
2 hours (new minimum charge)	2.00	2.00
2.5 hours	2.50	2.50
2 hours	3.00	3.00
3.5 hours	3.50	3.50
4 hours	4.00	4.00
4.5 to 24 hours	N/A	4.50
Overnight Charge (Excludes Adelaide Bridge)	0.50	0.50
Sundays	Free	Free
Multi-storey - Royal Priors car park (No changes to charges)		
up to 3 hours	2.00	2.00
3 to 4 hours	3.50	3.50
4 to 5 hours	5.50	5.50
5-24 hours	8.00	8.00
Sundays	1.20	1.20

Leamington Spa - Pay on Foot Car Parks	Present Charge 2015/16	Proposed Charge 1/4/16
Covent Garden multi-storey car park		
Charges apply 7 days a week	£	£
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 Hour	1.00	1.00
1.5 hours	1.50	1.50
2 hours	2.00	2.00
2.5 hours	2.50	2.50
3 to 24 hours	3.00	3.00
St. Peter's multi-storey car park		
Charges apply 7 days a week	£	£
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 Hour	1.00	1.00
1.5 hours	1.50	1.50
2 hours (new minimum charge)	2.00	2.00
2.5 hours	2.50	2.50
3 hours	3.00	3.00
3.5 hours	3.50	3.50
4 hours	4.00	4.00
4.5 to 24 hours	N/A	4.50
Overnight Charge 6pm until 8am	1.00	1.00
LEAMINGTON SPA - OLD TOWN		
Bath Place, Court St, Packington Place surface car parks		
Linear charge - 12 minutes for £0.10		
Charges apply Monday to Saturday	£	£
12 minutes (minimum charge 15/16)	0.20	N/A
1 Hour (minimum charge from 1/4/16)	0.50	0.50
2 hours	1.00	1.00
3 hours	1.50	1.50
4 hours	2.00	2.00
5 hours	2.50	2.50
6 hours	3.00	3.00
7 to 24 hours	N/A	3.50
Overnight Charge	0.50	0.50
Sundays	Free	Free

KENILWORTH	Present Charge 2015/16	Proposed Charge 1/4/16
Abbey End & Square West car parks		
Linear charge - 12 minutes for £0.10		
Charges apply Monday to Saturday	£	£
Up to 30 minutes (minimum charge 15/16)	0.20	N/A
36 minutes minimum charge from 1/4/16)	N/A	0.30
1 hour	0.60	0.50
2 hours	1.00	1.00
3 hours	1.50	1.50
4 hours	2.00	2.00
All day	3.50	N/A
5 hours	N/A	2.50
6 hours	N/A	3.00
7 hours	N/A	3.50
8 to 24 hours	N/A	4.00
Overnight Charge 6pm to 8am	0.50	0.50
Sundays	Free	Free
Abbey Fields car park		
Linear charge - 12 minutes for £0.10		
Charges apply Monday to Saturday	£	£
Up to 2 hours	Free	Free
3 hours	1.50	1.50
4 hours	2.00	2.00
All day	3.50	N/A
5 hours	N/A	2.50
6 hours	N/A	3.00
7 hours	N/A	3.50
8 to 24 hours	N/A	4.00
Overnight Charge 6pm to 8am	0.50	0.50
Sundays	Free	Free

	Present Charge 2015/16	Proposed Charge 1/4/16
WARWICK		
New Street & West Gate Surface car parks		
Linear charge - 6 minutes for £0.10		
Charges apply 7 Day a week (8am to 6pm)	**£**	**£**
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 hour	1.00	1.00
1.50 hours	1.50	1.50
2 hours	2.00	2.00
2.5 hours	2.50	2.50
3 hours	3.00	3.00
Overnight Charge 6pm to 8am	0.50	0.50
Multi-storey Linen Street		
Linear charge - 6 minutes for £0.10		
Charges apply 7 Day a week	**£**	**£**
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 hour	1.00	1.00
1.50 hours	1.50	1.50
2 hours	2.00	2.00
2.5 hours	2.50	2.50
3 hours	3.00	3.00
3.50 hours	3.50	3.50
4 hours	4.00	4.00
4.5 to 24 hours	N/A	4.50
Overnight Charge 8pm to 8am	0.50	0.50
St Nicholas Park surface car park		
Linear charge - 6 minutes for £0.10		
Charges apply 7 Day a week (8am - 6pm)	**£**	**£**
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 hour	1.00	1.00
1.50 hours	1.50	1.50
2 hours	2.00	2.00
2.5 hours	2.50	2.50
3 hours	3.00	3.00
3.5 hours	3.50	3.50
4.5 hours	4.00	4.00
4.5 to 24 hours	N/A	4.50

Castle Lane & The Butts surface car parks	**Present Charge 2015/16**	**Proposed Charge 1/4/16**
Linear Charges: 6 Minutes for £0.10		
Charges apply 7 Day a week (8am - 6pm)	**£**	**£**
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 hour	1.00	1.00
1.50 hours	1.50	1.50
2 hours	2.00	2.00
2.5 hours	2.50	2.50
3 hours	3.00	3.00
3.5 hours	3.50	3.50
4 hours	4.00	4.00
4.5 to 24 hours	N/A	4.50
Overnight Charge 6pm to 8am	0.50	0.50
St Marys Area 4, Priory Road and West Rock surface car parks		
Linear Charges: 6 Minutes for £0.10		
Charges apply Monday to Saturday (8am - 6pm)	**£**	**£**
12 minutes (minimum charge 15/16)	0.20	N/A
30 minutes (minimum charge from 1/4/16)	0.50	0.50
1 hour	1.00	1.00
1.50 hours	1.50	1.50
2 hours	2.00	2.00
2.5 hours	2.50	2.50
3 hours	3.00	3.00
3.5 hours	3.50	3.50
4 hours	4.00	4.00
4.5 to 24 hours	N/A	4.50
Sunday	Free	Free
Overnight Charge 6pm to 8am	0.50	0.50
MYTON FIELDS PICNIC AREA		
Charges apply at all times 7 Days a week	**£**	**£**
up to 4 hours	3.00	3.00
4 to 24 hours	4.50	4.50
St. Mary's Lands Area 2		
Charges apply 7 Day a week (8am - 6pm)	**£**	**£**
30 minutes (minimum charge from 1/4/16)	N/A	0.50
30 minutes to 24 hours	1.00	1.00
Overnight 6pm until 8am	0.50	0.50

ST. MARY'S LANDS - Area 3	Present Charge 2015/16	Proposed Charge 1/4/16
Charges apply 7 Day a week (8am - 6pm)	£	£
0 to 2 hours	Free	Free
2 to 3 hours	2.00	2.00
3 to 4 hours	2.80	3.00
	£	£
COACHES - Designated Car Parks only	5.00	5.00
PENALTY CHARGE NOTICES (Exempt from V.A.T.)		
(Set by Central Government)	£	£
Higher Rate (50% discount if paid within 14 days)	70.00	70.00
Lower Rate (50% discount if paid within 14 days)	50.00	50.00

	Present Charge 2015/16	Proposed Charge 1/4/16
SEASON TICKETS	**£**	**£**
(One vehicle registration per ticket)		
Charges exclude V.A.T. which should be added at the prevailing rate		
Leamington Spa, Warwick & Kenilworth		
Long Stay ONLY (Excluding Pay on Foot Car Parks)	**£**	**£**
- Per Annum	612.77	612.77
- Per Month	63.83	63.83
Leamington Spa Restricted Locations		
St. Peter's Pay on Foot (200 spaces only)		
- Per Annum	493.62	493.62
- Per Month	55.32	55.32
Leamington Spa Restricted Locations		
Covent Garden Pay on Foot (200 spaces only)		
- Per Annum	297.87	297.87
- Per Month	40.85	40.85
Royal Priors Multi Storey (50 spaces only)		
-Per Month	93.62	93.62
Adelaide Road (20 passes only)		
- Per Annum	402.13	402.13
- Per Month	46.81	46.81
Rosefield Street (20 spaces only)		
- Per Annum	402.13	402.13
- Per Month	46.81	46.81
Leamington Spa Old Town		
- Per Annum	313.19	313.19
- Per Month	34.04	34.04
Warwick Restricted Location Car Parks		
St. Nicholas Park, Warwick (100 spaces only)		
- Per Annum	357.45	357.45
- Per Month	38.30	38.30
West Rock (40 spaces only)		
- Per Annum	357.45	357.45
- Per Month	38.30	38.30
St Mary's Lands Area 2 (150 spaces)		
- Per Annum	165.96	165.96
- Per Month	17.02	17.02
St Mary's Lands Area 4 (50 spaces)		
- Per Annum	357.45	357.45
- Per Month	38.30	38.30

Linen Street Multi Storey (80 spaces)	**Present Charge 2015/16**	**Proposed Charge 1/4/16**
- Per Annum	561.70	400.00
- Per Month	68.09	50.00
Priory Road, Warwick (10 spaces only)		
- Per Annum	357.45	357.45
- Per Month	38.30	38.30
Kenilworth Restricted Location Car Parks		
Square West (50 spaces only)		
- Per Annum	312.77	312.77
- Per Month	34.04	34.04
Abbey End (50 spaces only)		
- Per Annum	312.77	312.77
- Per Month	34.04	34.04
Abbey Fields (50 spaces only)		
- Per Annum	312.77	312.77
- Per Month	34.04	34.04
-resident 12 month permit	25.00	25.00
Overnight Parking Permits - Car Park Specific		
Available for most car parks - excludes Royal Priors/Myton Fields/The Brays		
Overnight Parking 6 pm to 9 am		
- Per Annum	12.50	41.66
	£	**£**
Administration charge for Season Ticket Amendments or Refunds	6.00	6.00

	Present Charge 2015/16 £	**Proposed Charge 1/4/16 £**
Release of vehicles from Multi-Storey car parks	50.00	50.00
Special Event Charge	6.00	5.00
Skips and Scaffolds on car parks:		
per day	50.00	50.00
per week	200.00	200.00

Disabled Drivers

Vehicles displaying a valid 'Blue' Disabled Persons badge may park free of charge on any of the Council's Pay and Display car parks. Car Park Regulations and Orders apply. Those parking in pay on foot car parks will need to have their ticket endorsed by the inspector.

All of the above charges are inclusive of V.A.T. unless otherwise stated

Income Summary:	Revised 2014/15	Estimate 2015/16	Revised 2015/16	Estimate 2016/17
(Net of V.A.T.)	£	£	£	£
Car Parking Charges	2,400,000	2,286,000	2,400,000	2,456,000
Season Tickets	225,000	215,000	215,000	215,000
Penalty Charge Notices	75,000	95,000	50,000	95,000
Other Income	57,000	63,900	60,000	60,000
Total Income	**2,757,000**	**2,659,900**	**2,725,000**	**2,826,000**

Executive minutes 13 January 2016
Minute 80 (Appendix 1)

Proposed Changes to the Constitution (Additions included in italics, removals struck through)

Article 2 Members of the Council

2.04 **Conduct -**

Councillors will at all times observe the Members' Code of Conduct, the Protocol on Member/Officer Relations ~~and Code of Conduct for members dealing with planning applications~~ set out in Part 5 of this Constitution.

2.06 **Role Description for Councillors**

The Council has produced a document which sets out the Role Description of Warwick District Councillors that is annexed to this Constitution

~~This document is available on request from the Monitoring Officer and the Councils Website.~~

Article 6 – Overview & Scrutiny Committees

6.01 Terms of Reference

The prime purpose of the Overview & Scrutiny Committee is to review items to be considered by the Executive, to review past decisions, policy development, *health and wellbeing issues,* specific issues and problems within any service area.

The Health Scrutiny Sub-Committee is a sub-committee of the Overview & Scrutiny Committee. It has been delegated the task, by its parent committee, to handle most of the health and wellbeing scrutiny work that would otherwise fall to the Overview & Scrutiny Committee.

6.08 Excluded matters
(l) Complaints or matters before the courts, or ~~Local Government~~ Ombudsman, *or Regulatory Bodies*; and

Article 9

~~(b) **Independent Persons.** The following provisions apply:-~~

- ~~Independent Persons will be entitled to attend Standards Committee but not vote;~~
- ~~At least one of the Independent Persons must be present for the duration of a meeting of the Standards Committee for the proceedings of that meeting to be valid; and~~

Article 11

Sub Regional Economic Prosperity Board – Warwick District Council has joined a Joint Committee across the Coventry & Warwickshire Area to drive and provide sub-regional governance, to the economic development and prosperity agendas. (Minute 84

Executive 13 November 2013). The terms of reference for this are appended to the Constitution)

Article 16

16.03 **Publication**

(a) The Democratic Services Manager & Deputy Monitoring Officer will *provide a* ~~give a printed~~ copy of this Constitution to each member of the authority on the member first being elected to the Council.

(b) The Democratic Services Manager & Deputy Monitoring Officer will ensure that *a* cop*y*~~ies~~ *is* ~~are~~ available for inspection at the main council offices (Riverside House, and can be purchased by anyone on the payment of a reasonable fee)

(c) The Democratic Services Manager & Deputy Monitoring Officer will ensure that the ~~summary of the~~ Constitution is *accessible via the Council's website* ~~made widely available within the area~~ and is updated as necessary.

Part 3 Responsibility for Functions

D. **LICENSING & REGULATORY COMMITTEE** (15 Members)

i. To exercise delegated powers in discharging the Council's functions under the Licensing Act 2003, other than those delegated to the licensing panels *(by the Committee).*

Part 3 Scheme of Delegation to Officers

CE(4)	The Chief Executive be authorised Deal with urgent items that occur between meetings, in consultation with the relevant Deputy Chief Executive, Head(s) of Service (if available) and Group Leaders (or in their absence Deputy Group Leaders) subject to the matter being reported to the Executive at its next meeting. *(This excludes a decision which is not wholly in accordance with the budget or policy framework approved by Council and the process outlined in the Budgetary Framework must be followed)*
HS (2)	The Head of Housing be authorised to approve or refuse ~~renovation grants, decent homes grants, disabled facilities grants and home repair assistance~~ *any discretionary or mandatory grant related to repair, improvement or adaptation*, the issue of approvals following the application of the test of financial resources and authorisation of payment upon satisfactory completion of the work. To recover, withhold or cancel payments
HS(94)	The Head of Housing be authorised to enforce the Management of Houses in Multiple Occupation (England) Regulations 2006, made under Section 234 Housing Act 2004.
HS(95)	The Head of Housing be authorised to serve a: (i) Prohibition Order in respect of a Cat 1 hazard, in relation to Section 20 of the Housing Act 2004

	(ii) Prohibition Order in respect of a Cat 2 hazard, in relation to Section 21 of the Housing Act 2004 (iii) Notice requiring documents to be produced, in relation to Section 235 of Housing Act 2004
HS(96)	The Head of Housing be authorised under the Smoke and Carbon Monoxide Alarm (England) Regulations 2015, Statutory Instrument SI number 2015:1693 (made under the Energy Act 2013), authority to: (i) under regulation 5 issue a Remedial Notice; and (ii) per Part 4 (Regulations 8-13)issue a Penalty Charge Notice.
HS(97)	To formulate responses to planning applications in respect of housing requirements.
FS (5)	The Head of finance be authorised to set the Council Tax base
FS(17)	The Head of Finance be authorised, in consultation with the Portfolio Holder for Finance and the Leader, to produce appropriate and robust standards terms and conditions for the purchase of service or goods by this Council, and ensure that they are available on the Council's website.
FS(18)	The S151 Officer, in consultation with the Finance Portfolio Holder, approves the form NNDR1

Part 4 – Council Procedure Rules

34. Public Speaking

(a) **Council**

You will be permitted to speak in relation to any of the following items included on the agenda: notice of motion~~, petition,~~ report or minutes of another committee. Any request to speak on other items will be a matter of discretion for the Chairman.

(The rights for a member of the public to address Council on a Petition are set out in the Councils Petition Scheme)

Part 4 - Executive Procedure Rules

2.3 **Who may speak at the Executive?**

Any other speaker is at the discretion of the Leader subject to a maximum of five minutes.

2.4 **Order of Business at the Executive**
~~(vii) workload report of the Overview & Scrutiny Committees~~

Part 4 - Access to Information Procedure Rules

2. ADDITIONAL RIGHTS TO INFORMATION

These rules do not affect ~~any more~~ specific rights to information contained elsewhere in the Constitution or the law.

13. **PROCEDURE BEFORE TAKING KEY DECISIONS**

Subject to Rule 15 (general exception) and Rule 16 (special urgency), a key decision may not be taken unless:

(b) at least ~~five~~ *28* clear days have elapsed since the publication of the forward plan; and

14.1 **Period of Forward Plan**

Forward plans will be prepared by the Monitoring Officer on behalf of the Leader to cover a period of four months, beginning with the first day of any month. They will be prepared on a monthly basis and subsequent plans will cover a period beginning with the first day of the second month covered in the preceding plan.

For each key decision the Forward Plan will identify:

(i) *the address at which the documents listed are made available for inspection, will be the District Council's Riverside House offices, unless otherwise expressly stated;*
(j) details of the contact officer and Portfolio holder for each item.

The forward plan must be *made available for inspection at the District Council's Riverside House offices and* published *on the District Council's website* at least 28 days before the start of the period covered. ~~The Monitoring Officer will publish once a year a notice in at least one newspaper circulating in the area, stating:~~

~~(a) key decisions are to be taken on behalf of the Council;~~
~~(b) that a forward plan containing particulars of the matters on which decisions are to be taken will be prepared on a monthly basis;~~
~~(c) that the plan will contain details of the key decisions to be made for the four month period following its publication;~~
~~(d) that each plan will be available for inspection at reasonable hours free of charge at the Council's offices;~~
~~(e) that each plan will contain a list of the documents submitted to the decision takers for consideration in relation to the key decisions on the plan;~~
~~(f) the address from which, subject to any prohibition or restriction on their disclosure, copies of, or extracts from, any document listed in the forward plan is available;~~
~~(g) that other documents may be submitted to decision takers;~~
~~(h) the procedure for requesting details of documents (if any) as they become available; and~~
~~(i) the dates on each month in the following year on which each forward plan will be published and available to the public at the Council's offices.~~

Part 4 Standard Terms and Conditions of Contract for both the Purchase of Goods and Services.

That these be removed from the Constitution and the production and publication of these be delegated to the Head of Service as set out at new delegation FS(17)

BUDGET OR POLICY FRAMEWORK PROCEDURE RULES

2.1.1 The Budget Framework

The process by which the budget framework shall be developed:-

* Alongside consideration of the Budget for the forthcoming year and agreeing the level of Council Tax for that year, the Executive will consider and agree a financial strategy setting out medium term (~~2-3~~ *5* year time period) projections of the Council's financial position. In agreeing the financial strategy the Executive will take into account representations from the relevant Overview and Scrutiny Committee(s) and other stakeholders that it is considered appropriate to consult. The financial strategy shall cover as a minimum the Council's General Fund, Housing Revenue Account and capital expenditure and funding requirements. The financial strategy and projections will be reviewed by the Executive during the financial year.

* At least *6* ~~7~~ months before the budget needs to be adopted the Executive will establish outline financial parameters within which the budget will be prepared. In agreeing such parameters the Executive is required to consult with the relevant Overview & Scrutiny Committee(s). Consultation with other stakeholders should also be undertaken by the Executive to the extent to which this is considered necessary.

* At least *2* ~~3~~months before the budget needs to be adopted, the Executive will publish initial proposals for the budget. These proposals shall include and detail significant changes from the current year budgets. The proposals shall include the timetable by which the Executive will approve the budget and details of any consultation it wishes to undertake with stakeholders.

4. URGENT DECISIONS OUTSIDE THE BUDGET OR POLICY FRAMEWORK

(The Chief Executive may not use his delegated authority (CE4) to take urgent decision between meetings for the purposes of amending the Policy or Budgetary Framework)

6. IN-YEAR CHANGES TO THE BUDGET OR POLICY FRAMEWORK

The responsibility for agreeing the budget or policy framework lies with the Council~~,~~. ~~and~~ Decisions by the Executive, an individual member of the Executive or officers, discharging Executive functions must be in line with ~~it~~ *the agreed budget or policy framework.*

No changes to the budget or policy framework may be made by those bodies or individuals except those changes to the budget or policy framework allowed by the Council's Code of Financial Practice and those changes necessary to ensure compliance with the law, ministerial direction or government guidance.

Executive 13 January 2016
Minute 80 (Appendix 2)

WARWICK DISTRICT COUNCIL PARTNERSHIP POLICY

1 Organisational responsibility and review

Good governance arrangements require a public authority to be clear about its approach to partnerships. This policy defines how Warwick District Council shall manage partnership arrangements.

The Policy will be reviewed every three years with a report to Executive requesting formal approval.

2 What do we mean by partnership?

The Audit Commission uses the term "partnership" to describe a joint working arrangement where the partners:

- are otherwise independent bodies;
- agree to co-operate to achieve a common goal; and
- to achieve it create an organisational structure or process and agreed programme, and share information, risks and rewards.

There are essentially four different types of partnership:

- separate organisation;
- virtual organisation (no formal legal basis);
- co-locating staff from different organisations; and
- steering group without dedicated resources

3 Forming a partnership

Because partnership working can be both difficult and expensive, it is essential that Warwick District Council considers other options as well as a partnership. Depending on the circumstances, a different approach could be either more efficient, more effective, or both. Generally Warwick District Council would want to form partnerships for the following reasons:

- aligning the services provided by the partners with the needs of the users;
- making better use of resources;
- stimulating more creative approaches to problems; and
- influencing the behaviour of the partners or of third parties in ways that none of the partners acting alone could achieve.

For Warwick District Council to enter a new partnership a report should be presented to the Executive which sets out the following:

- the reason the partnership exists and are there other options;
- the rationale for the selection of partner(s);
- long and short-term direction, objectives and possible end point of the partnership;

- its relationship to other partnerships/organisations;
- clarity of roles, responsibilities and what each partner is bringing to the arrangement in terms of skills, access, resources (including information) or influence;
- how it aligns with the Council's and partners' strategies;
- governance protocols for decision making (including elected members), accountability, budgets and other resources;
- a cost/benefit analysis supporting the need for the partnership;
- a Risk Register (from WDC's perspective);
- an information sharing protocol;
- the performance management arrangements, key performance indicators and targets;
- the mechanisms for reviewing and developing the partnership; and
- what the exit strategy is should the Council wish to no longer be in the partnership.

Attached at Appendix a is a Partnership Checklist which will need to be completed prior to the commencement of a partnership and submitted along with the Executive report. The Checklist will then be reviewed on an annual basis by all lead officers.

4 Performance managing the partnership

Performance management arrangements including key performance indicators and outcomes need to be agreed at the start of any partnership. There are four key things that need to be managed:

- key performance indicators and outcomes;
- efficiency of the partnership;
- health of the partnership; and
- risk.

The health check at Appendix b should be carried out at the same time as completion of the Checklist.

5 Sharing information across and between partnerships

One of the prerequisites of an effective partnership is an agreement to share information, intelligence and knowledge. Partners need to be culturally prepared to share information. This may require some support to achieve. It should include an evaluation of the information held by the partners and an agreement of what needs to be shared to help the partners to achieve the objectives of the partnership. Sharing of knowledge should be driven by need and partners also need to agree how the information is to be used. It could include the tracking of service access from a user's perspective.

Appendix a

	File Reference	
Name of partnership		
Partners		
Commencement Date		
Purpose of PARTNERSHIP		

	CONTROL	**COMMENTARY** Please refer to supporting documents/working paper references	**Lead Officer**
	ABOUT THE PARTNERSHIP		
1.1	Is the partnership to be a formal or informal one?		
1.2	Have the aims of the partnership been defined and why have the partners been chosen?		
1.3	Is purpose of the partnership short-term or long-term?		
1.4	Who is the lead partner?		
1.5	What are the estimated costs to the council of contributing to the partnership (analysed)?		
1.6	What (if any) is the financial liability of the Council if all other partners chose to withdraw from or terminate the agreement?		
1.7	Are there any other contingent liabilities?		

1.8	What are other parties contributing to the partnership? How does the partnership contribute to the Council's Corporate Strategy/Policy Framework?		
	CONTRACTUAL AGREEMENT		
2.1	Is there a contractual agreement which includes: • A constitution? • Legal, financial and personnel responsibilities? • Budgetary and accounting arrangements? • The monitoring of service delivery? • Nomination of a guarantor?		
	CONSTITUTION		
3.1	Is there a written constitution?		
3.2	Does it define a management structure?		
3.3	Does it cover such issues as: • The frequency of meetings? • Quoracy? • The recording and distribution of minutes?		
3.4	Does it identify: • Each partner's responsibility in terms of financial liability (i.e. is it limited/ shared)? • Who owns any assets and balances resulting from the partnership?		

	• How will the partnership settle disputes? • Exit clauses and a mechanism for other variations to the agreement? • Any confidentiality issues? • Who will fit the roles of treasurer, secretary, and auditor?		
	LEGAL RESPONSIBILITIES		
4.1	What provision has been made for compliance with the law e.g. With respect to health and safety, data protection, employment and service specific legislation? How is information sharing regulated?		
	FINANCIAL RESPONSIBILITIES		
5.1	Who is responsible for ensuring that financial records are maintained and kept?		
5.2	Have required records been defined to ensure that all legal and other obligations are met?		
5.3	Have arrangements been made for internal/ external audit as required?		
5.4	Have insurance requirements been considered, e.g. personal indemnity, third party, vehicles etc?		
5.5	Has advice been sought on the VAT rules applying to the partnership?		
	PERSONNEL RESPONSIBILITIES		
6.1	Who is responsible for recruiting, employing and training staff?		

6.2	Are staff clear about their roles and obligations, e.g. awareness of legal liability and governance framework (particularly important in the case of directors/ trustees)?		
6.3	Have staff or members made any declarations where there may be a conflict of interest?		
6.4	Will partnership employ staff directly or will it expect partners to do it?		
6.5	What is exit strategy for staff employed by the partnership?		
	BUDGETARY AND ACCOUNTING ARRANGEMENTS		
7.1	Does the agreement include: • Arrangements for approving budget? • Arrangements for monitoring expenditure? • Arrangements for dealing with overspend/ underspend? • How any contributions in kind (e.g. staff time or assets employed) are to be costed and included in the cost sharing arrangements? • What administrative/management costs are to be charged to the partnership on the basis of their calculation? • An agreement by all parties, where the partnership will recover grant income, that they will comply with all the		

	requirements specified and will provide the information required? • Arrangements for making payments to the lead authority?		
	MONITORING SERVICE DELIVERY		
8.1	Is there a service plan including profiled budget and performance indicators? If so: • How many years does it span? • How regularly will it be updated?		
8.2	How will service delivery be monitored and reported.		

APPENDIX b

PARTNERSHIP HEALTH CHECK

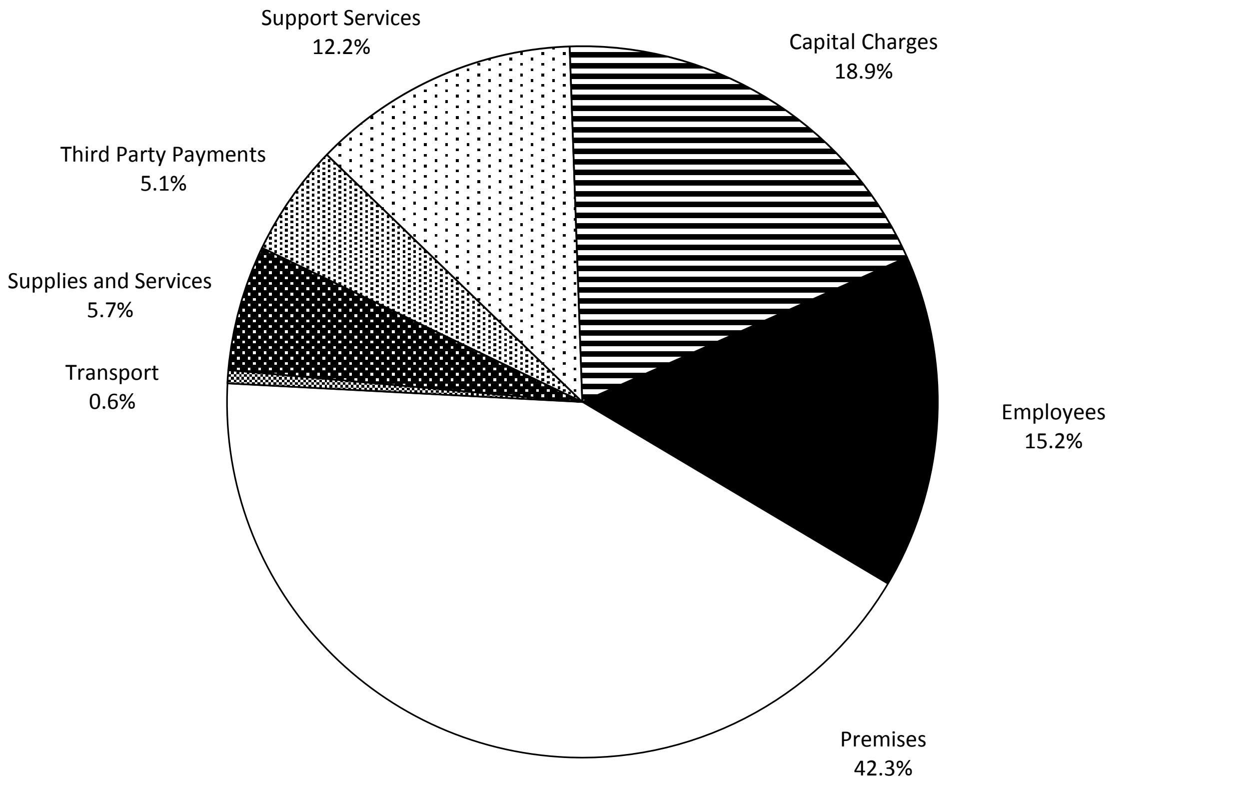
	Never	Sometimes	Often	Always
Partners can demonstrate real results through collaboration				
Common interest supersedes partner interest				
Partners use the word 'we' when talking about partner matters				
Partners are mutually accountable for tasks and outcomes				
Partners share responsibilities and rewards				
Partners strive to develop and maintain trust				
Partners are pro-actively sharing information they hold				
Partners are willing to change what they do and how they do it				
Partners seek to improve how the partnership performs				
Partners regularly review risks together and work towards mitigation of high risk areas				

Housing Revenue Account (HRA) Subjective Analysis:

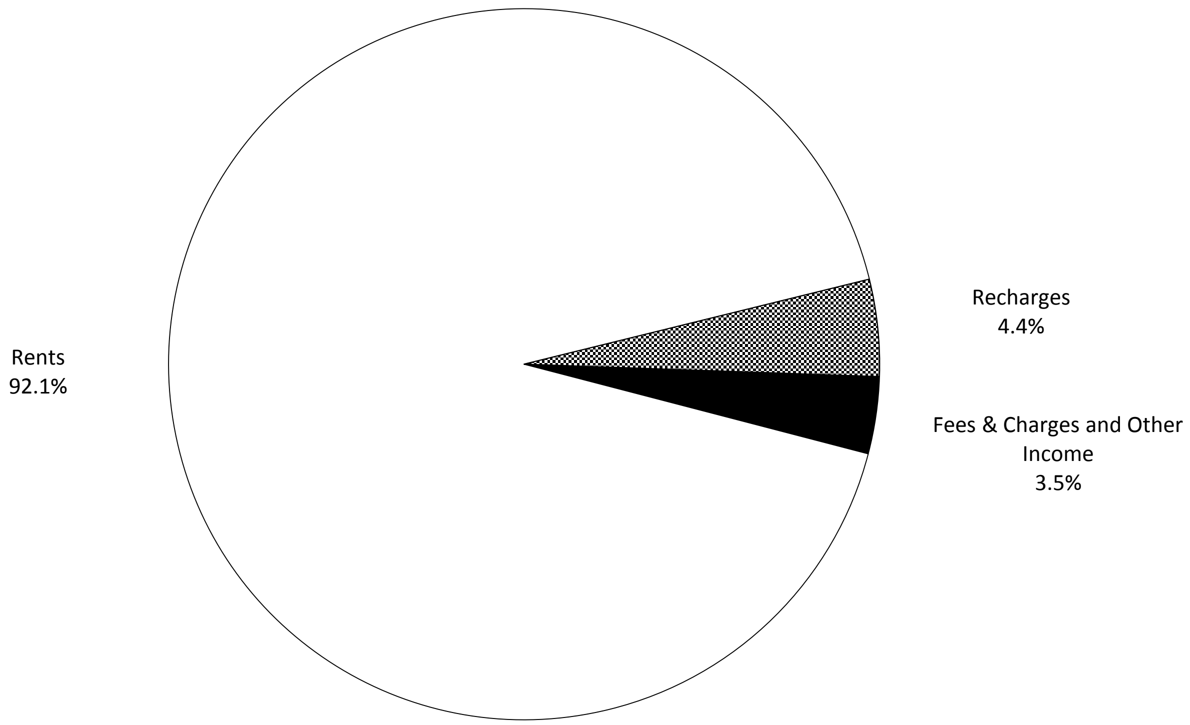
Internal Support Service Recharges within the HRA netted off to show only real recharges in and out of the HRA

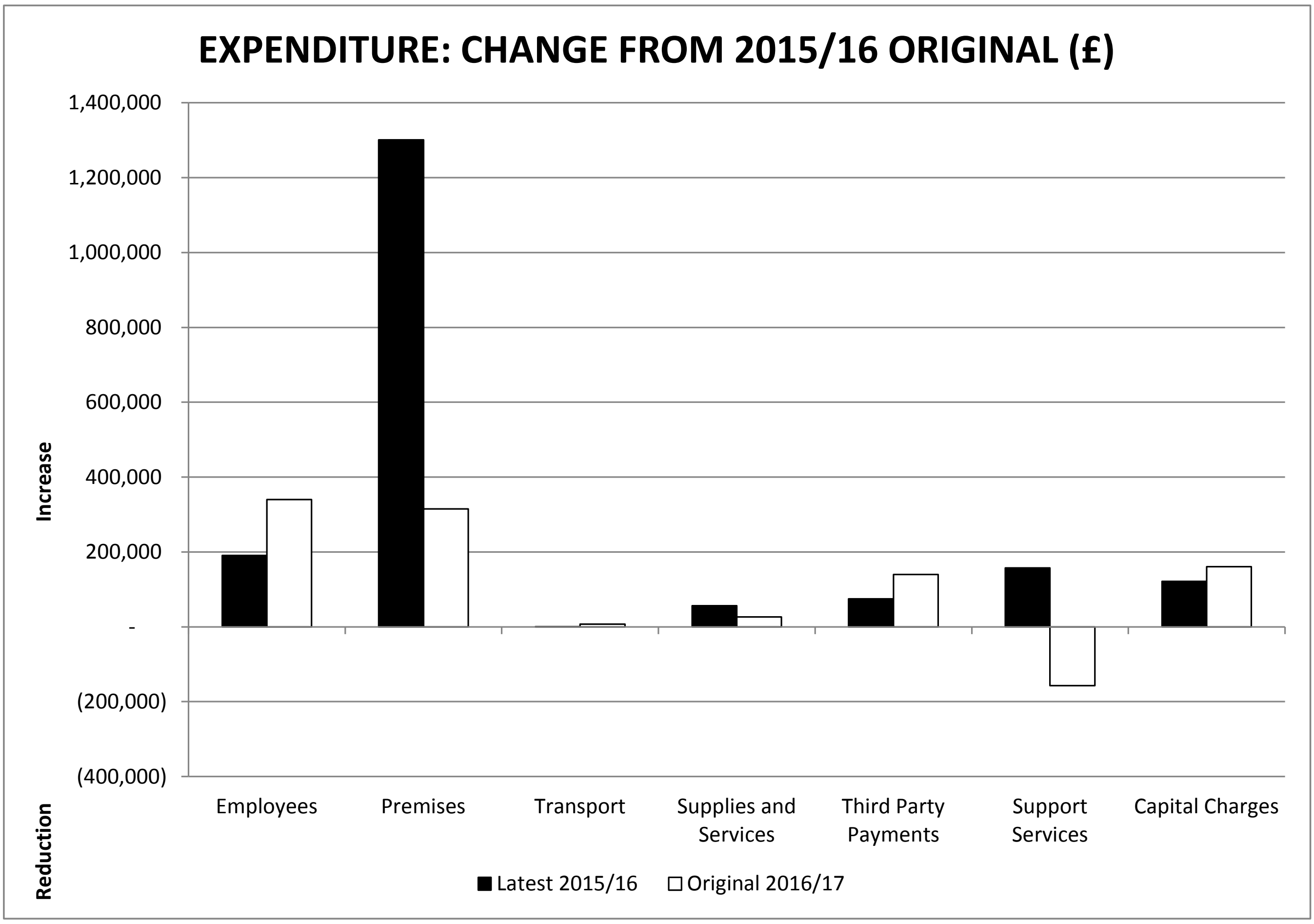
	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BASE BUDGET 2016/17 £
Expenditure				
Employees	2,308,923	2,203,600	2,394,500	2,543,700
Premises	6,810,045	6,793,900	8,094,800	7,109,100
Transport	92,320	100,400	101,200	107,400
Supplies and Services	811,263	926,100	982,700	952,200
Third Party Payments	666,606	722,600	797,300	862,700
Support Services	1,853,925	2,198,100	2,355,100	2,041,000
Capital Charges	(13,078,237)	3,011,100	3,132,200	3,171,500
Total Expenditure	**(535,155)**	**15,955,800**	**17,857,800**	**16,787,600**
Income				
Other Grants and Contributions	(506,391)	(501,600)	(521,600)	(212,500)
Other Income	(153,702)	(81,900)	(96,400)	(96,400)
Fees and Charges	(736,384)	(672,900)	(700,600)	(705,800)
Rents	(26,136,320)	(26,671,700)	(26,671,700)	(26,414,700)
Recharges	(733,729)	(1,269,500)	(1,270,000)	(1,269,500)
Total Income	**(28,266,526)**	**(29,197,600)**	**(29,260,300)**	**(28,698,900)**
Net Income from HRA Services	**(28,801,681)**	**(13,241,800)**	**(11,402,500)**	**(11,911,300)**

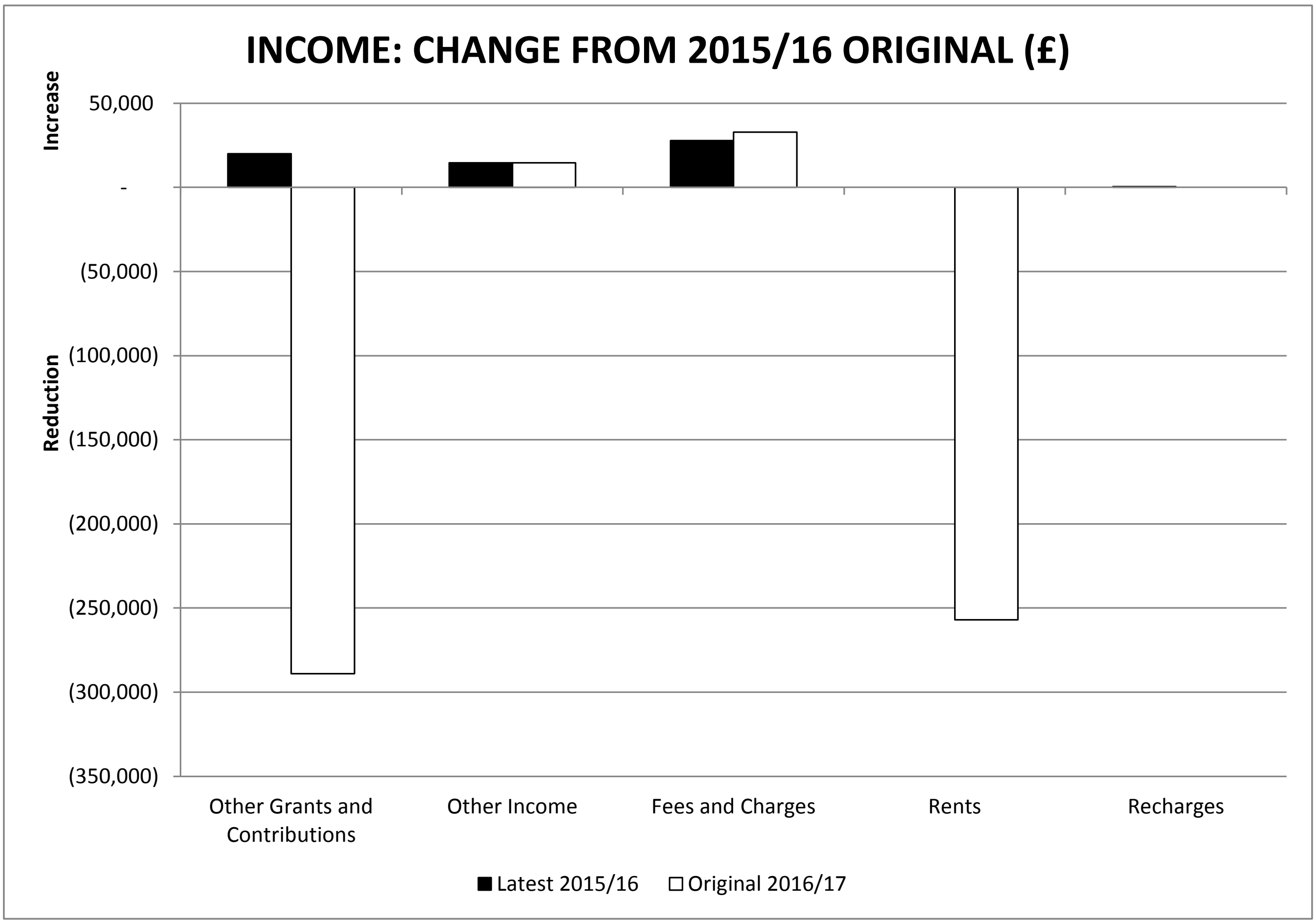
EXPENDITURE - 2016/17 BUDGETS



INCOME - 2016/17 BUDGETS




EXPENDITURE: CHANGE FROM 2015/16 ORIGINAL (£)
Increase
Reduction
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
(200,000)
(400,000)
Employees
Premises
Transport
Supplies and Services
Third Party Payments
Support Services
Capital Charges
Latest 2015/16
Original 2016/17


INCOME: CHANGE FROM 2015/16 ORIGINAL (£)
Increase
Reduction
50,000
-
(50,000)
(100,000)
(150,000)
(200,000)
(250,000)
(300,000)
(350,000)
Other Grants and Contributions
Other Income
Fees and Charges
Rents
Recharges
Latest 2015/16
Original 2016/17

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
S7000 HOUSING REVENUE AC				
EXPENDITURE				
Housing Repairs Supervision	561,741	682,300	682,300	682,300
HRA Repairs and Maintenance (See C12)	5,512,489	5,327,300	6,607,700	5,617,300
Electricity	-	300	300	300
Rates	73	1,400	1,400	1,400
Hsg Rates-Other Prop	19,286	19,500	19,500	19,700
Water Charges-Metered	35,367	32,600	32,600	32,600
Premises	**6,128,956**	**6,063,400**	**7,343,800**	**6,353,600**
Debt Recovery Agency Costs	1,841	3,900	3,900	3,900
Contributions To Provisions	65,491	15,000	36,000	15,000
Bad Debts Provision	327,588	437,000	437,000	437,000
Supplies and Services	**394,920**	**455,900**	**476,900**	**455,900**
Housing Services	-	-	-	-
Supervision & Management - General (See C6)	2,523,396	2,453,100	2,819,100	2,698,500
Supervision & Management - Special (See C8 to C11)	2,150,912	2,233,600	2,284,400	2,302,000
Support Services	**4,674,308**	**4,686,700**	**5,103,500**	**5,000,500**
Loss / (Gain) On Impairment Of Assets	(16,109,487)	-	-	-
REFCUS	80,525	100,000	119,500	100,000
Depreciation on Council Dwellings	2,432,078	2,489,700	2,626,000	2,698,700
Depreciation on Other HRA Properties	494,135	396,800	362,100	362,100
Depreciation on Equipment	24,512	24,600	24,600	10,700
Capital Charges	**(13,078,237)**	**3,011,100**	**3,132,200**	**3,171,500**
TOTAL EXPENDITURE	**(1,880,053)**	**14,217,100**	**16,056,400**	**14,981,500**
INCOME				
Other Income	(2,000)	-	-	-
Other Licences	(3,958)	(4,100)	(4,100)	(4,100)
Heating Charges	(104,159)	(102,900)	(102,900)	(102,900)
Service Charges	(100,317)	(131,200)	(131,200)	(131,200)
Service Charges Supporting People	(142,167)	(147,500)	(147,500)	(147,500)
Water Charges	(31,403)	(31,100)	(31,100)	(31,100)
Rents-Houses	(25,229,279)	(25,725,000)	(25,725,000)	(25,468,000)
Rents-Garages	(490,888)	(495,500)	(495,500)	(495,500)
Rents-Others	(315,836)	(320,000)	(320,000)	(320,000)
General Fund	(37,900)	(37,900)	(37,900)	(37,900)
Supporting People Grant	(463,721)	(463,700)	(463,700)	(154,600)
TOTAL INCOME	**(26,921,628)**	**(27,458,900)**	**(27,458,900)**	**(26,892,800)**
NET INCOME FROM HRA SERVICES	**(28,801,681)**	**(13,241,800)**	**(11,402,500)**	**(11,911,300)**
Interest Payable	4,765,564	4,765,600	4,765,600	4,765,600
Interest Receivable - Balances	(178,300)	(172,500)	(172,200)	(253,300)
Reverse REFCUS	(80,525)	(100,000)	(119,500)	(100,000)
Reverse Depreciation: Other HRA Property & Equipment	518,647	-	-	-
NET OPERATIONAL (INCOME) / EXPENDITURE	**(23,776,295)**	**(8,748,700)**	**(6,928,600)**	**(7,499,000)**

S7000 HOUSING REVENUE AC (Continued)

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
NET OPERATIONAL (INCOME) / EXPENDITURE	**(23,776,295)**	**(8,748,700)**	**(6,928,600)**	**(7,499,000)**
APPROPRIATIONS:				
Appropriation to Major Repairs Reserve	2,553,136	3,137,800	3,001,500	3,103,100
Revenue Contribution to Capital Outlay (RCCO)	124,801	286,500	347,600	219,500
Contribution to Other Reserves	317,000	8,000	8,000	8,000
Contribution From Other Reserves	(257,728)	-	(6,100)	-
Contribution to HRA Capital Investment Reserve	4,941,335	5,368,500	3,704,500	4,316,000
Reverse Impairments / Revaluations	16,109,487	-	-	-
Employee Benefits Accruals Reversal	1,704	-	-	-
IAS 19 Pension Adjustments	(43,340)	(84,600)	(159,400)	(161,500)
Taken From / (To) Balances	**(29,900)**	**(32,500)**	**(32,500)**	**(13,900)**
HRA Balance Brought Forward	(1,323,500)	(1,353,400)	(1,353,400)	(1,385,900)
HRA BALANCE CARRIED FORWARD	**(1,353,400)**	**(1,385,900)**	**(1,385,900)**	**(1,399,800)**

Budget Changes: Adverse +ve / Favourable (-ve)

	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
Premises:		
HRA Repairs and Maintenance: (See C12)		
Housing Repairs - Major - see section below	220,400	(530,000)
Housing Repairs - Responsive - see section below	1,060,000	819,800
Supplies and Services:		
Additional contribution to HRA Insurance Provision	21,000	-
Supervision & Management:		
Changes in Supervision & Management - General (See C6)	366,000	245,400
Changes in Supervision & Management - Special (See C8 to C11)	50,800	18,300
Capital Charges:		
Slippage from 2014/15: Tenants Incentive Grants agreed but not yet payable	19,500	-
Changes in depreciaition	101,600	160,400
Income:		
Housing Rents - 1% rent reduction, Right to Buy Sales and new homes	-	257,000
Supporting People Grant - scheme terminating	-	309,100
Interest and Servicing of Debt:		
Interest receivable updated for latest projected balances and rates	-	(80,800)
Capital Financing:		
Reversal of capital charges - slippage from 2014/15	(19,500)	-
Revenue Contributions to Capital Outlay (RCCO) - Slippage from 2014/15	61,100	(67,000)
Change in adjustment from Housing Depreciation to Major Repairs Allowance	(136,300)	(34,700)
Contributions to / (from) Reserves:		
Contribution from HRA Early Retirement Reserve	(6,100)	-
Reduced contribution to HRA Capital Investment Reserve due to all other changes	(1,664,000)	(1,002,400)
IAS19 Pension Adjustments:		
Reversal of amounts charged to service accounts	(74,800)	(76,900)

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
S7010 HSG SUP+MAN GENERAL				
DIRECT EXPENDITURE				
Employees	88,680	31,500	33,100	3,900
Premises	169,623	160,600	167,800	171,500
Supplies and Services	71,561	86,300	119,600	96,000
Third Party Payments	181,927	238,500	291,800	376,200
TOTAL DIRECT EXPENDITURE	**511,791**	**516,900**	**612,300**	**647,600**
DIRECT INCOME				
Other Income	(139,384)	(117,400)	(137,400)	(137,400)
Fees and Charges	(45,774)	(33,000)	(60,700)	(43,400)
TOTAL DIRECT INCOME	**(185,158)**	**(150,400)**	**(198,100)**	**(180,800)**
NET DIRECT (INCOME) / EXPENDITURE	**326,633**	**366,500**	**414,200**	**466,800**
Support Services	2,758,360	2,768,900	3,087,200	2,914,000
Recharges	(561,741)	(682,300)	(682,300)	(682,300)
NET (INCOME) / EXPENDITURE TO SUMMARY	**2,523,252**	**2,453,100**	**2,819,100**	**2,698,500**

Budget Changes: Adverse +ve / Favourable (-ve)

	LATEST BUDGET 2015/16	BUDGET 2016/17
Employees:		
Leasehold Management temporary post	-	(31,200)
Premises:		
Increase in insurance costs	-	10,900
Supplies and Services:		
Increase in insurance costs	-	9,700
Third Party Payments:		
Stock Condition Survey	23,700	-
Structural Survey	-	120,000
Increased costs due to increase in Right To Buy Sales - offset by increased income	28,700	16,600
Other Income:		
Renewable Heat Initiative contributions for Biomass	(20,000)	(20,000)
Fees and Charges:		
Right to Buy Administration Fee Income	(27,700)	(10,400)
Support Services:		
Changes in allocations	318,300	145,100

S7200 HOUSING SERVICES	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
DIRECT EXPENDITURE				
Employees	1,109,834	1,170,400	1,356,100	1,487,800
Premises	296	-	-	-
Transport	37,500	39,600	40,300	44,400
Supplies and Services	185,040	189,300	191,400	192,800
Third Party Payments	139,242	144,000	139,800	146,100
TOTAL DIRECT EXPENDITURE	**1,471,912**	**1,543,300**	**1,727,600**	**1,871,100**
DIRECT INCOME				
Other Income	-	(300)	(300)	(300)
Fees and Charges	(76,606)	(86,300)	(86,300)	(86,300)
TOTAL DIRECT INCOME	**(76,606)**	**(86,600)**	**(86,600)**	**(86,600)**
NET DIRECT (INCOME) / EXPENDITURE	**1,395,306**	**2,852,006**	**3,097,700**	**3,425,500**
Support Services	512,456	621,500	546,800	456,100
Recharges	(1,907,762)	(2,078,200)	(2,187,800)	(2,240,600)
NET (INCOME) / EXPENDITURE TO SUMMARY	**-**	**-**	**-**	**-**

Budget Changes: Adverse +ve / Favourable (-ve)

	Latest Budget 2015/16	Budget 2016/17
Employees:		
IAS19 Adjustments	61,200	64,500
Pay Award	-	11,100
Increased Employer's National Insurance	-	27,500
Asset Management Redesign	87,100	91,300
Temporary Posts	-	31,400
Income Recovery Agency Staff	37,900	-
Transferr of Customer Service staff from WCC shared service	-	90,100
Support Services:		
Changes in allocations	(74,700)	(165,400)
Recharges:		
Changes in costs to be reallocated	(109,600)	(162,400)

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
S7015 HSG SUP+MAN SPECIAL				
S7410 WARWICK RESPONSE	562,608	653,200	674,600	682,000
S7440 HOUSING SUPPORT	504,712	423,300	418,800	446,900
S7450 CENTRAL HEATING	172,861	170,200	170,100	170,100
S7460 COMMUNITY CENTRES	6,642	11,200	11,100	11,100
S7620 HSG OPEN SPACES	367,817	386,200	411,000	386,300
S7630 HSG COMMUNAL AREAS	378,700	447,400	447,500	448,100
S7635 ESTATE SUPERVISORS	157,572	142,100	151,300	157,500
TOTAL S7015 HSG SUP+MAN SPECIAL	**2,150,912**	**2,233,600**	**2,284,400**	**2,302,000**

S7410 WARWICK RESPONSE

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
DIRECT EXPENDITURE				
Employees	583,095	590,300	597,400	622,200
Premises	9,129	6,900	5,600	5,600
Transport	42,930	45,700	44,500	45,900
Supplies and Services	85,474	106,000	105,800	109,500
Third Party Payments	300	300	400	300
TOTAL DIRECT EXPENDITURE	**720,928**	**749,200**	**753,700**	**783,500**
DIRECT INCOME				
Other Grants and Contributions	(136)	-	-	-
Other Income	(660)	-	-	-
Fees and Charges	(304,773)	(228,100)	(228,100)	(250,300)
TOTAL DIRECT INCOME	**(305,569)**	**(228,100)**	**(228,100)**	**(250,300)**
NET DIRECT (INCOME) / EXPENDITURE	**415,359**	**521,100**	**525,600**	**533,200**
Support Services	147,249	132,100	149,000	148,800
NET (INCOME) / EXPENDITURE TO SUMMARY	**562,608**	**653,200**	**674,600**	**682,000**

Budget Changes: Adverse +ve / Favourable (-ve)

	LATEST BUDGET 2015/16	BUDGET 2016/17
Employees:		
IAS19 Adjustments	15,300	16,500
Fees and Charges:		
Fees and Charges review	-	(22,200)
Support Services:		
Changes in allocations	16,900	16,700

S7440 HOUSING SUPPORT

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
DIRECT EXPENDITURE				
Employees	372,044	277,600	270,100	286,800
Premises	9,894	9,000	8,700	8,800
Transport	11,838	14,500	14,200	14,900
Supplies and Services	59,982	68,000	68,700	77,700
Third Party Payments	-	-	500	-
TOTAL DIRECT EXPENDITURE	**453,758**	**369,100**	**362,200**	**388,200**
DIRECT INCOME				
Other Income	(2,622)	(200)	(200)	(200)
Fees and Charges	(5,041)	(2,800)	(2,800)	(3,100)
TOTAL DIRECT INCOME	**(7,663)**	**(3,000)**	**(3,000)**	**(3,300)**
NET DIRECT (INCOME) / EXPENDITURE	**446,095**	**366,100**	**359,200**	**384,900**
Support Services	58,617	59,400	61,800	64,200
Recharges	-	(2,200)	(2,200)	(2,200)
NET (INCOME) / EXPENDITURE TO SUMMARY	**504,712**	**423,300**	**418,800**	**446,900**

S7450 CENTRAL HEATING

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
DIRECT EXPENDITURE				
Premises	168,082	167,800	167,800	167,800
Supplies and Services	2,017	1,900	1,900	1,900
TOTAL DIRECT EXPENDITURE	**170,099**	**169,700**	**169,700**	**169,700**
Support Services	2,762	500	400	400
NET (INCOME) / EXPENDITURE TO SUMMARY	**172,861**	**170,200**	**170,100**	**170,100**

S7460 COMMUNITY CENTRES

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
DIRECT EXPENDITURE				
Premises	6,981	7,300	7,300	7,300
Supplies and Services	-	4,200	4,200	4,200
TOTAL DIRECT EXPENDITURE	**6,981**	**11,500**	**11,500**	**11,500**
DIRECT INCOME				
Other Income	(720)	(700)	(700)	(700)
TOTAL DIRECT INCOME	**(720)**	**(700)**	**(700)**	**(700)**
NET DIRECT (INCOME) / EXPENDITURE	**6,261**	**10,800**	**10,800**	**10,800**
Support Services	381	400	300	300
NET (INCOME) / EXPENDITURE TO SUMMARY	**6,642**	**11,200**	**11,100**	**11,100**

S7620 HSG OPEN SPACES

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
DIRECT EXPENDITURE				
Premises	12,696	30,200	30,200	30,200
Supplies and Services	1,875	3,000	3,000	3,000
Third Party Payments	295,886	290,000	315,000	290,300
TOTAL DIRECT EXPENDITURE	**310,457**	**323,200**	**348,200**	**323,500**
Support Services	57,360	63,000	62,800	62,800
NET (INCOME) / EXPENDITURE TO SUMMARY	**367,817**	**386,200**	**411,000**	**386,300**

Budget Changes: Adverse +ve / Favourable (-ve)

	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
Third Party Payments:		
Removal of trees becoming dangerous or damaging homes	25,000	-

S7630 HSG COMMUNAL AREAS

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
DIRECT EXPENDITURE				
Premises	306,095	386,600	386,800	387,400
Supplies and Services	187	600	600	600
TOTAL DIRECT EXPENDITURE	**306,282**	**387,200**	**387,400**	**388,000**
Support Services	72,418	60,200	60,100	60,100
NET (INCOME) / EXPENDITURE TO SUMMARY	**378,700**	**447,400**	**447,500**	**448,100**

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
S7635 ESTATE SUPERVISORS				
DIRECT EXPENDITURE				
Employees	155,270	133,800	137,800	143,000
Premises	10,741	16,100	16,000	16,100
Transport	52	600	2,200	2,200
Supplies and Services	5,036	6,300	6,300	6,300
Third Party Payments	6,377	-	-	-
TOTAL EXPENDITURE	**177,476**	**156,800**	**162,300**	**167,600**
Support Services	16,996	12,300	16,000	16,900
Recharges	(36,900)	(27,000)	(27,000)	(27,000)
NET (INCOME) / EXPENDITURE TO SUMMARY	**157,572**	**142,100**	**151,300**	**157,500**

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
S7900 HOUSING REPAIRS - MAJOR				
7900 PAINTING & DECORATIONS	545,973	980,000	980,000	450,000
7901 CONCRETE REPAIRS	15,237	40,000	40,000	40,000
7903 COMMUNAL FLOORING/CARPETS	18,268	-	40,000	-
7910 ELECTRICAL REPAIRS	521,000	601,400	681,800	601,400
7912 GAS/HEATING MAINTENANCE	592,646	594,100	594,100	594,100
7914 HRA LIFT MAINTENANCE	51,624	114,800	39,400	39,400
7916 DOOR ENTRY & SECURITY MAINTENANCE	53,242	60,000	60,000	60,000
7918 SHOP MAINTENANCE	24,408	10,700	10,700	10,700
7920 HRA STAIRLIFT MAINTENANCE	99,162	-	75,400	75,400
7922 LEGIONELLA TESTING	5,562	34,600	63,600	34,600
7926 FIRE PREVENTION WORKS	5,791	150,000	150,000	150,000
7927 SHELTERED SCHEME FIRE ALARM SYSTEMS	-	-	71,000	-
7930 HRA PATHS AND SURFACING	99,992	100,000	100,000	100,000
7940 HRA ASBESTOS WORKS	189,055	637,600	637,600	637,600
TOTAL S7900 HOUSING REPAIRS - MAJOR	**2,221,960**	**3,323,200**	**3,543,600**	**2,793,200**

Budget Changes: Adverse +ve / Favourable (-ve)

Painting and Decorations:		
2 year gap before cyclical works recommence	-	(940,000)
Properties missed from original programme	-	410,000
Communal Flooring / Carpets:		
Replace Sheltered Communal carpeting - worn carpets becoming health and safety risk	40,000	-
Electrical Repairs:		
Planned electrical upgrades slipped from 2014/15	80,400	-
HRA Lift Maintenance:		
Transferred to Stairlift maintenance	(75,400)	(75,400)
HRA Stairlift Maintenance:		
Transferred from lift maintenance	75,400	75,400
Legionella Testing:		
Planned work slipped from 2014/15	29,000	-
Sheltered Scheme Fire Alarms Systems:		
Planned work slipped from 2014/15	71,000	-

	ACTUAL 2014/15 £	ORIGINAL BUDGET 2015/16 £	LATEST BUDGET 2015/16 £	BUDGET 2016/17 £
S7950 HOUSING REPAIRS - RESPONSIVE				
7960 VOID REPAIR CONTRACT	1,547,803	867,000	1,378,600	1,271,400
7962 GARAGES: VOID REPAIRS	43	11,900	-	-
7964 OUT OF HOURS CONTRACT	723	48,300	-	-
7966 DAY TO DAY REPAIRS CONTRACT	1,664,120	1,035,200	1,621,800	1,493,800
7968 GARAGES: RESPONSIVE REPAIRS	77,841	41,700	63,700	58,700
TOTAL S7950 HOUSING REPAIRS - RESPONSIVE	**3,290,530**	**2,004,100**	**3,064,100**	**2,823,900**

Budget Changes: Adverse +ve / Favourable (-ve)

November Executive - planned savings not achieved plus effects of inflation offset by the re-introduction of pre-inspections	1,060,000	820,000

WARWICK DISTRICT COUNCIL	**Executive meeting – 10th February 2016**	**Agenda Item No. 3**

Title	**Waste container charging**
For further information about this report please contact	Becky Davies Recycling Development Officer Becky.davies@warwickdc.gov.uk 01926 456615
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes (Ref. 731)
Equality Impact Assessment Undertaken	Yes

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	19th January 2016	Bill Hunt
Head of Service	19th January 2016	Rob Hoof
CMT	19th January 2016	Chris Elliott, Andy Jones, Bill Hunt
Section 151 Officer	19th January 2016	Mike Snow
Monitoring Officer	19th January 2016	Andy Jones
Finance	19th January 2016	Mike Snow
Portfolio Holder(s)	20th January 2016	Cllr David Shilton
Consultation & Community Engagement		
No consultation proposed		
Final Decision?		No
Suggested next steps (if not final decision please set out below		

1. Summary

1.1. Warwick District Council (WDC) currently provides the majority of waste containers (wheeled bins, red boxes, recycling bags and food caddies) free of charge to households.

1.2. A budget of £120k has been allocated each year to cover the cost of replacement receptacles; however in recent years this cost has risen to approximately £165k per annum. Therefore, WDC needs to consider introducing a charge to households for the provision of waste containers to reduce the budgetary pressure. This report makes recommendations for the level of charge to be introduced.

2. Recommendation

2.1. From 1st June 2016 WDC introduces a charge to the household for any new, replacement or additional waste containers requested and for the delivery of them to their property.

2.2. The following charges are introduced :

Wheeled bin (grey and green)	£25.00
Recycling box with lid	£5.00
Lid only (for recycling box)	£1.50
Recycling bag	£2.50
Food caddy	No charge (funded by Warwickshire County Council)
Delivery Cost Per Order	£5.00

2.3. The £5 delivery charge would be a one-off charge per order irrespective of the number of containers requested (e.g. the same charge applies to the delivery of just 1 red box as it would to the delivery of 2 red boxes and 2 recycling bags).

2.4. No concessions will be offered as experience has shown that it is difficult to prove whether a household may or may not be entitled to a concessionary rate.

3. Reasons for the Recommendation

3.1 The original capital budget for the supply and delivery of waste containers was set in 2013 at £600k for 5 years (April 2013 – March 2018). However, the cost of waste container provision has increased since this time and there is now a significant projected budget shortfall.

3.2 The cost of waste container provision is likely to increase in future years as waste containers come to the end of their lifespan and need replacing. It is estimated that the cost of replacing containers could be in excess of £2.3million over the next 10 years (inclusive of current annual expenditure on waste containers).

3.3 In addition, the provision of waste containers to new homes, as identified in the local plan, will increase costs further.

3.4 WDC receives requests for approx. 6,500 red boxes, 6,500 recycling bags and 2,000 green wheeled bins every year, however recycling levels remain static. WDC also receives requests for over 1,000 grey wheeled bins every year.

3.5 A number of local authorities have introduced charges and have seen reductions in the number of waste containers requested. Once a charge is introduced households tend to look after their waste containers to a greater extent, make their containers last for a longer period of time or are deterred from ordering excess containers.

4. Policy Framework

4.1. Introducing a charging scheme will enable WDC to continue providing a high quality service whilst helping to reduce future budgets, in line with two of the Fit for the Future key strands; Service - maintaining or improving services; and Money – delivering a sustainable balanced budget. It will have no impact either way on the 3rd strand – People.

4.2. Households can still request as many recycling containers as they need, enabling them to fully participate in the collection service and keep recycling levels above the national target of 50% by 2020.

5. Impact Assessment

5.1. Residents without internet access will be able to order containers at any Warwickshire Direct One Stop Shop.

5.2. Residents without a debit or credit card can pay by cash or cheque at any Warwickshire Direct One Stop Shop.

5.3. Where there is a language barrier, residents will be able to use Language Line to request containers.

6. Budgetary Framework

6.1. The original capital budget for the purchase and delivery of waste containers was set at £120k per year for 5 years (April 2013 – March 2018). Due to an increase in demand for containers, the budget has proved to be inadequate and as a result only £93k now remains for 2016/17.

6.2. Over the last 2 years WDC has spent an average of £165k per year on the purchase and delivery of waste containers to households.

6.3. The proposed charges (paragraph 2.2) could generate £78k to contribute to the annual cost of waste container provision.

6.4. In order to cope with current demand a further £87k will still be required in addition to the income from charges to cover the cost of the service until 2016/17.

6.5 In order to be able to provide bins for the future, the Capital Budget needs to be increased to £165k per annum from 2017/18, funded by the estimated income from charges of £78k, the balance falling upon the General Fund.

6.6 The recommendations in this report have been factored in to the Budget Report, in terms of the additional projected income, increased capital spend and funding of the capital spend from the income and the General Fund.

7. Risks

7.1. Some households may refuse to pay charges and use their own containers instead which do not meet health and safety standards for waste storage and collection. SITA has already formally raised this issue with WDC and has serious concerns for their workforce with regards to manual handling or unsuitable waste containers. WDC would have to instruct SITA not to empty containers that they considered being unsafe to handle.

7.2. Charging for replacement containers after loss or damage as a consequence of the refuse/recycling collection could generate corporate complaints, legal challenges and/or insurance claims.

7.3. There could be increased instances of fly-tipping or uncontained waste left on the street should residents choose not to pay for replacement receptacles. WDC may have to use the powers available under the Environmental Protection Act to address any such incidents.

7.4. WDC is a member of the Warwickshire Waste Partnership and has a joint responsibility to help meet the targets set in the Warwickshire Waste Management Strategy. A charging scheme could have an impact on the Council's ability to further increase recycling rates.

7.5. The income generation figures in this report are not guaranteed and therefore further additional funds may be required in the future to cover the cost of the service.

8. Alternative Option(s) considered

8.1. There are a number of alternative options for waste container charging as follows:

8.2. **Option 1 - A charge for each waste container but no delivery charge:**

8.2.1. The following charges are introduced:

Wheeled bin (grey and green)	£25.00
Recycling box with lid	£5.00
Lid only (for recycling box)	£1.50
Recycling bag	£2.50
Food caddy	No charge (funded by Warwickshire County Council)
Delivery	No charge

8.2.2. This option could generate £64k to contribute to the annual cost of waste container provision.

8.2.3. This option is not recommended as it does not generate the same level of income as the charges proposed in paragraph 2.2.

8.3. **Option 2 - A charge of £34 for each individual green bin and a £5 delivery charge for all containers:**

8.3.1. This option could generate £56k to contribute to the annual cost of waste container provision.

8.3.2. This option is not recommended as it does not generate the same level of income as the charges proposed in paragraph 2.2.

8.4. **Option 3 - A charge of £5 for the delivery of recycling containers and £15 for the delivery of wheeled bins:**

8.4.1. This option could generate £37.5k to contribute to the annual cost of waste container provision.

8.4.2. This option is not recommended as it does not generate the same level of income as the charges proposed in paragraph 2.2.

8.5. **Option 4 – No charges are introduced:**

8.5.1. This option will not generate any income to contribute to the annual cost of waste container provision.

8.5.2. This option is not recommended as it does not help WDC's financial position.

9. Background

9.1. WDC has the power to charge for the provision of waste containers under Section 46 of the Environmental Protection Act 1990. It also allows WDC to specify the type and number of containers that a household can use, the specific types of waste they should be used for and where they should be placed for collection. Enforcement action can be taken and a fixed penalty notice of £60-£80 issued if a household does not comply.

9.2. The proposed charges in paragraph 2.2 would cover administration costs.

9.3. VAT is not applicable to the provision of waste containers.

9.4. The only instances where a charge would be waived is where the Contractor has reported that a wheeled bin has been accidentally crushed in the back of the collection vehicle and needs replacing or the exchange of a small grey bin for a large grey bin for large households or households with special medical needs. In all other cases the charge will apply (e.g. lost containers, damaged/broken containers, additional containers, etc.).

9.5. Residents would not be able to collect waste containers to avoid the delivery charge. All containers are stored in a secure location at our Contractor's depot and it would not be safe for the general public to enter the site.

9.6. The containers would remain in the ownership of WDC and as such must remain at the property if the occupiers move house. Although there is the potential that containers are removed leaving a problem for the new occupiers.

9.7. The existing WDC refuse and recycling service policy still applies i.e. 1 x 180litre grey bin for households with up to 5 permanent residents, no limit to the amount of recycling a household can present for collection, etc.

9.8. A growing number of local authorities have introduced charges for waste containers, including our neighbours Stratford District Council and Solihull Metropolitan Borough Council. Appendix 1 shows a comparison of 12 Councils which charge for containers, including our most local Councils. Charges for wheeled bins vary between £10 and £38 and charges for recycling boxes vary between £0 and £4. In some cases there is an additional delivery fee of up to £8.36.

9.9. A short questionnaire undertaken by APSE (Association for Public Service Excellence) in 2013 indicates that full cost recovery from any waste container charging scheme unlikely. Appendix 2 shows the results of the questionnaire and experience of other local authorities in terms of cost recovery from their waste container charging schemes.

9.10. Some local authorities request that the household obtains a Police crime reference number if their container goes missing, in order to get a free replacement. However, this has not been received well by the Police as it increases their crime statistics.

9.11. The key assumptions of this report are as follows:

- All calculations are based on an analysis of waste container requests from the past two financial years - 2013/14 and 2014/15.
- The calculated future costs for provision and delivery of containers have used 2014/15 prices of containers.
- The figures shown in this report assume that the number of requests and number of containers requested will remain the same but that a charge will only be successfully made in 50% of cases.

9.12. The green bin scheme was introduced to half of the district in 2002 and the bins have now exceeded their warranty of 10 years and may be starting to fail. The green bin scheme was extended to the rest of the district in 2008 along with the introduction of the grey bin scheme. These bins have another 3 years left of their warranty after which they may slowly start to fail. It is estimated that the cost of replacing containers could be in excess of £2.3million over the next 10 years (inclusive of current annual expenditure on waste containers).

9.13. The Waste and Planning Departments across Warwickshire, Coventry and Solihull are currently discussing how a planning policy could be implemented which would require developers to pay for waste containers for new properties.

Appendix 1: Local Authority Waste Container Charging Schemes

	Warwickshire	West Midlands				Leicestershire	Other areas of the Country					
	Stratford District Council	**Solihull Metropolitan Borough Council**	**Birmingham City Council**	**Sandwell Metropolitan Borough Council**	**Walsall Metropolitan Borough Council**	**Blaby District Council**	**West Lindsey DC**	**Wycombe DC**	**Preston City Council**	**Rotherham Metropolitan BC**	**Caerphilly County BC**	**North Tyneside Council**
Charge for refuse container	£38 and then £32 for additional bin subject to waste audit	£28.50 + £8.20 delivery charge	£20 (admin and delivery charge)	£10 (delivery charge)	£18.50 (to cover cost of bin, not a delivery charge)	£30 (240l bin)	£33 (supply and delivery)	£35 + £7 delivery	£14.40 delivery charge	£23.40 + £8.36 delivery (for up to 4 items)	£25	£20
Charge for recycling container	£38 and then £22 for additional bin	£28.50 for bin or £3.40 for box + £8.20 delivery charge	£20 (admin and delivery charge) - recycling boxes are provided free of charge to properties which can't accomodate bins	£10 (delivery charge)	£18.50 (to cover cost of bin, not a delivery charge)	£30 (240l bin)	£16 (supply and delivery)	£5 box and lid, £3.50 box only and £1.50 lid only + £7 delivery per container	£14.40 delivery charge	£4 for new and £0 for replacement + £8.36 delivery (for up to 4 items)	£6	£20
Charge for green waste container	£38 (maximum of 2 per property)	£28.50 + £8.20 delivery charge	£20 (admin and delivery charge)	£10 (delivery charge)	£18.50 (to cover cost of bin, not a delivery charge)	rental charge to take part in the service	£33 (supply and delivery)	£35 + £7 delivery	£14.40 delivery charge	£20.86 for new and £12.00 for replacement + £8.36 delivery (for up to 4 items)	£25	£20
Concessionary charge	Free replacement bin (limit of 1 per year) for people in receipt of Council tax of housing benefit	Concession of 25%	No	£5 if over the age of 60	No	No			£11	Rothercard holders get 50% discount	No	No
Bin remains property of Council		Make no reference to this		Yes	State that it is the property of the household and they should take it with them if they move house	Yes	Yes		Yes			
Residents allowed to provide own containers	Do not promote this but if queried then they would allow it but has to meet certain standards and spec.	No	No	No	No	No	Yes		No		Can use black bags instead of wheeled bin but limit of 3 per fortnight	No
Residents able to pick up a container to avoid delivery cost	No	No	No	No	No	No	No		No	Yes - from depot		
Free replacement if lost or stolen	Yes if crime reference number is provided (limit of 1 per year)	If no other requests made within 24 month period	No	No	No	No	Yes, but only if goes missing on day of collection and no similar claim in last 3 years	Yes, but only if damaged container is presented for exchange	No		Yes if police incident number is provided (not crime reference number as pushes up crime stats)	No (recommend that resident waits a week to see if bin reappears)

Appendix 1: Local Authority Waste Container Charging Schemes

Free replacement if damaged	Yes, if damaged by collection crew	Only if unserviceable and not usable and no other requests made within 24 month period	collection crew will sticker or tag a bin that they have damaged which provides a reference number - this allows the resident to get a free replacement	Yes (will try to repair bin first but if not then will replace free of charge)	Yes, only if damaged by collection crew otherwise a charge is made	Yes and for general wear and tear	Yes, collection crew will put note through the door and replacement will be delivered		Yes		Yes	Yes
Charge developers for containers for brand new properties	Yes (forms part of the planning permission - no problems with bigger developers, smaller developers try to push charge onto new residents)	Yes (not a planning condition but supported by Planners - relies on goodwill of developers at the moment)	No	No	Yes, charge developers wherever possible but in some cases residents end up paying	No						Yes
How did they tell residents about the charging scheme?	Information on website and in press release prior to start of charging scheme		The charging scheme has been in place for about 5 months. All information was on website and also included in their service information leaflet	The charging scheme has been in place since April. They put details on their website in the lead up to the new scheme	Charging scheme has been in place for over 12 years	scheme has been in place since April. They informed residents through their residents magazine, flyers and bin hangers prior to the scheme being introduced						Promoted on website and through Customer Service Centre
Contact name/number	Chris Dobson	Kalen Wood	0121 303 1112	0121 569 6625	01922 653344	0116 275 0555						0191 643 7780

Appendix 2: APSE questionnaire results on the proportion of new and replacement containers charged for by other Local Authorities

	Blackpool Council	Dumfries and Galloway Council	Caerphilly County Borough Council	Belfast City Council	Thurrock Council	North Tyneside MBC	North Lanarkshire Council
Type of waste container provided	Wheeled bins for all services	Wheeled bins for refuse and boxes for recycling	Wheeled bins for all services although proportion of households with recycling boxes	Wheeled bins for refuse. Wheeled bins and boxes for recycling.	Wheeled bins for all services	Wheeled bins for all services	Wheeled bins for all services
Waste container charges	£15 charge for replacement refuse bin (recycling and garden waste bin replacements free of charge)	£51 + VAT charge for replacement refuse bin but only where lost more than 3 times in the space of a 5 year period. No charge for recycling boxes	£25 charge for replacement bins (refuse and recycling). £6 charge for replacement recycling boxes. Chargeable garden waste service.	£15 charge for replacement refuse bin (recycling bin/box replacements free of charge)	£30 charge for replacement bins (refuse, recycling and garden waste). £15 concessionary charge.	£20 charge for replacement bins (refuse, recycling and garden waste)	£46.54 charge for replacement refuse bin (recycling and garden waste bin replacements free of charge)
% of waste containers charged for	99% of bins requested are charged for	25% of bins requested are charged for	50% of bins requested are charged for	50% of bins requested are charged for	60-70% of bins requested are charged for	95% of bins requested are charged for	72% of new/replacement refuse bins requested are charged for
Additional informaion	Bins for new properties are all charged at £30 each (refuse, recycling and garden)	Bins for new properties are charged at £51 + VAT (refuse only)	Free replacement if crime reference number is obtained	Free replacement if crime reference number is obtained	Free replacement where lost or damaged as a result of collection activities	Very strict policies adhered to by all staff. Do not charge for damaged bins	The refuse bin is the property of the household and they must take responsibility for it. They can be taken when moving house

WARWICK DISTRICT COUNCIL	Executive 10th February 2016 Council 24th February 2016	Agenda Item No. **4**

Title	**BUDGET 2016/17 AND COUNCIL TAX –GENERAL FUND REVENUE AND CAPITAL**
For further information about this report please contact	Mike Snow (Tel: 01926 456800) Jenny Clayton (Tel: 01926 456013)
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	
Background Papers	Report to Executive 2nd December , 2015: Approval of General Fund Base Budgets 2016/17 Report to Executive 30th September, 2015: Proposed Fees and Charges for 2016/17

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

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	25/1/16	Chris Elliot
Head of Service	25/1/16	Mike Snow
CMT	25/1/16	Chris Elliot, Andy Jones, Bill Hunt
Section 151 Officer	25/1/16	Mike Snow
Monitoring Officer	25/1/16	Andy Jones
Finance	25/1/16	Mike Snow
Portfolio Holder(s)	25/1/16	Cllr Peter Whiting
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

1.1 This Report informs Members on the Council's financial position, bringing together the latest and original Budgets for 2015/16 and 2016/17, plus the Medium Term Forecasts until 2020/21. In doing so it advises upon the net deficit from 2017/18 and the savings required to balance future years' Budgets.

1.2 The report seeks Members approval of the following-

- Latest Budget 2015/16
- Original 2016/17 Budget
- This Council's Band D Council Tax charge for 2016/17
- 5 Year Capital Programme
- Prudential Indicators for 2016/17.
- Noting the latest Reserves and Schedules, approving the relevant transfers.

1.3 This Report will be presented to Full Council alongside a separate Report recommending the overall Council Tax Charges 2016/17 for Warwick District Council.

2. **RECOMMENDATION**

The Executive recommend to Council to approve/note:

2.1 The proposed changes to 2015/16 Budgets detailed in paragraphs 3.2.2 and 3.2.3.

2.2 The Revised 2015/16 Budget of Net Expenditure of £14,609,500 (Appendix 1) after allocating a surplus of £151,700.

2.3 The 2015/16 surplus is allocated as follows:-

- £76,300 to the Equipment Renewals Reserve; and
- £75,400 to the General Fund ringfenced towards the 2016/17 Contingency Budget (para 3.2.4).

2.4 The proposed changes to 2016/17 Base Budgets detailed in paragraphs 3.3.1 to 3.3.4.

2.5 That with effect from this financial year (2015/16) any money that remains within the cost code 2280 4650 (Chairman's Allowance) at the end of the financial year is declared as an underspend and not transferred to the Chairman's Charities accounts (para 3.3.2 ii).

2.6 To end the Council's Travel Token Scheme with effect from 1st June 2016 noting that there will be a six week public consultation about the proposal to determine whether there would be any adverse equality impact and should this appear to be the case the matter would be considered by the Leader and Deputy Leader to determine next steps (para 3.3.2.iii).

2.7 The proposed Budget for 2016/17 with Net Expenditure of £12,556,300 taking into account the changes detailed in section 3.3. Appendix 1 summarises.

2.8 Note the Grant Settlement for 2016/17 as discussed in paragraph 3.4.1. Should there be any changes between the indicative Revenue Support Grant and the final amount, the changes will be managed through the Service

Transformation Reserve (para 3.4.4), and any change in the Business Rate Retention figures is reflected in the use of the Business Rate Retention Volatility Reserve (para 3.5.4).

2.9 The Council Tax of a Band D property for Warwick District Council for 2016/17 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts is agreed at £149.78 representing a 1.99% increase on 2015/16

2.10 Subject to approval of the above Budget 2016/17, the Council Tax charges for Warwick District Council for 2016/17 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band is agreed by Council as follows:

Band	**£ Charge**
Band A	99.85
Band B	116.5
Band C	133.14
Band D	149.78
Band E	183.06
Band F	216.35
Band G	249.63
Band H	299.56

2.11 The 2016/17 proposed New Homes Bonus of £2,257,564. Members also approve the allocation of the 2016/17 monies as follows, as detailed in paragraph 3.7.6:

	£
Waterloo Housing Association	178,500
St Georges Playing Field, Barford	71,000
Corporate Assets Reserve	486,000
Leisure Options Reserve	625,000
Business Rate Retention Volatility Reserve	750,000
Early Retirement Reserve	147,064

2.12 That the Head of Finance and Head of Development Services respond to the consultation on New Homes Bonus, following consultation with the relevant portfolio holders (para 3.7.5).

2.13 That the Council should continue to pay the National Living Wage to its employees, with the rate increased to £8.25 from April 2016 (paragraph 3.8.1).

2.14 The General Fund budgeted surplus of £23,100 be allocated to the Service Transformation Reserve (para 3.8.2).

2.15 The Medium Terms financial projections as shown in the Strategy at Appendix 2. Members note the underlying deficit approaching some £600,000 unless this can be addressed by savings of the same magnitude delivered by 2020/21 (para 3.9.6). An update to the Fit For the Future programme to be brought forward which considers ways to deal with this underlying deficit.

2.16 Approve the creation of a new reserve entitled “Leisure Options” in order to cover the reduced income expected during the refurbishment of two leisure centres and the initial debt charges on the prudential borrowing taken out to finance the refurbishments (para 3.10.3.ix). The management and control of the reserve to be as stated in the Reserves schedule in Appendix 3.

2.17 Note the Reserves Schedule as at 1st April 2017 and projected balances at Appendix 3 (para 3.10.2).

2.18 Approve the Equipment Renewal Schedule (Appendix 4) and ICT Schedule (Appendix 5) be financed by the respective reserves and note with concern that neither reserve is fully funded in the long term unless further sources of finance in addition to the recurrent allocations as approved in the September Fit for the Future Report (para 3.10.3 vi, viii).

2.19 Approve the General Fund Capital Programme including the new schemes described in the table in paragraph 3.11.2 and the Housing Investment Programme (para 3.11.7) and the funding of both programmes as detailed in Appendices 6 and 7

2.20 Agree that the practice of slipping the unallocated RUCIS budget should cease from the end of 2015/16 (para 3.11.8).

2.21 Approve the Prudential indicators (para 3.12 and Appendix 8).

2.22 Approve the Financial Strategy (para 4.2 and Appendix 9).

2.23 Note the mitigations and controls in place to alleviate the financial risks as detailed in Section 6.

3. REASONS FOR THE RECOMMENDATION

3.1

3.1.1 By law, the Council must set a balanced budget before the beginning of the financial year. It must levy a council tax from its local tax payers to meet the gap between expenditure and resources available.

3.1.2 It is prudent to consider the medium term rather than just the next financial year, taking into account the longer term implications of decisions in respect of 2016/17. Hence, Members receive a 5 year financial strategy, Capital Programme and Reserves Schedule.

3.1.3 The Local Government Act 2004, Section 3, states that the Council must set an authorised borrowing limit. The CIPFA Code for Capital Finance in Local Authorities states the Council should annually approve Prudential Indicators.

3.1.4The Chief Financial Officer is required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. (This statement is made at Appendix 10).

3.1.5 Within the report and the recommendations, the following funding allocations are proposed:-

	2016/17 New Homes Bonus	2015/16 Surplus	2015/16 Contingencies	2016/17 allocations	Total
	£	£	£	£	£
Waterloo Housing Association	178,500				178,500
St Georges Playing Field, Barford	71,000				71,000
Corporate Assets Reserve	486,000				486,000
Leisure Options Reserve	625,000				625,000
Business Rate Retention Volatility Reserve	750,000				750,000
Early Retirement Reserve	147,064				147,064
Equipment Renewals Reserve		76,300	123,700		200,000
Contingency		75,400		124,600	200,000
Service Transformation Reserve (from 2016/17 surplus)				23,100	23,100
Total	**2,257,564**	**151,700**	**123,700**	**147,700**	

3.1.6 In addition the Capital Programme includes the following new schemes and budget allocations:-

- Royal Spa Centre Operational Works – Motors and Stage Lighting Dimmers £350,000
- St Johns Warwick Flood Alleviation Scheme £100,000
- Rural and Urban Initiatives Grants – extension from 2018/19 £150,000 per annum
- Recycling and Refuse Containers - £165,000 per annum

3.2 2015/16 Revenue Budget

3.2.1 Appendix 1 summarises the latest 2015/16 Budgets. These were reported to the Executive in December 2015 showing net expenditure of £14.42m and a surplus of £189,800.

3.2.2 The following changes are now proposed to the 2015/16 Budget:

Increased expenditure:

- Increased Leisure Centre salary costs +£50,000;
- Business Rates consultant's fees +£25,000;
- Digital Transformation setup costs (net of reserve funding) +£9,500;

Reduced expenditure:

- Environmental Health & Community Protection staff vacancies -£28,100;
- Earmarked Reserves no longer required -£18,300.

3.2.3 Within the 2015/16 budgets there are still various unallocated contingencies totalling £123,700:

- Office Cleaning Contract £51,000;
- General Contingency Budget £38,800;
- Price Inflation £17,000;
- National Living Wage £16,900.

These budgets are not likely to be used within 2015/16 and so £123,700 is proposed to be appropriated to the Equipment Renewals Reserve.

3.2.4 Taking into account the above budget changes, the 2015/16 Budgets show a projected surplus of £151,700. It is proposed that this surplus is allocated £76,300 to the Equipment Renewals Reserve (so giving a total contribution to this reserve of £200,000) and £75,400 ring-fenced for the 2016/17 Contingency Budget.

3.3 2016/17 Revenue Budget

3.3.1 Since Members agreed the 2016/17 Base Budgets in December, further recurrent changes have been identified. Inclusion in next year's Budgets at this point ensures both the 2016/17 Budget and Financial Projections will contain the most realistic figures as at the beginning of April 2016. These changes are:

- Customer Service Centre Review/Digital by Default;
- Announcement of the Government Settlement;
- Updated Business Rates income based upon the January NNDR1 return;
- Latest Investment Interest Income forecasts;

3.3.2 The following specific changes to 2016/17 budgets have been allowed for within service expenditure estimates that were agreed by members in December:-

i. Energy
Within the Fit For the Future savings agreed by members in September 2015 is £320,000 phased in over 2017/18 and 2018/19 from the re-procurement of gas and electricity. The gas contract has now been re-procured to come into force April 2016, generating savings of 28.62%, this being ahead of the dates previously reported. Similar savings are expected for electricity from October 2016. Together, these will present savings of £136,000 for 2016/17, with the full year effect of the electricity contract giving another £83,000 savings in 2017/18, so giving future annual savings of £219,000.

Whilst these savings are being generated earlier (so benefiting the 2016/17 Budget), the level of these savings is estimated to be lower than earlier anticipated so presenting an additional £100,000 to be included in the Council's Medium Term Financial Strategy. Members will appreciate that the fuel market can be volatile, with oil prices currently being very low. When the contracts are re-procured in two years, the market may be very different with the Council having to fund additional costs for fuel above that currently being budgeted.

ii. Civic support
The Fit For the Future report included £20,000 savings related to changes to the Civic support in respect of the Chairman. CMT have given this further consideration and have concluded that these savings will not be achievable without significantly altering the role of the Chairman, which is not considered appropriate at this time.

It has been custom and practice for the last 15 years that any remaining money on the "Chairman's allowance" budget (cost code 2280 4650) is transferred to the Chairman's account for them to donate to their charities. This has varied from £500 to over £10,000 in recent years. It is recommended that this should not continue due to the financial pressures on the Council. Members will be mindful that this makes up a significant proportion of the Chairman's Charity donations each year and therefore any future donations, by the Chairman, to charities are likely to be significantly lower. This budget is also used to pay for the Chairman to attend events and costs associated with events the Chairman hosts. Therefore revised budgeting arrangements will be put in place to clearly define what costs are being incurred by the Chairman of the Council. This will be achieved by reallocating this money across appropriate budget bines.

iii. Travel Tokens

The Council operates a transport scheme which enables qualifying individuals to use Council-issued travel tokens when travelling by train, taxi or (flexi) bus if the relevant transport operator agrees to accept the tokens in lieu of cash. Full details of the scheme can be found here.

Following payment of a £5.00 administration charge, those eligible individuals will receive either £25.00 or £50.00 in tokens. The purpose behind the scheme is to enable elderly (in the rural areas) and disabled residents, who may not have easy access to bus services, to access transport, predominantly through the use of taxis. However, the allocations involved are so small that, as the table below demonstrates, a limited number of journeys can be made:

Using the calculator for Hackney Carriage Vehicles and deducting the £5 administration charge, residents are able to travel the follow distances:

	Tariff 1	Tariff 2	Tariff 3
	4 or less passengers (Day*)	4 or less passengers (evening**) 5+ passengers (day*)	5+ passengers (evening**)
£45	21 & 5/10th miles	13 miles	9 & 2/10th miles
£20	9 miles	5 & 7/10th miles	4 miles

The calculator is published on the council's website: here.

Whilst it is the case that a resident may be able to achieve better value through private hire, the table gives Members a sense of the poor value the Council is receiving for its investment in the service. For example, using the calculator above, a resident travelling five miles into Leamington from a rural area would be able to make two return journeys over the course of 52 weeks.

Given the unprecedented financial position the Council is facing, officers do not consider that the scheme offers value for money, however, although this is a discretionary scheme it is recommended that a six week public consultation is undertaken to determine whether there would be any adverse equality impacts and if there are for these to be considered by the Leader and Deputy Leader.

iv. Waste Containers

As discussed in a separate report to this Executive, it is proposed to charge for waste containers. The anticipated net additional income of £78,000 per annum has been factored in to the proposed 2016/17 Budget. The Medium Term Financial Strategy and Capital Programme have also been altered to reflect this income and the additional on-going cost of the containers.

v. Local Enterprise Partnership (LEP)

As part of agreeing the 2015/16 Budget members agreed a contribution to the LEP of £20,000. Further discussions with the LEP have confirmed that funding is required from the local authorities within the LEP on an on-going basis. Accordingly, £20,000 per annum has been included in the 2016/17 Budget and the Medium Term Financial Strategy.

vi. Employment Initiatives
£50,000 was agreed as part of the 2014/15 Budget a one off sum of £50,000 for Employment Initiatives, of which £26,900 remains. The balance of this funding is proposed to be used as matched funding over the three years (from 16/17 financial year onwards) to support the Coventry and Warwickshire SME Growth Programme of the European Skills Initiative Funding (ESIF). The Chief Executive, using his powers, had previously agreed this re-allocation, and this would ensure a consistent delivery of business support start up advice, business readiness assistance across Warwick District as matched funding in a £3.35m three year programme for Coventry and Warwickshire. There is a shortfall in funding for the third and final year and this will be filled utilising additional monies raised through the Local Labour Agreements over that three year period.

3.3.3 The 2016/17 Budget proposed also allows for the creation of a Contingency Budget to the total of £200,000, including the £75,400 ring-fenced from 2015/16. In recent years the use of a Contingency Budget has been invaluable to allow the Council to deal with un-budgeted demands. These demands are agreed by the Executive or delegations as allowed for within the Code of Financial Practice. Full details of the use of the Contingency are reported to members.

3.3.4 The projected Collection Fund Balance, 2015/16, was calculated to be in surplus by £501,574 on 31st March 2016. Warwickshire County Council and the Warwickshire Police and Crime Commissioner were duly notified of their shares on the 15th January 2016. This Council's share is £55,000. This has been factored into the 2016/17 Budgets presented in this Report.

3.4 Government Grant

3.4.1 When the 2015/16 Settlement was announced in December 2014 and January of last year, the Government did not provide indicative settlement figures for future years. Hence the Medium Term Financial Strategy was prudently based upon the latest intelligence (Chancellor's Budget Statements, LGFutures, the Economy). The Government has now provided the proposed Settlement Funding Assessment (SFA) for 2016/17 alongside indicative amounts for the subsequent 3 years. Whilst the Financial Strategy had been based upon Revenue Support Grant for 2016/17 estimated at £1.835 million, the actual amount announced by Government is £1.586 million, a reduction of some £0.25m (and a reduction of over £900k from the 2015/16 £2.5m RSG) . This reduced funding clearly has implications for the future years discussed at Section 3.9 below, the Medium Term Financial Strategy.

3.4.2 The SFA for 2016/17 introduces the concept of Core Spending Power. This comprises of Revenue Support Grant, New Homes Bonus and projected council tax and business rates income. In coming to the projection of council tax income, the Government is assuming increases in the council tax base and also that local authorities increase their council tax up to the referendum limits (see paragraph 3.6.3 below). Based on these assumptions, the Government figures show that the Council's Spending Power decreases by 0.4% for 2016/17.

3.4.3 A response has been issued to the Grant Consultation from the Council. This has stressed the inequity of the council tax increase limitation facing the Council as discussed in paragraphs 3.6.3 and 3.6.4.

3.4.4 The final Grant Settlement is expected in early February. Updated figures will be provided to Members when available. Any change in the Revenue Support Grant is proposed to be compensated by the use of the Service Transformation Reserve.

3.5 Business Rates

3.5.1 The Council is required to agree its Business Rates estimates by the end of January (the form "NNDR1"). The Head of Finance has delegated authority to agree this. In estimating the business rates, account needs to be taken of prior year adjustments in respect of the net amounts estimated to be received.

3.5.2 As reported previously, there are still many business rates appeals outstanding for which a provision is required. This has the impact of dampening the Retained Business Rates for 2016/17. Funds have previously been set aside for this in the Business Rates Volatility Reserve, the use of which has been factored into the proposed 2016/7 Budget. For 2016/17, it is currently estimated that the Council will retain business rates of £3.6m, but this is reduced by a prior year adjustment of £2.7m, of which £2.5m is being met using the balance on the Business Rate Volatility Reserve.

3.5.3 In recent weeks, case law has agreed that NHS Foundation Trusts have acceptable charitable status to enable them to qualify for mandatory business rate relief. Whilst the Council has not had any applications for this relief, any applications received may be able to be backdated to 2010. The Council's share of this backdated relief could be approaching £1m, with £150,000 recurrent cost. This has not been factored into the proposed Budget. This is a risk facing the Council, although due to the significance of the implications facing many local authorities, this is something that will need to be addressed at a national level.

3.5.4 Whilst the potential cost of mandatory business rate relief for foundation trusts has not been factored into the budget, the Council should seek to ensure it has some provision to meet this potential cost. Hence within the allocation of the 2016/17 New Homes Bonus, £750,000 is proposed to be allocated to the Business Rate Retention Volatility Reserve.

3.5.5 If there is any variance between the business rates retention included within the proposed Budget and the figures within the NNDR1 for 2016/17, it is proposed that the difference should be accommodated with appropriate transfers to/from the Business Rate Retention Volatility Reserve.

3.6 Council Tax

3.6.1 In setting these Budgets, Members need to be aware of the impact on their local Council Tax Payers. 2016/17 is the first time in five years that this Council has increased its share of the Council Tax. The recent zero tax increases have been partially compensated by a council tax freeze grant from central government.

3.6.2 The Council Tax referendum limit remains at 2%. Whilst a referendum would have one-off costs relating to its administration, if the electorate agree to an increase above 2%, this would help to protect the Council's funding and services into the future.

3.6.3 Within the Grant Settlement, referendum principles are proposed. These are:-

- A 2% limit on all council tax increases, as discussed in 3.6.2.
- Authorities with responsibility for social care may increase their council tax by an additional 2% for adult social.
- District councils whose' current band D council tax in in the bottom quartile may increase their council tax by up to £5.
- No referendum principles have been proposed for parish or town councils.

3.6.4 Warwick District Council is just outside the bottom quartile for its level of council tax (57 out of 201 district councils). Accordingly it is limited to the 2% council tax increase, with the proposed increase being 1.99% so as to be sure of not being within the referendum parameters. The 1.99% proposed increase is the equivalent of an extra £2.92 at Band D and will generate an additional £151,000. This is well below the £5 that authorities in the bottom quartile may raise their tax. A £5 increase in tax would generate a further £108,000 in council tax income. By being just outside the bottom quartile, Warwick District Council is limited to one of the lowest increases in council tax, in cash and real terms, nationally.

3.6.5 The Council Tax Base was calculated in November of last year, with the Council's preceptors being notified accordingly. The Tax Base for 2016/17 is 51,879.20 Band D Equivalents, an increase of 534 above that previously projected in the Strategy and built into the 2016/17 Base Budget reported to Members in December.

3.6.6 The Council's element of the Council Tax is calculated by taking its total budget requirement, subtracting the total funding from Central Government in respect of Revenue Support Grant (RSG) and Retained Business Rates (Section 3.4 and 3.5 above) and the collection fund balance of £55,000. This figure is divided by the 2016/17 tax base to derive the District Council Band D Council Tax Charge.

3.6.7 The recommendations within this report produce a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2016/17 of £149.78, this being a 1.99% increase on that of 2015/16. Based on this increase the Council Tax levels for each of the respective bands will be:

Band	£
A	99.85
B	116.50
C	133.14
D	149.78
E	183.06
F	216.35
G	249.63
H	299.56

3.6.8 Parish and town councils throughout the district were asked to submit their precepts for 2016/17 when informed of their Tax Bases. At the time of writing this report, not all precepts have been confirmed. It is estimated that the precepts will total around £1,300,000 based on prior years. This figure does not take into account the Grants that this Council will award in respect of the Council Tax Support adjustments to the Tax Base (as detailed within the December 2013 Base Budget report).

3.6.9 At the time of writing this report, neither the County Council nor the Police and Crime Commissioner have set their 2016/17 budgets and element of the Council Tax. The meeting of the County Council is scheduled for the 23rd February 2016 and the Police & Crime Commissioner is due to seek approval from their Panel on the morning of 3rd February. Should the Commissioner's proposal be rejected, there will be a subsequent submission on the 17th February.

3.6.10The Council Tax is set by aggregating the council tax levels calculated by the major precepting authorities (the County Council and the Police and Crime Commissioner) and the parish/town councils for their purposes with those for this Council. The report to the Council Meeting on the 24th February, 2016 will provide all the required details. This will be e-mailed to all Members as soon as possible following the County Council Meeting on the 23rd February. The Council will then be in a position to:

(a) consider the recommendations from the Executive as to the council tax for district purposes; and

(b) formally to set the amount of the council tax for each parish/town, and within those areas for each tax band, under Section 30 of the 1992 Local Government Finance Act

3.6.11Members must bear in mind their fiduciary duty to the Council Taxpayers of Warwick District Council. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not come to a decision that no reasonable authority could come to, balancing the nature, quality and level of services that they consider should be provided, against the costs of providing such services.

3.6.12Should Members wish to propose additions or reductions to the budget, on which no information is given in the report before Members, they must present sufficient information on the justification for and consequences of their proposals to enable the Executive (or the Council) to arrive at a reasonable decision. This report sets out relevant considerations for Members to consider during their deliberations, including the statement at Appendix 10 from the Chief Financial Officer

3.6.13 Section 106 of the Local Government Finance Act 1992, states that any member who has not paid their Council Tax or any instalment for at least two months after it becomes due and which remains unpaid at the time of the meeting, must declare that at the meeting and not vote on any matter relating to setting the budget or making of the Council Tax and related calculations.

3.7 New Homes Bonus

3.7.1 This Council's provisional New Homes Bonus allocation for 2016/17 is £2,257,564. This represents £576,000 for its overall increase in new properties over the last 12 months, a further £350 per new affordable home (£59,000), plus the previous 5 year's allocations (£1.623m).

3.7.2 At present, the funding is based upon a 6 year rolling programme whereby each year’s allocation is funded for 6 years. However, in December 2015 the Government issued a Consultation paper alongside announcing the 2016/17 provisional allocations. This suggests that from 2017/18 the allocations may reduce to a 4 year period.

3.7.3 This paper also seeks views on the existing method of calculating the award on Band D equivalents and also restricting the award to authorities with a local plan in place.

3.7.4 It invites a response on proposals to exclude houses allowed under appeal and those that may be built irrespective of any incentive from New Homes Bonus.

3.7.5 Responses are due by the 10th March 2016. It is proposed that the Head of Finance and Head of Development Services send a suitable response, following consultation with the relevant portfolio holders.

3.7.6 Of the £2,257,564 allocation for 2016/17 it is proposed this is allocated as follows:

- The Waterloo Housing joint venture, £178,500; in line with the amount of affordable housing delivered from the partnership with the Council, as previously agreed by the Members;
- Corporate Assets Reserve £486,000;
- Business Rate Retention Volatility Reserve £750,000;
- King George Playing Fields in Barford (capital) £71,000 as agreed by Executive in July 2015;
- Creation of a new Leisure Options Reserve with £625,000 transferring to it. This provision is to manage the net reduction in income during the Leisure Centre refurbishment project and initial debt repayments, as detailed in the report to November 2015 Executive;
- Early Retirement Reserve £147,064. Further demands upon this reserve are expected in future years.

3.7.7 Whilst the Government has stated that New Homes Bonus will remain for future years, it is clear that the allocations are likely to reduce. Knowing the uncertain nature of NHB, the Council has sought not to rely on this funding to sustain mainstream service provision, unlike many authorities. This has enabled the Council to use this funding towards other projects. Potential projects expected to come forward for 2017/18 include the Whitnash Community Hub. However, any commitment to this or any other project should not be agreed until there is more certainty over the future levels of NHB, and other potential demands for the use of this funding.

3.8 Other 2016/17 Budget Matters

3.8.1 National Living Wage

In 2014 the Council agreed all of its employees should receive at least the National Living Wage. Each year the Council needs to review its commitment to paying the National Living Wage from the subsequent April of each year as part of the Budget process.

For 2015/16 this is being paid at the rate of £7.85 per hour. The rate determined by the National Living Wage Foundation for the new year is £8.25.

In July 2015 the Chancellor of the Exchequer announced that the UK Government will introduce a compulsory minimum wage premium for all staff over 25 years of age, and referred to it as the 'national living wage'. The government rate is separate to the Living Wage rate calculated by the Living Wage Foundation. The government rate is based on median earnings while the Living Wage Foundation rate is calculated according to the cost of living. The government Living Wage is to be introduced from April 2016 at the rate of £7.20 per hour. This is due to increase to £9 by 2020.

The government's Living Wage increases will in due course impact not only on more of the Council's employees, but also on the wage bill of contractors. It is expected that as contracts are re-tendered in future year, the cost of the Living Wage will be reflected in higher contract prices. £50,000 has been factored into the Medium Term Financial Strategy for the additional cost of the NLW falling on the Council for its own employees from 2019/20. However no allowance has been factored in for the costs falling on contractors; these are not expected to be a cost for the Council until the major contracts are retendered until after 2021.

From April 2016 it is proposed that the Council will continue to pay the National Living Wage Foundations rate of £8.25.

3.8.2 Taking into account all the budget changes and proposals detailed above, the 2016/17 budget would present a surplus of £23,100. It is proposed that this surplus is transferred to the Service Transformation Reserve.

3.9 Medium Term Financial Strategy

3.9.1 The Strategy presented to Members in February 2015, when the 2015/16 Budgets were approved, forecast that there would be a £980,000 deficit by 2019/20 unless ongoing savings were identified and delivered within the same period.

3.9.2 The July Budget Review Report indicated that this had now gone up to £1.087 million. This increase was primarily due to the Strategy being updated to incorporate a further 5th financial year.

3.9.3 In September 2015 the latest Fit For the Future Programme Report to the Executive, identified various savings, which if achieved would enable the Council to meet the shortfall of £1.087m. These savings totalled a recurrent £1.735 million net of appropriations to Reserves. In addition, the savings would be sufficient to enable annual contributions in respect of:-

- Rural and Urban Capital Initiatives Scheme £150,000 from 2018/19.
- Historic Building Grants £50,000 from 2017/18. However, following the agreement of the Executive in January, this scheme and budget will cease from April 2017, with the funding retuning to the General Fund.
- ICT Reserve £250,000 from 2019/20.
- Equipment Renewals Reserve £100,000 from 2019/20. Recent consideration of forthcoming demands upon this reserve has highlighted a need for a further one-off contribution to this reserve to ensure the commitments over the next five years can be met. Accordingly, within paragraphs 3.2.3 and 3.2.4, additional one off contributions totalling £200,000 have been proposed.

3.9.4 Other significant changes to the Financial Strategy are detailed below:-

- Additional Income above that previously factored into the Financial Strategy, £67,000, as reported in the Fees and Charges Report of September 2015.
- Investment Income has been updated to reflect latest interest rate forecasts informed by Capita, the Council's Treasury Management consultants and changes in the levels of Reserves. Investment Interest is forecast to increase to £1,760,000, of which £760,000 will benefit the General Fund. Whilst the General Fund Balances have diminished over this 5 year Period, interest returns themselves are forecast to increase from 0.7% to 2.02%.
- Reductions in projected Revenue Support Grant (RSG). As discussed in section 3.4.above, the lower level of Government Support continues into future years, falling to just below £800,000 in 2017/18, £300,000 the following year, after which, from 2019/20 there will not be any Revenue Support Grant at all. The Council's main sources of income will be Business Rates, Council Tax and any monies the Council can raise from its own Fees and Charges. It should also be noted that from 2019/20, this Authority's Business Rates Baseline has been deflated by a "Tariff adjustment" of some £240,000. This effectively represents negative RSG in that as the Council is no longer receiving any RSG, it cannot be reduced further.
- Revisions to Business Rates forecasts, £431,000 decrease, as discussed in section 3.5.
- When the Council Tax Base was calculated in November of last year, there was an increase in the numbers of 600 Band D Equivalents above that previously forecast. The additional Band D's will see some £100,000 per annum in income by 2020/21.
- The Government announced that Public Sector Pay Awards are to be frozen at 1% for the next four years. This will save £555,000 on the previously assumed 2% per annum for that period.
- The National Living Wage will increase to a minimum payment of £9.00 per hour by 2020. Provision has been made for this of £50,000 from 2019/20 onwards. The NLW is discussed in more detail in section 3.8.1.
- It was expected that a further £50,000 needed to be added to the Inflation Contingency Budget for 2016/17. However, at present, this Budget is not being fully utilised and in light of low inflation factors, (RPI 1.10% and CPI 0.1% in November 2015), which is only expected to rise to averages of 2.6% and 1.6% respectively during 2016/17, the additional budget requirement has been removed. The general inflation provision remaining within the 2016/17 Budget is £24,500.
- 2014/15 was the first year of a deflation factor to be applied to Discretionary Expenditure Budgets (10% over a 4 year period, 2.5% per annum) Members subsequently agreed that year 4 (2017/18) of the reduction be brought forward to 2016/17 i.e. a total of 5% being factored into 2016/17. However, during the last 2 years, Managers have found it increasingly difficult to identify and then deliver these savings, alongside other changes being made during the same period. In finalising these budget reductions for 2016/17 the actual savings have proven £69,000 less than originally forecast within the strategy.
- In the Base Budget Report (December 2015), Members were informed that the new state pension arrangements remove the "opt-out" reduction in respect of employers' National Insurance contributions from April 2016. This is now estimated to cost £214,000 per annum, slightly more than the £200,000 that had previously been allowed for within the projections in respect of this.
- Responsibility for Benefits Fraud has transferred to the Department of Work and Pensions. This has resulted in a recurrent saving on the demand for

Legal Services from Warwickshire County Council, which has now been factored into the 2015/16 and 2016/17 Budgets. (£58,000 per annum).

- Income at the Council's Leisure Centres has seen an increase (£61,000) as memberships have increased. It is believed this may have been in part due to some extra promotions, however, officers believe there is an underlying uptake anyway.
- The Apprenticeship Levy becomes payable from 2017/18 of 0.5% of the pay bill over £3m, costing an estimated £42,000.
- A £20,000 recurrent payment to the Local Enterprise Partnership, following on from the one-off sum agreed for 2015/16 as part of the February 2015 Budget report (see paragraph 3.3.2 v).
- Staffing Review – CMT. The Fit For the Future report included £70,000 savings from 2019 related to a future review of CMT. In discussion with the Executive, it is believed that with the significant challenges facing the Council over the forthcoming years, it would imprudent to assume that these savings will be achievable. Accordingly, this saving has been removed from the updated Medium Term Financial Strategy, although it is still expected that a future senior management review will be necessary.
- A net recurrent transfer, £87,000 (after allowing for the anticipated income as discussed in section 3.3.2 iv) to Capital to fund the costs of Waste Containers. These are currently provided free of charge, with the exception of additional green bins. The original budget for the supply and delivery of waste containers was set at £120,000 pa for 5 years (April 2013 – March 2018). Due to an increase in demand, there is a budget shortfall of £93k for 2016/17. Levying a modest charge of £25.00 per bin will partly offset these costs.

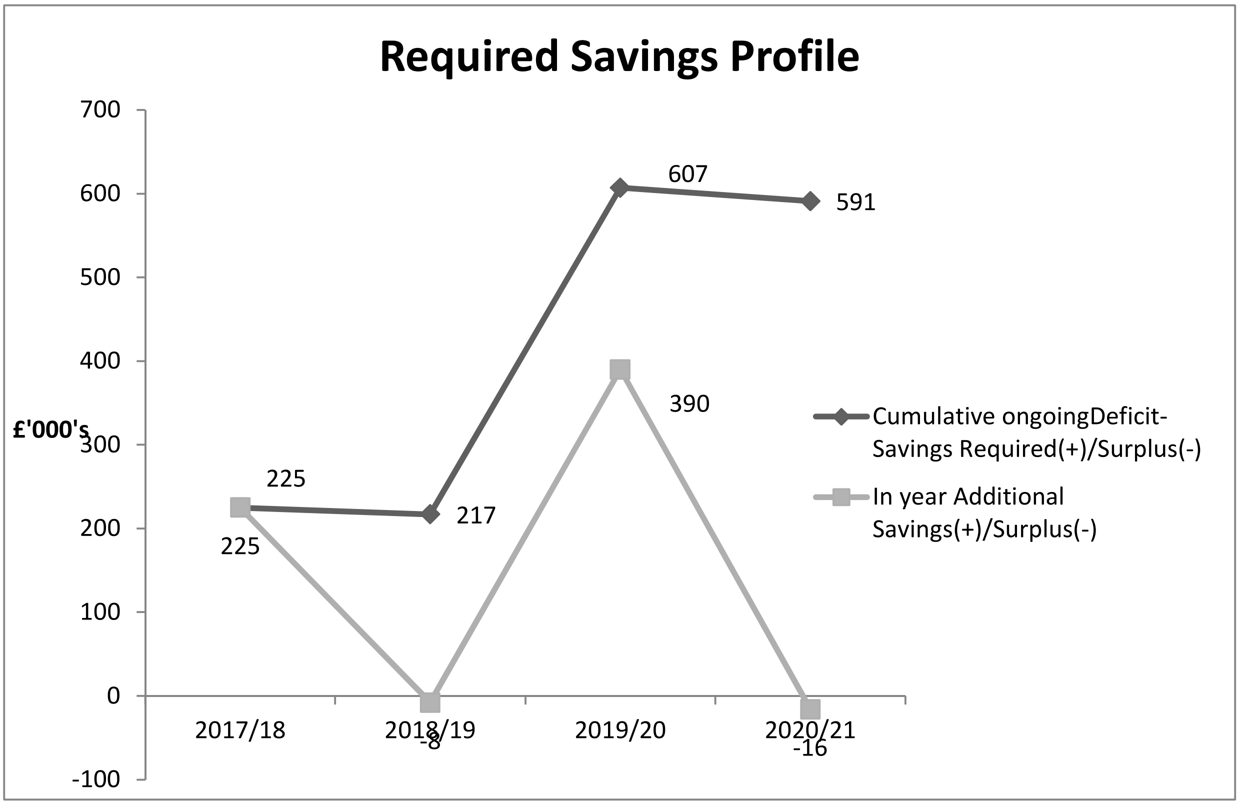
3.9.5 Taking all of these changes, plus many minor ones into account, the Medium Term Financial Strategy now indicates that £591,000 of recurrent savings still need to be found outside of those built into the Strategy. This is replicated in the table below-

	£'000's
Ongoing 5 year Deficit February 2015 Executive	**980**
Addition of an extra Year	99
Fees and Charges	-67
Investment Interest	-273
Council Tax Base	-97
Allocations/Savings (September Fit for the Future Report)	-1,145
Adjusted Energy Savings from New Contracts	100
Pay Award	-555
National Living Wage	50
Inflation Provision	-50
Discretionary Savings Target Reduced to acual	69
Additional costs of one state pension (NI contributions)	214
Fraud Legal savings now under DWP	-58
Leisure Centre membership	-61
Apprenticeship Levy	51
Recycling Cannisters (net)	87
net other smaller adjustments	-15
Business Rates Updated	431
Government Grant reductions	833
Ongoing 5 year Deficit February 2016 Executive	**593**

3.9.6 The Table below breaks down these savings into financial years;-

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Cumulative ongoing Deficit/Savings Required(+)/Surplus(-)	225	217	607	591
In year Additional Savings(+)/Surplus(-)	225	-8	390	-16

This can also be shown graphically as follows:-



3.9.7 Appendix 2 shows the Medium Term Financial Strategy in more detail. It will be noted, that despite the significant potential savings considered and included within the Medium Term Financial Strategy, further savings are needed to enable the Council to continue to set a balanced budget within the projected level of financial resources.

3.9.8 Members are reminded that within the Medium Term Financial Strategy savings from several significant projects have been included. If these savings are not made, the Council will need to agree how further savings may be made. It should be noted, that in seeking to identify further savings, there is the possibility of further savings having to impact upon the level of service provided and service delivery. The saving from projects currently included in the Medium Term Financial Strategy are:-

- Office relocation - £300,000 from 2018/19.
- Staff Terms and Conditions - £145,000 from 2016/17
- Leisure Options - £500,000 from October 2018
- Town Hall Transfer - £85,000 from 2018/19

- Members Allowances - £80,000 from 2019/20.

3.9.9 Officers will continue to monitor and update the 5 year forecast during 2016/17, with Members regularly updated as part of the Budget Review process.

3.10 Reserves and Balances

3.10.1 Members agreed that £1.5m should be the minimum level for the core General Fund Balance. This Reserve supports the Council for future unforeseen demands upon its resources. In order to consider a reasonable level of general reserves, a risk assessment has been done and is contained at Appendix 11. This shows the requirement for the General Fund balance of over £1.5 million against the risks identified above. It has been agreed that £1.5m should be the minimum level for the core General Fund Balance.

3.10.2 The General Fund has many specific Earmarked Reserves. These are attached at Appendix 3 showing the actual and projected balances from April 2015, along with the purposes for which each reserve is held. Finance and Audit Scrutiny Committee is especially asked to scrutinise this element and pass comment to Executive.

3.10.3 Those reserves which show a significant change in the overall balance in the period 1st April 2015 to 31st March 2020 are detailed below and also shown in Appendix 3

i. Business Rates Retention Volatility Reserve – reduction of £2,652k , after allowing for a contribution of £750k from the New Homes Bonus. This reserve is used to smooth the retained income from the Business Rates retained income scheme (see paragraph 3.5.2), with some allowance towards the cost of future appeals.

ii. Capital Investment Reserve – a decrease of £2,196k in the balance mainly due to the use of the reserve in financing projected General Fund capital expenditure, offset by contributions from the General Fund in respect of previous capital expenditure financed by this reserve. The reserve will receive top ups of £150k per annum from 2018/19 in order to ensure the on-going funding of the RUCIS scheme. In the past the Council has had a policy of maintaining a minimum balance of £2m in this reserve for unforeseen demands. However, it has proven to be unrealistic to maintain this level of minimum balance. Also, with the reduced number of capital schemes within the Capital Programme, and the other reserves that the Council holds, it is believed to be acceptable for this nominal balance to be reduced to £1m. This is reflected within the Financial Strategy (Appendix 9).

iii. Car Parking Repairs and Maintenance Reserve – an increase of £122k as a result of £40k per annum contributions being made from the General Fund arising from increased parking fees.

iv. Community Forums Reserve – the reserve will make contributions of £136k to the General Fund in respect of financing Community Forum grants and will effectively be extinguished at the end of 2017/18, with the cost of these grants then needing to be funded from core General Fund funding.

v. Corporate Assets Reserve – an increase of £312k in the balance due to top ups of £570k and £486k from the 2015/16 and 2016/17 New Home Bonuses respectively. The reserve will also make a contribution to the General Fund of £744k in 2015/16. The contribution to fund works in 2016/17 will be subject to a report to March Executive. However, it is anticipated that this reserve should now be sufficiently funded for the next three years, although this will be considered in more detail in the March report.

vi. Equipment Renewal Reserve. Mangers and Service Area Managers have been tasked with regularly reviewing their forecast future requirements from the Reserve and looking to see whether they can reduce their demands on this Reserve by providing services by an alternative method in a more cost effective manner. This is paramount, as if all the future demands on this Reserve are needed, the Reserve is scheduled to run out during 2018/19 even after allowing for a £174k top up from the 2015/16 New Homes Bonus. Additional annual top ups of £100,000 per annum from 2019/20 are scheduled, in addition to the £200,000 contribution to this reserve detailed elsewhere in this report(Sections 3.2.3 and 3.2.4). Members will receive further information later in the year as part of the budget review as to how the anticipated shortfall can be financed. The latest Schedule is attached at Appendix 4

vii. General Fund Early Retirements Reserve – an increase of £189k arising as a result of top ups of £100k and £147k from the 2015/16 and 2016/17 New Homes Bonuses respectively offset by contributions from the reserve to the General fund in 2015/16 to fund various redundancies and early retirement costs.

viii. ICT Reserve – a decrease of £899k arising from the funding of ICT capital expenditure 2015/16 to 2019/20. The reserve will receive annual top ups of £250k from 2019/20. (Appendix 5)

ix. Leisure Options Reserve – This is to be a new reserve initially funded from £625k New Homes Bonus in 2016/17. This reserve has been created to manage the loss of income arising during the Leisure Centre refurbishment project and also pay for the first year and a half's debt charges.

x. Public Amenity Reserve – a decrease of £491k arising from the funding of play equipment capital expenditure in the 2015/16 to 2019/20 capital programme.

xi. Public Open Spaces Planning Gain Reserve – an increase of £398k arising from S106 contributions received in 2015/16 for which there is , as yet, no planned expenditure.

xii. Services Transformation Reserve – a decrease of £1,549k mainly due to various approvals for Fit For the Future projects. Excluding those approved in previous years which were slipped to 2015/16, those approved since 1st April 2015 include

a. £89k to fund additional hours for Senior HR and Learning & Development Officer Posts
b. £70k was approved in September 2015 for the Asset Management Section Re-design, with a further £34k maximum for temporary posts emanating from the Re-design
c. Consultant Fees for the St Mary's Land Strategy £20k.
d. £350k funding for the Leisure Options project
e. £158k in respect of the Digital Transformation of the Council's Services project.

f. Other approvals from this reserve which have not yet been reflected in the Council's budgets mean that the unallocated balance on this reserve is £318k.

The reserve will receive a top up of £23k from the 2016/17 budget surplus.

3.10.4 For some years now, officers have undertaken Options Appraisal when procuring items from the Equipment Renewal Reserve. It is recommended this practice continues and is used for any purchase from a Reserve where this exercise might be appropriate and offer an alternative cost effective means of purchase, e.g. ICT Reserve and Capital Investment Reserve.

3.11 General Fund and Housing Capital Programmes.

3.11.1 The Latest Programme for both the General Fund and the HRA are shown at Appendix 6 along with the proposed financing of.

3.11.2 The General Fund Capital Programme shown in Appendix 6 includes the additional projects listed below and detailed within the capital variations in Appendix 7. This appendix also contains details of other movements in the capital programme e.g. slippage from 2015/16 to 2016/17 and savings.

Project	**Amount**	**Comments**
SCHEMES ALREADY APPROVED		
Voice Over IP Telephony System	£75,000	Approved November 2015 by Head of Finance in conjunction with ICT Services Manager under delegated authority and funded from ICT Reserve
King George's Playing Fields, Barford	£166,000	Approved July 2015 Executive and funded from S106 contributions and New Homes Bonus (see paragraph 3.7.6)
Racing Club Warwick – match funding towards ground improvements	£50,000	Approved December 2015 Executive and funded from Capital Investment Reserve
Leisure Options – works to progress to RIBA Stage 4	£550,000	Approved December 2015 Executive and funded by internal borrowing
NEW SCHEMES REQUIRING APPROVAL		
Royal Spa Centre Operational Works – Motors and Stage Lighting Dimmers	£350,000	Schemes originally included in Equipment Reserve Renewal Schedule but now removed and to be funded from Capital Investment Reserve in 2016/17
St Johns Warwick Flood Alleviation Scheme	£100,000	New scheme identified and to be funded from Capital Investment Reserve in 2017/18
Rural and Urban Initiatives Grants – extension from 2018/19 (as agreed by Executive September 2015)	£150,000 per annum	Additional allocations re existing schemes to enable them to continue. Will be funded from Capital Investment Reserve using planned revenue savings
Recycling and Refuse Containers, subject to separate report to this	£165,000 per annum	Additional allocations re existing schemes to enable them to continue from 2017/18 onwards. Will be

Project	Amount	Comments
Executive meeting		funded from Revenue Contributions

3.11.3 In accordance with the Council's Code of Financial Practice, all new and future capital schemes, must be in line with the Council's corporate priorities and a full business cases will be required as part of the Report to the Executive for approval. This case will identify the means of funding and, where appropriate, an options appraisal exercise will be carried out. Should there be any additional revenue costs arising from the project, the proposed means of financing such must also be included in the Report and Business Plan.

3.11.4 In addition to the new projects incorporated above the following capital projects are expected to come forward over the next year:-

- Leisure Centre Investment
- Investment in replacement multi storey car parks
- Office relocation

3.11.5 Slippage items to 2016/17 in the Programme since last reported to Members are-

- St Mary's Lands Business Strategy £50,000
- Bishops Tachbrook Community Centre £200,000
- 2nd Warwick Sea Scouts' Headquarters £49,825
- Conservation Action Programme £40,409
- Play Area Improvement Programme £223,125

3.11.6 The latest Housing Investment Programme (HIP) is shown at Appendix6

3.11.7 Changes to the Programme since last reported to Members are-

- Virement of £20,000 from the 2015/16 Kitchen Fittings and Sanitaryware Replacements programme to Structural improvements.
- An examination of the salary costs relating to staff carrying out the Council's programme of Disabled Facilities Grants has revealed a case for charging capital salaries to the Mandatory Disabled Facilities Grants capital budget thus alleviating pressure on revenue resources. Accordingly, £35,000 has been added to the Mandatory Disabled Facilities Grants budget within the 2016/17 Housing Investment Programme which will be financed by usable capital receipts. 2017/18 onwards will be reviewed once the outcome of the South Housing Assessment Team joint project pilot is known.

3.11.8 The RUCIS scheme is now funded on an on-going basis at £150,000 per annum, financed from planned revenue savings (which are passed through the Capital investment Reserve). It will be noted from the regular RUCIS reports that in addition to the annual £150,000 budget, the scheme still carries forward significant unspent balances. It is proposed that from the end of 2015/16, the practice of slipping the unallocated budget should cease.

3.12 Prudential Indicators

3.12.1 The Council is required to determine an authorised borrowing limit in accordance with The Local Government Act 2004, Section 3, and to agree prudential indicators in accordance with the CIPFA Code for Capital Finance in Local Authorities.

3.12.2 The Indicators are shown at Appendix 8

4. **POLICY FRAMEWORK**

4.1 The Council's priorities have been reaffirmed within its Fit For the Future Programme. Savings from the Programme have been built into the Budgets now presented to members for Approval. The Budgets have also been set to support this Council's delivery of the projects within the Fit for the Future Programme.

4.2 The budget is a major milestone in the life of the Council. It is a financial expression of the Council's policies, having regard to resource availability and taxation consequences. The Council has formulated a number of strategies setting the framework to ensure that its overall aims and objectives are achieved. The Financial Strategy is one of its Resource Strategies; the 2016/17 Budget has been set in line with this Strategy. The updated Financial Strategy is included as Appendix 9. Should there be any mismatch between these subsidiary strategies and action plans, officers will bring forward proposals for managing these within the agreed budgets.

5. **BUDGETARY FRAMEWORK**

5.1 The Council's budget and Council tax setting is a major component in reflecting and expressing the Council's priorities and policies. The budgets proposed for both capital and revenue are in accordance with Fit for the Future. The financial strategy and capital strategy are revised in the light of the proposed revenue and capital budgets, and the issues that these budgets address.

5.2 Officers monitor the current year's budgets by way of the monthly Budget Review process which is duly reported to the Council's Senior Management Team. The same process is applied when reporting quarterly to Members. Members are also kept informed on progress with Earmarked Reserves and the Contingency Budget, alongside the latest predictions in the Medium Term Financial Strategy.

6. RISKS

6.1 As reported in previous years, lack of available finance presents a risk to all of the services that the Council provides. Its Financial Stability is dependent upon known sources of specific funding amounts. Recent years have seen increasing uncertainty surrounding the amount of Government Support, notably through Revenue Support Grant (RSG). The Government has now announced a 4 year provisional settlement, but whilst this provides some certainty, the RSG proved less than previously forecast, reducing to zero in 2019/20. This leaves the Council to rely solely on Business Rates and Council Tax Income. Business Rate Retention income is proving to be highly volatile, especially due to the level of appeals continuing to remain high (see section 3.5). This volatility presents a significant risk to the Council both during each current financial year whereby actual income received may not be that budgeted for and also for future planning and forecasting. The Business Rates Volatility Reserve provides some mitigation, but there is an underlying risk that this might not be adequate in the longer term.

6.2 Many of the Risks in the Significant Business Risk Register are Finance related and the Finance Service Area has its own Risk Register. Both are reviewed regularly.

6.3 Whilst the country is now seeing an upturn in the economy with interest rates expected to increase, it is still susceptible to the outside environment which can reverse the trend. Some European countries are still unstable and there is unrest in the East with many migrants fleeing their home countries into Europe. A return to recession would see the projected rise in interest rates delay further and increased unemployment would in turn increase the level of Council Tax Reduction claimants and reduce customers' discretionary spending in the Council's income generating areas. Inflation rates are influenced by the economy. High inflation rates restrict the Council's own purchasing powers and also impact on its Contractors whose annual contract uplifts may have been based on a lower RPI period.

6.4 The Medium Term Financial Strategy has a significant amount of savings built in from the Fit for the Future Programme. Failure to deliver these projects, all or in part, will increase the deficit and savings yet to be identified. Delays may drive up the costs of the enabling works and mean savings do not materialise as early as expected. There may also be revenue implications should the projects not have been assessed.

6.5 Unforeseen events, such as planning appeals, uninsured damage, legal challenges, can expose the Council to incur expenditure not previously budgeted for. Whilst the Council endeavours to cover these from its Contingency Budgets and Reserves, they may not prove adequate.

6.6 Changes in Legislation may influence assumptions built into Budgets and the 5 year Strategy as well as increasing the costs of implementing these changes.

6.7 The introduction of new investment vehicles such as Corporate Equity Funds and their use introduces a risk that any negative changes in valuations of such funds at 31st March each year will adversely impact on the General Fund. These are discussed in more detail in the Treasury Management Strategy Report which is a separate report on this agenda.

6.8 Many controls and mitigations are in place to help manage these risks. These include:-

- 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, Budget Review reports are issued to the Executive and Senior Management Team.

- Financial Planning with the Medium Term Financial Strategy/financial projections, bringing together all issues that will impact on the Council's finances in the medium term.

- Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).

- Project Management and associated controls.

- Trained staff and access to appropriate professional advice (eg WCC Legal).

- Risk Management process across the Council, including the on-going review and maintenance of risk registers.

- Scrutiny by members of the Council's finances, including Budget Reports, and the financial implications of all proposals.

- Within the proposed 2016/17 there is a Contingency Budget of £200,000 for any unplanned unavoidable expenditure.

- Reserves – The Council holds reserves as discussed within section 3.10. Whilst much of these reserves have already been earmarked for specific projects, it is important that reserves are held for any unforeseen demands.

- The General Fund Balance is £1.5m as discussed in paragraph 3.10.1. This is available to accommodate any unplanned expenditure, or to make up any shortfall in income. However, the Council should seek to maintain the balance at this level.

- 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 Committee bi-annually on a rolling basis for scrutiny.

7. ALTERNATIVE OPTION(S) CONSIDERED

7.1 The Council does not have an alternative to setting a Budget for the forthcoming year. Members could however decide to amend the way in which the budget is broken down or not to revise the current year's Budget. However, the proposed latest 2015/16 and 2016/17 are based upon the most up to date information.

7.2 With the limited financial resources available, there is limited capacity to invest in any new initiatives. Any new proposals will need to be accommodated with compensating reductions to other budgets with the consequential impact upon services.

8. BACKGROUND

8.1 This is a complex report which brings together the information which has been set out in a number of background reports over the last few months, notably the December 2015 2016/17 Base Budget Report, Budgets Reviews August and November 2015, Fees and Charges (September 2015). The appendices to the report are:-

1. Proposed Budget 2016/17 & Revised Budget 2015/16
2. Medium Term Financial Strategy
3. Reserves Schedule
4. Equipment Renewal Reserve Schedule
5. ICT Reserve Schedule
6. General Fund and HIP Capital Programmes
7. Capital Variations
8. Prudential Indicators
9. Financial Strategy

10. Statement by Chief Finance Officer
11. Risk Assessment against General Fund balances

8.2 Key Assumptions

8.2.1 The Council's Treasury consultants currently forecast the Bank Rate on which short term investment rates are based to be 0.5% at the start of 2016/17 and it is expected that Bank Rate will begin to rise from the December quarter of 2016 and end the year at 0.75%. The target return for the Council's cash flow derived investments in 2016/17 reflects this forecast and has been set at 0.66%. When the expected returns from the Council's core investments are added in, the overall investment rate for 2016/17 is expected to be 0.85%. It has also been assumed that the Council's investment interest return will increase by an additional £50,000 from 2016/17 onwards.

8.2.2 Pay Awards for the period 2016/17 to 2019/10 are 1% as discussed in Section 3.9.4. All pay increases in subsequent years are based upon 2016/17 pay budgets.

8.2.3 Inflation of zero% has been applied to Discretionary Budgets until 2019/20, with inflation at 2% thereafter. The Council continues to increase its Fees and Charges by 2% with its customer base remaining static.

8.2.4 Government Support from RSG is as indicated in the Provisional Settlement notice issued in December 2015. Business Rates are based upon the 2016/17 forecast (NNDR1) January 2016.

APPENDIX 1

WARWICK DISTRICT COUNCIL

GENERAL FUND SUMMARY

	NET EXPENDITURE			
	Actual 2014/15 £	Original Budget 2015/16 £	Latest Budget 2015/16 £	Original Budget 2016/17 £
Portfolio Service Expenditure:				
Culture	5,040,615	3,472,000	4,470,800	3,208,000
Development	2,115,438	1,999,400	2,973,000	1,804,700
Finance	1,844,103	2,288,300	2,177,600	2,312,700
Health and Community Protection	2,432,630	2,513,600	3,363,800	2,568,600
Housing and Property - General Fund	2,061,477	2,761,300	2,204,700	2,335,500
Neighbourhood	4,296,226	4,854,600	5,514,500	4,615,800
Strategic Leadership	1,462,508	1,726,800	2,228,100	1,139,800
NET COST OF GENERAL FUND SERVICES	**19,252,997**	**19,616,000**	**22,932,500**	**17,985,100**
Replacement of Notional with Actual Cost of Capital				
- Deduct Notional Capital Financing Charges in Estimates	(4,664,694)	(3,921,500)	(5,563,600)	(3,629,700)
- Add Cost of Loan Repayments, Revenue Contributions and Interest Paid	40,083	35,000	35,000	4,000
Net External Investment Interest Received	(261,199)	(291,900)	(297,400)	(368,200)
Revenue Contributions to Capital	1,525,608	312,300	374,100	466,100
Contributions to / (from) Reserves	2,507,651	(1,631,918)	(1,331,618)	(814,202)
IAS19 Adjustments	(439,660)	(554,800)	(1,014,100)	(1,011,400)
Accumulated Absences Account	(3,430)	0	0	0
Contributions to / (from) General Fund Balance	601,376	0	(525,400)	(75,400)
NET EXPENDITURE FOR DISTRICT PURPOSES	**18,558,733**	**13,563,182**	**14,609,482**	**12,556,298**
Less: Revenue Support Grant	(3,585,814)	(2,499,500)	(2,499,500)	(1,586,731)
Less Business Rates	(6,098,795)	(1,609,100)	(2,835,000)	(876,500)
Less: General Grants	(1,413,079)	(1,988,700)	(1,809,100)	(2,267,600)
Collection Fund (Surplus) / Deficit	(142,000)	0	0	(55,000)
EXPENDITURE BORNE BY COUNCIL TAX - WARWICK DISTRICT COUNCIL	**7,319,044**	**7,465,882**	**7,465,882**	**7,770,467**
Aggregate Parish Council Expenditure	1,207,647	1,233,065	1,233,065	To Follow
COMBINED DISTRICT AND PARISH EXPENDITURE BORNE BY COUNCIL TAX	**8,526,691**	**8,698,947**	**8,698,947**	**7,770,467**
Warwickshire County Council Expenditure	58,717,314	61,062,030	61,062,030	To Follow
Warwickshire Police and Crime Commissioner	9,197,952	9,569,197	9,569,197	To Follow
TOTAL EXPENDITURE BORNE BY COUNCIL TAX	**76,441,957**	**79,330,174**	**79,330,174**	**7,770,467**
BAND D EQUIVALENT COUNCIL TAX:				
Warwick District Council	146.86	146.86	146.86	149.78
Parish and Town Councils (Average)	24.23	24.26	24.26	To Follow
DISTRICT & PARISH BAND D EQUIVALENT COUNCIL TAX	**171.09**	**171.12**	**171.12**	**149.78**
Warwickshire County Council	1,178.19	1,201.15	1,201.15	To Follow
Warwickshire Police Authority	184.56	188.24	188.24	To Follow
TOTAL BAND D EQUIVALENT COUNCIL TAX	**1,533.84**	**1,560.51**	**1,560.51**	**149.78**
Council Tax Base (Band D Equivalents)	49,836.88	50,836.37	50,836.37	51,879.20

ANDREW MOBBS
Leader of the Executive

MIKE SNOW
Responsible Financial Officer

STATEMENT BY THE CHIEF FINANCIAL OFFICER

I am required to make this report by the Local Government Act 2003.

Robustness of Budgets

The preparation of the budgets started back in July. As the Head of Finance, and being a qualified and experienced accountant, I have overseen the process. The budgets have used the current year as their base. Budget Review process has shown where these do not form a reasonable basis for the following year. There has been a high level of scrutiny to the budget this year, along with budget monitoring throughout the year, from:-

- Budget Managers, the Senior Management Team (SMT) and Corporate Management Team (CMT)
- Portfolio Holders
- The Executive through the various preceding reports set out in the background papers
- Scrutiny Committees

Consequently I am satisfied that the budgets are prepared on a robust basis.

Heads of Service should also confirm the robustness of the budgets. Officers in all Services have been actively involved in preparing the budgets with the accountants. SMT members agreed the base budget and all service managers will be asked to sign off their final budgets to confirm acceptance of the final decisions by members on the budgets they are responsible for.

In preparing the Budget, in view of the tight financial climate facing the Council along with the whole of the public sector, many budgets have not been increased for inflation. In addition, budgets for supplies and services that are not subject to contractual inflation increases have been reduced by 5%, so reducing these budgets by 10% over the last three years. With continuing improved procurement and management of contracts, better value for money should be able to be obtained from budgets. The Council is therefore committed to maintaining the procurement support that it is able to provide to budget managers. The Council does continue to hold a specific inflation provision where it is not possible to contain expenditure within budgets. To date these reductions in budget have not had any material impact upon services, as budget managers have managed to accommodate these budget reductions.

Adequacy of Reserves

The Chartered Institute of Finance and Accountancy (CIPFA) has issued a paper on local authority reserves and balances. They do not consider it appropriate or practical for the Institute to give prescriptive guidance on the minimum level of reserves. Guidance in the previous CPA marking said that in order to meet a good ranking

"The aggregate of
- *General Fund balance;*
- *Other earmarked General Fund Revenue Reserves; and*
- *Liabilities not recognised in the financial statements (excluding unfunded pension fund liabilities)*

Should be in surplus at 31 March, and the General Fund Balance should be at least equal to 5%, but not more than 100% of forecast net operating expenditure. There are plans agreed by members on how to use reserves, which link to the council's strategic aims"

The aggregate figure for this Council for net expenditure for District Purposes as at 31 March 2017 is estimated to be approximately 10% for the General Fund balance only taking into account known appropriations. However the Council also has several earmarked reserves, some of which are committed. When the uncommitted reserves are included, the Council is in a very strong position for 2016/17.

In addition, the Audit Commission in its December 2012 report "Striking a Balance" discussed the reserves held by local authorities. Whilst it recognised it was for each body to determine the level of reserves it should hold, it was important for it to be clear why it was holding those reserves. Within the main report and Appendix 3, the Council's reserves are discussed in detail.

In the Audit Commission's Value for Money Guidance (December 2010) the following is stated:-

"Financial planning
An annual budget is not enough to secure financial resilience. Organisations should set the budget in the context of a longer-term financial strategy and a medium-term financial plan (MTFP) covering for example, a three-to five-year horizon. The MTFP needs to be realistic. Assumptions around inflation, income levels, demographics and future demand for services need to be modelled and based on reasonable predictions.

The financial position of an organisation will depend on a number of factors including the level of borrowing, receivables outstanding, investment risks, council tax collection rates and levels of reserves."

The Council's budget and financial planning regime can be demonstrated to be robust.

The Code of practice on local authority accounting requires the purpose, usage and basis of transactions of earmarked reserves to be identified clearly. This was set out in Appendix 3 of this report and Finance and Audit Scrutiny Committee have been asked to pay particular attention to this (para 3.10.2 of report). In accordance with best practice on reserves and balances these have therefore been reviewed as part of the annual budget preparation. In addition there are forecasts for future years which are reflected in the medium term financial strategy. In considering the level of reserves in addition to the cash flow requirements CIPFA recommends that the following factors are considered: -

Budget assumptions	**Financial standing and management**
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates).
Estimates of the level and timing of capital receipts	The authority’s track record in budget and financial management.
The treatment of demand led pressures	The authority’s capacity to manage in-year budget pressures.
The treatment of efficiency savings/productivity gains	The strength of financial information and reporting arrangements.
The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments	The authority’s virement and end of year procedures in relation to budget under/overspends at authority and departmental level.
The availability of other funds to deal with major contingencies	The adequacy of the authority’s insurance arrangements to cover major unforeseen risks.

I have considered these matters and can advise members that they currently have a satisfactory level of reserves and balances, but need to address the medium term financial forecast in order to deliver balanced budgets in future years. Risks which may impact upon the Council’s finances and the Budget, together with controls and mitigations, are set out in Section 6, and a risk assessment against the general fund reserve is set out in Appendix 11. The Council has self-insurance for small items but generally relies on external insurance for claims above £25,000, so there is no major risk in this area.

In making this assessment I have taken into account the contingency budget of £200,000 for 2016/17. The contingency provision reduces the possibility of the Council calling upon its General Fund balances

The immediate in-year budget risks to which the Council is exposed are low. However, there are currently additional risks in relation to the uncertain state of the economy (including on how this may impact upon the Council’s partners), the current volatility of the Council’s income sources, and the risks associated with capital schemes.

The medium term financial strategy has been prepared on a prudent basis given the uncertainties that face local government at the present time. Whilst the 2016/17 budget has been prepared prudently, there are undoubtedly risks associated with it. However, with the level of reserves, the Council should be able to manage any risks throughout the year.

Members will need to address the underlying budget deficit in future years, and will need to ensure that proposals are brought forward in good time to balance the budget for 2017/18. Within there are projects as part of Fit For the Future aimed at reducing costs and ensuring service provision meets customer expectations, further projects need to be agreed by members during 2016 that will make further savings. Members need to be mindful of the underlying budget situation throughout their decision-making and ensure that the savings requirement is given due priority.

Mike Snow

Head of Finance

January 2016

APPENDIX 11

Risks Influencing the Level of General Fund Balance

Risk Area	Provision
The possibility the Council overspends – risk increased with budgets reduced to reflect prior year underspends, reductions in “non-contractual” budgets.	£0.1 million
Economic cycle issues affect the budget – over and above what can be expected to be contained within routine monitoring procedures.	£0.15 million
Development control income adversely affected by planning policies and economic cycle.	£0.1 million
Costs of environmental prosecution or public enquiry. This is always a possibility and is difficult to forecast in terms of cost.	£0.1 million
Car parking income doesn’t achieve budget forecast.	£0.15 million
Uninsurable event – eg environmental or asbestos claim outside terms of insurance policies.	£0.15 million
Swimming and gym Income does not meet targets.	£0.1 million
Costs of potential planning appeals.	£0.2 million
Possible impacts of budget reductions by other public agencies on this council and the area of Warwick District.	£0.1 million
Cost of possible claim against the Council.	£0.1million
Cost arising from unanticipated risks	£0.25 million
Total	£1.5 million

Warwick District Council Medium Term Financial Strategy **Appendix 2 i**

	2015/16 Original £'000	2015/16 Latest £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Net Cost Of General Fund Services	19,618	22,933	17,987	17,507	17,149	17,012	17,189
Investment Interest	-292	-297	-368	-531	-708	-759	-759
New Homes Bonus-unallocated Balance							
Other Financing Adjusments	-5,763	-8,026	-5,062	-4,218	-3,969	-3,749	-3,619
Net Expenditure after adjustments	**13,563**	**14,610**	**12,557**	**12,758**	**12,472**	**12,504**	**12,811**
Revenue Support Grant	-2,763	-2,509	-1,597	-804	-311	240	240
NNDR (Business Rate Retention, including SBR grant)	-1,609	-2,835	-876	-3,724	-3,702	-3,651	-3,724
Collection Fund Balance			-55				
New Homes Bonus	-1,623	-1,623	-2,258				
Other Grants and Government Funding	-102	-177					
Amount being from Council Tax	**-7,466**	**-7,466**	**-7,771**	**-8,005**	**-8,242**	**-8,485**	**-8,735**
Band D Equivalent	£146.86	£146.86	£149.78	£152.76	£155.80	£158.90	£162.07
% increase on previous year			1.99%	1.99%	1.99%	1.99%	1.99%
Net Expenditure after adjustments	13,563	14,610	12,557	12,758	12,472	12,504	12,811
Total Grant and Council Tax Income	-13,563	-14,610	-12,557	-12,533	-12,255	-11,897	-12,220
Cumulative Deficit-Savings Required(+)/Surplus(-) future y		0		225	217	607	591
In year Additional Savings(+)/Surplus(-)				225	-8	390	-16
Current Year Surplus(-) Defict (+)		0					

	2015/16 Original £'000	2015/16 Latest £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Base Cost of General Fund Services	21,967	19,618	22,933	17,987	17,282	16,932	16,405
Inflation on Controllable Expenditure	0	0	0	0	0	248	238
Recurring Growth	143	468	-1,091	-70	-227	-748	75
Items funded from Reserves	1,083	1,883	654	329	163	209	109
Total New time limited growth/savings	268	-678	-19	-329	-286	-359	-379
Less previous year 1 Off/Time Limited Grow	-2,780	0	-2,556	-635	0	123	150
Changes in Capital Charges	-1,063	1,642	-1,934	0	0	0	0
Net Cost of General Fund Services	**19,618**	**22,933**	**17,987**	**17,282**	**16,932**	**16,405**	**16,598**
Less:Capital Financing Charges	-3,922	-5,564	-3,630	-3,630	-3,630	-3,630	-3,630
Less IAS19 included above	-555	-1,014	-1,011	-1,011	-1,011	-1,011	-1,011
add:Government Grants Deferred W/Out	0	0	0	0	0	0	0
Controllable Expenditure	**15,141**	**16,355**	**13,346**	**12,641**	**12,291**	**11,764**	**11,957**
Financing Charges etc.							
Loan repayments etc	35	35	4	3	3	3	3
Revenue Contributions to Capital	312	374	466	538	538	538	538
Contributions to/from reserves	-1,633	-1,256	-891	-118	131	351	481
External investment interest	-292	-297	-368	-531	-708	-759	-759
Total Financing Charges etc	**-1,578**	**-1,144**	**-789**	**-108**	**-36**	**133**	**263**
Contribution from GF Balance		-601					
Increased Council Tax Freeze Grant							
New Homes Bonus							
Use of new Homes Bonus	0	0		0	0	0	0
(Deficit)/Surplus		**0**					
(Deficit)/Surplus from SBR Grant							
Net Expenditure	**13,563**	**14,610**	**12,557**	**12,533**	**12,255**	**11,897**	**12,220**
			0	0	1		
Revenue Support Grant	-2,499	-2,499	-1,587	-794	-307	0	0
NNDR toplslce returned (RSG)							
New Homes Bonus returned	-264	-10	-10	-10	-4		
NNDR redistributed	-1,609	-2,835	-876	-3,724	-3,702	-3,651	-3,724
NNDR Top Up/Tariff Adjustment						240	240
NNDR Business Rate Retention Provision for Appeals/BDP Adjustment (due to 2% RPI Cap)							
Small Business Rates Grant							
RSG CT Base adjustment	0	0	0	0	0		
Local Services Support Grant-Homelessnes	0	0					
Community Right to Bid Grant							
Community Right to Challenge Grant							
Social Mobility Grant	0	-71	0	0	0	0	0
Council Tax Reduction Grant-New Burdens	-23	-23					
Letting Agents Redress/Transparency Funding		-1					
New Homes Bonus	-1,623	-1,623	-2,258	0	0	0	0
Council Tax Freeze matched	0	0					
Council Tax Freeze matched	0	0	0	0	0	0	
Council Tax Freeze matched	-79	-82	0	0	0	0	
Council Tax Freeze matched	0	0					
Collection Fund Balance			-55				
Total AEF/Collection Fund	**-6,097**	**-7,144**	**-4,786**	**-4,528**	**-4,013**	**-3,411**	**-3,484**
Council Tax borne expenditure	**7,467**	**7,466**	**7,771**	**8,005**	**8,242**	**8,485**	**8,735**
Equivalent to Band D Council Tax	**146.86**	**146.86**	**149.78**	**152.76**	**155.80**	**158.90**	**162.07**
% increase on previous year	0.00%	0.00%	1.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base	50,837	50,837	51,879	52,400	52,900	53,400	53,900

Warwick District Council Medium Term Financial Strategy- Recurring Developments

Description	Narrative	2015/16 £ Original	2015/16 £ Latest	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Major Contract Renewals & Inflation at -1% RPI	GM and Waste Management	58,959		4,700	58,959	58,959	-13,606	-13,606
Grounds Maintenance	profiling of additional/expired funding	3,965		12,730	22,798	5,605		
Above inflation growth	to allow for staff increments	60,000			50,000	50,000	50,000	50,000
Fees and Charges				-223,430	-139,458	-139,458		
Fees and Charges-Cultural services	Various as per October 2014 Report	-86,400						
Fees and Charges health & Community Protection	Various as per October 2014 Report	-32,800						
Street name & numbering income	October2014 Fees and Charges Report	-8,000						
Car Parking	Savings on Repairs and Maintenance Budget			5,000		10,000	5,000	
Waste Management	New Properties				13,000	13,000	13,000	13,000
Street Cleaning	New Adopted roads to be cleansed	10,000			10,000	10,000	10,000	10,000
Hill Close Gardens funding	April 2004 Executive	-5,000		-2,500				
inflation provision	reflection of volatility of the economy				50,000	50,000		
Deflation on Non contractual Spend		-196,802		-347,300				
Catering Contract		-15,500		-17,700	-13,100			
Salaries	Pay Award	163,700		141,000	141,000	141,000	-141,000	
Election Management System	New system savings in future years	-4,800						
Pension fund Increases		56,490		57,620				
National Employment Savings Trust (NEST)					63,750	63,750		
CCTV Revenue Savings from new tender	lower annual maintenance, no inflation						-1,160	-1,160
Community Forums	Reserve Funding 4 years from 2014-15					40,000		
Additional costs of one state pension (NI contributions)				214,000				
Developer Commuted Sums Reserve reducing		3,965		12,730	22,798	5,605		
Development Services Restructure	3 Year Protection			-2,100				
Revenue saving on Lighting at Linen Street Car Park/increased usage					-1,200	-3,600		
Terms and Conditions changes				-100,000	-45,000			
Riverside House Relocation						-300,000		
New Irrigation system at Bowls Pavilion		600						
10% Discretionary Budgets offered up- Corporate and Community	7.5% additional income in 2014-15	163		163	163			
Pensions-settlement of lump re. Deficit with lower %age, further .75% increases after 2015-16	Revaluation December 2013	28,300			92,965	94,508		
New Living Wage	From October 2016	15,000					50,000	
Recurrent cost (2015/16) of Bowls Car Parking-	Executive February 2014	8,500						
Netvisibility Lease of Jubilee House		-2,200		-2,300				
Orbit vacating Riverside House 30/6/14 - lease expires		15,000						
Income Contingency	Additional Income included in Budgets	-12,000						
4 and 6 Jury Street premises merged	July 2014 Executive	-16,300						
Minor Budget Changes		-21,100						
High Value Leases. 1 Market Street Warwick sold to Waterloo Housing		15,500						

Description	Narrative	2015/16 £ Original	2015/16 £ Latest	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Staff Engagement	Funded from STR in 2014-15	8,000						
Service Area Disbanded and Head of Service Post deleted -	Corporate and Community	-74,000						
Loss of Decrim contract		136,600						
Postage Savings (spread across all services)		-6,100						
Housing Benefits Expenditure and Subsidy Estimates		8,800						
Reduction in Benefits Admin Subsidy	Single Fraud Investigation Service	41,900						
Financial Services Salary Changes		-63,500						
Various Rec Rent Increases		-5,500						
Realign Unrealistic TDO Budgets		17,300						
AEH - Reduced Income		6,300						
Insurances - General Fund		10,300						
Reduction in LCTS/HB Admin Subsidy (Provisional)		26,000						
Housing and Property Services Restructure		154,400						
Additional Car Parking Income		-112,000						
Pension changes, increments now built into base Budgets		-50,000						
Cleaning Contract		10,400	-51,000	101,400				
2 posts in CSC no longer Funded	re. Decrim	-50,000						
Payroll Salaries adjustments		9,200						
Reduction in HB/CTB Admin Subsidy		11,300						226
Finance Staffing Costs	January 2015 Employment Committee	25,000						
IAS19 Changes		-800	459,300	-2,700				
Minor Changes	Legal Fees & Deputy Chief Executive Pay Scale Correction		6,100					
Increased costs of Housing and Property Redesign	March Executive Report		9,200					
media room photocopier income			5,000					
Payroll Review				-32,000				
£3k saving PA to Chief Execs retiring, Democratic Services post extended to cover	March 2015 Employment Committee		-3,000					
£2.5k Health and Well Being new Committee. From Contingency 15/16 and recurring development thereafter.	April Full Council			2,500				
discretionary budget saving over provided for			-2,800					
Warwick Direct partnership - mobile phone costs			200					
Cessation of Dual Use Gym activity Meadow CSC March 2015			8,700					
Annual lease payment Golf Course reinstated 15/16			-16,700					
ICT Discretionary budget saving already fully met			500					
WSCB joint contribution			1,500					
Global Corporate challenge membership			500					
Electoral registration computer equipment costs			5,600					
Cleaning Materials NCLC (& possibly other 3 LC's)			3,000					
New Vending NCLC & increase vending income SNPLC (started late 14/15 & previously 1-off amendment in that year)			-9,000					
saving on Shared legal services			-5,000					
Chief Executive salaries post deleted & budget vired to committee services				-14,300				
Electoral registration salaries post part funded from Elise's old post in Chief Exec			3,200	5,200				
HR salaries				-300				
NNDR - New Liability / RV Reduction				-32,500				

Description	Narrative	2015/16 £ Original	2015/16 £ Latest	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Fees and Charges 30th September Extra Income	F&C 30 Sept £67k cr extra income recurring 16/17			-67,000				
Fees and Charges 30th September Extra Income	Car Parking reduced after Sept Exec FFF report			-40,000				
Restructure Arts and Entertainments	Appendix I Items 2 to 18 Sept 2015				-40,000			
Staffing review - H&CP	Appendix I Items 2 to 18 Sept 2015			-70,000				
Staffing review - CMT	Appendix I Items 2 to 18 Sept 2015					-35,000	-35,000	
Support service Review	Appendix I Items 2 to 18 Sept 2015			-50,000	-50,000			
Restructure of land charges delivery	Appendix I Items 2 to 18 Sept 2015			-20,000				
Leisure Options	Appendix I Items 2 to 18 Sept 2015					-250,000	-250,000	
Digital by Default	Updated December 2015 Executive(Total less CSC/OSS)			-84,000	60,000			
CSC/OSS Review	Appendix I Items 2 to 18 Sept 2015			-70,000	-100,000			
CSC/OSS Review	Actual 2016/17 savings			-76,000				
Cessation of Housing Advice contracts	Appendix I Items 2 to 18 Sept 2015			-20,000				
Review transport arrangements	Appendix I Items 2 to 18 Sept 2015			-40,000				
Increase car park charges	Appendix I Items 2 to 18 Sept 2015			-50,000				
Town Hall Transfer	Appendix I Items 2 to 18 Sept 2015					-85,000		
Member Allowances	Appendix I Items 2 to 18 Sept 2015						-80,000	
Change Energy supply process	Appendix I Items 2 to 18 Sept 2015				-207,000	-113,000		
Amendments to Energy Projected Savings	January 2016			-136,200	123,600	113,000		
Inflation/ Training Contingency Review	Appendix I Items 2 to 18 Sept 2015			-50,000				
Increased costs of Housing Benefits (net of subsidy)			24,400					
Estates Mangement - Reduced lettings due to property sales			17,700					
Pump Room Catering Commission			26,400					
Cessation of Dual Use facility at Kenilworth School			8,700					
Bank Charges			3,800					
Corporate Fraud Shared Legal Service Saving, Benefits Fraud now the responsibility of the DWP.			-31,500					
Corporate Fraud Shared Legal Service Saving, Benefits Fraud now the responsibility of the DWP.				-26,500				

Description	Narrative	2015/16 £ Original	2015/16 £ Latest	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Recurrent Saving on Council Tax Support				-5,000				
Council Tax Single Occupancy Penalty Income - Trial Period Only				10,000				
Statutory collection/incineration illegal substance				500				
Leisure Ctre Memberships - (following 6 month review)			-61,000					
Benefits - Computer Equipment, Additional cost of CIVICA E-Forms Module			20,000					
Estates Management - High Value Lease Income				500				
Estates Management reduced Rental Income - 6 Jury Street Lease surrendered and Garage site Bowling Green Street sold			17,700					
Adjustment to balance service charges expenditure/income Pump Room catering			400	-100				
Golf Course electricity service charge adjust following 5 yr analysis of sub-meters for 14/15 final a/c accrual			7,100					
Enterprise Development Schemes - Budget Manager Changes to Income and Expenditure				-1,000				
26 Hamilton Terrace - Income and Expenditure			7,400	-18,600				
Bank Charges Estimates				3,800				
Benefits - Admin Penalty			7,000					
Benefits - 2016/2017 Subsidy & Transfer Payments				-17,100				
Benefits - 2016/2017 HB Admin Grant and LCTS Grant				200				
Non Distributed Costs - Gratuities/Actuarial Strain				-6,100				
Development Control - Ordnance Survey Sales			800					
Development Control - Photocopying			200					
Temporary Homeless Accommodation increase in demand for service			71,500					
Temporary Homeless Accommodation increase in demand for service			-70,000					
Housing Advice & Allocations car allowances - Mileage			3,000					
Rent Review ST Nix cafeteria from 1/8/15			-1,300	-700				
£20k recurring from 16/17contribution to LEP				20,000				
Analyse Local costs £25k 2015/6 then £20k recurrent 2016/17				20,000				
Apprenticeship Levy					42,372			
Additional Bin Income				-78,000				
Savings required	Total Surplus/(Deficit)				-225,353	8,534	-390,671	16,300
Total Recurring Developments		**142,841**	**467,600**	**-1,091,565**	**-69,706**	**-227,097**	**-748,437**	**74,760**

Development Description	Narrative	2015/16 £ Original	2015/16 £ Latest	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Private Sector Stock Condition Survey		75,000	-75,000			75,000		
Housing Market Assessment		60,000	-60,000		60,000			
Budget Consultation Process	Simalto/Residents Surveys to replace Citizens Panel	-1,000		-5,800	-15,800	11,700	-15,800	-5,800
RCCO (DCLG Disabled Facilities Grant towards Private Sector Housing (rec'd in year only)		-308,600		-373,058	-373,058	-373,058	-373,058	-373,058
Improvement Grants RCCO Non-capital Element from HIP		9,600						
Oakley Wood Crematorium Improvements	lost income works delayed	104,000	46,000					
Book of Remembrance-lasts 30 to 40 years,	Service always been offered at Crematorium	4,000						
Democratic Services Assistant -	redeployment 3 yrs salary protection	2,500						
Minor Roundings			-12,000					
Waterloo NHB Payment		118,542		178,500				
Contingency Budget		1,000	-38,800					
payroll staff not on top of increment budget virement top of scp		-500						
Sustainability Officer, extended		36,000						
Organisational Development Post Extensions	2 years net of Savings			20,686				
Senior Project Co-Ordinator Posts extended to march 2016	(Deputy Chief Execs office)	103,400						
AED defibrillators at Abbey Fields and Castle Farm in 2016/17 (total £2k non-recurrent)				2,000				
Golf Course Lease	Finance and Audit Scrutiny March 2014	3,330						
Election Costs in year	net of those built into Reserve Funding	30,000					30,000	
South West Warwick community Centre Infrastructure	March 2012 Executive 4 years only	1,500		1,500				
Staff Engagement activities,	funded from STR 2014-15 and revenue thereafter	9,000						
Non-recurrent Salary Savings in Neighbourhood		-3,100						
Organisation Development salaries	extended contract to end March 2016	24,300						
Minor Budget Changes		-28,343		10,000				
Land Charges Income		-10,000						
Salary Savings from Vacancies	Savings Contingency	-30,000						
Council Tax Support Grant	Change to scheme & less claimants reduce costs to Pa	-1,986						
Committee teas increase per head and drinks charged separately from sandwiches Non Recurrent		1,800						
Council Tax Reduction Scheme - new burdens monies		23,430						
Street Lighting		-6,000						
Hill Close Gardens additional funding	5 years	20,000						
Riverside House 2 years backlog maintenance	2016/17 Reserve funded	30,000						
W2 legal fees			-8,700					
Art Gallery - maternity cover			3,600					
Chief Executive salaries			6,000					
NNDR - New Liability / RV Reduction			164,600					
forecast additional income street name & numbering			-5,000					
Bowls equipment EMR not required			-2,000					
Committee Services overtime for elections EMR not required			-5,300					
Council Development EMR not required			-48,000					
WDC Assets feasibility study EMR not required			-20,200					

Development Description	Narrative	2015/16 £ Original	2015/16 £ Latest	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Social Mobility Grant Funded work			70,700					
Crematorium - reduced cost of fuel oil			-30,000					
Recharge HRA share of temporary posts approved by September 2015 Executive				-59,200				
Planning Gain Income			-398,000					
Commuted Sums income			-334,300					
Idox upgrade			5,000					
Estates Management - lettings vacancies			66,300					
Business Rates Assessments								
Cultural Services Salaries			-1,200					
Health & Community Prot. Salaries (Env/Core/Policy only)			-1,000					
Corporate projects salaries			400					
Finance Staff Changes			-57,400					
Statutory collection/incineration illegal substance + Health & Safety equipment inspection (15/16)			900					
Estates Management - High Value Lease Income - Vacant Properties/Rent Free Periods			16,000					
Estates Management reduced Rental Income - Vacant Offices Pageant House/10 Hamilton Terrace.			50,300					
Estates Management reduced Rental Income - Vacant Offices Pageant House/10 Hamilton Terrace.				27,300				
Golf course lease income payments recommenced May 15			1,700					
26 Hamilton Terrace - Income and Expenditure			-13,700					
Corporate Fraud Shared Legal Service Saving, Benefits Fraud now the responsibility of the DWP.			-31,500					
Bank Charges Estimates			3,600					
Benefits - Additional One-Off DWP Funding 2015/2016			-25,800					
Benefits - Computer Equipment Welfare Reform Changes 2015/2016 Funded by Additional One-Off DWP Funding			18,500					
Benefits 15/16 Mid-Year Claim Net Change in Subsidy & Transfer Payments (DHP Overclaimed 2014/15)			50,200					
Non Distributed Costs - Gratuities/Actuarial Strain			-8,000					
Tree Preservation Officer Post Vacant - service contracted out to WCC			-19,500					

Development Description	Narrative	2015/16 £ Original	2015/16 £ Latest	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Development Control - Idox Public Access Module Upgrade			5,000					
Development Control - Increased Legal Disbursements ASPS Enquiry/Appeals			15,400					
Development Control - Increased Consultants Costs, Tree Consultation/ASPS Appeal/Gallows Hill Appeal/Leamington Shopping Park Appeal			112,400					
Development Control - Compensation (Appeal Costs paid)			23,500					
Development Control - Increased Planning Fee Income Forecasted			-168,000					
Development Control - Reduced Planning Viability Appraisal Income			12,000					
Car Parking Fees and Charges - PCN			20,000					
Crematorium LPG - reduced prices			-30,000					
Professional Fees - Rateable value appeals			2,000					
Delapidation settlement - Action 21 East Lodge Jephson G			-5,800					
Digital Transformation of Council Services	C/F Salary Savings		20,900	-20,900				
Various			10,000					
Letting Agents Redress/Transparency Funding			-761					
EMR missed off Leper Hospital			5,300					
Additional cost of CIVICA On-Line Forms and Risk Verification Modules	From RCCO		26,400					
Transfer to capital investment reserve pending works (Neighbourhood)			-15,000					
Departmental one off savings for 2015/16 (2x vacant posts less 2 x posts regrade / Honorarium)			-28,100					
from Contingency to CIR St Mary's Lands			-35,000					
Analyse Local costs £25k 2015/6 then £20k recurrent 2016/17			25,000					
Costs of Collection reduced £100 2016/17				-100				
Council Tax Support New Burdens S31 Grant - required for Benefits e forms	Revenue Contributions in Advance		26,400					
£23,600 EMR Surplus 2015/16			-23,600					
Leisure 2015/16 non rec Staffing cost £50k	January 2016		50,000					
2016/17 Contingency				200,000				
Unspent Inflation provision			-17,000					
Unspent National Living Wage Provision			-16,900					
Roundings			-500					
Total Non-Recurrent Developments		**267,873**	**-677,961**	**-19,072**	**-328,858**	**-286,358**	**-358,858**	**-378,858**

Development Description	Narrative	2015/16 £ Original	2015/16 £ Latest CHANGES ONLY	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Election costs	Elections Reserve	80,000					80,000	
Grounds Maintenance	Commuted Sums Reserve	45,816		33,086	10,288	4,683	4,683	4,683
OD officers transformation EMR slippage	net of salary savings	11,000						
OD officers Extensions reserve slippage	Transformation Reserve	70,900	11,700					
Finance Restructure	Service Transformation Reserve-Sept Executive							
Housing Benefits - Staff Changes (Funded by Additional Specific Admin Grant)	Revenue Grants and Contributions in Advance	1,800	10,200	2,200				
Community Forums	4 years Reserve Funded	40,000	16,200	40,000	40,000			
Major Sites Monitoring Officers funded from Planning Reserve	September Executive 2013	41,200	-1,500	41,200				
Car Park Repairs and Maintenance			37,700					
Government Grant Re Homelessness Packs	GF Revenue Grants/Contributions In Advance Reserve	400	-400					
Funding for Portas Pilot	GF Revenue Grants/Contributions In Advance Reserve		30,800					
HS2 2 year post funded from Planning Reserve	December 2013 Executive	20,500	-4,900					
Interim HR/Payroll Project manager and Interim Senior HR Officer Service Transformation Reserve		35,000	-23,800	23,800				
WCC Rural Enabling transferred from Capital per RSW; cost to GF mitigated by removing RCCO that previously funded DFG admin hence no overall effect on GF balance		9,600	-9,600					
Staff Engagement activities,	funded from STR 2014-15 and revenue thereafter							
18 months Archiving Post (part of Riverside House Project)	Service Transformation Reserve	19,000	600					
Building Control Income		40,000	-40,000					
Building Control Reserve - Building Control Staff Changes		4,200	-20,200	61,500				
Building Control - Other Income Shared Standby with Coventry City Council To BC Reserve		-9,600	9,600					
Leisure Options Approved November 2014 Executive	Funding from Service Transformation Reserve	150,000	137,664	44,700				
Prosperity Agenda - Funded from Service Transformation Reserve	November Executive	50,000						
Housing and Property GF			24,200					
Housing and Property Temporary Posts funded from STR		40,500		40,500				
Individual Electoral Registration additional costs £55k unfunded from 2015-16		55,000						
ICT equipment reserve funded	Revised ICT Replacement Reserve Schedule 8/12/15	74,600	-3,050	72,971	85,741	85,741	85,741	85,741
Contingency Budget		220,000						
Hill Close Gardens	5 year agreement (2015/16 funded from Revenue non, rec)			20,000	20,000	20,000	20,000	
Riverside House 2 years backlog maintenance	2016/17 Reserve funded			30,000				
Bowls Action Plan	January 2015 Executive - from Tourism Reserve	5,000						
Priority Families	From Service Transformation Reserve	15,000		15,000	15,000			
Temporary Posts Funded from Service Transformation Reserve	Finance	62,600	-15,900	31,800	31,800	15,900		
Payroll Review	April 2015 Executive		10,623					
3 year Fixed Term Green Space development Officer from Commuted sums Reserve	April 2015 Executive		15,300	38,100	38,100	18,500		
Staff Engagement from STR			7,079					
See Earmarked Reserve List Tab			407,700					
Legal Costs - Plestowes Farm Appeal			37,500					
Grounds Maintenance (Gog Brook Farm) from Commuted sums Reserve			18,515	18,515	18,515	18,515	18,515	18,515
GF Redundancy costs H&PS Redesign Phase 3			31,800					
ICT redundancy			15,657					

Development Description	Narrative	2015/16 £ Original	2015/16 £ Latest CHANGES ONLY	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
HLF Pump Room Gardens Project			35,000					
Warm Home Discount Campaign	Revenue Grants and Contributions in Advance		4,000					
Sustainability Officer post extension	Earmarked Reserves			37,200				
Social Mobility Grant slippage	Earmarked Reserves			34,400				
New Offices Project	STR		91,672					
RSH Scanning Project	STR		20,000					
Future Provision of Sports & Leisure slippage from 2014/15			3,536					
Regulatory Team TotalMobile Licences			10,173					
Review of Customer Service Centre			50,000					
Temporary Project Manager and Property Maintenance Officer - GF Share			5,200	16,100	12,700			
Arts Development Programme slippage			41,883					
Art Gallery & Museum Exhibitions slippage			32,450					
Crematorium Bequest			3,473					
Planned Property Maintenance slippage			744,200					
Myton School Community Infrastructure			48,000					
Building Control Changes - IT systems			34,000					
Site Delivery Grant 2014/15 slippage			50,000					
HR resources review from STR	December 2015 Executive			32,300	56,700			
Customer contact manager slippage from underspend on OD budget			-20,900	20,900				
ICT EU inspire grant			7,100					
£19,700 in 2015/16 from STR re extension of HAT pilot salaries			19,700					
Total for Year		**1,082,516**	**1,882,975**	**654,272**	**328,844**	**163,339**	**208,939**	**108,939**

Commuted Sums Reserve Commuted Sums are received from developers in respect of the adoption of public open space or other facilities to be maintained at the Council's expense.	Credits are made annually to the General Fund based on (usually) 1/13 of the capital sum starting from the year in which the maintenance of the facility begins. This date notified by the relevant Service Area.
Insurance Reserve To provide finance to cover the Council's self insurance against potential claims and to pay for security improvements to the Council's General Fund properties. The reserve also holds sufficient funds to cover any potential claim with regard to the Municipal Mutual Insurance "clawback" re previous claims settled.	Self insurance claims and Security Improvements are charged to the service accounts and the comparable amount is credited to the General Fund from this reserve as part of the final accounts process.
Election Expenses Reserve To provide finance to fund the expense incurred in holding the District Council elections every four years.	The cost of the election is charged to a service account and a contribution from this reserve is credited to the General Fund from this reserve as part of the final accounts process. In the years where no election is held an annual contribution of £30,000 is made to the reserve..
Art Fund Reserve To fund major art purchases for the Art Gallery and Museum	Items to be financed from this reserve are charged to the Art Gallery and Museum Account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process. The reserve is “topped up” from public donations and any unspent balance on the Art Gallery and Museum purchases budget.
Capital Investment Reserve To provide finance for the Council's General Fund capital programme not met by other resources e.g. capital receipts, RCCO, external contributions, other reserves.	This reserve provides the balancing figure for financing the Council's General Fund capital programme and the relevant amount is transferred to the Capital Adjustment Account as part of the final accounts process. Annual “repayments” in respect of recently financed schemes are made to the reserve from the General Fund.
ICT Replacement Reserve To provide finance for the Council’s ICT Replacement programme	This reserve has been established in order to provide certainty of finance for the Councils ICT replacement programme as previously this was subject to bidding for resources from the
Energy Management Reserve	

To provide finance for the Council's energy saving schemes within its General Fund and Housing Revenue Account properties	Energy Management Schemes undertaken by Property are charged to the relevant service account during the year. The total cost is notified to Finance and the comparable amount is credited to the General Fund or Housing Revenue Account from this reserve as part of the final accounts process. Annual contributions are made into the Reserve as repayments for schemes previously financed.
Gym Equipment Reserve To provide finance for the replacement of the Gym	 Suitable schemes are identified and included within
Art Gallery Gift Reserve To provide finance for major Art Gallery and	 Items to be financed from this reserve are charged

Name of Reserve **Purpose**	**Use of Reserve/Balance**
Building Control Reserve The fee earning part of the Building Control service	 Annual surpluses/deficits are credited/debited to
Planning Reserve Originally created to provide finance to cover the	 Items to be financed from this reserve are charged
General Fund Early Retirement Reserve To provide finance to cover the one off pension	 Items to be financed from this reserve are charged

Name of Reserve **Purpose**	**Use of Reserve/Balance**
Equipment Renewal Reserve To finance a rolling programme of equipment and	Revenue Items to be financed from this reserve are This reserve also provides finance for capital
Enterprise Projects Reserve	Reserve is used to smooth surpluses/deficits
Car Parks Repairs and Maintenance Reserve	Reserve created from Car Parks revenue repairs and maintenance budget in order to provide
Tourism Reserve To provide finance for initiatives relating to the	Items to be financed from this reserve are charged to the Service Accounts during the year. An

Name of Reserve **Purpose**	**Use of Reserve/Balance**
Services Transformation Reserve	Reserve created to enable services to continue to be provided pending delivery of required savings and to finance “Fit for the Future” schemes so as
Public Open Spaces Planning Gain Reserve	Expenditure from this reserve will be charged to
St Mary’s Lands/Forbes Estate Community	To provide finance for initiatives within Warwick
Right to Challenge Reserve	To provide finance to assist in dealing with bids

Name of Reserve **Purpose**	**Use of Reserve/Balance**
Right to Bid Reserve	To provide finance to help meet compensation claims arising from the Council listing properties as Community Assets.
Public Amenity Reserve	To provide finance for play area and public open space improvements
Corporate Assets Reserve	To provide finance for refurbishment of facilities

(name change from Sports & Culture Facility Reserve)	To provide finance for refurbishment of facilities following the Stock Condition Survey
Community Forums Reserve	To provide finance for the annual programme of Community Forum Grants

Name of Reserve Purpose	**Use of Reserve/Balance**
Business Rate Retention Volatility Reserve	Reserve established to provide finance for “smoothing out” future retained Business Rate revenues
Rent Bond Scheme Reserve	Reserve established to assist households who are homeless, threatened with homelessness or in housing need by guaranteeing one month’s rent to the landlord.
Biodiversity Reserve	Reserve established to hold developers contributions resulting from loss of habitat arising from their developments. These contributions are then used for biodiversity improvements offsite
Local Plan Delivery Reserve	The reserve is used for items of work required to help the implementation of the Local Plan. This would include detailed work on a specific proposal to help turn it from a proposal to reality.
Hill Close Gardens Reserve	This reserve will be used to help fund maintenance of Hill Close Gardens.

Name of Reserve Purpose	**Use of Reserve/Balance**

Riverside House Maintenance Reserve	This reserve will be used to fund backlog maintenance on Riverside House.

Major Repairs Allowance Reserve To provide funding for major capital works to the Council's housing stock	The relevant amount required to finance the
Housing Revenue Account To provide a contingency reserve to protect the Housing Revenue Account against any unexpected, adverse, revenue or capital cash flows arising during the year.	The balance will be applied as necessary to
Housing Capital Investment Reserve To provide finance for new build projects.	To provide finance for new build projects.

Name of Reserve **Purpose**	**Use of Reserve/Balance**
HRA Early Retirement Reserve To provide finance to cover the pension one off costs to the Housing Revenue Account as a result of the early retirement of Housing Service Officers and to provide finance to cover redundancy costs properly chargeable to the Housing Revenue Account.	Items to be financed from this reserve are charged

The General Fund Estimates and its financing is approved by the Executive. This sets the contribution to/from this reserve. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The balance on this reserve is dictated by receipts from developers.
The Insurance Officer has authority to spend up to £15,000 (£1,000 per project) in any one year on security improvements. Items above these thresholds have to be authorised by the Head of Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
The Head of Cultural Services has delegated authority to make such purchases as necessary from the reserve subject to reporting the purchases retrospectively to the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure
The General Fund capital programme and its financing is approved by the Executive. This sets the contribution from this reserve. Any variation to this figure will be formally agreed by the Executive either as part of the final accounts process or as part of the normal process of revising the General Fund Capital Programme. In addition the reserve is monitored by Finance on a regular basis to provide information for reviews of capital programme resources.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the Estimates and Final Accounts processes where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. In addition the adequacy of the reserve is reviewed as part of the financial strategy and capital programme setting processes. Normal practice is to keep the level at around £2,000,000.
The ICT Services Manager has delegated authority to spend from this reserve in consultation with the Head of Finance and relevant Portfolio Holders	Any underspending from within the ICT Revenue Budget will be transferred to this reserve at year end

The Head of Housing and Property Services has delegated authority to spend up to £50,000 on any one scheme from this reserve. Schemes above this level require the approval of the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
The Head of Cultural Services, in conjunction with	The level and continuing need for the reserve is
The Head of Cultural Services has delegated	This reserve is reviewed during the final accounts

Management and Control	**Review Mechanism**
Approval for expenditure to be met from this	The level and continuing need for the reserve is
Approval for expenditure to be met from this	The level and continuing need for the reserve is
Approval for expenditure to be met from this	The level and continuing need for the reserve is

Management and Control	**Review Mechanism**
Items proposed to be financed from this reserve should first be approved by Executive to be	Reserve reviewed as part of Estimates and closedown procedures. Balance increased on basis
Transfers to and from this reserve will be approved	Reserve reviewed by Finance as part of Estimates
Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151
Authority to spend delegated to Deputy Chief Executive in consultation with the Development	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151

Management and Control	**Review Mechanism**
The responsibility for the authorisation of expenditure from this reserve up to a maximum cost of £20,000 for any individual item of	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where
The Head of Neighbourhood Services, in	This reserve is reviewed during the final accounts
Executive to approve usage.	The level and continuing need for the reserve is
Executive to approve usage.	The level and continuing need for the reserve is

Management and Control	**Review Mechanism**
Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
The General Fund capital programme and its financing is approved by the Executive. This sets the contribution from this reserve. Any further	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where
Approvals from the reserve have been delegated to	The level and continuing need for the reserve is

SAG and the Section 151 Officer in consultation with the portfolio holders for Housing & Property	reviewed by Finance in conjunction with the S151 Officer during the final accounts process where
February 2013 Executive approved 4 year programme 2014/15 to 2017/18.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Management and Control	**Review Mechanism**
Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Authority to spend from this reserve is delegated to the Head of Housing and Property Services.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
The Head of Neighbourhood Services, in agreement with the Head of Finance, has delegated authority to spend from this reserve.	This reserve is reviewed during the final accounts process but as the reserve was created from S106 contributions which generally have conditions of use attached to them, levels and potential closure are not applicable
Approval to spend from this reserve is delegated to the Chief Executive, Head of Finance and Head of Development Services in consultation with the Deputy Leader (Responsible for the Local Plan) and all group leaders.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
£20,000 per annum will be credited to the Income & Expenditure account as part of the Council's budget setting process.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure

Management and Control	**Review Mechanism**

Approval to spend from this reserve is delegated to the Heads of Housing and Property and Finance in consultation with the relevant portfolio holders.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. It is expected that this reserve will be liquidated during 2016/17.

The contribution made from this reserve towards	The operation of this reserve will be reviewed as
The budgets which affect the balance are	The adequacy of the balance is assessed as part
The budgets which affect the balance are	The adequacy of the balance is assessed as part

Management and Control	**Review Mechanism**
Approval for expenditure to be met from this	The level and continuing need for the reserve is

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
General Fund Reserves			
Art Fund Reserve To fund major art purchases for the Art Gallery and Museum	Items to be financed from this reserve are charged to the Art Gallery and Museum Account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process. The reserve is "topped up" from public donations and any unspent balance on the Art Gallery and Museum purchases budget.	The Head of Cultural Services has delegated authority to make such purchases as necessary from the reserve subject to reporting the purchases retrospectively to the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure
Art Gallery Gift Reserve To provide finance for major Art Gallery and Museum purchases linked to the specific conditions imposed by the original gift of the money to the Council	Items to be financed from this reserve are charged to the Art Gallery and Museum Account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	The Head of Cultural Services has delegated authority to make such purchases as necessary from this reserve subject to reporting retrospectively to the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	This reserve is reviewed during the final accounts process but as the reserve was created by a private donation and has conditions of use attached to it, levels and potential closure are not applicable
Biodiversity Reserve	Reserve established to hold developers contributions resulting from loss of habitat arising from their developments. These contributions are then used for biodiversity improvements offsite	The Head of Neighbourhood Services, in agreement with the Head of Finance, has delegated authority to spend from this reserve.	This reserve is reviewed during the final accounts process but as the reserve was created from S106 contributions which generally have conditions of use attached to them, levels and potential closure are not applicable
Building Control Reserve The fee earning part of the Building Control service should not make a loss over a rolling three year period. This reserve has been created to assist in this with annual surpluses being paid into it and any annual losses being funded from it. It also funds any improvements required in the service.	Annual surpluses/deficits are credited/debited to this reserve as necessary. If funding improvements e.g. IT, reserve makes the necessary contribution to either the General Fund or Capital Financing as appropriate.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Business Rate Retention Volatility Reserve	Reserve established to provide finance for "smoothing out" future retained Business Rate revenues.	Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Capital Investment Reserve To provide finance for the Council's General Fund capital programme not met by other resources e.g. capital receipts, RCCO, external contributions, other reserves.	This reserve provides the balancing figure for financing the Council's General Fund capital programme and the relevant amount is transferred to the Capital Adjustment Account as part of the final accounts process. Annual "repayments" in respect of recently financed schemes are made to the reserve from the General Fund.	The General Fund capital programme and its financing is approved by the Executive. This sets the contribution from this reserve. Any variation to this figure will be formally agreed by the Executive either as part of the final accounts process or as part of the normal process of revising the General Fund Capital Programme. In addition the reserve is monitored by Finance on a regular basis to provide information for reviews of capital programme resources.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the Estimates and Final Accounts processes where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. In addition the adequacy of the reserve is reviewed as part of the financial strategy and capital programme setting processes. Normal practice is to keep the level at around £2,000,000.
Car Parks Repairs and Maintenance Reserve	Reserve created from Car Parks revenue repairs and maintenance budget in order to provide resources for future years.	Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final Accounts processes.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Community Forums Reserve	To provide finance for the annual programme of Community Forum Grants	February 2013 Executive approved 4 year programme 2014/15 to 2017/18.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Commuted Sums Reserve Commuted Sums are received from developers in respect of the adoption of public open space or other facilities to be maintained at the Council's expense.	Credits are made annually to the General Fund based on (usually) 1/13 of the capital sum starting from the year in which the maintenance of the facility begins. This date notified by the relevant Service Area.	The General Fund Estimates and its financing is approved by the Executive. This sets the contribution to/from this reserve. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The balance on this reserve is dictated by receipts from developers.
Corporate Assets Reserve(name change from Sports & Culture Facility Reserve)	To provide finance for refurbishment of facilities following the Stock Condition Survey	Approvals from the reserve have been delegated to SAG and the Section 151 Officer in consultation with the portfolio holders for Housing & Property Services and Finance	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Election Expenses Reserve To provide finance to fund the expense incurred in holding the District Council elections every four years.	The cost of the election is charged to a service account and a contribution from this reserve is credited to the General Fund from this reserve as part of the final accounts process. In the years where no election is held an annual contribution of £30,000 is made to the reserve..	The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Energy Management Reserve To provide finance for the Council's energy saving schemes within its General Fund and Housing Revenue Account properties	Energy Management Schemes undertaken by Property are charged to the relevant service account during the year. The total cost is notified to Finance and the comparable amount is credited to the General Fund or Housing Revenue Account from this reserve as part of the final accounts process. Annual contributions are made into the Reserve as repayments for schemes previously financed.	The Head of Housing and Property Services has delegated authority to spend up to £50,000 on any one scheme from this reserve. Schemes above this level require the approval of the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Enterprise Projects Reserve	Reserve is used to smooth surpluses/deficits	Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final Accounts processes.	Reserve reviewed by Finance as part of Estimates and closedown procedures.
Equipment Renewal Reserve To finance a rolling programme of equipment and property replacement and renewal.	Revenue Items to be financed from this reserve are charged to the Service Accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Items proposed to be financed from this reserve should first be approved by Executive to be included within the ERR Schedule. Use of reserve is subsequently controlled by SMT who consider the Business Case seeking release of funding from the reserve, and may approve if appropriate followed by approval from Chief Executive and relevant portfolio holders. The standard Business case template to be used for SMT’s consideration was presented and approved by the September 2011 Executive.	Reserve reviewed as part of Estimates and closedown procedures. Balance increased on basis of Executive approval. Based on the current programme It is anticipated that the reserve will be extinguished by the end of 2018/19.
General Fund Early Retirement Reserve To provide finance to cover the one off pension costs to the General Fund as a result of the early retirement of Officers and to provide finance to cover redundancy costs to the General Fund.	Items to be financed from this reserve are charged to the Service Accounts during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Gym Equipment Reserve To provide finance for the replacement of the Gym Equipment within the Council's Leisure Centres	Suitable schemes are identified and included within the capital programme. The relevant amount from this reserve is then utilised to finance them. Current practice is to credit the reserve with £30,000 per annum. However, as a result of the Leisure Centres Options project this will cease from 2016/17 onwards.	The Head of Cultural Services, in conjunction with the S151 Officer and Cultural Services Portfolio Holder, has delegated authority to approve future expenditure from this reserve. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer essentially three times a year a) when the Financial Strategy is updated b) at budget setting and c) final accounts where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. In addition the adequacy of the reserve is taken into account when revising the capital programme.
Hill Close Gardens Reserve	This reserve will be used to help fund maintenance of Hill Close Gardens.	£20,000 per annum will be credited to the Income & Expenditure account as part of the Council's budget setting process.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure
ICT Replacement Reserve To provide finance for the Council's ICT Replacement programme	This reserve has been established in order to provide certainty of finance for the Councils ICT replacement programme.	The ICT Services Manager has delegated authority to spend from this reserve in consultation with the Head of Finance and relevant Portfolio Holders	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer and ICT Manager essentially three times a year a) when the Financial Strategy is updated b) at budget setting and c) final accounts where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. In addition the adequacy of the reserve is taken into account when revising the capital programme.
Insurance Reserve To provide finance to cover the Council's self insurance against potential claims and to pay for security improvements to the Council's General Fund properties. The reserve also holds sufficient funds to cover any potential claim with regard to the Municipal Mutual Insurance "clawback" re previous claims settled.	Self insurance claims and Security Improvements are charged to the service accounts and the comparable amount is credited to the General Fund from this reserve as part of the final accounts process.	The Insurance Officer has authority to spend up to £15,000 (£1,000 per project) in any one year on security improvements. Items above these thresholds have to be authorised by the Head of Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Leisure Options Reserve	This reserve has been established to cover the reduction in income whilst the Leisure Centre refurbishment programme is under way and also the first year and a half's debt charges arising from the prudential borrowing for this project.	Authority to spend from this reserve is delegated to the Head of Finance in line with the actual lost income and debt charges incurred..	The continuing need for the reserve will be reviewed by Finance in conjunction with the S151 Officer and Head of Cultural Services, and depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Local Plan Delivery Reserve	The reserve is used for items of work required to help the implementation of the Local Plan. This would include detailed work on a specific proposal to help turn it from a proposal to reality.	Approval to spend from this reserve is delegated to the Chief Executive, Head of Finance and Head of Development Services in consultation with the Deputy Leader (Responsible for the Local Plan) and all group leaders.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Planning Reserve Originally created to provide finance to cover the costs incurred by the Council with regard to appeals against its planning decisions. The Reserve also now pays for issues relating to planning policy, for example the costs associated with the Local Plan, and associated research.	Items to be financed from this reserve are charged to the Planning Service Account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Public Amenity Reserve	To provide finance for play area and public open space improvements	The General Fund capital programme and its financing is approved by the Executive. This sets the contribution from this reserve. Any further upward variation in the contribution would have to be approved by the Executive either as part of a report on the particular scheme in question or as part of a revision of the capital programme during the budget monitoring process. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Public Open Spaces Planning Gain Reserve	Expenditure from this reserve will be charged to Service Accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	The Head of Neighbourhood Services, in agreement with the Head of Finance, has delegated authority to spend from this reserve.	This reserve is reviewed during the final accounts process but as the reserve was created from S106 contributions which generally have conditions of use attached to them, levels and potential closure are not applicable
Rent Bond Scheme Reserve	Reserve established to assist households who are homeless, threatened with homelessness or in housing need by guaranteeing one month's rent to the landlord.	Authority to spend from this reserve is delegated to the Head of Housing and Property Services.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Right to Bid Reserve	To provide finance to help meet compensation claims arising from the Council listing properties as Community Assets.	Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Right to Challenge Reserve	To provide finance to assist in dealing with bids from local communities etc. to take over running services from the Council.	Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Riverside House Maintenance Reserve	This reserve will be used to fund backlog maintenance on Riverside House.	Approval to spend from this reserve is delegated to the Heads of Housing and Property and Finance in consultation with the relevant portfolio holders.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. It is expected that this reserve will be liquidated during 2016/17.
Services Transformation Reserve	Reserve created to enable services to continue to be provided pending delivery of required savings and to finance "Fit for the Future" schemes so as to help the Council secure the savings needed in its medium term financial strategy.	The responsibility for the authorisation of expenditure from this reserve up to a maximum cost of £20,000 for any individual item of expenditure is delegated to the Change Programme's Senior Responsible Officer (the Chief Executive) in consultation with the S.151 Officer. Expenditure above £20,000 will be approved by the Executive.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Tourism Reserve To provide finance for initiatives relating to the Council's on-going promotion of tourism	Items to be financed from this reserve are charged to the Service Accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Authority to spend delegated to Deputy Chief Executive in consultation with the Development Services Portfolio Holder, Finance Portfolio Holder and S 151 Officer.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Housing Revenue Account			

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Housing Revenue Account To provide a contingency reserve to protect the Housing Revenue Account against any unexpected, adverse, revenue or capital cash flows arising during the year.	The balance will be applied as necessary to finance housing landlord revenue or capital budget variations.	The budgets which affect the balance are monitored during the year by Finance and Housing with the effect on the balance being taken into account in future years' projections to ensure the balance conforms to minimum acceptable requirements within the Self Financing Business Plan.	The adequacy of the balance is assessed as part of reviewing the Self Financing Business Plan . The Self Financing Business Plan is based on maintaining a minimum £1.25m balance.
HRA Early Retirement Reserve To provide finance to cover the pension one off costs to the Housing Revenue Account as a result of the early retirement of Housing Service Officers and to provide finance to cover redundancy costs properly chargeable to the Housing Revenue Account.	Items to be financed from this reserve are charged to the Housing Revenue Account during the year and notified to Finance. An appropriate amount is then transferred to the Housing Revenue Account as part of the final accounts process.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure
Housing Capital Investment Reserve To provide finance for new build projects.	To provide finance for new build projects.	The budgets which affect the balance are monitored during the year by Finance and Housing with the effect on the balance being taken into account in future years' projections to ensure the balance conforms to minimum acceptable requirements within the Self Financing Business Plan in order to achieve the required number of new build homes.	The adequacy of the balance is assessed as part of reviewing the Self Financing Business Plan .
Major Repairs Reserve To provide funding for major capital works to the Council's housing stock	The relevant amount required to finance the Housing Revenue Account capital programme is transferred to the Capital Adjustment Account as part of the final accounts process.	The contribution made from this reserve towards capital expenditure is dictated by the developing needs of the HRA Self Financing Business Plan and will be reviewed as part of the formal Business Plan governance process.	The operation of this reserve will be reviewed as part of the ongoing monitoring of the Self Financing Business Plan..

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 3b

Reserve	Use of Reserve 2015/16 to 2019/20	Balance 1/4/2015 £000	Estimated Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000
EARMARKED RESERVES							
Art Fund Reserve	No expenditure is currently projected from this reserve and it is estimated that £1k in public donations will be received in each year.	64	65	66	67	68	69
Art Gallery Gift Reserve	Currently there is no expenditure to be met from this reserve.	57	57	57	57	57	57
Building Control Reserve	In 2015/16 , a £16k contribution will be made from the General Fund to the reserve as a result of Building Control staff changes and a contribution from the Reserve amounting to £34k will be made to fund improvements to Building Control IT systems. In 2016/17 a contribution of £62k will be made from the Reserve to fund staff changes.	293	275	213	213	213	213
Business Rate Retention Volatility Reserve	Reserve will receive a top up of £750k from the 16/17 New Homes Bonus.	3,402	2,469	750	750	750	750
Capital Investment Reserve	Contributions to the reserve re past capital programme financing will be made from the General Fund amounting to £123k in 15/16, £287k in 16/17, £136k in 17/18,£74k in 18/19 and £19k in 19/20.It will also receive £450k from the 15/16 New Homes Bonus to fund the Bishops Tachbrook Community Centre capital scheme.In addition the Reserve will receive top ups of £150k in each of 18/19 & 19/20 to fund the extension of the RUCIS capital programme.Currently the reserve will make contributions of £1,327k in 15/16,£1,435k in 16/17, £250k in 17/18, £468k in 18/19 and £150k in 19/20 towards capital programme financing.	3,551	2,842	1,694	1,581	1,336	1,355
Car Parking Repairs and Maintenance Reserve	Reserve created from Car Parks revenue repairs and maintenance budget in order to provide resources for future years. £40k per annum will be credited to the Reserve from 2016/17 onwards and £38k will be credited to the General Fund in 2015/16 in respect of works at Linen Street Multi Storey Car Park and multi storey car park structural surveys.	220	182	222	262	302	342
Community Forums Reserve	Reserve created from 2013/14 New Homes Bonus to provide finance for the Community Forum Grants from 2014/15 to 2017/18.	136	80	40	0	0	0
Corporate Assets Reserve	Reserve created from 2012/13 budget surplus to provide finance for refurbishing facilities following the Stock Condition Survey. The reserve will receive a £570k top up from the 15/16 New Homes Bonus and a further top up of £486k from the 16/17 New Homes Bonus and will also make a contribution of £744k to the General Fund in 15/16.	1,338	1,164	1,650	1,650	1,650	1,650
Election Expenses Reserve	£30k per annum will be credited to the Reserve to help defray the May 2019 election.Then, in 2019/20, A £80k contribution will be paid out to the General Fund to help defray the costs of that election.	95	15	45	75	105	55

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES **APPENDIX 3b**

Reserve	Use of Reserve 2015/16 to 2019/20	Balance 1/4/2015 £000	Estimated Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000
Energy Management Reserve	Contributions back to the reserve in respect of Linen Street MSCP lighting improvements in 13/14 will be made in 2015/16,2016/17 & 2017/18 when the scheme will be fully paid back.	98	103	109	112	112	112
Enterprise Projects Reserve	Reserve set up to "smooth" future years surplus/deficits	21	21	21	21	21	21
Equipment Renewal Reserve	Projects as detailed in Appendix **6** will be approved by SMT, Chief Executive and relevant Portfolio Holders prior to going ahead. The reserve will receive a £174k top up from the 15/16 New Homes Bonus, £200k from the 15/16 Budget surplus and further top ups of £100k per annum in 2019/20 & 2020/21. However, based on the schedule in Appendix 6, if all the projects are approved then the Reserve will be exhausted during 2018/19.	456	777	679	30	-80	-22
General Fund Early Retirements Reserve	In 2015/16, the reserve will fund redundancy & early retirement costs relating to the Asset Management team. Payroll Officer and ICT Trainer. The reserve will receive a top up of £100k from the 15/16 New Homes Bonus and a further top up of £147k from the 16/17 New Homes Bonus.	85	127	274	274	274	274
Gym Equipment Reserve	The annual £30k contribution from the General Fund will be discontinued from 2016/17 following the outcome of the Leisure Options project. The reserve will finance £31k of new gym equipment in 15/16 and 16/17.	94	123	93	93	93	93
Hill Close Gardens Reserve	Reserve created from 15/16 New Homes Bonus and will be used to make payments to the Hill Close Gardens Trust for ongoing expenditure	0	80	60	40	20	0
ICT Replacement Reserve	This reserve was established in 2014/15 in order to provide for planned ICT replacements . Currently the reserve will make contributions of £169k in 15/16, £386k in 16/17, £182k in 17/18, £261k in 18/19 and £152k in 19/20 towards revenue and capital programme financing. It will receive top ups of £250k in each of 2019/20 and 2020/21.	1,028	860	474	292	31	129
Insurance Reserve	This reserve will be used to cover self insurance against claims and to provide finance for security improvements as and when they arise.	322	322	322	322	322	322
Leisure Options Reserve	This reserve will be used to cover the lost income and first year and a half's debt charges arising from the Leisure Centre refurbishment programme	0	0	625	625	625	625

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 3b

Reserve	Use of Reserve 2015/16 to 2019/20	Balance 1/4/2015 £000	Estimated Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000
Local Plan Delivery Reserve	Reserve will fund the costs of the Myton School Infrastructure Study in 2015/16	238	190	190	190	190	190
Other Commuted Sums Reserve	Contributions of between £23k and £64k approx. will be made to the General Fund each year to fund maintenance of adopted land.In addition, the reserve will fund the costs of the 3 year fixed term Green Spaces Development Officer starting in 2015/16.	282	537	447	381	339	316
Planning Appeal Reserve	The reserve will contribute £16k in respect of the HS2 officer's salary costs in 15/16. In addition, the reserve will also fund the salary etc costs of the Major Sites Monitoring Officer (£81k over the years 15/16 to 16/17) . The reserve is also financing the Plestowes Farm judicial review costs in 15/16. The reserve will receive a one off top up of £50k from the 15/16 New Homes Bonus and any administration fees arising from S106 agreements which will fund the Major Sites Monitoring Officer post (£30k so far in 15/16) .	514	501	460	460	460	460
Public Amenity Reserve	This reserve will provide the finance for the Play Equipment capital programme.	838	697	347	347	347	347
Public Open Spaces Planning Gain Reserve	Reserve receives S106 Planning Development contributions for one -off improvement of Public Open Spaces both revenue and capital.	350	748	748	748	748	748
Rent Bond Scheme Reserve	Reserve created from General Fund Housing budget to provide finance for guaranteeing 1 month's rent in order to assist households who are homeless, threatened with homelessness or in housing need.	22	22	22	22	22	22
Right to Bid Reserve	The 2011 Localism Act introduced a requirement for the Council to list community assets. Using grants provided by the DCLG, this reserve has been established to assist with any compensation claims arising from listing.	20	20	20	20	20	20
Right to Challenge Reserve	Reserve created from central government grant received to assist in dealing with applications from local communities etc. to take over the running of Council services.	26	26	26	26	26	26
Riverside House Maintenance Reserve	Reserve created from 15/16 New Homes Bonus and will be used to fund backlog maintenance on Riverside House	0	30	0	0	0	0
Services Transformation Reserve	Various approvals for Fit for the Future experiments have been agreed from this reserve.Other approvals include £100k towards the New Offices project costs, £50k contribution towards the cost of a new hut for Warwick Sea Scouts, £50K for consultants fees relating to the feasibility of creating a Council Housing Company, £50k funding for a research souce concerning the prosperity agenda, £350k funding for the Sports & Leisure options appraisal and £158k in respect of the Digital Transformation of the Council's Services. The reserve will receive a top up of £23k from the 16/17 budget surplus.Other approvals from this reserve not yet reflected in the Council's budgets mean that the unallocated balance on this reserve is £243k.	1,902	849	548	368	353	353

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 3b

Reserve	Use of Reserve 2015/16 to 2019/20	Balance 1/4/2015 £000	Estimated Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000
Tourism Reserve	A contribution of £5k will be made to the General Fund in 2015/16 re the 2015 Bowls Championships.	44	39	39	39	39	39
GENERAL FUND TOTAL		15,496	13,221	10,241	9,065	8,443	8,566

BALANCES

General Fund	A core balance of £1.5m will be maintained as a contingency reserve.	2,174	1,649	1,574	1,574	1,574	1,574

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 3b

Reserve	Use of Reserve 2015/16 to 2019/20	Balance 1/4/2015 £000	Estimated Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000
HOUSING REVENUE ACCOUNT							
Housing Capital Investment Reserve	Under self financing, this reserve provides the finance for investment in new housing stock and is providing the major part of the finance for the Sayer Court Redevelopment	21,541	21,325	16,574	21,174	26,524	31,875
Housing Early Retirements Reserve	Contributions of £8k in each year will be made.	109	117	125	133	141	149
Housing Revenue Account	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.	1,353	1,281	1,157	1,088	1,024	959
Major Repairs Reserve	Under Self Financing this reserve provides the major element of funding for capital maintenance works to the Council's housing stock.	2,599	3,894	5,124	6,860	8,750	10,734
HOUSING REVENUE ACCOUNT TOTAL		25,602	26,617	22,980	29,255	36,439	43,717

Warwick District Council Equipment Renewal Schedule by Portfolio **Appendix 4a**

	Year										
Portfolio	**2015/16 £'000's**	**2016/17 £'000's**	**2017/18 £'000's**	**2018/19 £'000's**	**2019/20 £'000's**	**2020/21 £'000's**	**2021/22 £'000's**	**2022/23 £'000's**	**2023/24 £'000's**	**2024/25 £'000's**	**Grand Total**
Culture	30	70	625	77		40		110			952
Development Services		5				5					10
Environment and Community Protection - Environment		16	24		30				22		92
Housing (GF) & Property Services		7									7
Strategic Leadership - DMC				10			5	5			20
Strategic Leadership - Member Services	20			24	11					40	95
Grand Total	**50**	**98**	**649**	**111**	**41**	**45**	**5**	**115**	**22**	**40**	**1,176**

Warwick District Council Equipment Renewal Schedule by Year **Appendix 4b**

Year	Replacement Cost £'000s
2015-16	**50**
Chairman's Civic Car	20
Refurbishment Of St Nicholas Park Tennis Courts	30
2016-17	**98**
1 Monitor Labs Nox Monitor - Mn9841 With Floppy Drive	8
1 Monitor Labs Nox Monitor - Mn9841A	8
1 x Fujitsu fi-5750C scanner	5
Cad System	7
Refurbishments of Abbey Fields Tennis Courts	60
Update flood barrier protection	10
2017-18	**649**
B&K 2250 sound Level Meter/ Matron & calibrator(red)	12
Beachamp Gardens Tennis Courts	55
Noise Equipment 2250 (Green) SLM	12
R.P.R. Ag&M - Local History Gallery Refurbishment (WDC assumed external match funding)	100
Refurbishment Of Victoria Park Tennis Courts	60
Replacement Carpet - St Nicholas Park LC All Weather Pitch	350
Sound System at Leisure Centres	20
Town Hall chairs	40
2018-19	**111**
3 Sacnners for Individual electoral registration forms and postal vote application forms.	24
Fujitsu fi-5750C scanner	10
R.P.R. Maintenance Equipment- Mobile Hydraulic Lift	7
Stage speaker system	70
2019-20	**41**
1 Teom (Air Monitoing Equipment)	20
250 ballot boxes	11
Cad System	10
2020-21	**45**
1 x Fujitsu fi-5750C scanner	5
digital projector	40
2021-22	5
Fujitsu fi-5750C scanner	5
2022-23	**115**
Fujitsu fi-5750C scanner	5
Replacement sound desk and lighting - Spa Centre	110
2023-24	**22**
1 Monitor Labs 03 Monitor - Ml9812	6
1 Monitor Labs Nox Monitor - Mn9841A	8
1 Monitor Labs So2 Monitor - Ml9850	8
2024-25	**40**
150 packflat polling screens	40
Grand Total	**1,176**

ICT Reserve **Appendix 5**

Capital

Description	Category	2014/15 £'000's	2015/16 £'000's	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's
MS SQL Server (SA)	Microsoft Licences			4.4	13.2	13.8	14.5	15.2	16.0	16.8	17.6	18.5	19.4
MS Exchange Server Licences	Microsoft Licences			1.1			1.2			1.3			1.4
ESX Servers	DataCentre		18.7			13.5		21.0			12.5		
Storage Area Network (SAN)	DataCentre			110.0					120.0				
Backup Solution	DataCentre					80.0						80.0	
Infrastructure (General)	DataCentre			12.5	12.5	12.5	13.5	13.5	13.5	13.5	14.5	14.5	14.5
Fibre Switches (Fabric)	Network			30.0				30.0					35.0
Network Devices LAN (Core)	Network			95.0						100.0			
Network Devices WAN (Remote Sites)	Network			30.0						35.0			
VoIP Telephony	Telephony		41.4		33.6			75.0					
PC Replacements	Desktop	19.7	26.4	30.0	30.0	35.0	37.0	37.0	35.0	40.0	40.0	40.0	40.0
View Servers	Desktop		10.7		7.0	20.0		13.5		6.3	18.8		
Totals		**19.7**	**97.2**	**313.0**	**96.3**	**174.8**	**66.2**	**205.2**	**184.5**	**212.9**	**103.4**	**153.0**	**110.3**

Revenue

Description	Category	2014/15 £'000's	2015/16 £'000's	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's
Microsoft Desktop Licences	Microsoft Licences	59.4	61.2	61.2	71.9	71.9	71.9	84.5	84.5	84.5	99.3	99.3	99.3
SCCM	Microsoft Licences	11.8	10.3	11.8	13.8	13.8	13.8	16.2	16.2	16.2	19.1	19.1	19.1
Totals		**71.2**	**71.5**	**73.0**	**85.7**	**85.7**	**85.7**	**100.7**	**100.7**	**100.7**	**118.4**	**118.4**	**118.4**

	Latest Budget 2015/16	Proposed Expend. 2016/17	Proposed Expend. 2017/18	Proposed Expend. 2018/19	Proposed Expend. 2019/20	TOTAL 2015/16 to 2019/20
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
CAPITAL PROGRAMME SUMMARY						
Strategic Leadership & CWLEP	170.6	383.0	159.5	174.8	66.2	954.1
Health & Community Protection	120.2		100.0			220.2
Culture Portfolio	512.7	502.4				1,015.1
Finance Portfolio	439.3	150.0	150.0	150.0	150.0	1,039.3
Neighbourhood Portfolio	1,104.9	541.3	165.0	165.0	165.0	2,141.2
Development Portfolio	875.5	1,171.2		318.2		2,364.9
TOTAL GENERAL FUND CAPITAL PROGRAMME	**3,223.2**	**2,747.9**	**574.5**	**808.0**	**381.2**	**7,734.8**
STRATEGIC LEADERSHIP & CWLEP						
Replacement PCs and Printers	37.1	30.0	37.0	55.0	37.0	196.1
Infrastructure Replacement	18.7	283.0	25.7	119.8	29.2	476.4
Voice of IP Telephone System	41.4		33.6			75.0
Public Services Network Changes	3.0					3.0
Broadband UK	70.4	70.0	63.2			203.6
TOTAL STRATEGIC LEADERSHIP & CWLEP PORTFOLIO	**170.6**	**383.0**	**159.5**	**174.8**	**66.2**	**954.1**
HEALTH & COMMUNITY PROTECTION						
St John's Flood Alleviation			100.0			100.0
Cubbington Flood Alleviation Partnership	120.2					120.2
TOTAL HEALTH & COMMUNITY PROTECTION PORTFOLIO	**120.2**		**100.0**			**220.2**
CULTURE PORTFOLIO						
Castle Farm Sports Pitch Drainage		73.0				73.0
New Gym Equipment	1.4	29.4				30.8
Victoria Park Bowling Green & Ancillaries Improvements	11.3					11.3
Spa Centre Operational Works		350.0				350.0
Leisure Options	500.0	50.0				550.0
TOTAL CULTURE PORTFOLIO	**512.7**	**502.4**				**1,015.1**
FINANCE PORTFOLIO						
Rural Initiatives	289.3	75.0	75.0	75.0	75.0	589.3
Urban Initiatives	150.0	75.0	75.0	75.0	75.0	450.0
TOTAL FINANCE PORTFOLIO	**439.3**	**150.0**	**150.0**	**150.0**	**150.0**	**1,039.3**
NEIGHBOURHOOD PORTFOLIO						
St Nicholas Park Warwick Improvements	15.4					15.4
Recycling & Refuse Containers	165.0	165.0	165.0	165.0	165.0	825.0
Green Farm Play Equipment		26.8				26.8
Play Area Improvement Programme	140.7	349.5				490.2
Leamington Cemetery Extension	6.8					6.8
Crematorium Improvements	611.0					611.0
King George's Playing Fields, Barford	166.0					166.0
TOTAL NEIGHBOURHOOD PORTFOLIO	**1,104.9**	**541.3**	**165.0**	**165.0**	**165.0**	**2,141.2**
DEVELOPMENT PORTFOLIO						
Conservation Action Programme(includes repairs to wall between Wellesbourne Rd & Barford Hse)	57.9	90.4				148.3
Jubilee House Phase 2	0.5	331.0				331.5
2nd Warwick Sea Scouts' Headquarters		49.8				49.8
26 Hamilton Terrace Gaming Incubation Hub	1.1					1.1
Refurbishment of 4 Jury Street	7.0					7.0
West Midlands Reserve & Cadet Force - New Building		400.0				400.0
Leamington Spa One Stop Shop				318.2		318.2
Racing Club Warwick		50.0				50.0
St Mary's Lands Business Strategy		50.0				50.0
Fen End - City Deal	559.0					559.0
Bishops Tachbrook Community Centre	250.0	200.0				450.0
TOTAL DEVELOPMENT PORTFOLIO	**875.5**	**1,171.2**		**318.2**		**2,364.9**

Housing Investment Programme (HIP) 2015/16 to 2019/20

	Proposed Expend. 2015/16 £'000's	Proposed Expend. 2016/17 £'000's	Proposed Expend. 2017/18 £'000's	Proposed Expend. 2018/19 £'000's	Proposed Expend. 2019/20 £'000's
Housing Revenue Account (HRA) Related HIP Expenditure:					
Construction / Acquisition of Housing	12,236.3	3,559.9			
Improvement / Renewal Works	5,314.2	4,665.5	4,605.5	4,605.5	4,605.5
Lettings Incentive Scheme	119.5	100.0	100.0	100.0	100.0
Total Housing Revenue Account Related HIP	**17,670.0**	**8,325.4**	**4,705.5**	**4,705.5**	**4,705.5**
Housing General Fund Related HIP Expenditure:					
Improvement Schemes (Private Sector Housing)	763.9	645.2	610.2	610.2	610.2
Total Housing General Fund Related HIP	**763.9**	**645.2**	**610.2**	**610.2**	**610.2**
Total Housing Investment Programme (HIP)	**18,433.9**	**8,970.6**	**5,315.7**	**5,315.7**	**5,315.7**

Housing Revenue Account Related HIP Expenditure:

Construction / Acquisition of Housing:					
Redevelopment of Fetherston Court site	9,393.0	3,559.9			
Acquisition SW Warwick	2,243.3				
Lillington Acquisition	600.0				
Total Construction / Acquisition of Housing	**12,236.3**	**3,559.9**			
Improvement / Renewal Works:					
Aids & Adaptations	966.5	647.1	647.1	647.1	647.1
Roof Coverings	80.0	147.7	147.7	147.7	147.7
Defective Flooring	56.6	56.6	56.6	56.6	56.6
Door Entry/Security/Safety Systems	220.0	141.4	141.4	141.4	141.4
Window/Door Replacement	373.4	373.4	373.4	373.4	373.4
Kitchen Fittings / Sanitaryware Replacement	908.1	868.1	808.1	808.1	808.1
Electrical Fitments / Rewiring	899.7	612.4	612.4	612.4	612.4
Central Heating Replacement	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8
Tannery Court Biomass	8.8				
Water Services	4.7	9.1	9.1	9.1	9.1
Structural Improvements	39.7	19.7	19.7	19.7	19.7
Improved Ventilation	4.7	4.7	4.7	4.7	4.7
Thermal Improvement Works	30.0	141.3	141.3	141.3	141.3
Major Garage Works		24.6	24.6	24.6	24.6
Environmental Works	135.0	75.0	75.0	75.0	75.0
Environmental Works: Tenant Participation Projects	81.7	37.7	37.7	37.7	37.7
Capital Salaries for Improvement / Renewal Works	265.5	266.9	266.9	266.9	266.9
Total Improvement / Renewal Works	**5,314.2**	**4,665.5**	**4,605.5**	**4,605.5**	**4,605.5**
Lettings Incentive Scheme:					
Lettings Incentive Scheme	119.5	100.0	100.0	100.0	100.0
Total Lettings Incentive Scheme	**119.5**	**100.0**	**100.0**	**100.0**	**100.0**
Total Housing Revenue Account Related HIP	**17,670.0**	**8,325.4**	**4,705.5**	**4,705.5**	**4,705.5**

Housing General Fund Related HIP Expenditure:

Private Sector Housing:					
Administered by Housing & Property Services:					
Private Sector Housing Grants & Loans:					
Discretionary Grants	50.0	50.0	50.0	50.0	50.0
Discretionary Loans	5.7	5.7	5.7	5.7	5.7
Minor Works:					
Care & Repair	10.0	10.0	10.0	10.0	10.0
Disabled Facilities Grants and Loans:					
Mandatory Disabled Facilities Grants	670.6	551.9	516.9	516.9	516.9
Discretionary Disabled Facilities Loans	11.4	11.4	11.4	11.4	11.4
Discretionary Disabled Facilities Grants	11.2	11.2	11.2	11.2	11.2
Administered by Health & Community Protection:					
Energy Efficiency Grants	5.0	5.0	5.0	5.0	5.0
Total Private Sector Housing	**763.9**	**645.2**	**610.2**	**610.2**	**610.2**
Total Housing General Fund Related HIP	**763.9**	**645.2**	**610.2**	**610.2**	**610.2**
Total Housing Investment Programme	**18,433.9**	**8,970.6**	**5,315.7**	**5,315.7**	**5,315.7**

Appendix 6 Part 3

eral Fund Capital Programme Financing 2015/16 to 2019/20.

Method	2015/16 £'000's	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	TOTAL £'000's
Capital Receipts	451.5	282.1				733.6
Internal Borrowing Re Leisure Centres Redevelopment	327.4	50.0				377.4
External Contributions	803.2	75.8				879.0
Revenue Contributions to Capital Outlay	1.1	93.0	165.0	165.0	165.0	589.1
Service Transformation Reserve	70.4	119.8	63.2			253.4
Equipment Renewal Reserve	3.0					3.0
Public Amenity Reserve	140.7	349.5				490.2
Gym Equipment Reserve	1.5	29.4				30.9
ICT Replacement Reserve	97.2	313.0	96.3	174.8	66.2	747.5
Capital Investment Reserve	1,327.2	1,435.3	250.0	468.2	150.0	3,630.7
Total General Fund Capital Funding	**3,223.2**	**2,747.9**	**574.5**	**808.0**	**381.2**	**7,734.8**

Housing Investment Programme (HIP) Financing 2015/16 to 2019/20

	Proposed Expend. 2015/16 £'000's	Proposed Expend. 2016/17 £'000's	Proposed Expend. 2017/18 £'000's	Proposed Expend. 2018/19 £'000's	Proposed Expend. 2019/20 £'000's
Housing Revenue Account (HRA) Related HIP:					
Capital Receipts: One for One replacement	585.2				
Major Repairs Reserve	5,086.1	4,546.0	4,485.9	4,485.9	4,485.9
HRA Capital Investment Reserve	11,651.1	3,559.9			
Housing Revenue Account (RCCO)	347.6	219.5	219.6	219.6	219.6
Housing Revenue Account Related HIP Financing	**17,670.0**	**8,325.4**	**4,705.5**	**4,705.5**	**4,705.5**
Housing General Fund Related HIP:					
Capital Receipts	340.8	222.1	187.1	187.1	187.9
Capital Grant	423.1	423.1	423.1	423.1	422.3
Housing General Fund Related HIP Financing	**763.9**	**645.2**	**610.2**	**610.2**	**610.2**
Overall Housing Investment Programme (HIP) Financing:					
Capital Receipts	340.8	222.1	187.1	187.1	187.9
Capital Receipts: One for One replacement	585.2				
Major Repairs Reserve	5,086.1	4,546.0	4,485.9	4,485.9	4,485.9
Capital Grant	423.1	423.1	423.1	423.1	422.3
HRA Capital Investment Reserve	11,651.1	3,559.9			
Housing Revenue Account (RCCO)	347.6	219.5	219.6	219.6	219.6
Total Housing Investment Programme Financing	**18,433.9**	**8,970.6**	**5,315.7**	**5,315.7**	**5,315.7**

Estimated Housing Investment Programme Resources at 31/3/2020:-

	£'000's
Capital Receipts	11,918.0
HRA Capital Investment Reserve	35,081.0
Major Repairs Reserve	11,010.0
Total	**58,009.0**

General Fund Programme & Resources **Appendix 6 Part 5**

Capital Programme 2015/16 to 2019/20

	Proposed Expend. 2015/16 £'000's	**Proposed Expend. 2016/17 £'000's**	**Proposed Expend. 2017/18 £'000's**	**Proposed Expend. 2018/19 £'000's**	**Proposed Expend. 2019/20 £'000's**	**TOTAL 2015/16 to 2019/20 £'000's**
Capital Summary						
Strategic Leadership & CWLEP Portfolio	170.6	383.0	159.5	174.8	66.2	954.1
Health & Community Protection Portfolic	120.2		100.0			220.2
Culture Portfolio	512.7	502.4				1,015.1
Finance Portfolio	439.3	150.0	150.0	150.0	150.0	1,039.3
Neighbourhood Portfolio	1,104.9	541.3	165.0	165.0	165.0	2,141.2
Development Portfolio	875.5	1,171.2		318.2		2,364.9
Total Capital Programme	**3,223.2**	**2,747.9**	**574.5**	**808.0**	**381.2**	**7,734.8**
Capital Resources Brought Forward						
Usable Capital receipts	338.0	338.0	55.9	55.9	55.9	
External Contributions Account	700.2	80.5	4.7	4.7	4.7	
Gym Equipment Reserve	94.0	122.5	93.1	93.1	93.1	
Energy Management Reserve	98.3	103.4	108.5	112.3	112.3	
Capital Investment Reserve	3,550.9	2,842.5	1,694.4	1,580.6	1,336.1	
Public Amenity Reserve	837.6	696.9	347.4	347.4	347.4	
Equipment Renewal Reserve	456.1	827.4	827.5	827.5	827.5	
ICT Replacement Reserve	1,028.5	859.8	473.8	291.8	31.3	
	7,103.6	**5,871.0**	**3,605.3**	**3,313.3**	**2,808.3**	**7,103.6**
		5,871.0	3,605.3	3,313.3	2,808.3	
Additions in Year to Resources						
Borrowing/Leasing	327.4	50.0				377.4
Capital Receipts	451.5					451.5
External Contributions	183.5					183.5
Revenue Contributions to Capital Outlay	1.1	93.0	165.0	165.0	165.0	589.1
Capital Investment Reserve - Net increas	618.8	287.3	136.2	223.7	168.5	1,434.5
Other Reserves used for Capital Financin	408.3	51.9	-18.7	-85.7	264.3	620.1
Total Additions to Capital Resources in Year	**1,990.6**	**482.2**	**282.5**	**303.0**	**597.8**	**3,656.1**
Total Available Capital Resources	**9,094.2**	**6,353.2**	**3,887.8**	**3,616.3**	**3,406.1**	**10,759.7**
Less Capital Programme Expenditure as above	**-3,223.2**	**-2,747.9**	**-574.5**	**-808.0**	**-381.2**	**-7,734.8**
Capital Resources Carried Forward	**5,871.0**	**3,605.3**	**3,313.3**	**2,808.3**	**3,024.9**	**3,024.9**

Nb It should be noted that the Equipment Reserve balance does not include potential funding of identified calls upon the reserve but which have yet to be approved. After these are taken into account there is a negative balance at the end of 2019/20 of circa £22k before a . further top up of £100k in 2020/21.

Capital Investment Reserve	1,354.7
Capital Receipts	55.9
Gym Equipment Reserve	93.1
Energy Management Reserve	112.3
Equipment Renewal Reserve	927.5
Public Amenity Reserve	347.4
External Contributions	4.7
ICT Replacement Reserve	129.3
Balance Carried Forward 2019/20	**3,024.9**

CAPITAL VARIATIONS **Appendix 7**

	2015/16 £'000's	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	TOTAL £'000's
ORIGINAL BUDGETS PER 2015/16 BUDGET BOOK:						
Original General Fund Capital Budgets	3,502.9	570.0	899.7	102.3	**Not**	**5,074.9**
Original Housing Investment Programme	16,455.7	6,125.6	5,315.7	5,315.7	**Published**	**33,212.7**
TOTAL	**19,958.6**	**6,695.6**	**6,215.4**	**5,418.0**		**38,287.6**
ORIGINAL GENERAL FUND CAPITAL BUDGETS PER 2015/16 BUDGET BOOK	**3,502.9**	**570.0**	**899.7**	**102.3**	**Not Published**	**5,074.9**
Items slipped from 2014/15 and added to 2015/16 Budgets (see Final Accounts Report 2014/15 for detail on individual schemes - Approved by Executive 16/06/15)	683.1					**683.1**
Items brought forward from 2015/16 to 2014/15 (see Final Accounts Report 2014/15 for detail on individual schemes- Approved by Executive 16/06/15)	-57.6					**-57.6**
TOTAL adjustments arising from Final Accounts Report:	**625.5**					**625.5**
INCREASES TO SCHEMES:						
Infrastructure Replacement	18.7	283.0	25.6	119.8	29.2	**476.3**
Replacement Pc's and Printers					37.0	**37.0**
Play Area Improvement Programme	10.9					**10.9**
Recycling & Refuse Containers	52.3	45.0				**97.3**
Victoria Park Bowling Green	11.3					**11.3**
TOTAL Increase to Schemes:	**93.2**	**328.0**	**25.6**	**119.8**	**66.2**	**632.8**
NEW APPROVALS:						
Voice of IP Telephone system	41.4		33.6			**75.0**
Leisure Options	500.0	50.0				**550.0**
Spa Centre Operational Works		350.0				**350.0**
Rural Initiatives				75.0	75.0	**150.0**
Urban Initiatives				75.0	75.0	**150.0**
Recycling & Refuse Containers			165.0	165.0	165.0	**495.0**
St John's Flood Alleviation			100.0			**100.0**
King George's Playing Fields, Barford	166.0					**166.0**
Racing Club Warwick		50.0				**50.0**
TOTAL New Approvals:	**707.4**	**450.0**	**298.6**	**315.0**	**315.0**	**2,086.0**
TOTAL General Fund New/Increases to Capital Approvals during 2014/15:	**800.6**	**778.0**	**324.2**	**434.8**	**381.2**	**2,718.8**

CAPITAL VARIATIONS **Appendix 7**

	2015/16 £'000's	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	TOTAL £'000's
SLIPPAGE - Changes to start dates or delays on projects mean that it is proposed to slip resources into future years - identified as part of budget review process.						
Bishops Tachbrook Community Centre	-200.0	200.0				
Conservation Action Programme (includes budget for Barford wall repair)	-40.4	40.4				
Jubilee House Phase 2	-331.0	331.0				
Broadband UK- budget re-profiled approved November 2015 Executive	-46.2	27.0	19.3			**0.1**
2nd Warwick Sea Scouts' Headquarters	-49.8	49.8				
Leamington Spa One Stop Shop			-318.2	318.2		
West Midlands Reserve & Cadet Force - New Building	-400.0	400.0				
Recycling & Refuse Containers	120.0		-120.0			
St Mary's Lands Business Strategy	-50.0	50.0				
New Gym Equipment	-29.4	29.4				
Castle Farm Sports Pitch Drainage	-73.0	73.0				
Play Area Improvement Programme	-304.0	304.0				
Green Farm	-26.8	26.8				
TOTAL General Fund Capital Slippage identified during 2014/15:	**-1,430.6**	**1,531.4**	**-418.9**	**318.2**		**0.1**
SCHEMES DELETED / REDUCED /SAVINGS:						
Replacement PCs and printers (budget re-profiled and split for Infrastructure Replacement and new Voice of IP Telephone system- see above).	-112.5	-131.5	-230.5	-47.3		**-521.8**
Enhancement of Other Car Parks (transferred to revenue)	-62.7					**-62.7**
Partnership Funding for HLF Grant re Pump Rooms Gardens Restoration (transferred to revenue)	-100.0					**-100.0**
TOTAL General Fund Reductions / Savings:	**-275.2**	**-131.5**	**-230.5**	**-47.3**		**-684.5**
PROPOSED GENERAL FUND CAPITAL PROGRAMME FOR 2015/16 BUDGET BOOK:	**3,223.2**	**2,747.9**	**574.5**	**808.0**	**381.2**	**7,734.8**

CAPITAL VARIATIONS **Appendix 7**

	2015/16 £'000's	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	TOTAL £'000's
Original Housing Investment Programme (HIP) Budgets Per 2015/16 Budget Book	**16,455.7**	**6,125.6**	**5,315.7**	**5,315.7**	**Not Published**	**33,212.7**
Items slipped from 2014/15 and added to 2015/16 Budgets						
(Final Accounts Report 2014/15 for detail on individual schemes - Approved by Executive	4,314.6					**4,314.6**
Total HIP Slippage Final Accounts 2014/15	**4,314.6**					**4,314.6**
Slippage: - Changes to start dates or delays on projects mean that it is proposed to slip resources into future years						
HRA related - Construction / Acquisition of Housing:						
Redevelopment of Fetherston Court site	-2,810.0	2,810.0				
Total HIP Slippage during 2015/16	**-2,810.0**	**2,810.0**				
New Schemes:						
HRA related - Construction / Acquisition of Housing:						
Acquision Lillington	600.0					**600.0**
Initial 2017/18 Budget, not previously						
HRA related					4,705.5	**4,705.5**
GF related					610.2	**610.2**
Total HIP New Capital Approvals 2015/16	**600.0**				**5,315.7**	**5,915.7**
Increases To Schemes:						
HRA Improvement/Renewal Works:						
Door Entry/Security/Safety Systems	78.6					**78.6**
Disabled Facilities Grants and Loans:						
Mandatory Disabled Facilities Grants		35.0				**35.0**
Total HIP Increases 2015/16	**78.6**	**35.0**				**113.6**
Virements: Movements between budgets determined by Responsible Budget Manager.						
HRA related - Improvement/Renewal Works:						
Structural Improvements	20.0					**20.0**
Kitchen Fittings/Sanitaryware Replacement	-20.0					**-20.0**
Total HIP Virements 2015/16						
Schemes Deleted / Reduced / Savings:						
HRA related - Improvement/Renewal Works:						
Roof Coverings	-67.7					**-67.7**
Thermal Improvement Works	-111.3					**-111.3**
Major Garage Works	-24.6					**-24.6**
Capital Salaries	-1.4					**-1.4**
Total HIP Reductions / Savings	**-205.0**					**-205.0**
Proposed Housing Investment Programme Budgets For 2015/16 Budget Book	**18,433.9**	**8,970.6**	**5,315.7**	**5,315.7**	**5,315.7**	**43,351.6**

APPENDIX 8

PRUDENTIAL INDICATORS FOR 2016/2017 ONWARDS

1. INTRODUCTION

1.1 The Prudential Capital Finance system came into effect on 1st April 2004.

1.2 The Prudential Capital Finance system replaced the previous system of basic and supplementary credit approvals allocations (BCA and SCA) from Central Government and allows authorities to borrow as much as they can prudently afford to pay back from their revenue resources (subject to national safeguards). CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the Prudential Code) (last revised in 2011) to provide a mechanism (the Prudential Indicators) to enable Councils to ensure, that in line with the new freedom given, their capital investment plans are affordable, prudent and sustainable. Thus the Prudential Indicators provide an assessment of how much unfunded (i.e. from within its own resources) borrowing can be afforded by an authority.

1.3 It is up to the Council to set its own Prudential Indicators having had regard to its own individual set of circumstances. The Council will then be able to demonstrate that its capital investment proposals are affordable, prudent and sustainable.

1.4 The Prudential Indicators are divided into groups covering Affordability, Prudence, Capital Expenditure, External Debt and Treasury Management. This appendix explains what the Prudential Indicators are as well as revising them for 2015/16 where appropriate and setting them for 2016/17 and, if required, subsequent financial years. Certain indicators are required to be completed separately for the General Fund (GF) and Housing Revenue Account (HRA) whilst others relate to the whole authority only.

2. THE INDICATORS

2.0 Affordability - Ratio of financing costs to net revenue stream

2.1 This ratio sets an upper limit on the proportion of the Council's net revenue streams both for GF and HRA which goes to service debt.

2.2 The table below shows the ratios proposed for the General Fund, Housing Revenue Account and Overall as required by the Prudential Code.

Year	**General Fund**	**Housing Revenue Account**	**Overall**
2015/16 Revised	+1.00% to -4.00%	36.00% to 41.00%	22.00% to 27.00%
2016/17	-1.00% to -6.00%	36.00% to 41.00%	23.00% to 28.00%
2017/18	-1.00% to -6.00%	36.00% to 41.00%	21.00% to 26.00%
2018/19	+2.50% to -2.50%	36.00% to 41.00%	22.00% to 27.00%

For information :-			
Year	**General Fund**	**Housing Revenue Account**	**Overall**
2014/15 Actual	-1.20%	39.41%	22.91%
2015/16 Orig.	+2.00% to -3.00%	37.00% to 42.00%	20.00% to 25.00%

2.3 It is felt best to have a ratio which is a range rather than a precise figure as at this point in time it is difficult to predict what long term interest rates will be in the future and even a small variation in the interest rate at which borrowing is incurred could cause a ratio based on a precise percentage to be breached but with little effect on the Authority's finances.

2.4 The significant size of the HRA ratio is due to the impact of taking on the HRA Self Financing debt and reflects the need to provide for repayment of the debt throughout the life of the Business Plan. This debt repayment provision was not required under the previous Subsidy system but is fully covered within the Business Plan as the Council will retain all its rent income in order to provide for debt servicing costs.

2.5 There will be a need to monitor these ratios during the year and, if necessary, to take remedial action to avoid them being breached. It is recommended that the trigger point be set at the lowest point of each range. This will give sufficient time to remedy the situation.

3.0 Affordability - Estimates of the incremental impact of the new capital investment decisions on the Council Tax / Average Weekly Housing Rents

3.1 This is seen as a fundamental indicator of affordability as it allows the Council to see what impact additional capital expenditure (including revenue consequences) and the way it is financed has on the Council Tax/Housing Rents and therefore whether or not any resultant increases are either financially or politically acceptable. The table below shows the incremental impact on the Council Tax and Housing Rents of the capital programmes in paragraph 5.2:-

Year	Council Tax	Housing Rent
2016/17	£3.61	£0.45
2017/18	£2.86	£0.73
2018/19	£4.44	£1.01

3.2 The impact on the Council Tax is positive due in the main to the revenue effects of various past capital projects e.g. Victoria Park Bowls Complex Improvements, Crematorium Refurbishment and Cubbington Flood Alleviation Scheme and also new schemes within the capital programme such as extensions to the RUCIS and Recycling and Refuse Containers annual budgets in 2018/19 . In addition it includes an estimate of the lost investment interest on the resources used to finance the capital programme.

3.3 The Housing Rent figures in the table in 3.1 above reflect the cumulative effect of the investment interest foregone as a result of utilising Housing Capital Investment Reserve balances to finance the Sayer Court development. Although the HRA Self Financing debt counts as capital expenditure it is not “new” capital expenditure rather it is a transfer of existing debt between central and local government and is already fully resourced by the current rents being charged, hence its effects are excluded from this indicator.

4.0 Prudence - Gross Borrowing and the Capital Financing Requirement

4.1 This indicator requires that gross debt, except in the short term, is to be kept below the CFR for the same period. Currently it is estimated that gross external borrowing for this purpose at the end of 2017/18 will amount to £150,000,000 and the total CFR for the same period is estimated to be £148,680,300. Comparison of the two figures shows that in theory the Council is “over borrowed “to the tune of £1.320m. However, this is not the case as the Capital Financing Requirement previous to the self financing borrowing of £136.157m was negative by £1.697m and this negativity has been carried forward into the CFR calculation for this indicator. Therefore, it is likely that in the future the CFR will always be less than our external gross borrowing but this is not viewed as an issue and is a position faced by any Council which has or has had a negative CFR.

5.0 Capital Expenditure - Estimates of Capital Expenditure for at least 3 years

5.1 The Council is required to publish its estimated capital expenditure for both the General Fund and HRA for at least the next year and two years following it. By modelling various capital programmes, this indicator provides the data for other indicators such as the ratio of financing costs to net revenue stream and the incremental impact on the council tax / housing rents. It should be noted here that the General Fund Capital Programme and the General Fund element of the Housing Investment Programme (affordable housing programme and private sector Improvement Grants) are to be considered as one.

5.2 The table below shows the Councils estimated capital expenditure on the General Fund and Housing Revenue Account for the next four years:-

Year	General Fund	HRA	Overall
2016/17	£3,393,100	£8,325,400	£11,718,500
2017/18	£1,184,700	£4,705,500	£5,890,200
2018/19	£1,418,200	£4,705,500	£6,123,700
2019/20	£991,400	£4,705,500	£5,696,900

5.3 It should be noted that the General Fund expenditure in the above table does not yet include the projected spend on the Leisure Centre Refurbishment project. Once this has been finalised and formally included in the Council’s General Fund capital programme this indicator will be updated accordingly.

6.0 Capital Expenditure - Estimates of Capital Financing Requirement

6.1 This is a key measure in that it measures the underlying need for an authority to borrow for capital purposes. However it may not be prudent from a Treasury Management point of view to actually borrow from an external source such as the Public Works Loans Board. This is especially the case when investment rates are lower than long term borrowing rates, in this instance it would be more economic and efficient to utilise the Council's investments instead (commonly known as internal borrowing) until borrowing interest rates are such that it then becomes economic to replenish the cash backing the internal borrowing . Either external or internal borrowing creates a cost to the Council in terms of having to pay interest on and provide for repayment of external loans or lost investment interest. The Capital Financing Requirement provides the starting point for calculating this cost and the results feed into the ratio of financing costs to net revenue stream indicator and also the incremental impact on the council tax / housing rents indicator.

6.2 The estimated Capital Financing Requirements (CFR) at the end of 2015/16 and each of the next three years are as follows and are based on the Council's capital programmes as outlined in paragraph 5.2 above and also include both the HRA Self Financing debt settlement itself and the effects of the debt repayment strategy contained within the latest version of the HRA Self Financing Business Plan.

Year	General Fund	HRA	Overall
2015/16 Revised	-£999,510	£135,786,796	£134,787,286
2016/17	-£949,510	£135,786,796	£134,837,286
2017/18	-£949,510	£135,786,796	£134,837,286
2018/19	-£949,510	£135,786,796	£134,837,286
For Information :-			
2014/15 Actual	-£1,326,896	£135,786,796	£134,459,900
2015/16 Estimate	-£1,326,896	£135,786,796	£134,459,900

6.3 It is possible to have a General Fund negative Capital Financing Requirement as shown in the table above. Essentially this is because the Council still had capital receipts set aside to repay debt at 31st March 2004 which it no longer needed as the Council had gone debt free by this date. It will be noted that the negativity of the Capital Financing Requirement has reduced by a total of £377,386 when comparing 2016/17 onwards with the 2014/15 actual and this is due to the internal borrowing incurred in funding the current capital programme costs of the Leisure Centres refurbishment programme. Once the full costs of the refurbishment are included in the capital programme this indicator will require updating. With regard to the HRA the Capital Financing Requirement reflects the HRA Self Financing debt settlement of £136.157m. The CFR is slightly below the borrowing figure due to the £0.370m negative capital financing requirement at the commencement of 2011/12.The Council is also limited to a maximum HRA CFR which currently is £150 million for each of 2016/17, 2017/18 and 2018/19.

6.4 Because of variations in the capital programmes there will be a need to monitor this indicator in year to ensure that the in year limit is not breached by slippage from the previous year or expenditure brought forward from the following year. This is unlikely but will be kept under review by Finance.

7.0 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 Authorised Limit equates to the maximum external debt at any one time which the Council is allowed to have outstanding.

7.2 The recommended Authorised Limit is as shown in the table below:-

Year	**Authorised Limit for Borrowing**	**Authorised Limit for Other Long Term Liabilities**	**Authorised Limit for external debt**
2015/16 Revised	£160,050,000	£1,077,000	£161,127,000
2016/17	£206,050,000	£1,045,000	£207,095,000
2017/18	£216,050,000	£1,012,000	£217,062,000
2018/19	£216,050,000	£1,009,000	£217,059,000

7.3 The limits above take into account the HRA Self Financing debt settlement and also includes an allowance for any potential prudential borrowing on such projects as the Leisure Centres refurbishment , multi storey car parks refurbishment and new offices for the Council. In addition the Authorised Limit includes an allowance for possible borrowing in relation to potential schemes within the Housing Revenue Account such as Lillington regeneration and also the Self Financing Business Plan’s aims of providing 70 new homes per year during its life.

8.0 External Debt - Operational Boundary

8.1 The Council is also required to set an operational boundary for external debt. Again this is for three years and gross of investments. The Operational Boundary which is less than the Authorised Limit is effectively the day to day working limit for cash flow purposes. This indicator is sensitive to additional borrowing and to debt restructuring so will need to be set at an appropriate level at the outset of each financial year to cater for any forecast activity in these areas during the coming year. Occasional breach of the Operational Boundary is not seen as a cause for concern (so long as the Authorised Limit is not breached as well) but a sustained breach could mean that there are problems with the Councils cash flow therefore there will be a need to monitor this indicator during the year and , if necessary, to take remedial action.

8.2 The recommended Operational Boundaries are as shown in the table below:-

Year	Operational Boundary for Borrowing	Operational Boundary for Other Long Term Liabilities	Operational Boundary for external debt
2015/16 Revised	£151,050,000	£77,000	£151,127,000
2016/17	£163,050,000	£45,000	£163,095,000
2017/18	£163,050,000	£12,000	£163,062,000
2018/19	£163,050,000	£9,000	£163,059,000

9.0 Treasury Management - Adoption of the CIPFA Treasury Management Code of Practice

9.1 It is a requirement of the Prudential Code that the Council states that it has adopted the 2009 Revised CIPFA Treasury Management Code of Practice. The Council has adopted the code.

Appendix 9

Warwick District Council Financial Strategy 2016/17-2020/21

1 INTRODUCTION

“Money” is one of 3 keys strands of the Council’s Fit for the Future Programme. The others are People and Services. This document supports the delivery of the Council’s services and the projects within the Programme, as well as supporting all Council Strategies to deliver its aims and objectives.

It considers the major funding issues facing the Council in the Medium Term (the next 5 years). Extending the Strategy beyond this period would rely on broad estimates and many uncertainties. It would not be prudent to base the Strategy a shorter period as risks and significant issues arising in the medium term could arise before the Council has developed means of managing these. Forecast future levels of Funding are projected alongside other known constraints and opportunities.
In drawing up a Medium Term Plan, the Strategy considers the constraints and opportunities facing the Council. The Council has a Code of Financial Practice and Code of Procurement Practice which underpin the Strategy.

Monthly Budget Review Reports are considered by the Senior Management Team, with Members of the Executive being updated on a quarterly basis. Alongside this, regular updated 5 year Financial Projections are included. Full Council receive the latest 5 Year Forecast alongside this Strategy within the Budget and Council Tax Reports presented in February of each year.

2. BACKGROUND

2.1 The Economic Background, as provided by Treasury Advisors, Capita Asset Services – Their Report is reproduced as Annex 1.

2.2 Recent years have seen many changes to the nature of Funding Local Authorities receive from Central Government. 2013/14 saw the introduction of a new Business Rate Retention Scheme. Whilst setting the NNDR Baseline, Government then allowed Council to retain a share of any growth above this Baseline. Similarly, should actual income received be below Baseline , there was a safety net whereby the Authority would receive a top up payment should actual Business Rates collected fall more than 7.5% below their Baseline. Alongside this, the proportion of Business Rates to revenue Support Grant has increased. The 4 year settlement announced in December 2015 and January 2016 show that by 2019/20 Revenue Support Grant will be zero, having reduced significantly over the next 3 years.(The Council’s other main income source is its local Council Tax Payers)

	2016/17 £'000'	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's
Revenue Support Grant	1,596.7	803.7	310.7	0.0	0.0
Business Rates	876.5	3,724.3	3,609.2	3,431.2	3,500.2
Total	2,473.2	4,527.9	3,920.0	3,431.2	3,500.2
Revenue Support Grant %	64.56%	17.75%	7.93%	0.00%	0.00%
Business Rates %	35.44%	82.25%	92.07%	100.00%	100.00%

2.3 In his Autumn Statement 2015, the Chancellor announced that in future years, local Authorities would retain all of the Business Rates Income they collected. However, full details of the new proposal have yet to be published. The assumptions in the table above (2.2) are based upon existing arrangements until such information becomes available.

2.4 The Financial Strategy and projections have been updated in line with the 2016/17 Government Settlement Figures announced in December/January 2015/2016. The Council's Financial Strategy is based upon the 4 year Revenue Support Grant announced by the Government and its own Business Rates forecasts using the NNDR1 and NNDR3 returns and local intelligence, including support for "Analyse Local" independent Business Rates Consultants.

2.4 As referred to above, from 2013/14, the District Council stands to retain 20% of any growth in business rates above the pre-determined Baseline. The Councils Baseline for 2016/17 is £3.1545m.This is the amount the Council retains. If the actual amount collected varies to the Baseline, the Council will retain more or less income, working out at the Council retaining 20% of any increased revenues. Conversely, if there is any reduction in the new business rate receipts, the Council will bear 20% of this cost. There is a Safety Net whereby the Council will not be able to receive less than £2.92m, this being within 7.5% of the Baseline retained income figure. However, this Authority has entered into Pooling arrangements. This means the Safety Net payment would be paid to the Pool rather than the actual authority falling into the Safety Net.

The Baseline and the Business Rate Multiplier are due to be increased annually by inflation (RPI September). The Baseline is due to continue to be inflated annually originally until 2020 when there was due to be a "reset" of the system. However, in light of proposals for Authorities to retain all Business Rates collected, this may no longer be the case

The Council entered into a "pooling" arrangement with the other Warwickshire Councils and Coventry City Council. Under this arrangement the amounts due to be paid to Central Government under the Levy should greatly reduce, meaning more income will be retained locally. Whilst there are risks attached to pooling, especially if income should substantially decline, however, based on the monitoring over the first year of the new regime, there has been some overall growth in the level of business rate income due. The pooling arrangements continue to be reviewed at least annually, with this Council maintaining its membership for 2016/17.The future of the Poo will considered as further detail of the new scheme emerge.

The Council also receives Government Support by way of New Homes Bonus (NHB) for 2016/17 this is £2.258 million. A proportion of this is allocated to the Waterloo Housing Association as part of the WC Housing Joint Venture. NHB is currently funded on a 6 year rolling time limited basis. The Consultation Paper announced alongside the 2016/17 provisional settlement proposes to reduce this to 4 years. To date the Council has not to relied upon in it for revenue support and has not had to use it to support recurring expenditure on core service provision. This prudence has proved wise so far, whilst allowing the Council to support new schemes and replenish its Reserves.

2.5 In total, the District had a 2015/16 Council Tax at Band D of £1,560.49. However, the District element (including parish precepts) is only £171.12. This Council's own and D charge of £146.86 had been frozen since 2010/11, before 2016/17 saw the first year of a proposed increase of 1.99%. These freezes reduced the base from which future increases when introduced can rise from). The District element is just outside the lowest quarter nationally, with the District and Parish charge being well within the lowest national Quartile. The District and Parish charge being the lowest of the 5 Warwickshire Authorities.

2.6 In March 2012 the Housing Revenue Account (HRA) borrowed £136.2m to make a one off 'buy out' payment when the Housing Subsidy system was replaced by 'Self Financing'. This debt is serviced from HRA rental income, in place of the payments previously made to the National Housing Rent Pool under the Housing Subsidy system. A 50 year Business Plan is maintained to demonstrate the viability of the HRA and the capacity to invest in the service and provide new homes.

2.7 A 'Prudential Framework' for borrowing was introduced from 2004/05. Local authorities no longer have to obtain Government approval before borrowing. Control is by prudential limits based on the authority's revenue resources. The Council can borrow if it can afford the revenue consequences.

2.8 The Council reviews its budgets on a monthly basis, amending these as changes are identified, rather than reporting upon variations and updating its current year's budgets once at part of the following year's budget setting process. The process will be constantly reviewed to identify further efficiencies so that data can be produced in the most timely and accurate manner.

3. CORPORATE STRATEGY AND FIT FOR THE FUTURE PROGRAMME

3.1 The Council's Organisational Purpose being:

"**Warwick District: a great place to live, work and visit".**

3.2 During 2010, the Council adopted its Fit For the Future programme as its Corporate Strategy to provide an organisation framework to progress these objectives. As well as focusing on delivering quality services that its customers' need, the programme and subsequent updates have set challenging savings targets to be delivered. Achieving these will assist the Council in delivering its services in the future in light of uncertainty surrounding the economic climate, and future reductions in Central Government Support.

This programme needs to stay up to date and relevant in providing the strategic framework for the Council to meet the challenges it faces. Projects within the programme will be adjusted to reflect opportunities and challenges arising from Government initiatives and legislation as well as the Council's own Local Priorities.

These include-

The Universal Credit and the full implementation plan has yet to be confirmed. It was broadly intended to combine a number of existing benefits in to a single credit including housing benefit which is currently administered by the Council. Albeit, whilst those receiving single claimants Job Seekers Allowance, with no dependents or housing benefits, fall under the Universal Credit umbrella, there is not yet have a definitive date for the remainder. The situation continues to be closely monitored.

Proposed Single State Pension from April 2017 at the earliest, indicate potential significant increases in employers' National Insurance Contributions.

The Chancellor indicated in his Autumn Statement that local Authorities would at a point in the future be able to retain 100% Business Rates locally. However, more details on how the scheme would be implemented have yet to be issued.

3.3 As well as these initiatives, other major issues that will affect the Council's finances over this period are:

(i) Monitoring the medium term financial forecast and this Council's progress in meeting it's various savings initiatives.
(ii) The impact of pressures to improve environmental sustainability. Alongside this, CO^2 emissions need to be reduced to meet the climate change agenda.
(iii) Energy costs are extremely volatile.

(iv) Major developments that may occur, such as, Chandos Street, Office (H.Q) Relocation and other potential strategic opportunities.
(vi) Major investment in multi storey car parks that will require structural renewal.
(vii) The Council completed condition surveys on its Corporate Assets. The Council continues to strive to ensure its Corporate Asset properties are maintained at a reasonable standard. So far it has been able to resources these costs. Funding for the full liabilities for the next five years of the plan have yet to be found.
(viii) The potential to work with partners and realising savings by pooling resources.
(ix) Capital receipts have reduced considerably and any for the future are extremely uncertain.
(x) The volatility of many of the Council's income budgets.
(xi) The rate of economic recovery and investment interest returns.
(xii) Trees throughout the district need replacing for which funding will need to be sought.
(xiii) Ongoing reviews on how the Council manages and delivers its services.
(xiv) Development of the Fit for the Future Programme and the Council's ability to adapt to change.
(xv) Efficient procurement to deliver quality services at minimum cost.
(xvi) Superannuation Fund and pensions changes further to the changes to the Local Government Pension Scheme introduced in April 2014.The pensions fund, in common with most others, continues to carry a projected deficit, although plans are in place to seek to ensure the fund is in surplus.
(xvii) On 18 November 2015 Members approved funding for work to progress to develop a £12 million investment plan for Newbold Comyn and St Nicholas Park Leisure Centres.

3.4 The Council will plan replacements and renewals of equipment (including ICT Resources), and repair and maintenance in a careful manner concentrating on the sustainability of services as a first priority. In addition the Council needs to continually review its reserves in the light of a very ambitious programme of change, and constant uncertain external pressures on the planning regime.

3.5 The Council continues to promote agile working, and this links to the asset management plan strategy of reducing office space needs.

4. FINANCIAL PRINCIPLES

4.1 The following are the principles (for both the General Fund and the Housing Revenue Account) that underpin the Financial Strategy:

(i) Savings and developments will be based upon corporate priorities as set out in the Corporate Strategy and it's Fit for the Future programme.

(ii) In order to achieve further savings the Council continues to explore all avenues including

- Shared services and joint working
- Procurement projects
- Benchmarking costs and understanding differences
- Increasing fees and paying customers where there is spare capacity and Looking for opportunities to maximize income
- Accessing grants to assist with corporate priorities
- Controlling costs
- Workforce planning
- Improved more efficient technology

(iii) The Council has ambitions to effectively manage its resources. In setting both its Council Tax and Housing Rents, the Council takes account of its budget requirement, the support it receives from Central Government, inflation and the affordability of its local tax-payers. Prior to 2016/17, the Council had not increased its share of the Council Tax for 5 years.

(iv) The Council's base policy for Council house rent increases is currently to follow Central Government guidance. Any diversion from this policy will be requested in the annual Rent Setting report to Council, and reflected in the HRA Business Plan.

(v) Whilst the Council will aim for Fees and Charges to be increased so that income is at least maintained in real terms, it will be mindful of the reality of the current economic conditions and its competitors. The Council is committed to making good use of the ability to raise funds through charges and put them to good use for the community.

(vi) The Council still needs to develop its ability to benchmark all services across the Council.

(vii) This Council takes a positive approach to partnership working, realising the following benefits: -

a) Levering in additional external funding.
b) Ensuring improved use of sites, whether or not in the ownership of the Council.
c) Ensuring the future sustainability of projects.
d) Sharing/Reducing costs
e) Strengthening the Resilience of the Service

(viii) The Financial Strategy takes account of all revenue effects of the capital programme to ensure that the decisions taken are sustainable into the future.

(ix) The Council will hold reserves for specific purposes, as to be agreed by Executive.

(x) The Capital Investment Reserve shall be maintained with a minimum uncommitted balance of £1m.

(xi) Any unplanned windfalls of income, whether service specific or more general, will be reported to the Executive who will prioritise how such income is used as part of setting future balanced budgets and meeting the Council's priorities.

(xii) The community will be consulted on changes to the Council's spending plans through different mechanisms.

5. PROCESS & MONITORING

Preparing budgets

5.1 The budget setting process is consistent with the service area planning process and Fit for the Future Programme with recent years focusing on reductions in budgets and efficiencies.

5.2 When the Capital Programme is approved by Council the capital schemes will still be subject to individual approval on the basis of an evaluation and Business Case that needs to be agreed by Executive. .

Monitoring and managing budgets

5.4 Under the monthly "Budget Review" Process, Budgets are amended as soon as changes are identified. The Financial Code of Practice is regularly updated to incorporate any changes. The Financial Code of Practice was reviewed and updated in 2015 to reflect changes in this process and procurement practices.

5.5 Accountants work with Service Areas to identify budget variances and changes, these are reported to the Senior Management Team on a monthly basis. A minimum of quarterly reports are submitted for consideration by the Executive and Scrutiny Committees. The Council continues to review and refine its current processes, putting tighter controls in place to improve the quality and accuracy of the review process.

Consultation

5.6 The Council has a track record of consulting both partner organisations and the public this is an important contribution to assist identifying options and in learning lessons.

5.7 There is extensive consultation with partners on Fit For the Future, and the Sustainable Community Strategy.

5.8 The Council takes a strategic 5 year approach to determine how budgets are set and service prioritised.

5.9 The Council has a record of consulting where appropriate on the development of individual schemes.

6 ASSUMPTIONS

6.1 The following assumptions will be used in bringing forward proposals on the budget

(i) When the Government announced the 2016/17 provisional grant settlement it also announced further 3 years provisional settlements, with RSG being phased out to zero over that same period. Whilst this Council has built these indicative RSG settlements into its financial forecasts, its Business Rates forecasts are based upon its own local forecasts and out-turns.

(ii) Interest projections will continue to be based on the rates projected by Capita Asset Services – Treasury Solutions, the treasury management advisers who were awarded a new Contract from January 2015.

(iii) No allowance for inflation has been applied to many budgets from 2016/17 until 2019/20 which then incorporates a 2% increase.

(iv) The Council's Discretionary Budgets have been a deflationary factor of 10% over a three year period (2014/15 to 2016/17).

7. HOUSING REVENUE ACCOUNT (HRA)

7.1 Housing Self Financing was implemented on 1st April 2012. A 50 year HRA Business Plan has been developed to ensure sufficient funds will be available to service the £136.2m debt taken out with the PWLB in order to 'buy' the Council out of the existing Housing Subsidy system, provide the necessary funding to maintain the stock and enable the building of new homes over the life of the Business Plan.

7.2 The Council has freedom over setting its rents as long it acts 'reasonably'. There is no requirement to follow Central Government rent guidelines. Consequently the Council has the freedom to set dwelling rents, garage rents, Warwick Response charges or rents for HRA owned shops and commercial properties.

8. REVENUE FORECASTS

8.1 Revenue forecasts will be drawn up in line with this strategy, and the strategy itself will be reviewed every year when the budget is set. The current forecasts are set out in the February 2016 Budget Report, which reported savings required as follows in order to keep future Council Tax increases to 2% per year (before the use of any one-off reserves or balances)

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Cumulative ongoing Deficit-Savings Required(+)/Surplus(-)	225	217	607	591
In year Additional Savings(+)/Surplus(-)	225	-8	390	-16

These are indicative based on current assumptions, and assumes that savings are achieved and maintained.

9. ASSET RESOURCE BACKGROUND

9.1 Set out below is a summary of the Council's assets and its existing plans to use its resources to invest for the future.

9.2 The Council's assets as shown in the balance sheet as at 31st March 2015 are summarised below: -

	No	Value £'000
Operational Assets		
HRA		
Operational Land and Buildings	7,508	268,878
Surplus Assets/Work in Progress	3	3,050
Vehicles, Plant, Furniture and Equipment	-	79
General Fund		
Operational Land and Buildings	115	47,527
Surplus Assets/Work In Progress	5	904
Vehicles, Plant, Furniture and Equipment		2,009
Community Assets	-	6,700

	No	Value £'000
Infrastructure	-	2,111
Heritage Assets	-	7,919
Total	**7,631**	**339,177**
Investment Properties	**140**	**8,942**

9.3 A summary of the proposed capital programme for the period to March 2020 is given below. This programme gives an indication of the level of the Council's available capital resources that are to be devoted to capital expenditure during this period.

	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Strategic Leadership	171	383	159	175	66
Culture Portfolio	513	502	0	0	0
Finance Portfolio	439	150	150	150	150
Neighbourhood Portfolio	1,105	541	165	165	165
Community Protection Portfolio	120	0	100	0	0
Development Portfolio	875	1,171	0	318	0
Housing Investment Programme	18,434	8,971	5,316	5,316	5,316
TOTAL	21,657	11,718	5,890	6,124	5,697
ESTIMATED RESOURCES	53,040	46,052	48,531	56,686	66,730

10. CAPITAL PRIORITIES

10.1 The main focus of the programme is:

- Realising local aspirations as expressed within the Corporate Strategy (which incorporates the Community Plan and the Council's Resource Strategies);

- Maintaining, and where possible enhancing, the condition of the Council's existing assets so as to reduce future maintenance liabilities and to encourage their effective use. Where appropriate this will include working in partnership with others such as the County Council on the customer Access Project.

- Supporting capital schemes that provide revenue savings to the Council, in particular supporting investment in Information and Communication Technology so as to modernise activities and release resources for other purposes.

- Achieving regeneration and economic vitality in our main population centres.

10.2 Key particular projects that link to the corporate strategy are: -

- Enabling developments across the district that improve the environment such as the Kenilworth Town Centre scheme, and the improvement of Leamington Old Town.

- To continue to maintain the Government's "decent homes" standard.

- To increase the number of affordable houses in the district.

- Relocation of the Council's main office to a more efficient and cost effective building

11. FINANCING THE CAPITAL STRATEGY

11.1 The Capital Strategy needs to have regard to the financial resources available to fund it. The main sources of funding are detailed below: -

- Capital Receipts – primarily resulting from the sale of the Council's assets. This income is lumpy and limited, although there are still schemes being considered that could realise further capital receipts.

- The Council is required to sell homes to eligible tenants at a significant discount under the right-to buy (RTB). The majority of such receipts are taken by the Treasury; however from 2012/13 onwards if sales reach a certain threshold any additional receipts can be kept as long as they are spent on providing new social or affordable rented homes within 3 years.

- Capital Contributions – including contributions from developers (often under Section 106 Planning Agreements and in the future, from the Community Infrastructure Levy as well) and grants towards specific schemes.

- Use of Council's own resources – either by revenue contributions to capital, or use of earmarked reserves.

- Borrowing – the Council has freedom to borrow under the Prudential System provided it can demonstrate that it has the resource to service the debt.

- Leasing – the Council now requires that, where appropriate, an options appraisal is undertaken in order to identify the most efficient source of financing capital purchases. In certain cases this may take the form of either a finance or operating lease.

12. REVIEW

12.1 This strategy will be subject to annual review to ensure that changes are included and that development issues have been implemented. It has been reviewed in the light of the Fit for the Future programme.

13. RISKS

13.1 Previous years have demonstrated that the Council needs to consider the risk in setting and managing its budgets.

13.2 The key risks that could arise and ways in which they should be managed are set out in the main February Budget report and associated appendix.

13.3 The Council maintains a Significant Business Risk Register which is reviewed bi-annually by the Executive and quarterly by the Senior Management Team. Each Service Area has its own Service Risk Register. These are presented for the consideration of the Finance and Audit Scrutiny Committee on a quarterly rotating basis.

13.4 All major projects the Council undertakes have their own separate Risk Register.

Annex 1

Capita Asset Services' View of the Economic Background

1. United Kingdom.

1.1 UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. However, quarter 1 of 2015 was weak at +0.4%, although there was a short lived rebound in quarter 2 to +0.7% before it subsided again to +0.5% (+2.3% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.3%.

1.2 The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a sharp tick up from the current zero rate to around 1% in the second half of 2016. Indeed, the increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. Nevertheless, despite average weekly earnings ticking up to 3.0% y/y in the three months ending in September, this is unlikely to provide ammunition for the MPC to take action to raise Bank Rate in the near future as labour productivity growth has meant that net labour unit costs appear to be rising by about only 1% y/y. Having said that, at the start of October, data came out that indicated annual labour cost growth had jumped sharply in quarter 2 from +0.3% to +2.2%: time will tell if this is just a blip or the start of a trend.

1.3 There is, therefore, considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, therefore, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

1.4 The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015 to Q2 2016 and increases after that will be at a much slower pace, and to much lower levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

1.5 The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

2. USA.

2.1 GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded very strongly in Q2 to 3.9% (annualised) before dipping again in Q3 to 2.1%.

2.2 Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. may start to increase rates in September. However, the Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong and, together with a likely perception by the Fed. that concerns on the international scene have subsided since August, has now firmly opened up the possibility of a first rate rise in December.

3. Eurozone.

3.1 The ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in Q1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in Q2 and +0.3% in Q3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

3.2 During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

4. China and Japan.

4.1 Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.7% after a short burst of strong growth of 1.0% during Q1. Growth in Q3 was -0.8% so Japan is now back into recession for the fourth time in five years. It has been hit hard by the downturn in China during 2015. This does not bode well for Japan as the Abe government has already fired its first two arrows to try to stimulate recovery and a rise in inflation from near zero, but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

4.2 As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market during the summer. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, concerns about whether the Chinese economy could be heading for a hard landing, and the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September, remain a concern.

5. Emerging countries.

5.1 There are also considerable concerns about the vulnerability of some emerging countries and their corporates which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries) there is now a strong flow back to those western economies with strong growth and an imminent rise in interest rates and bond yields.

5.2 This change in investors' strategy, and the massive reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US, has helped to cause the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

5.3 Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

6. CAPITA ASSET SERVICES FORWARD VIEW

6.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. Capita Asset Services undertook its last review of interest rate forecasts on 9 November 2015 shortly after the publication of the quarterly Bank of England Inflation Report. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

6.2 The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

6.3 The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

6.4 However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in November, (based on short sterling), for the first Bank Rate increase are currently around mid-year 2016.

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

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth turns significantly weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens

6.6 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

s WARWICK DISTRICT COUNCIL	Executive & Council, 10th February and 24th February 2016 respectively	Agenda Item No. 5

Title	Housing Revenue Account (HRA) Budget 2016/17 and Housing Rents
For further information about this report please contact	Andy Thompson andy.thompson@warwickdc.gov.uk 01926 456403 Kunmi Joseph Kunmi.Joseph@warwickdc.gov.uk 01926 456803
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	Reports to Executive 13th January 2016: • Housing Revenue Account base budgets latest 2015/16 and original 2016/17. • Housing Related Support Services.
Background Papers	None

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes (Ref 664)
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	25-Jan-2016	Bill Hunt
Heads of Service	25-Jan-2016	Andy Thompson (Housing and Property Services) & Mike Snow (Finance)
CMT	25-Jan-2016	
Section 151 Officer	25-Jan-2016	Mike Snow
Monitoring Officer	25-Jan-2016	Andrew Jones
Finance	25-Jan-2016	Finance/Housing & Property Report
Portfolio Holder	25-Jan-2016	Councillor Phillips
Consultation & Community Engagement		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

1.1 This report presents to Members the latest Housing Revenue Account (HRA) budgets in respect of 2015/16 and 2016/17.

1.2 The information contained within this report supports the recommendations to Council in respect of setting next year's budgets, the proposed increases to council tenant housing rents, garage rents and other charges for 2016/17 and the rents to be set for the new homes being developed at Sayer Court in Leamington Spa. It does not include the impact any potential Housing Association "Right-to-buy" levy.

2. Recommendations

The Executive is asked to recommend to Council:

2.1 That housing dwelling rents for 2016/17 be reduced by 1% for existing HRA dwelling tenants, except as in 2.2 below.

2.2 That the rents for Designated, Sheltered and Very Sheltered dwellings be increased by CPI + 1%, subject to receipt of formal government guidance advising that such an option is permissible. Full Council will be notified accordingly of any updates and changes to national policy on rent setting for 2016/17. (Paragraph 3.1.2 and 3.1.3)

2.3 That HRA dwelling rents for 2016/17 for new tenancies are set at Target Social Rent.

2.4 That garage rents for 2016/17 be increased by 5%.

2.5 That 2016/17 Supporting People charges for housing tenants receiving housing related support should remain the same as 2015/16.

2.6 That the latest 2015/16 and 2016/17 Housing Revenue Account (HRA) budgets, as set out in Appendix 3, be agreed.

2.7 That the rents for Sayer Court be set at Warwick Affordable Rents.

2.8 That shared ownership properties rents remain the same as 2015/16 in accordance with the terms of the lease.

3. Reasons for the Recommendations

3.1 National Housing Rent Policy – 2016/17 Annual decrease

3.1.1 In July 2015 the Government announced that with effect from April 2016, the rents charged for existing tenants by local authority housing landlords should be reduced by 1% per year, for four years.

3.1.2 In the House of Lord s' debate on January 27th, 2016 on the report stage of the Welfare Reform and Work Bill, Lord Freud (Minister of State for Welfare Reform) confirmed the intention to exempt: "all supporting housing" from the 1% rent reduction. Further details, detailing precisely which properties and tenancies will be included within the exemption, are expected in place by the start of the new financial year. However, it is expected that properties of a type provided in the Council's supported housing schemes are likely to be included. It is possible that the exemption may also include designated dwellings.

3.1.3 The exemption would allow the Council to continue to apply CPI plus 1% rent increase to any properties and tenancies defined by the Government in the relevant regulations and guidance. The proposed variation translates into a rent increase of 0.9% in 2016/17 for the Council's sheltered housing and will increase projected income from these properties by £34,000. If the regulations allow for the increase to apply to designated dwellings, a rent increase of 0.9% could be applied to these properties, increasing projected income from these properties.

3.1.4 For void properties, the Council is able to set the base rent as the Target Social Rent (also known as Formula Rent). This represents a small increase over the social rent charged by the Council to tenanted properties and will increase projected rental income by around £5,000 in 2016/17. However, this rent has to be subsequently reduced by 1% at the next annual rent review after the property is re-let to comply with July 2015's policy announcement included in the Welfare Reform and Work Bill 2015/16 (currently progressing through Parliament).

3.1.5 Details of the current rents and those proposed as a result of this recommendation are set out at Appendix 1. A comparison of the Council's social rents with affordable and market rents is set out at Appendix 2.

3.1.6 The report recommends compliance with national policy and guidance on the setting of rents for General Needs and Supported Housing properties.

3.1.7 The shared ownership properties rent increases are not governed by the national Policy. Schedule 4 of the lease agreement allows the council to increase rents for shared ownership properties by RPI + 0.5% in April 2017.

3.2 Garage Rents

3.2.1 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. The HRA Business Plan base assumption is that garage rents will increase in line with inflation. However, the Council does not have in place a formal policy for the setting of rents for garages.

3.2.2 There are waiting lists for a number of garage sites, whilst other sites have far lower demand; where appropriate these sites are being considered for future redevelopment as part of the overall garage strategy for the future. To date 88 garages have been demolished or disposed of to provide land for new affordable housing. A full review of the Council's role in the provision of garages is included in the Housing Futures project (see paragraph 6.5).

3.2.3 Market Research shows that in the private sector, garages are being marketed for around £80 per month.

3.2.4 With regard to these factors an increase of 5% has been recommended as the most appropriate increase, the additional income generated for the service will help to alleviate the loss of rental income from dwellings and ensure the continuous viability of the Housing Revenue Account Business plan.

3.2.5 This increases projected income for 2016/17 by £24,700 compared to 2015/16.

3.2.6 For tenants, most garage rents will increase by 29p per week, from £5.82 to £6.11. Non-tenants also pay VAT on the charge, so it will increase by 35p per week, from £6.98 to £7.33.

3.3 Supporting People charges

3.3.1 As reported to Executive in January 2016 the funding the Council receives from WCC to provide housing related support services (formerly referred to as Supporting People services) will end on 31st July 2016.

3.3.2 Executive agreed that the Council will continue to provide the same level of housing related support and therefore will continue to keep the charges for this service at the current level. The level of service provided and the charges for providing this service will be reviewed during 2016/17.

3.4 Housing Revenue Account (HRA) budgets

3.4.1 The Council is required to set a budget for the HRA each year, approving the level of rents and other charges that are levied. The Executive makes recommendations to Council that take into account the base budgets for the HRA and current Government guidance on national rent policy.

3.4.2 The latest budgets presented in Appendix 3 are based on the budgets approved in January 2016 updated for any changes since that report and the recommendations in this report.

3.4.3 The dwelling rents have been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers for 2015/16 and 2016/17. However, additional rental income is expected from October 2016 onwards when the new 81 build properties at Sayer Court are completed and let to tenants.

3.4.4 The garages rental income has been increased to take into account the 5% increase in charges for 2016/17.

3.4.5 The projected income for Sayer Court has increased by £46,000 to reflect the additional rental income from charging Warwick Affordable Rents.

3.4.6 The overall impact of the proposed changes on the Housing Revenue Account is favourable. The HRA working balance will increase by £103,400 to £1.5m.

3.4.7 Appendix 3 shows the recommended Housing Revenue Account budgets for 2015/16 and 2016/17, updated to show the latest position including the effect of the recommendations in this report.

3.4.8 The Housing Investment Programme is presented as part of the separate February 2016 report 'Budget 2016/17 and Council Tax – Revenue and Capital' a summary is included within Appendix 3.

3.4.9 The recommendations will enable the proposed latest Housing Investment Programme to be carried out and contribute available resources to the HRA Capital Investment Reserve for future development whilst maintaining a minimum working balance on the HRA of at least £1.4m in line with Council policy.

3.5 **Sayer Court Rents**

3.5.1 In October 2016, the Council's new development of flats and bungalows at Sayer Court will be completed and ready for letting. The first show flat will be ready for marketing in March 2016. To make the marketing exercise a success, it will be necessary for prospective tenants to be advised on the rents charged for the various dwelling types within the scheme.

3.5.2 Because Sayer Court is a 100% affordable housing scheme, the council has a degree of flexibility in rent setting for the tenure of these homes.

3.5.3 The Council's current policy for its own housing stock is for all existing properties to be let at current Rent and new tenancies at Target Social rent.

3.5.4 In the case of new build schemes such as Sayer Court, the Council has the option to either apply its current policy of Target Social Rent or to adopt another approach to rent setting (paragraph 7.2).

3.5.5 Warwick Affordable Rent is the midway point between Target Social Rent and Affordable Rent. The Affordable rent is set nationally as 80% of the local market rent for similar properties. However, setting rents at this level will mean that the Council will not have consistent rent setting policy for all its properties and the scheme may not be as attractive to new and transferring tenants.

3.5.6 The new build properties at Sayer Court will have high energy efficiency ratings compared to existing homes and thus the opportunity for residents to have lower energy bills.

3.5.7 Warwick Affordable Rents are expected to fall within the limits currently set for housing benefit and total projected rental income for 2016-17 will be £251,000 (Appendix 4).

3.5.8 In addition, the council can maintain the attractiveness of the existing stock by charging higher rents for the Sayer Court properties

3.5.9 Appendix 4 to this report sets out the Warwick Affordable Rents for Sayer Court.

3.5.10 To set a precedent for rent setting for new build schemes and to generate additional rental income which can be used to fund capital investment in future years, setting rents at Warwick Affordable Rents is recommended for Sayer Court. As part of the Housing Futures project, there will be an opportunity to consider the Council's rent policy for its landlord service.

3.6 **Shared Ownership**

3.6.1 During 2015, the council took ownership of 15 shared ownership dwellings at Great Field Drive in South West Warwick.

3.6.2 Shared owners are required to pay rent on the proportion of their home which they do not own.

3.6.3 The Council adopted the Homes and Communities Agency (HCA) template lease agreement which includes a schedule on rent review. The lease determines that the rent will be reviewed in April 2017 and will be increased by RPI + 0.5%.

4. Policy Framework

4.1 The Housing Revenue Account (HRA) budget is a financial expression of the Council's housing policies, having regard to the available resources and rent setting consequences. This report is in accordance with the Council's Financial Strategy.

4.2 Rents Policy

4.2.1 This report recommends following the latest Central Government rent guidance. This is also the rent policy assumed in the current HRA Business Plan.

4.2.2 As agreed in June 2014, void homes are re-let at Target Social Rent, in line with the latest Central Government rent guidance.

4.3 Fit for the Future

4.3.1 A key element of Fit for the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. The HRA is subject to the same regime to ensure efficiency within the service.

5. Budgetary Framework

5.1 The HRA is a key component of the Council's budget framework and the budgets proposed are in accordance with the long term HRA Business Plan.

5.2 For reference, the HRA Business Plan approved in March 2015 had assumed social rents will increase on an annual basis by CPI+1%. The HRA Business plan will be reviewed and revised during 2016 as part of the Council's Housing Futures project to develop a new housing strategy that will ensure that the Council's landlord service remains viable. The outcomes of the Housing Futures Project will take effect from 2017.

5.3 The recommended budgets maintain the minimum working balance on the HRA expected under current Council policy, increasing by inflation each year.

5.4 Earlier reports to Executive have considered the cost of the Sayer Court scheme and the potential payback. The November 2014 report stated:-

5.8 Based on the whole life cost of the project (circa £33m) affordable rents offer a payback period of 115 years and social rents offer a payback period of over 200 years. The eventual scheme rent levels will be set based on relevant Council policies following consultation with the Housing and Property

Services Portfolio Holder taking into account the social and financial objectives of the Council.

5.9 With the paybacks periods being so long, the scheme will present a cost to the HRA Business Plan. Whilst the HRA can afford to meet these costs, plans need to be put in place for any other schemes to come forward that will be self-financing and so help the HRA to be able to eventually repay its long term debt.

5.5 An updated HRA Business Plan, incorporating all known changes, including the proposals in the Housing and Planning Bill (as considered within the January HRA Base Budget report, and within Section 6 of this report) and updated projections, will be reported to Executive in March 2016.

5.6 During 2016/17 the HRA Business Plan will, as part of Housing Futures, be reviewed and revised to take account of:

- A stock condition survey to be completed in August 2016, which may impact upon the resources needed to maintain the Council's housing stock in good condition.
- A review of the way repairs and maintenance services are delivered with the aim of increasing cost control and reducing the resources needed to manage the administration of contracts.
- Work to reduce the cost of providing new homes, for example by maximising the use of the Council owned land resources for the direct provision of new homes by the Council and introducing robust viability assessments for new housing schemes.

5.7 Given all the uncertainties facing the HRA Business Plan, it is important that the council adopts a prudent approach in setting rents, Setting Sayer Court rents as the "Warwick Affordable" will protect the financial stability of the HRA and will help to recover of the full cost of the scheme.

6. Risks

6.1 The risks, and appropriate control mechanisms, for the 2016/17 HRA Budget and the rent increase process are considered below.

6.2 When setting the HRA budget for 2016/17, a sensitivity analysis of assumptions relating to these risks and their potential impact on the budget is as follows:-

- Loss of Supporting People Grant income = £463,700.
- 0.5% change in void rent loss = £129,600 increase or decrease to rental income.
- Currently only the element of anticipated capital receipts from Right to Buy (RTB) sales specifically reserved for provision of affordable housing has been included for HRA usage in future years. It is assumed that the remainder of receipts will continue to be used to fund General Fund housing. Each sale currently generates an average 'usable capital receipt' for the Council of around £35,500, the remainder being paid to the Treasury under capital receipt 'pooling' regulations.

- On average the loss of rental income due to RTB sales is £4,700 per property for a full year; so in the year of sale the initial losses will be approximately half of this, £2,350, for each home sold, assuming RTB sales are spread fairly evenly throughout the year.

6.3 Were any, or all, of these possibilities to arise the impact could be accommodated within the proposed HRA budget for 2016/17 and overall HRA Business Plan.

6.4 The Housing Revenue Account faces a number of financial pressures arising from changes to national policy and legislation, including the Housing and Planning Bill which is expected to get Royal Assent in April 2016.

- The 1% reduction in income will reduce the income to the HRA from £25.8m in 2015-2016 to circa £24.7m after 4 years.

- Funding the housing related support services for older persons after grant from Warwickshire County Council terminates in July 2016.

- The introduction of Universal Credit and of Local Housing Allowance caps for Housing Benefit paid to low income tenants below the age 35 may lead to additional challenges in recovering rent due as residents adjust to the new systems.

- A levy is expected to be imposed to the Council as a result of the introduction of Pay-to-Stay, the additional rent that will be charged to tenants whose household income exceeds £30,000 per year from 2017/18. It is as yet not clear how much this levy will be nor how much of it will be recoverable from tenants whose income is in excess of the £30,000 threshold.

- A further levy is expected to be imposed on the Council to provide the Government with the funds needed to compensate housing associations for the extension of Right–to-Buy to their tenants. It is not yet clear how much this levy will be. However, it may be possible that some of the levy may be able to be funded from the sale of higher value properties as they become void.

- The introduction of the mandatory use of insecure, short term tenancies for future lettings will in time add additional management costs to the HRA and may increase the number of void properties.

6.5 To mitigate the financial risks arising from these changes, the Council will be launching the Housing Futures project in February of 2016. Housing Futures will develop a new housing strategy for the Councils and review and revise the HRA Business Plan so that the Council's landlord role is able to remain viable. The Housing Futures project is scheduled for completion in December 2016.

6.6 Officers will closely monitor the changes discussed in Section 6.4 above. As more details become available, Budgets and the Business Plan will be updated to reflect this, with Members being notified accordingly.

6.7 A significant contribution to the Bad Debt Provision is already included in the budgets to reflect the possible impact of Welfare changes. Close monitoring of the rent arrears situation is being undertaken with every effort being made to contain any increase in current arrears they arise.

7 Alternative Options

7.1 Garage Rents

7.1.1 The Council has discretion over the setting of Garage rents.

7.1.2 Each 1% change in garage rents results in an increase or decrease of potential income of around £4,800 per year.

7.1.3 It would be possible to set Garage rents higher than those proposed to maximise income; however significantly higher rents may make Garages harder to let and so reduce income.

7.1.4 The review of the HRA Business Plan during 2016/17 will consider options for increasing the financial viability of providing garages.

7.2 Sayer Court

7.2.1 Adopting Target Social Rent will provide consistency of rents across all homes owned by the Council and make sure that rents charged remain within the limits that have been set for eligibility for housing benefit support for those with low incomes. The rents will be competitive against other housing options and will support the marketing of these properties to new and transferring tenants. The projected rental income for 2016/17 at Target Social Rent will be in the region of £206.000(Appendix 4).

8 Background

8.1 The Executive received a report on the background to setting the HRA budget and housing rents and charges for 2016/17 at its meeting on 13th January 2016.

8.2 However, dwelling rents, garage rents, and supporting people charges for 2016/17 need to be considered and agreed before the final budgets can be set. The background to each of these items is summarised below.

8.3 These rents and charges, along with any other changes that have arisen since the previous report, impact on the setting of the final HRA budget.

8.4 Housing Rents and Government Policy

8.4.1 In July 2015 the Government announced that with effect from April 2016, the rent charged by local authorities should be reduced by 1% per year for four years. The Government does however expect void properties to be re-let at Target Social Rent so in time bringing all social housing rents into line with the original aims of the 2002 convergence policy.

8.4.2 A summary of average target rents compared to the 2016/17 rents for current tenants recommended in this report are included in Appendix 1.

8.4.3 A comparison with market rents currently charged for properties with 1 to 4 bedrooms in the WDC area has been included at Appendix 2. For example, the current average weekly market rent for a 3 bedroom home in the area is £245, whilst the proposed average 2016/17 rent for current WDC tenants living in a 3 bedroom home is £99.03. On average proposed 2016/17 rents are approximately half of current market rents. This means that the Council's housing service reduces the cost of living for tenants, allowing more money to be spent in the wider economy and reducing the social security costs of helping lower income tenants afford their rent.

8.5 Housing Revenue Account (HRA)

8.5.1 Councils with housing stock are required to maintain a separate 'ring-fenced' Housing Revenue Account (HRA) for all expenditure and income related to council housing. By law councils cannot approve a budget that would lead to a deficit HRA balance.

8.5.2 2015/16 and 2016/17 budgets were last considered in the January 2016 report 'Housing Revenue Account base budgets latest 2015/16 and original 2016/17', which detailed the latest 2015/16 revised budget and base 2016/17 budget and identified the changes from the initial 2015/16 budget.

8.5.3 The Capital works in the Housing Investment Programme are presented as part of the separate February 2016 report 'Budget 2016/17 and Council Tax – Revenue and Capital'. A summary is included within Appendix 3 for reference.

Appendix 1

Average Weekly Rents - Formula, Current and Proposed Social Rents

Number of Bedrooms	Current Number of WDC Homes	2015/16		2016/17		2016/17 Average Difference between 'Target' (Formula) Rent (F) and Proposed Rent (A)		2016/17 Proposed Average Decrease in Weekly Rent	
		F Average 'Target' (Formula) Rent	A Current Average Weekly Rent	F Average 'Target' (Formula) Rent	A Proposed Average Weekly Rent				
0 Bedroom	**46**	£67.19	**£63.73**	£66.51	**£63.17**	£3.34	5.29%	**-£0.56**	**-0.9%**
1 Bedroom	**1,463**	£85.72	**£80.33**	£84.87	**£79.57**	£5.30	6.66%	**-£0.76**	**-0.9%**
2 Bedroom	**1,952**	£94.05	**£88.34**	£93.12	**£87.50**	£5.62	6.42%	**-£0.84**	**-1.0%**
3 Bedroom	**1,939**	£107.72	**£100.00**	£106.65	**£99.03**	£7.62	7.69%	**-£0.97**	**-1.0%**
4 Bedroom	**56**	£120.29	**£109.09**	£119.10	**£108.03**	£11.07	10.25%	**-£1.06**	**-1.0%**
5 Bedroom	**4**	£167.36	**£123.12**	£165.68	**£121.89**	£43.79	35.93%	**-£1.23**	**-1.0%**
Average	**5,460**	**£96.78**	**£90.37**	**£95.81**	**£89.50**	**£6.31**	**7.05%**	**-£0.87**	**-1.0%**

Appendix 2

Comparison to Local Market Rents

Number of Bedrooms	2015/16 WDC Current Average Weekly Rent	2016/17 WDC Proposed Average Weekly Rent	Current Local Average Weekly Market Rent*	Difference between Proposed WDC Rent and Market Rent	Proposed 2015/16 WDC Rent as a % of 2014/15 Market Rent	2015/16 WDC Average Formula (Target) Rent	2016/17 WDC Average Formula (Target) Rent	Difference 2016/17 WDC Formula Rent to Market Rent	2016/17 WDC Formula Rent as a % of Market Rent	Affordable Rents at 60% of Market Rent	Affordable Rents at 80% of Market Rent	LHA Local Housing Allowance Limit# (Jan 2016)
1 Bedroom	£80.33	**£79.57**	£150	£70	53%	£85.72	**£84.87**	£65	57%	£90	£120	£119.09
2 Bedroom	£88.34	**£87.50**	£190	£103	46%	£94.05	**£93.12**	£97	49%	£114	£152	£150.36
3 Bedroom	£100.00	**£99.03**	£245	£146	40%	£107.72	**£106.65**	£138	44%	£147	£196	£181.80
4 Bedroom	£109.09	**£108.03**	£313	£205	35%	£120.29	**£119.10**	£194	38%	£188	£250	£246.50

* Median local average private market rents (December 2014 to November 2015) from Hometrack

LHA (Local Housing Allowance) is the cap for housing benefit for those who rent privately, subject to other eligibility criteria.
Rates shown are for the Warwickshire South Broad Rental Market Area, January 2016.
LHA does not apply to council tenants; it is shown to illustrate the highest rents that can be supported by housing benefit in the private rented sector.

Appendix 3

Housing Revenue Account (HRA)	Actual 2014/15 £	Original Budget 2015/16 £	Latest Budget 2015/16 £	Base Budget 2016/17 £
Expenditure				
Revenue Repairs and Maintenance	5,512,489	5,327,300	6,607,700	5,617,300
Housing Repairs Supervision	561,741	682,300	682,300	682,300
Electricity		300	300	300
NNDR	73	1,400	1,400	1,400
Council Tax	19,286	19,500	19,500	19,700
Water Charges-Metered	35,367	32,600	32,600	32,600
Premises	**6,128,956**	**6,063,400**	**7,343,800**	**6,353,600**
Debt Recovery Agency Costs	1,841	3,900	3,900	3,900
Contribution to Insurance Provision	65,491	15,000	36,000	15,000
Bad Debts Provision	327,588	437,000	437,000	437,000
Supplies and Services	**394,920**	**455,900**	**476,900**	**455,900**
Supervision & Management - General	2,523,396	2,453,100	2,819,100	2,698,500
Supervision & Management - Special	2,150,912	2,233,600	2,284,400	2,302,000
Support Services	**4,674,308**	**4,686,700**	**5,103,500**	**5,000,500**
Revaluation of Fixed Assets	(16,109,487)	-	-	-
REFCUS	80,525	100,000	116,500	53,000
Depreciation on Council Dwellings	2,432,078	2,489,700	2,626,000	2,698,700
Depreciation on Other HRA Properties	494,135	396,800	362,100	362,100
Depreciation on Equipment	24,512	24,600	24,600	10,700
Capital Charges	**(13,078,237)**	**3,011,100**	**3,129,200**	**3,124,500**
Total Expenditure	**(1,880,053)**	**14,217,100**	**16,053,400**	**14,934,500**
Income				
Other Income	(2,000)	-	-	
Other Licences	(3,958)	(4,100)	(4,100)	(4,100)
Heating Charges	(104,159)	(102,900)	(102,900)	(102,900)
Service Charges	(100,317)	(144,400)	(131,200)	(131,200)
Service Charges Supporting People	(142,167)	(134,300)	(147,500)	(147,500)
Water Charges	(31,403)	(31,100)	(31,100)	(31,100)
Rents - Housing	(25,229,279)	(25,725,000)	(25,725,000)	(25,453,000)
Rents - Garages	(490,888)	(495,500)	(495,500)	(520,000)
Rents - Other	(315,836)	(320,000)	(320,000)	(320,000)
General Fund Share of Open Spaces	(37,900)	(37,900)	(37,900)	(37,900)
Other Grants and Contributions	(463,721)	(463,700)	(463,700)	(154,600)
Total Income	**(26,921,628)**	**(27,458,900)**	**(27,458,900)**	**(26,902,300)**
Net Income From HRA Services	**(28,801,681)**	**(13,241,800)**	**(11,405,500)**	**(11,967,800)**
Debt Charges - Premiums & Discounts		-		
Interest Payable	4,765,564	4,765,600	4,765,600	4,765,600
Interest Receivable - Balances	(178,300)	(172,500)	(172,200)	(253,300)
Interest Receivable - Advances (RTB)		-		
Reverse REFCUS	(80,525)	(100,000)	(116,500)	(53,000)
Reverse Depreciation Other HRA Property & Equip.	518,647	-		
Net Operational Income	**(23,776,295)**	**(8,748,700)**	**(6,928,600)**	**(7,508,500)**

Appendix 3

Housing Revenue Account (HRA) Continued	Actual 2014/15 £	Original Budget 2015/16 £	Latest Budget 2015/16 £	Base Budget 2016/17 £
Net Operational Income	**(23,776,295)**	**(8,748,700)**	**(6,928,600)**	**(7,508,500)**
Appropriations:				
Appropriation: Adjust Depreciation to MRA	3,684,355	3,137,800	3,001,500	3,103,100
Revenue Contribution to Capital Outlay (RCCO)	124,801	286,500	347,600	219,500
Reverse Revaluation of Fixed Assets	14,979,972	-		
Employee Benefits Accruals		-		
Net IAS19 Charges for Retirement Benefits	(324,130)	(491,400)	(591,700)	(612,100)
Employers Contribs payable to Pension Fd	150,190	214,100	232,600	248,200
Pensions Interest+Rate of Return Assets	130,600	192,700	199,700	202,400
Contribution from Reserves	(257,728)		(6,100)	-
Contribution to HRA Early Retirement Reserve	317,000	8,000	8,000	8,000
Contribution from HRA Early Retirement Reserve		-		
Contribution to HRA Capital Investment Reserve	4,941,335	5,368,500	3,704,500	4,316,000
Taken To HRA Balance	**(29,900)**	**(32,500)**	**(32,500)**	**(23,400)**
HRA Balance Brought Forward	(1,323,500)	(1,353,400)	(1,353,400)	(1,385,900)
HRA Balance Carried Forward	**(1,353,400)**	**(1,385,900)**	**(1,385,900)**	**(1,409,300)**

Appendix 3

HRA Repairs & Maintenance	Actual 2014/15 £	Original Budget 2015/16 £	Latest Budget 2015/16 £	Base Budget 2016/17 £
Cyclical & Major Repairs & Maintenance				
Painting & Decorations	545,973	980,000	980,000	450,000
Concrete Repairs	15,237	40,000	40,000	40,000
Communal Flooring / Carpets	18,268	-	40,000	
Electrical Repairs & Maintenance	521,000	601,400	681,800	601,400
Gas/Heating Maintenance	592,646	594,100	594,100	594,100
Lift & Stairlift Maintenance	150,786	114,800	114,800	114,800
Door Entry & Security Maintenance	53,242	60,000	60,000	60,000
Shop Maintenance	24,408	10,700	10,700	10,700
Legionella Testing	5,562	34,600	63,600	34,600
Fire Prevention Work	5,791	150,000	150,000	150,000
Sheltered Scheme Fire Alarm system			71,000	-
HRA Paths and Surfacing	99,992	100,000	100,000	100,000
HRA Asbestos Works	189,055	637,600	637,600	637,600
Expenditure To Repairs Summary	**2,221,960**	**3,323,200**	**3,543,600**	**2,793,200**

Void & Responsive Repairs & Maintenance

Void Repair Contract	1,547,803	867,000	1,378,600	1,271,600
Garages: Void Repairs	43	11,900		
Out of Hours Contract	723	48,300		
Day to Day Repairs Contract	1,664,120	1,035,200	1,621,800	1,493,800
Garages: Routine Repairs	77,841	41,700	63,700	58,700
Expenditure To Repairs Summary	**3,290,530**	**2,004,100**	**3,064,100**	**2,824,100**

Capital Maintenance & Improvements (summary from Housing Investment Programme 'HIP')

Improvement / Renewal Works	4,236,083	5,058,700	5,314,200	4,665,500
Expenditure To Repairs Summary	**4,236,083**	**5,058,700**	**5,314,200**	**4,665,500**

Summary of Housing Repairs, Maintenance & Improvements

Cyclical & Major Repairs & Maintenance	2,221,960	3,323,200	3,543,600	2,793,200
Void, Routine & Responsive Repairs & Maintenance	3,290,530	2,004,100	3,064,100	2,824,100
Total Revenue Repairs & Maintenance (within HRA)	**5,512,490**	**5,327,300**	**6,607,700**	**5,617,300**
Capital Maintenance & Improvements (HIP)	4,236,083	5,058,700	5,314,200	4,665,500
Total Housing Repairs & Maintenance (including Capital)	**9,748,573**	**10,386,000**	**11,921,900**	**10,282,800**

Other HRA Related Capital Expenditure (Summary from 'HIP')

Construction / Acquisition of Housing	2,854,281	10,686,800	12,236,300	3,559,900
Lettings Incentive Scheme	80,525	100,000	116,500	53,000
Total Other Capital Expenditure	**2,934,806**	**10,786,800**	**12,352,800**	**3,612,900**

The detailed Housing Investment Programme (HIP) is presented as part of a separate report to Executive and Council February 2016, 'Budget 2016/17 and Council Tax – Revenue and Capital'.

Appendix 3

HRA Reserves and Balances	Actual 2014/15 £	Original Budget 2015/16 £	Latest Budget 2015/16 £	Base Budget 2016/17 £
Housing Revenue Account (HRA) Balances				
Balance brought forward	**(1,323,500)**	**(1,353,400)**	**(1,353,400)**	**(1,385,900)**
contribution to/(from) HRA	(29,900)	(32,500)	(32,500)	(23,400)
Balance carried forward	**(1,353,400)**	**(1,385,900)**	**(1,385,900)**	**(1,409,300)**
HRA Early Retirement Reserve				
Balance brought forward	**(210,076)**	**(114,532)**	**(84,700)**	**(92,700)**
contribution from HRA		(8,000)	(8,000)	(8,000)
contribution to HRA	125,376	-		
Net change in year	**125,376**	**(8,000)**	**(8,000)**	
Balance carried forward	**(84,700)**	**(122,532)**	**(92,700)**	**(92,700)**
Major Repairs Reserve				
Balance brought forward	**(764,120)**	**(2,017,119)**	**(2,598,819)**	**(3,526,919)**
contribution from HRA	(6,022,509)	(6,048,900)	(6,014,200)	(6,174,600)
used to fund Capital Maintenance & Improvements	4,187,809	4,872,200	5,086,100	4,246,000
Net change in year	**(1,834,699)**	**(1,176,700)**	**(928,100)**	**(1,928,600)**
Balance carried forward	**(2,598,819)**	**(3,193,819)**	**(3,526,919)**	**(5,455,519)**
HRA Capital Investment Reserve				
Balance brought forward	**(17,730,715)**	**(17,528,916)**	**(21,540,832)**	**(13,597,232)**
transfer from HRA	(4,941,335)	(5,368,500)	(3,704,500)	(4,316,000)
used to fund Redevelopment / New Build	1,131,219	10,101,600	11,648,100	3,512,900
Net change in year	**(3,810,116)**	**4,733,100**	**7,943,600**	**(803,100)**
Balance carried forward	**(21,540,832)**	**(12,795,816)**	**(13,597,232)**	**(14,400,332)**
'One-for-One' Right-to-Buy Receipts (RTB) retained for Replacement of sold housing				
Balance brought forward	**(907,060)**	**(585,260)**	**(775,774)**	**(1,022,574)**
RTB Receipts retained for replacement of housing	(247,586)	-	(832,000)	-
used to fund Redevelopment / New Build	378,872	585,200	585,200	
Net change in year	**131,286**	**585,200**	**(246,800)**	**-**
Balance carried forward	**(775,774)**	**(60)**	**(1,022,574)**	**(1,022,574)**

Appendix 4

Target Social Rent, Market Rent, Affordable Rent, and Warwick Affordable rent.

Code	Beds	Type	No.	2016/17 Rent Per Week				2016/2017 Rent - Year *			
				Target Social Rent	Market Rent	Affordable Rent**	Warwick Affordable Rent***	Target Social Rent	Market Rent	Affordable Rent**	Warwick Affordable Rent ***
F1	2	Apartment	3	£101.45	£190.00	£152.00	£126.73	£7,857.71	£29,432.52	£11,773.01	£9,815.36
F2	2	Apartment	6	£101.45	£190.00	£152.00	£126.73	£15,715.42	£58,865.04	£23,546.02	£19,630.72
F3	2	Apartment	6	£101.45	£190.00	£152.00	£126.73	£15,715.42	£58,865.04	£23,546.02	£19,630.72
F4	2	Apartment	3	£101.45	£190.00	£152.00	£126.73	£7,857.71	£29,432.52	£11,773.01	£9,815.36
F5	2	Apartment	3	£101.45	£190.00	£152.00	£126.73	£7,857.71	£29,432.52	£11,773.01	£9,815.36
F6	2	Apartment	4	£104.16	£202.20	£161.76	£132.96	£10,756.81	£41,763.20	£16,705.28	£13,731.05
F7	2	Apartment	4	£104.16	£202.20	£161.76	£132.96	£10,756.81	£41,763.20	£16,705.28	£13,731.05
G1	1	Apartment	16	£90.90	£150.00	£120.00	£105.45	£37,549.70	£123,926.40	£49,570.56	£43,560.13
G2	1	Apartment	8	£90.90	£150.00	£120.00	£105.45	£18,774.85	£61,963.20	£24,785.28	£21,780.06
C1	2	Apartment	6	£101.45	£190.00	£152.00	£126.73	£15,715.42	£58,865.04	£23,546.02	£19,630.72
C2	2	Apartment	4	£101.45	£190.00	£152.00	£126.73	£10,476.94	£39,243.36	£15,697.34	£13,087.14
D	1	Apartment	9	£90.90	£150.00	£120.00	£105.45	£21,121.71	£69,708.60	£27,883.44	£24,502.57
E	2	Apartment	4	£101.45	£190.00	£152.00	£126.73	£10,476.94	£39,243.36	£15,697.34	£13,087.14
A	3	Bungalow	2	£130.97	£245.00	£196.00	£163.49	£6,762.77	£25,301.64	£10,120.66	£8,441.71
B1	2	Bungalow	1	£106.87	£214.84	£171.87	£139.37	£2,759.17	£11,093.48	£4,437.39	£3,598.28
B2	2	Bungalow	2	£106.87	£214.84	£171.87	£139.37	£5,518.34	£22,186.96	£8,874.78	£7,196.56
			81					**£205,673.42**	**£741,086.07**	**£296,434.43**	**£251,053.92**

* It is assumed that the properties will be let from 01/10/2016
In line with the Business Plan assumptions, 0.7% void level has been used in the calculation

** Affordable rent is 80% of the market rent

*** Warwick affordable rent is the midpoint of affordable rent and target social Rent

WARWICK DISTRICT COUNCIL	Executive & Council 10th February And 25th February respectively	Agenda Item No. **6**

Title	Heating, Lighting and Water Charges 2016/17 – Council Tenants
For further information about this report please contact	Andy Thompson andy.thompson@warwickdc.gov.uk 01926 456403 Kunmi Joseph kunmi.joseph@warwickdc.gov.uk 01926 456803
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	
Background Papers	Previous annual 'Approval of Heating, Lighting and Water Charges' reports, every February

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

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	25-Jan-2016	Bill Hunt
Head of Service	25-Jan-2016	Andy Thompson (Housing and Property Services) & Mike Snow (Finance)
CMT		
Section 151 Officer	25-Jan-2016	Mike Snow
Monitoring Officer	25-Jan -2016	Andy Jones
Finance	25-Jan -2016	Finance/Housing & Property Report
Portfolio Holder(s)	25-Jan-2016	Councillor Phillips
Consultation Undertaken		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

1.1 This report sets out the proposed recharges to Council housing tenants for the provision of communal heating, lighting and water supply during 2016/17.

2. Recommendation

2.1 To recommend to Council to agree the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the rent year commencing 4th April 2016, as set out in Appendix 1 & Appendix 2.

3. Reasons for the Recommendation

3.1 Recharges are levied to recover costs of electricity, gas and water supply usage to individual properties within one of the sheltered and the 5 very sheltered housing schemes, which are provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities are also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.

3.2 The charges necessary to fully recover costs are calculated annually from average consumption over the past three years, updated for current costs and adjusted for one third of any over-recover or under-recovery in previous years. The charges for 2016/17 are calculated on the basis of average consumption for 2013/14, 2014/15 and 2015/16. The use of an average ensures that seasonal and yearly variations are reflected in the calculation.

3.3 For reference, in February 2013 the increase required to meet projected Heating & Lighting costs was deemed unaffordable for tenants, so it was agreed to implement a lower increase and aim to fully recover costs within a 5 year period. In 2015/2016 it was recommended that where the increase to fully recover costs was higher than 95p per week, the increases be constrained to 95p to ensure the increase is affordable for tenants and continue to move towards full recovery over future years.

3.4 For 2016/17, the council is moving towards a policy of full recovery and to achieve this it is recommending that the charges be increased by the lower of, the full amount or an amount commensurate to the decrease in rent arising from the 1% reduction. This approach will phase in gradually the full costs recovery and will ensure that no excessive increases to the charges are made in one year.

3.5 The proposed increase in weekly charges is equivalent to the 1% decrease in average rent to tenants. This is a fair approach as it facilitates the council implementation of full costs recovery and it doesn’t make tenants worse off (Appendix 1).

3.6 The Gas and Electricity contracts for the authority are currently being renegotiated and reduction in costs is expected to materialise in 2016/17, with savings being passed on to tenants in future years.

4. Policy Framework

4.1 Policy Framework

4.1.1 The Heating, Lighting and Water Charges Report forms part of the Budgetary Framework, which is the resource strategy for implementing Fit for the Future.

4.1.2 Until 2013/14, it was the policy of this council to set recharges to tenants for the electricity, gas and water supplied to certain properties at the level that will fully recover these costs without 'rent pooling', that is without subsidising from other HRA income.

4.1.3 As described in paragraph 3.3, from 2013/14 when increases were deemed unaffordable lower charges have been set to mitigate the immediate cost to tenants, recovering these costs gradually over subsequent years.

4.2 Fit for the Future

A key element of Fit for the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. The Housing Revenue Account is subject to the same regime to ensure efficiency within the service.

5. Budgetary Framework

5.1 Recharges to tenants for the provision of communal heating, lighting and water form part of the Housing Revenue Account (HRA), which is a key component of the Council's budgetary framework.

5.2 If charges are set so as not to fully recover costs, this will present an additional cost to all housing tenants by way of the rent they are charged, unless costs are recouped in future years.

6. Risks

6.1 It would be impossible to predict fuel and water costs over the next year completely accurately. Therefore the charges tenants pay in a year will either over-recover or under-recover the costs.

6.2 This is mitigated by adjusting charges for one third of any over-recover or under-recovery in previous years. This ensures that over time what tenants pay will meet the costs of heating, water and lighting.

7. Alternative Options Considered

7.1 If any proposed charges are thought to be unaffordable for tenants, charges could be set at any level between no increase and the proposed charges, with the understanding that this means that the shortfall will either be funded from the rents of all tenants, the majority of whom will also be paying their own electricity and gas costs directly, or recovered from charges in future years when some flats may be occupied by new tenants who have not benefited from the reduced charges.

7.2 For those Heating/Lighting charges which have been set below the level necessary to recover the full cost, a higher charge could be set to better reflect the costs. This will mean a number of tenants will be paying an increase in charges of up £3.40 per week (£176.8 per year), while other tenants will see a reduction in the charges they pay by up to 80 pence per week (£41 per Year).

7.3 Charges could be set above the real costs of recovery. This would mean tenants of these schemes would have no choice but to pay above the real cost of these utilities, as the communal nature of these services means they cannot choose their own energy suppliers. This would not be fair.

8. Background

8.1 Costs for electricity, gas, water and laundry facilities provided at some housing schemes are recovered as a weekly charge.

8.2 These utility charges are not eligible for Housing Benefit.

8.3 Tenants are notified of these charges at the same time as the annual rent increase.

8.4 The gas and electricity used to deliver communal heating and lighting is supplied under the provisions of the Council's energy supply contracts.

8.5 Photovoltaic cells (solar panels) were installed on James Court, Tannery Court and Yeomanry Court in April 2012. The electricity generated reduces consumption from the national grid.

8.6 A biomass heating system has been installed in Tannery Court. In addition to the environmental benefits of using a more sustainable fuel, the capital cost of installation will be partly repaid over time by the Government's Renewable Heat Incentive scheme. Proposed charges are based on historical costs, but 2016/17 charges will be based on data from the first year of operation of the new system.

Appendix 1

Heating, Lighting and Miscellaneous Charges

It is recommended that from 6th April 2015 charges covering heating, lighting and miscellaneous charges should be varied as follows:

Heating, Lighting and Miscellaneous Charges	Current Charge per Week 2015/16 £	Charge To Fully Recover Costs 2016/17 £	Proposed Charge per Week 2016/17 £	Proposed Increase/ (Decrease) per Week 2016/17 £	Proposed Change 2016/17 %
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa					
Nos. 1 - 12, 14 – 41	£10.55	£11.60	**£11.35**	+£0.80	+7.6%
Nos. 43, 44, 46 and 47 (Misc. Charge only)	£0.60	£0.60	**£0.60**	+£0.00	+0.0%
Tannery Court, Bertie Road, Kenilworth					
Nos. 1, 2, 4 – 6, 7a, 8 - 12, 22a, 14 - 40	£8.85	£8.35	**£8.35**	-£0.50	-5.6%
No. 3	£13.00	£12.25	**£12.25**	-£0.75	-5.8%
Yeomanry Close, Priory Road, Warwick					
Nos. 1 - 12, 14 – 32	£7.60	£10.10	**£8.37**	+£0.77	+10.1%
James Court, Weston Close, Warwick					
Nos. 1 - 12, 14 – 26	£9.35	£10.35	**£10.12**	+£0.77	+8.2%
Chandos Court, Chandos Street, Royal Leamington Spa					
Nos. 1 - 12, 11a, 25a, 14 – 46	£10.70	£11.20	**£11.20**	+£0.50	+4.7%
Radcliffe Gardens, Brunswick Street, Royal Leamington Spa					
Bedsits and 1 bedroom flats	£6.45	£8.40	**£7.14**	+£0.69	+10.7%
2 bedroom flats	£10.05	£13.45	**£10.15**	+£0.75	+7.5%

Appendix 2

Water Charges

It is recommended that from 4th April 2016 water charges should be varied as follows:

Water Charges	**Current Charge per Week 2015/16 £**	**Proposed Charge per Week 2016/17 £**	**Proposed Increase/ (Decrease) per Week 2016/17 £**	**Proposed Change 2016/17 %**
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa				
Nos. 1 - 12, 14 - 41, 43 – 47	£3.45	**£3.70**	+£0.25	+6.7%
Tannery Court, Bertie Road, Kenilworth				
Nos. 1, 2, 3, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£4.00	**£4.10**	+£0.10	+2.3%
Yeomanry Close, Priory Road, Warwick				
Nos. 1 - 12, 14 - 32, 33 and 34	£2.65	**£2.65**	+£0.00	+0.0%
James Court, Weston Close, Warwick				
Nos. 1 - 12, 14 – 28	£2.90	**£2.90**	+£0.00	+0.0%
Chandos Court, Chandos Street, Royal Leamington Spa				
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£3.10	**£3.20**	+£0.10	+3.2%

	Executive – 10th February 2016	Agenda Item No. 7

Title:	Treasury Management Strategy Plan for 2016/2017
For further information about this report please contact	Roger Wyton 01926 456801 roger.wyton@warwickdc.gov.uk Karen Allison 01926 456334 karen.allison@warwickdc.gov.uk
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	Treasury Management in the Public Services – A Code of Practice and associated guidance notes– CIPFA The Prudential Code for Capital Finance in Local Authorities - CIPFA Treasury Management file L1/9 Treasury Management information via External Advisors, Brokers etc.

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes - 666
Equality & Sustainability Impact Assessment Undertaken	No – not relevant

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	18/01/2016	Andy Jones
Head of Service	18/01/2016	Mike Snow
CMT	18/01/2016	N/A
Section 151 Officer	18/01/2016	Mike Snow
Monitoring Officer	N/A	N/A

Finance	18/01/2016	Roger Wyton
Portfolio Holder(s)	21/01/2016	Cllr. Peter Whiting

Consultation & Community Engagement	
None	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below) N/A	

1. SUMMARY

1.1 This report details the strategy for 2016/17 that the Council will follow in carrying out its Treasury Management activities including the Annual Investment Strategy and Minimum Revenue Provision (MRP)Policy Statement.

1.2 The report consists of a number of Appendices:-

Appendix A - Annual Treasury Management Strategy Plan 2016/17
Appendix B – 2016/17 Annual Investment Strategy Including Annex 1
Appendix C – Minimum Revenue Provision Policy Statement
Appendix D – An Explanation of Credit Rating Terms
Appendix E – Economic Background
Appendix F – Glossary of Terms

2. RECOMMENDATIONS

2.1 That the Executive notes:-

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

2.2 That the Executive recommends to Council:-

a) The Treasury Management Strategy for 2016/17 as outlined in paragraph 3.1 below and detailed in Appendix A,

b) The 2016/17 Annual Investment Strategy as outlined in paragraphs 3.3 and 3.4 below and detailed in Appendix B together with Annex 1 including the following changes:-

1. That as per paragraph 2.3 of Appendix B, for banks and category A and B Building Societies, the minimum long term rating be reduced from A+ to A and for banks rated A, a counterparty limit of £3m be introduced.

2. That as per paragraph 2.4 of Appendix B, the overall group limit of £6m for Variable Net Asset Value Money Market Funds be removed.

3. That as per paragraph 2.5 of Appendix B. the minimum credit rating for Category 1 & 3 Corporate and Covered Bonds and Floating Rate Notes be reduced from A+ to A.

4. That as per paragraph 2.7 of Appendix B. Repo’s are added to the list of Specified investment vehicles and Corporate Equity Funds are added to the list of Non Specified investment vehicles that the Council can use.

5. That as per paragraph 2.9 of Appendix B, the relevant counterparty

limit is increased by £3m where that additional £3m is represented by Repo Collateral with a credit rating higher than that of the counterparty offering the Repo.

6. That as per paragraph 2.11 of Appendix B, in the case of Corporate Bond/Equity and Property Funds a volatility reserve be established if necessary in order to manage the impact of capital valuation changes on the General Fund.

7. That as per paragraph 2.12 of Appendix B the individual counterparty limit for Corporate Equity Funds be £3m, £2m and £1m for Low, Medium and High risk funds respectively. In each case the limit to be subject to a 10% allowance for capital growth.

8. That as per paragraph 2.16 of Appendix B the current long term investment limits of 60% of the core investments portfolio subject to a maximum of £15m be increased to 70% and £20m respectively and the current limit of £10m for Corporate Bond/Equity/Property Funds be increased to £15m to be included within the new proposed overall limit of £20m.

c) The Minimum Revenue Provision Policy Statement as outlined in paragraph 3.5 below and contained in paragraphs 4.1 to 4.4 of Appendix C.

d) The Prudential Indicators as outlined paragraph 3.6 below and contained in paragraphs 5.1 to 5.5 of Appendix A.

3. REASONS FOR RECOMMENDATIONS

3.1 The Council is required to have an approved Treasury Management Strategy, including an Annual Investment Strategy and Minimum Revenue Provision Policy within which its Treasury Management operations can be carried out. The Council will be investing approximately £11.72 million in new capital in 2016/17 and will have average investments of £57 million (2015/16 latest £62m). This level of investments arises from the Council's reserves and provisions, the General Fund and Housing Revenue Account balances, and accumulated capital receipts as well as cashflow.

3.2 The Council's treasury management operations are also governed by various Treasury Management Practices (TMP's), the production of which is a requirement of the CIPFA code and which must be explicitly followed by officers engaged in treasury management. These have previously been reported to the Executive and approved. There have been the following changes to various Treasury Management Practices (TMP's) and these changes are outlined overleaf

TMP 1 Risk Management.

Paragraph 2.1(a) – Reduction in Fitch minimum long term credit rating for Banks from A+ to A.

Paragraph 2.1(d) – Reduction in Fitch minimum long term credit rating for category A Building Societies from A+ to A.

Paragraph 2.1(e) - Reduction in Fitch minimum long term credit rating for category B Building Societies from A+ to A.

Paragraph 2.1(n) - Reduction in Fitch minimum long term credit rating for Corporate Bonds from A+ to A.

Paragraph 2.1(o) - Reduction in Fitch minimum long term credit rating for Floating Rate Notes from A+ to A.

Paragraph 2.1(s) - Reduction in Fitch minimum long term credit rating for Covered Bonds from A+ to A.

Paragraph 2.1(t) – inclusion of Corporate Equity Funds.

Paragraph 2.2 – setting of counterparty limits for new investment vehicles:-

i) Repo transactions with banks meeting the Council's minimum credit rating criteria, the counterparty limit is increased by £3m where the £3m represents Repo investments in which the credit quality of the collateral is greater than that of the counterparty.
ii) Repo transactions with category A and B building societies meeting the Council's minimum credit rating criteria, the counterparty limit is increased by £2m where the £2m represents Repo investments in which the credit quality of the collateral is greater than that of the counterparty.
iii) For Corporate Equity Funds, the counterparty limits will be Low Risk funds £3m, Medium Risk funds £2m and High Risk funds £1m with a 10% allowance for capital growth.
iv) The definition of what is low, medium or high risk will be based on the funds risk and reward profile as outlined in its Key Investor Information Document.

Paragraph 2.3 – Addition of Corporate Equity Funds to those vehicles with a maximum investment period of ten years. Also increase in amount of core investments that can be invested for more than 364 days from 60% of the value of the portfolio subject to a maximum of £15m to 70% and £20m respectively.

TMP2 Best value and Performance Management

Paragraph 1.4 – updating use of external investment agents to include Bond/Equity Fund managers.

Paragraph 2.1(n) - Reduction in Fitch minimum long term credit rating for Corporate Bonds from A+ to A.

TMP4 Approved Instruments, Methods and Techniques.

Paragraph 2.1(n) - Reduction in Fitch minimum long term credit rating for Corporate Bonds from A+ to A.

Paragraph 2.1(o) - Reduction in Fitch minimum long term credit rating for Floating Rate Notes from A+ to A.

Paragraph 2.1(s) - Reduction in Fitch minimum long term credit rating for Covered Bonds from A+ to A.

Paragraph 2.1(t) – introduction of Repo's up to a maximum of 364 days entered into with Financial Institutions with a minimum Fitch Long Term credit rating of A.

Paragraph 2.1(u) – introduction of Repo's up to a maximum of 364 days entered into with, subject to credit rating suitability, a building society.

Paragraph 2.1(v) – introduction of Corporate Equity Funds up to a maximum of 10 years.

TMP5 Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements.

Paragraph 1.3 – Limit on individual investments requiring approval of Head of Finance raised from £3m to £5m.

TMP 11 Use of External Service Providers

Paragraph 1.3(k) - Reduction in Fitch minimum long term credit rating for Corporate Bonds from A+ to A.

Paragraph 1.3(l) - Reduction in Fitch minimum long term credit rating for Floating Rate Notes from A+ to A.

Paragraph 1.3(o) - Reduction in Fitch minimum long term credit rating for Covered Bonds from A+ to A.

Paragraph 1.3(p and q) – updated to allow use of repo's with Banks and Building Societies meeting the Council's minimum credit rating criteria.

Paragraph 1.4 – updated for addition of Repo's.

Paragraph 1.8 – updated to reflect that where appropriate, the Council will employ Corporate Bond/Equity Fund managers.

Paragraph 1.9 – new paragraph added re Corporate Bond/Equity Fund managers investment objectives and performance benchmarks.

3.3 This Council has regard to the Governments Guidance on Local Government Investments and CIPFA's updated Treasury Management in Public Services Code of Practice. 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 2016/17 is contained within Appendix B and its Annex.

3.4 The current low interest rate environment is expected to continue for the foreseeable future as whilst interest rates are expected to start rising from the final quarter of 2016 it will be from a very low base and consequently investment returns will continue to be depressed for some time to come. The Council's requirement under the Fit For the Future agenda for an additional £50,000 investment income to be generated each year from 2016/17 for the General Fund and continuing high investment balances mean that it has become necessary once again to look at alternative investment vehicles in order to ensure that the Council can continue to invest its funds with the highest possible security whilst obtaining a reasonable rate of return. This means that the Council can diversify its risk rather than just increasing the limits for existing counterparties. The change being recommended is described in more detail in Appendix B but essentially involves the addition of Repo's and Corporate Equity Funds for longer term investments. In addition, various changes to counterparty credit ratings and limits are proposed and again these are described in more detail in Appendix B.

3.5 The Council has to make provision for the repayment of its outstanding long term debt and other forms of long term borrowing such as Finance Leases. Statutory guidance from the DCLG requires that a statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which it relates and this is contained in Appendix C.

3.6 The Prudential Code for Capital Finance in local authorities which was revised in 2009 introduced new requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of an integrated treasury management strategy. The Prudential Code requires the Council to set a number of Prudential Indicators and this report does therefore incorporate within section 5 of Appendix A the indicators to which regard should be given when determining the Council's treasury management strategy for the next 3 financial years.

4. POLICY FRAMEWORK

4.1 **Policy Framework** - This report is in accordance with the Council's established Treasury Management Policies, Code of Financial Practice and provides a framework within which it will conduct its Treasury Management Operations in 2016/17.

4.2 **Fit for the Future** – The Treasury Management function enables the Council to meet its vision of a great place to live, work and visit as set out in the Sustainable Community.

4.3 **Impact Assessments** – No impacts of new or significant policy changes proposed in respect of Equalities.

5. BUDGETARY FRAMEWORK

5.1 The Treasury Management Strategy has a potentially significant impact on the Council's budget through its ability to maximise its investment interest income whilst minimising the risk of the loss of the Council's funds and minimise its borrowing interest payable which is of particular importance to the HRA under the Self Financing regime and also the General Fund in respect of potential borrowing on projects such as leisure centre and multi-storey car parks refurbishments as well as the proposed new offices. This also helps to underpin the Council's Corporate Objectives and delivery of its Fit For the Future projects. The performance of the Treasury Management function is reported half-yearly to the Finance & Audit Scrutiny Committee which is the body charged by the Council with overseeing the treasury management activities of the council. Also an annual report for the Finance & Audit Scrutiny Committee is prepared at the end of the financial year on Treasury Management and compliance with the strategy and the Treasury Management Practices are reviewed as part of the annual Treasury Management audit.

5.2 Treasury Management is an evolving process and whilst it is not easy to compare investment returns from year to year due to complications arising from economic conditions, the previous year's performance together with feedback on our current performance from the Council's involvement in Capita Asset Services' Treasury Management Benchmarking Club is reviewed to see what lessons can be learnt that would help improve the current and future years investment returns and/or the security of the investments. For instance, this may take the form of new investment vehicles as is being recommended in this report.

6. **RISKS**

6.1 Treasury Management is essentially about the management of risk, e.g. the risk to the security of the Council's investments should a counterparty fail, liquidity risk in that there is a need to ensure that there is sufficient cash available to meet debts as and when they become due and interest rate risk in that the Council may be "locked" into low interest yielding investments at the time that interest rates are rising and therefore missing out on opportunities to maximise interest receipts. These risks are mitigated by the use of credit rating criteria and market intelligence in order to ensure the Council invests with only the best quality counterparties, good cash flow forecasting both short and long term and the use of interest rate forecasts published by the Council's treasury consultants.

6.2 The use of different investment vehicles also has its risks, for instance the introduction of Corporate Bonds in 2015/16 and in 2016/17, Corporate Equity Funds has potentially increased capital risk. This is through potential capital loss due to market price fluctuations, for instance if investments have to be withdrawn early. This is mitigated by good cash flow management ensuring that investments are available for the necessary length of time to ensure that there is no negative impact on the capital value of the fund. In addition, in the cases of Equity and Bond funds mitigation is achieved by having a spread of funds with differing risk appetites ranging from low through medium to high rather than concentrating all investments in one fund. The introduction of a "stop loss" limit in the case of Bond/Equity Funds whereby if the value in the fund(s) goes below a defined limit, the holdings in that fund will be sold thus limiting further losses will also reduce risk as will the use of a "volatility" reserve as a certain proportion of the annual return on the fund will be credited to the reserve and then when required released to revenue to either cover or at least mitigate the impact of any deficits. The risk of capital loss is not new to the Council, some years ago the Council had a cash fund managed by Invesco which incurred capital losses on the Gilt investments within the portfolio.

6.3 The risk involved in not adopting the recommendations are outlined in paragraph 7.2.

6.4 By engaging Treasury Management Consultants, the Council is able to mitigate the risks described in paragraphs 6.1 and 6.2. These Consultants provide regular briefings, alerts and advice in respect of the Council's portfolio. The contract also includes training both in-house and by way of seminars so officers responsible for the Council's Treasury Management Function are fully competent. Adequate cover (fully trained) is provided within the Finance Department should there be a risk of staff shortages and the updating of the procedure notes is nearing completion.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 The approval of an annual Treasury Management Strategy is a requirement of the CIPFA Treasury Management in the Public Services Code of Practice, the latest version of which was adopted by the Council in 2011/12.

7.2 An alternative to the strategy being proposed for 2016/17 would be to not introduce the new investment vehicles or alter the current counterparty limits and minimum credit ratings but this would not achieve the increase in investment interest required by the Council.

APPENDIX A ANNUAL TREASURY MANAGEMENT STRATEGY PLAN 2016/17

1. GENERAL

1.1 This part of the report outlines the strategy that the Council will follow during 2016/17. Its production and submission to the Council is a requirement of the CIPFA Code of Practice on Treasury Management in the Public Services.

1.2 The suggested strategy for 2016/17 in respect of the treasury management function is based upon the officers view on interest rates supplemented with forecasts provided by Capita Asset Services – Treasury Solutions who are the Council's treasury advisers.

1.3 It is also a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from a) increases in interest charges caused by increased borrowing to finance additional capital expenditure b) any increases in running costs from new capital projects and c) the loss of interest on balances or reserves arising from their use in financing the capital expenditure are limited to a level which is affordable within the projected income of the council for the foreseeable future. This is covered by the Prudential Indicator calculating the Incremental Impact on the Council Tax or Housing Rent in paragraph 5.3 below.

1.4 A Glossary of Terms is included as Appendix F in order to aid Member's understanding of technical terms used in the field of Treasury Management.

2 INTEREST RATE FORECASTS FOR 2016/17

2.1 The ability to forecast the movement of interest rates is fundamental to successful investment and borrowing strategies. The Council employs Capita Asset Services – Treasury Solutions to provide interest rate forecasts and their latest view on both short and long term rates is shown in 2.2 overleaf. Their view on Bank Rate has been used to formulate the investment interest estimates for 2016/17 and future years and the PWLB rates are of particular interest in respect of the £136.157m PWLB debt taken out in late 2011/12 to finance the HRA Self Financing debt settlement as they will form the basis for any debt restructuring decisions that may be taken during 2016/17 although none are currently planned. The PWLB rates are also germane to any take up of the £13.843m borrowing headroom that the HRA has under the Self Financing regime or any other schemes requiring the Council to borrow long term.

2.2 The PWLB forecasts below, provided by Capita Asset Services, are based on the PWLB Certainty Rate.

Quarter	Bank Rate	5 yr PWLB Rate	10 yr PWLB Rate	25 yr PWLB Rate	50 yr PWLB Rate
Dec 2015	0.50%	1.92%	2.58%	3.36%	3.18%
Mar 2016	0.50%	2.00%	2.60%	3.40%	3.20%
Jun 2016	0.50%	2.10%	2.70%	3.40%	3.20%
Sep 2016	0.50%	2.20%	2.80%	3.50%	3.30%
Dec 2016	0.75%	2.30%	2.90%	3.60%	3.40%
Mar 2017	0.75%	2.40%	3.00%	3.70%	3.50%
Jun 2017	1.00%	2.50%	3.10%	3.70%	3.60%
Sep 2017	1.00%	2.60%	3.20%	3.80%	3.70%
Dec 2017	1.25%	2.70%	3.30%	3.90%	3.80%
Mar 2018	1.25%	2.80%	3.40%	4.00%	3.90%
Jun 2018	1.50%	2.90%	3.50%	4.00%	3.90%
Sep 2018	1.50%	3.00%	3.60%	4.10%	4.00%
Dec 2018	1.75%	3.10%	3.60%	4.10%	4.00%
Mar 2019	1.75%	3.20%	3.70%	4.10%	4.00%

2.3 The Monetary Policy Committee (MPC) utilises Bank Rate as one of its tools to control inflation in the economy and meet its target rate of 2% Consumer Prices Inflation (CPI).

2.4 Recent changes in market sentiment and outlook has led to Capita Asset Services revising their view of when Bank Rate might start to rise with the first rise now being predicted for the December quarter of 2016.The background to these changes is reflected in Appendix E which contains Capita’s view of the economic background.

2.5 With regard to any potential long term borrowing, borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields , on which long term borrowing rates are based, have continued to remain at historically very low levels during 2015. Although not utilised by the Council, the general policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt. There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3 CAPITAL BORROWING AND CAPITAL PROGRAMME FINANCING STRATEGY

3.1 The Council is able to finance its capital programmes in the following ways:-

a) By the use of Prudential Borrowing. Currently it is anticipated that there will be a need to borrow £50,000 in order to part finance the Council's General Fund 2016/17 capital programme. This relates to the Leisure Options expenditure required to reach RIBA stage 4. However, it is likely, given that investment interest rates are forecast to be below long term borrowing rates for the year, that any borrowing will be of an internal nature i.e. from the Council's cash balances.

b) From Usable capital receipts. With regard to the General Fund capital programme it is anticipated that it will be part funded by the balance of unused capital receipts carried forward to 2016/17 primarily arising from the sale of Wilton House in 2011/12. The Housing Investment Programme anticipates 22 council house sales during 2015/16 resulting in £700,000 being available to part finance current and future expenditure alongside receipts in hand from previous years.

c) From revenue or reserves.

d) From external contributions and grants. With regard to the General Fund capital programme, it is anticipated that external contributions will be used to part finance the 2016/17 expenditure on Green Farm Play Equipment and Jubilee House. With regard to the Housing Investment Programme it is expected that grants and contributions amounting to £423,100 will be utilised to finance General Fund Housing RSL projects and Improvement Grants.

e) From Leasing or other similar means of capital finance.

3.2 With the exception of dedicated external grants and contributions, before deciding which of the above means of capital financing will be utilised to finance capital expenditure, the Council will conduct an options appraisal exercise where appropriate.

3.3 The financing of the Council's proposed 2016/17 capital programmes (at January 2016) is shown in the table below:-

Financing Method	General Fund £	Housing Investment Programme £
Prudential/Internal Borrowing	50,000	0
Leasing	0	0
Capital Receipts	282,100	222,100
External Contributions	75,800	423,100
Revenue Contributions	93,000	219,500
Reserve Contributions	2,247,100	8,105,900
TOTAL	**2,748,000**	**8,970,600**

4. LONG TERM AND TEMPORARY BORROWING

4.1 The Council's current long term borrowing portfolio consists of £136.157m PWLB debt. These loans were taken out to finance the HRA Self Financing settlement and the interest paid on this debt is entirely borne by the Housing Revenue Account and is provided for as part of the HRA Business Plan. The first of these loans is scheduled to be repaid on 28th March 2053 with the final loan being repaid on 28th March 2062.

4.2 As part of their ongoing services, Capita Asset Services will monitor the debt portfolio during 2016/17 identifying, where appropriate, any opportunities for debt restructuring although these are expected to be minimal, if at all.

4.3 Should the Council engage in any long term borrowing during 2016/17, if deemed to be advantageous due to the expected path of interest rates, the Council may borrow in advance of need subject to prior appraisal of the risk and the borrowing must not take place in excess of 18 months before the anticipated need.

4.4 The major source of long term borrowing for local authorities is the Public Works Loans Board (PWLB) which is part of HM Treasury. However, the Local Government Association is in the process of creating an alternative called the Municipal Bond Agency. It is likely that this agency will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). Should this Council consider long term borrowing in the future then it will make use of this new source of borrowing as and when appropriate.

4.5 The Council will continue to engage in short term borrowing (up to 364 days) when necessary in order to finance temporary cash deficits, however by managing our cash flow effectively these will be kept to a minimum. In each case, wherever possible, the loan will be taken out for periods of less than 7 days in order to minimise the interest payable. To date in 2015/16 the Council has not incurred any short term borrowing and is not expected to do so in 2016/17 either.

5. TREASURY LIMITS AND PRUDENTIAL INDICATORS FOR 2016/17 TO 2018/19

5.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Authorised Limit". The Council must have regard to the Prudential Code when setting its Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax / rent levels is acceptable. Whilst termed an Authorised Limit, the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements e.g. finance leases. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. The limits shown in the table in paragraph 5.2 include the impact of the HRA Self Financing debt settlement which took place on the 28th March 2012. It also includes the HRA "Headroom" which is the amount that the HRA can borrow between the debt settlement and the Debt Cap set under the Self Financing regime and also an allowance for potential new capital projects such as the leisure centre refurbishments, multi-storey car parks refurbishments and the proposed new offices.

5.2 The Authorised Limits to be recommended to Council by the Executive were included in the Budget report presented to the Executive on 10th February and need to be ratified by the Council at its meeting on 24th February. They are also displayed in the table below :-

Authorised Limit	2015/16 (For Comparison) £,000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Debt	10,050	56,050	66,050	66,050
Add HRA Settlement	136,157	136,157	136,157	136,157
HRA Head Room	13,843	13,843	13,843	13,843
Other Long Term Liabilities	1,077	1,045	1,012	1,009
Total	161,127	207,095	217,062	217,059

5.3 The Prudential Indicators required by the code are explained in more detail in the report on the budget and those relevant to an integrated treasury management strategy are reproduced below:-

That the Council has adopted the revised CIPFA Treasury Management Code of Practice which it did in February 2011.

Capital Financing Requirement

Year	General Fund (inc. GF HIP element)	HRA	Overall
2015/16 (for comparison)	-£999,510	£135,786,796	£134,787,286
2016/17	-£949,510	£135,786,796	£134,837,286
2017/18	-£949,510	£135,786,796	£134,837,286
2018/19	-£949,510	£135,786,796	£134,837,286

The Capital Financing Requirement (CFR) as shown in the table above is a measure of the Council's underlying need to borrow in order to meet past capital expenditure. It will be noted that the negativity of the 2016/17 General Fund CFR has decreased when compared to the 2015/16 figure and also the 2014/15 actual which was -£1,326,896. This is due to the internal borrowing required to finance the Leisure Options project capital expenditure in the current General Fund capital programme. The CFR would normally be reduced by any provision for the repayment of debt each year. As the GF CFR is negative this is not required and in the case of the HRA debt redemption is not scheduled to start until year 41 (2052/53) of the current Business Plan.

Incremental Impact on Council Tax / Housing Rents

Year	Council Tax	Housing Rent
2015/16 (for comparison)	£1.35	£0.29
2016/17	£3.61	£0.45
2017/18	£2.86	£0.73
2018/19	£4.44	£1.01

Operational Boundary for External Debt

Operational Boundary	2015/16 (For Comparison) £,000	2016/17 Estimate £,000	2017/18 Estimate £,000	2018/19 Estimate £,000
Debt	1,050	13,050	13,050	13,050
Add HRA Settlement	136,157	136,157	136,157	136,157
HRA Head Room	13,843	13,843	13,843	13,843
Other Long Term Liabilities	77	45	12	9
Total	151,127	163,095	163,062	163,059

As a result of HRA Self Financing, the Council is also limited to a maximum HRA CFR. This limit is currently:-

HRA Debt Limit	2015/16 (for comparison)	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Total	150.00	150.00	150.00	150.00

5.4 In addition certain indicators that used to be part of the Prudential Code are now part of the Treasury Management Code of Practice and are shown below :-

Upper limits to fixed interest rate and variable interest rate exposures on borrowing

Year	Upper Limit - Fixed Rate	Upper Limit - Variable Rate
2016/17	100%	30%
2017/18	100%	30%
2018/19	100%	30%

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

Period	Upper	Lower
Under 12 months	4%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and above	96%	0%

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

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

5.5 **Principal sums invested for periods longer than 364 days**

The total maximum sum that can be invested for more than 364 days is 70% of the core investment portfolio subject to a maximum of £20 million at any one time. However, where investments which originally were for periods of more than 364 days have 364 days or less to maturity at the 1st April each year they shall be classed from that date as short term i.e. less than 364 day investments and will not count against the 70% or £20 million limit.

6. BEST VALUE

6.1 The Council participates in Capita Asset Services' investment risk management benchmarking service in order to provide benchmarks against which the in house function could monitor its performance. The Council is part of a local group comprising both District and County Councils and our investment rate of return is benchmarked on a weighted average basis against the Capita Asset Services Model Portfolio and the returns experienced by the other club members. In 2016/17, the Council will seek to achieve a weighted average rate of return in line with the Capita Asset Services Model Portfolio which is based upon the best possible return whilst providing the maximum security for the capital invested.

6.2 The internal treasury function will also seek to achieve an average rate of return on its Money Market investments of 0.0625% over the LIBID (London Inter Bank Bid Rate) average for comparable investment periods (e.g. up to 7 day, 1 to 3 months, 3 to 6 months and over 6 months).

6.3 Should the Council employ external cash fund investment agents during 2016/17 suitable performance indicators will be agreed with the agents similar to that which operated under the previous Invesco agreement e.g. the fund will be required to outperform the Financial Times 7 day LIBID rate compounded weekly with a target return of 110% of the benchmark over a 3 year rolling period. Suitable benchmarks will also be agreed with Corporate Bond/Equity Fund managers in respect of any such funds opened with them.

6.4 The Council's performance is reported half-yearly to the Finance and Audit Scrutiny Committee.

7. EXTERNAL TREASURY MANAGEMENT ADVISERS

7.1 The Council employs Capita Asset Services – Treasury Solutions as its Treasury Management advisers. Following a procurement exercise they have been re-appointed for another three years with effect from 5th January 2015 with an option to extend the contract for a further two years.

8. BANKING SERVICES

8.1 The Council currently employs HSBC Bank to provide its banking services and. the current contract runs for 5 years from 1st March 2015 with the option to extend the contract for a further 5 years.

9. TRAINING

9.1 The CIPFA Code requires that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Following the 2015 Council elections, our treasury consultants delivered in house training on 29th October 2015 to a number of Members.

9.2 Those officers currently involved in treasury management have received training from the Council's treasury consultants and this has been and will be kept up to date by regular attendance at seminars held by our consultants and also through other sources such as CIPFA publications and market intelligence.

10. OTHER

10.1 Although though not currently included in the Council's General Fund capital programme there are potential schemes in future years which may require the Council to significantly increase its external long term borrowing. These include the Leisure Centre refurbishments, refurbishing multi-storey car parks and new offices for the Council. These will have a significant on both the Council's treasury management operations and also its revenue budgets and the Treasury Management function will advise on the implications accordingly.

APPENDIX B 2016/17 ANNUAL INVESTMENT STRATEGY

1. BACKGROUND

1.1 This Council has regard to the Governments Guidance on Local Government Investments and CIPFA's updated Treasury Management in Public Services Code of Practice. Section 15(1) of the 2003 Local Government Act requires councils to have regard to such guidance as the Secretary of State may issue. Guidance was issued in 2004 and has subsequently been updated with the last major change being that Local Authorities who invest in Corporate Bonds no longer need to account for these as capital transactions i.e. capital expenditure. The general policy objective is that local authorities should invest prudently the temporarily surplus funds held on behalf of their communities. The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity. 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.

2. INVESTMENT VEHICLES AND CREDITWORTHINESS POLICY

2.1 In line with the guidance, this Annual Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the headings of Specified and Non Specified Investments. These are listed in paragraph 2.12 and detailed in Annex 1.

2.2 Specified investments are defined as those with a high credit rating, as outlined in the table below for each type of investment institution or vehicle. Currently for deposits with Banks this is a Fitch (or Moody's and Standard & Poor's equivalents) sovereign rating at least equal to that of the United Kingdom at the point at which the investment was taken out, at least F1 short term and A+ long term (except in the case of a part or fully nationalised UK bank where the debts are guaranteed by the UK Government in which case the minimum long term rating is A). However, mindful of the need to maximise investment interest in the current low interest rate environment without significantly weakening the security of the investments a number of changes are proposed to both counterparty ratings and limits.

2.3 For banks, it is proposed to reduce the long term rating from A+ to A. This will give the Council additional counterparties such as Barclays and Santander, both of whom are active in the markets in terms of fixed term deposits and CD's. A is still an investment grade rating and it is considered unlikely that A rated institutions will experience financial difficulties threatening the security of the Council's deposits. As an additional precaution, investments with A rated counterparties will be limited to £3m per counterparty. In line with the change for Banks, it is recommended that the long term credit rating for Category A and B Building Societies also be lowered from A+ to A. An explanation of credit rating terms appears in Appendix D.

2.4 There has been an increase in the number of Variable Net Asset Value (VNAV) Money Market Funds (also known as Enhanced Cash Funds) in the market. Currently such investments are limited to a maximum of £6m per fund with a maximum of £6m in total over all funds. It is proposed to remove the overall limit so that it will be possible to have a maximum of £6m in any one VNAV MMF at any one time but an unlimited number of VNAV MMF's. It is anticipated that this will produce a useful increase in yield without compromising security as these funds are AAA rated and no fund has ever defaulted.

2.5 With regard to Corporate, Covered Bonds and Floating Rate Notes, it is proposed to reduce the minimum credit rating for categories 1 and 3 from Fitch A+ to Fitch A (or equivalent rating from Standard & Poors or Moody's). Over the past year, a number of corporate institutions e.g. Volkswagen and Heathrow Airport have offered bonds on the market at attractive rates but the Council has not been able to purchase these bonds due to the credit rating of the corporate being below the minimum required. The bonds were comparatively short dated (up to 364 days to maturity) so there was little likelihood of the corporate folding before the bond matured and therefore little risk to the security of the investment. The ability to access these bonds will provide additional yield with little additional risk especially in the case of covered bonds as these are backed by securities which can be sold in the case of difficulty in order to repay the investment.

2.6 In addition to credit ratings themselves, the Council will also have regard to any ratings watch notices issued by the 3 agencies as well as articles in the Financial press and market data. In addition to credit ratings the Council will also use Credit Default Swap data as supplied by Capita Asset Services – Treasury Solutions to determine the suitability of investing with counterparties. Credit Default Swaps (CDS) are a form of "insurance premium" against defaulting taken out by investors when making investments and if the Market perceives problems with the counterparty then the margin on the CDS will widen (i.e. the insurance premium will increase) thus providing warnings for future investors with that counterparty that it might have problems repaying their investment. The Council will monitor the CDS's on the counterparties within its lending list and if there are significant movements on a counterparty such as it moves out of a pre-determined range which will be determined with the aid of the Councils Treasury Consultants then that counterparty will be removed from the list until such time as it moves back within range.

2.7 For 2016/17, it is proposed to add two new investment vehicles, Repo's and Corporate Equity Funds to the list of Specified and Non Specified Investments respectively.

2.8 A re-purchase agreement (known as a Repo) is an agreement to sell securities and then buy them back at a later date at a specified price. The difference between the sale price and re-purchase price is known as the repo interest and represents the interest that the purchaser of the securities would receive when selling them back to the counterparty from whom they were purchased in the first place. Government bonds are the most common form of collateral but other forms of collateral exist although the use of these attracts a higher interest or Repo rate. Should the Council purchase any Repo's in 2016/17 these will be through its custodian, King & Shaxson who will monitor the current value of the collateral received by the Council and should that value dip below the purchase price paid by the council, request additional collateral from the counterparty to make up the difference. Should for any reason, the counterparty not be in a position to purchase back the collateral on the agreed date, the Council will be able to sell the collateral in its possession to make good its original investment thus avoiding any loss of capital.

2.9 It is intended that Repo's will sit alongside the other investment vehicles such as fixed term deposits, CD's and corporate bonds and form part of the overall limit per counterparty as outlined in Appendix B Annex 1. However, where the credit quality of the collateral e.g. Government Bonds offered by the counterparty exceeds that of the counterparty itself then the overall limit for the counterparty will be increased as stated in Appendix B Annex 1 with the increase being accounted for by the Repo investments. Repo interest rates are not significantly different from CD and fixed term investment interest rates but the ability to use Repo's will help manage the still historically high levels of investments expected during 2016/17 by giving access to additional counterparties and being able to invest more with selected counterparties.

2.10 The interest rate environment is expected to remain benign for the foreseeable future with the anticipated increases in Bank Rate being modest. As Bank Rate largely determines the interest rates received on the current portfolio, in order to significantly increase the Council's investment returns without overly compromising the security of the Council's investments, it has become necessary to look again at longer term investment vehicles and it is proposed to add Corporate Equity Funds to the Council's investment vehicles in 2016/17. The objective of a Corporate Equity Fund is long term growth through capital gains although dividends have also been an important source of total return. The value of the Council's investments in such funds will fluctuate over time as the prices of the equities in the fund change in relation to stock market movements so in order to gain the long term growth in capital it will be necessary for the Council to invest for a period of at least three years and probably nearer five. In order to do so it will need to identify how much of its core investments will not be needed for that length of time and can therefore be locked away in the fund without needing to be withdrawn early and therefore risking capital loss due to price fluctuations within the fund. The Council's Medium Term Financial Strategy, GF and HIP capital programmes and the Housing Revenue Account Business Plan are either being currently revised or are due to be revised in the near future and these exercises will provide the information required in order to determine just how much of the Council's core investments, which derive from its reserves and balances, can be locked away in longer term investment vehicles.

2.11 It should be noted that it will be necessary to "mark to market" the value of any equity funds at 31st March each year. This may result in the value of the fund at 31st March being either greater or less than the amount originally invested. Currently, accounting standards allow this fluctuation in value to be "reversed out" to the Financial Instruments Available For Sale reserve thus not impacting on the General Fund. However, this is under review and it is likely that the accounting standard will be changed so that any surplus or deficit in the value of the fund is charged to the General Fund and not reversed out. Should the fund be in deficit this would result in a real "hit" upon the Council's resources. Conversely, if the fund is in surplus then the surplus would be credited to the General Fund and increase resources. Should the Council invest in either Corporate Bond or Corporate Equity Funds, in order to manage the issue of deficits being charged to the General Fund it is proposed to utilise a "volatility" reserve whereby a certain proportion of the annual return on the fund is credited to the reserve and then when required released to revenue to either cover or at least mitigate the impact of any deficits.

2.12 In order to obtain the best possible return whilst protecting the investment capital it will be necessary to follow a balanced strategy which is best achieved through a spread of low, medium and high risk funds with a maximum investment limit per Corporate Equity Fund. It is necessary to set limits for each type of fund and in order to allow for capital growth it is proposed to set the following limits:-

Low Risk - £3m plus 10%
Medium Risk - £2m plus 10%
High Risk – £1m plus 10%

Once the capital growth in the fund reaches 110% of the original investment value i.e. in the case of a Low Risk fund £3,300,000 then the capital growth will be realised in order to bring the capital value of the fund back down to £3m, £2m or £1m respectively.

The limits above are in any case subject to the new proposed overall limit of £15m for Corporate Bond, Corporate Equity and Property Funds.

2.13 In relation to Corporate Equity Funds, the definition of what is low, medium or high risk will be based on a particular funds risk and reward profile as outlined in its Key Investor Information Document or KIID. The profile ranges from 1 (low risk) to 7(high risk) with 1 to 3 being low risk, 4 to 5 being medium risk and 6 to 7 high risk.

2.14 There are a large number of equity funds in existence so should such funds be approved for use in 2016/17 and once the Council has determined how much it can afford to invest and for how long, it will be necessary to formulate a policy governing the use of these funds including the timing of buying or selling holdings within these funds in agreement with the Head of Finance and then select suitable fund managers which match the Council's requirements in relation to returns, capital security and other aspirations such as ethical investment. This will be done in conjunction with our Treasury Advisors, Capita and will cover a range of criteria such as fund size, past performance, scale of fees, style of management (active or passive), minimum investment levels, performance targets, reporting arrangements and portfolio composition in terms of institutions agreeable to the Council. This list is not exhaustive and in all likelihood will also include presentations from each of the Funds ultimately short listed. The appointment of the fund managers will be managed in accordance with the Council's procurement practices but will be exempt from the requirements of the Public Contracts Directive. The Head of Finance has delegated authority to take all executive decisions in respect of Treasury Management therefore any decision to appoint fund managers will be taken by him. It will also be necessary to agree arrangements for monitoring performance of the funds whether this is done in house or by external advisers such as Capita.

2.15 The types of investment that the council can use are listed below and described in more detail in Annex 1. These are split under the headings of specified and non-specified in accordance with statutory guidance.

Specified Instruments (maximum period 364 Days)

Deposits with banks and building societies
Deposits with UK Government, Nationalised Industries, Public Corporations, UK Housing Associations and UK Local Authorities
UK Government Gilts with less than one year to maturity
Debt Management Agency Deposit Facility (DMADF)
Constant Net Asset Value Money Market Funds (AAA rated)
Variable Net Asset Value Money Market Funds (AAAf 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
Repo's

Non Specified Investments

Deposits with unrated building societies
Deposits with banks and building societies greater than 364 days
Deposits with UK Housing Associations and UK Local Authorities greater than 364 days
Certificates of deposits issued by banks and building societies greater than 364 days
Corporate Bonds issued by private sector financial institutions greater than 364 days

Corporate Bonds issued by financial institutions partly or wholly owned by the UK Government greater than 364 days
Corporate Bonds issued by corporates greater than 364 days
Covered Bonds issued by private sector financial institutions greater than 364 days
Covered Bonds issued by financial institutions partly or wholly owned by the UK Government greater than 364 days
Covered Bonds issued by corporates greater than 364 days
Corporate Bond Funds
Regulated Property Funds including Real Estate Investment Trusts
CCLA Property Fund
Day to Day balances where Council's bankers do not meet the minimum bank credit rating criteria
UK Government Gilts with over 364 days to maturity
Supranational Bonds issued by Supranational Institutions or Multi Lateral Development with over 364 days to maturity
Corporate Equity Funds

2.16 It is necessary to outline the reasons why the Council would use non specified investments and also the risks involved. The use of unrated building societies alongside Business Reserve and Call Accounts and Money Market Funds forms a useful tool for investing relatively small amounts of money for short periods of time (up to 3 months) and obtaining a decent return on the investment. There is of course a risk that the Building Society may fail during the maximum 3 month duration of an investment but this is not considered likely. As an additional safeguard, the Council will only invest in Category C i.e. unrated Building Societies with an asset value of £500m and over. In addition, investments in category C building societies are restricted to a group limit of £8m. With regard to deposits for more than one year, the advantage from a treasury management point of view is that there is a known rate of return over the period that the monies are invested which aids forward planning. There is however the increased risk due to the longer time span that a) the institution fails or b) interest rates rise in the meantime. The current limit for investments longer than 364 days is 60% of the core investment portfolio subject to a maximum of £15 million at any one time and the maximum duration is 10 years for Property, Corporate Bond and Corporate Equity Funds,5 years for investments with other Local Authorities and 2 years for all other counterparties. In order to accommodate Corporate Equity Funds, it is proposed to increase the current limits to 70% and £20m respectively with a maximum of £15m invested in Corporate Bond/Equity/Property Funds.

2.17 No investments for more than 364 days excluding any forward deal periods will be made without the advice of our Treasury Consultants on the likely movement of interest rates over the period of the proposed investment and any investments over 364 days with building societies will be limited to £1m per counterparty**.** In the case of Property, Corporate Bond and Corporate Equity Funds, decisions to invest will be taken in conjunction with our Treasury Consultants and the respective Fund Managers.

2.18 As a means of further diversifying risk whilst obtaining a reasonable return for cash flow derived investments, the Council uses the SunGard Money Market Funds Portal which will enable it to open further Money Market Funds as necessary and to be able to see on a daily basis before deciding with whom to invest, which funds are offering the best rates.

3. INVESTMENT OBJECTIVES

3.1 All investments will be in sterling. The Council's investment priorities are the security and liquidity of its investments. The Council's objective will be to maximise the return whilst safeguarding as much as possible the capital sum and avoiding cash flow problems. The Council will not engage in borrowing for purely investment purposes.

4. SECURITY OF CAPITAL

4.1 The Council relies on credit ratings published by the three main Credit Rating agencies , Fitch Ratings, Moody's Investor Services and Standard & Poor's which are supplied to it by its Treasury Advisers., These ratings are used to establish the credit quality of counterparties and investment schemes. These institutions also issue regular ratings watch bulletins and where these are negative and affect one of our counterparties this will be taken into account when deciding whether or not to place future investments with them. The Council has also determined the minimum long term (365 days or more), short term (364 days or less) and other credit ratings it deems to be high for each category of investment and these are as shown in paragraph 2.2 above.

4.2 Individual credit ratings will be revised as and when changes are notified to the Council by its Treasury Advisers. If a counterparty's or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria then the counterparty / investment vehicle will no longer be used with immediate effect. This also applies to investments placed by fund managers. Similarly if a counterparty is upgraded so that it meets the Council's minimum credit rating requirements then it will be added to the Council's counterparty list.

4.3 The Council will also use the Credit Default Swap (CDS) information supplied by its Treasury Consultants to determine levels of investments with its counterparties once they have been selected using the criteria set out in 2.2 above. Counterparties with an in range CDS (as determined by our consultants) will be invested in as per the limits defined for that particular category of counterparty . Those counterparties with either a monitoring or an out of range status will not be invested in until their CDS returns to within range.

5. INVESTMENT BALANCES / LIQUIDITY OF INVESTMENTS

5.1 Based on its cash flow forecasts, the Council anticipates that its investments in 2016/17 on average will be in the region of £57m of which £29m will be "core" investments i.e. made up of reserves and balances which are not required in the short term**.**

5.2 Subject to approval, the maximum percentage of its core investments that the Council will hold in long term investments (365 days or over) is 70%. It follows therefore that the minimum percentage of its overall investments that the Council will hold in short term investments (364 days or less) is 30%. Having regard to the Council's likely cash flows and levels of funds available for investment the amount available for long term investment will be a maximum of 70% of the core investment portfolio subject to a total of £20 million at any one time in line with the proposed 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 £20 million are not breached.

6. INVESTMENT STRATEGY

6.1 The Council will continue to make use of MoneyMarket Funds (MMF's) and the Money Markets to invest cash flow driven money to known dates where large debts such as precepts, NNDR etc. have to be paid out. Based on the cash flow experienced to date in 2015/16 it is unlikely that this will result in the average length of a cash flow investment being more than 3 months in 2016/17 and probably considerably less. Core investments (i.e. investments not needed for payment of debts) will continue to be invested in the best part of the market based on the advice issued by our Treasury Advisers.

6.2 The 2016/17 interest rate outlook is for Bank Rate to rise to 0.75% by the end of 2016/17.Whilst this is welcome, in order to try and maximise the return on our investments whilst fully protecting the security of the capital, the Treasury Function has considered various ideas and it is proposed that Corporate Equity Funds and Repo's are added to the types of investment vehicles in which the Council is permitted to invest and any such investments will count against the overall limit for each type of counterparty as defined in the table in Annex 1.

6.3 Based on current investment policies and interest rate projections, it is currently estimated that the overall portfolio will achieve a 0.85% return for 2016/17.

7. EXTERNAL FUND MANAGERS

7.1 The performance of fund managers will be kept under review using the Council's Treasury Consultants and should it be felt appropriate to do so then the Council may engage fund managers in order to manage its investments in such vehicles as Cash Management, Corporate Bond and Corporate Equity Funds. The appointment process will be subject to the Council's procurement rules and handled in conjunction with our Treasury Consultants in order to ensure that the Council secures best value.

8. END OF YEAR INVESTMENT REPORT

8.1 In accordance with the requirements of the Treasury Management Code of Practice, the Treasury Management function reports on its in year activities to the Finance & Audit Scrutiny Committee twice a year i.e. at mid year and at the end of the year.

APPENDIX C

MINIMUM REVENUE PROVISION POLICY STATEMENT

1. BACKGROUND

1.1 Capital expenditure can be financed in a number of ways, not least of which is through borrowing and credit arrangements such as finance leases. The use of these 2 methods involves the Council in setting aside resources each year in order to eventually pay off the liability for example a maturing PWLB loan. Until recently, this set aside was prescribed nationally through Statutory regulations and was set at 4% per annum of the General Fund Capital Financing requirement (CFR). There was no similar requirement within the Housing Revenue Account although Council's could make voluntary provision if they so wished. The statutory regulations were superseded by statutory guidance issued under Statutory Instrument 2008 no.414 which says that " A local authority shall determine for the current financial year an amount of minimum revenue provision (MRP) that it considers prudent" .Where a Council's CFR at the end of the preceding year is nil or negative there is no requirement to charge MRP.

1.2 It is a requirement of the statutory guidance that a statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which it relates. The guidance 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. THE FOUR MAIN OPTIONS

Option 1 – Regulatory Method

2.1 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 1/4/08 and 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.

Option 2 – Capital Financing Requirement Method.

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

Option 3 – Asset Life Method.

2.3 Under this option, it is intended that MRP should be spread over the useful life of the asset financed by the borrowing or credit arrangement. In future, where borrowing is utilised to finance specific assets it is likely that the period of the loan will match the expected life of the asset and therefore, under this method the annual charge to the Council's accounts is directly related to building up the provision required to pay off the loan when it matures which under options 1 and 2 is not possible.

2.4 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.

Option 4 – Depreciation Method.

2.5 This is a variation on option 4 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 MINIMUM REVENUE PROVISION.

3.1 Under the Self Financing regime, the HRA Business Plan has to provide resources for the repayment of the £136.157m borrowed from the PWLB on the 28th 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. Provision will also have to be made for any use made of the £13.843m "headroom" between the Self Financing debt settlement i.e. the PWLB borrowing and the "Debt Cap" imposed by the Government.

4. RECOMMENDATION FOR 2016/2017.

4.1 It is recommended that for any long term borrowing on the General Fund which is incurred in 2016/2017, the following methods of Minimum Revenue Provision be adopted:-

For borrowing which cannot be linked to a particular asset – Option 2.
For borrowing linked to a particular asset – Option 3 based on the annuity method.

4.2 For any borrowing incurred through Finance Leases, the annual principal repayments in the lease are regarded as MRP.

4.3 Although not strictly part of Minimum Revenue Provision 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 as a means of replenishing those reserves which financed the capital expenditure.

4.4 With regard to the HRA, annual MRP to be equal to any amounts set aside for debt repayment within the Business Plan which currently is nil for 2016/17.

APPENDIX D

AN EXPLANATION OF CREDIT RATING TERMS

1. Sovereign Credit Rating

1.1 Fitch assigns a long term credit rating to the country in which the financial institution being rated is domiciled. This credit rating assesses the economic health of the country including its ability to service its debt and also its capacity to support the banking system in that country should financial support be required. The assessment follows the normal long term rating scale, the highest rating being AAA with anything below BBB being non investment grade i.e. "junk bond status". The UK has a AA+ Fitch rating and the Council's policy is to invest only in institutions where the state in which they are domiciled has at least the same sovereign rating as the UK at the point in time when the investment was placed.

2. International Long - Term Credit Ratings

2.1 Long - term credit ratings are an attempt to assess the ongoing stability of an institutions prospective financial condition given such factors as sensitivity to fluctuations in market conditions and the capacity for maintaining profitability or absorbing losses in a difficult operating environment. Traditionally they look beyond a 12 month horizon. Investment grade ratings range from BBB to AAA.

2.2 Subject to approval, the minimum rating that WDC will use is A which is mid range in the ratings referred to above. A ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong.

3. International Short - Term Credit Ratings

3.1 A short - term rating has a timescale of less than 12 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

3.2 The minimum rating that WDC will use is F1. This indicates the strongest capacity for timely payment of financial commitments. It may have a + added to it to denote any exceptionally strong credit feature.

APPENDIX E

Capita Asset Services' View of the Economic Background

1. United Kingdom.

1.1 UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. However, quarter 1 of 2015 was weak at +0.4%, although there was a short lived rebound in quarter 2 to +0.7% before it subsided again to +0.5% (+2.3% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.3%.

1.2 The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a sharp tick up from the current zero rate to around 1% in the second half of 2016. Indeed, the increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. Nevertheless, despite average weekly earnings ticking up to 3.0% y/y in the three months ending in September, this is unlikely to provide ammunition for the MPC to take action to raise Bank Rate in the near future as labour productivity growth has meant that net labour unit costs appear to be rising by about only 1% y/y. Having said that, at the start of October, data came out that indicated annual labour cost growth had jumped sharply in quarter 2 from +0.3% to +2.2%: time will tell if this is just a blip or the start of a trend.

1.3 There is, therefore, considerable uncertainty around how quickly inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, therefore, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

1.4 The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015/16 to Q3 2016/17 and increases after that will be at a much slower pace, and to much lower levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

1.5 The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

2. USA.

2.1 GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded very strongly in Q2 to 3.9% (annualised) before dipping again in Q3 to 2.1%.

2.2 Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. may start to increase rates in September. However, the Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong and, together with a likely perception by the Fed. that concerns on the international scene have subsided since August led to a first rate rise in December.

3. Eurozone.

3.1 The ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in Q1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in Q2 and +0.3% in Q3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

3.2 During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

4. China and Japan.

4.1 Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.7% after a short burst of strong growth of 1.0% during Q1. Growth in Q3 was -0.8% so Japan is now back into recession for the fourth time in five years. It has been hit hard by the downturn in China during 2015. This does not bode well for Japan as the Abe government has already fired its first two arrows to try to stimulate recovery and a rise in inflation from near zero, but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

4.2 As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market during the summer. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, concerns about whether the Chinese economy could be heading for a hard landing, and the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September, remain a concern.

5. Emerging countries.

5.1 There are also considerable concerns about the vulnerability of some emerging countries and their corporates which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries) there is now a strong flow back to those western economies with strong growth and an imminent rise in interest rates and bond yields.

5.2 This change in investors' strategy, and the massive reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US, has helped to cause the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

5.3 Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

6. CAPITA ASSET SERVICES FORWARD VIEW

6.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. Capita Asset Services undertook its last review of interest rate forecasts on 20 January 2016. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 3 of 2016/17.

6.2 The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

6.3 The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

6.4 However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected.

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

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth turns significantly weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens

6.6 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

APPENDIX F

GLOSSARY OF TERMS

Basis Point (BP)	1/100th of 1%, i.e. 0.01%
Bank Rate	Minimum lending rate of a bank or financial institution in the UK.
Benchmark	A measure against which the investment policy or performance of a fund manager can be compared.
Bill of Exchange	A financial instrument financing trade.
Callable Deposit	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
Cash Fund Management	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
Certificate of Deposit (CD)	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
Corporate Bond	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Corporate Equity Fund	A managed fund that invests in stocks, also called equities securities. The fund's assets are typically mainly in stock, with some amounts of cash and bonds. The objective is long term growth through capital gains as well as dividends on the stocks held within the fund.
Counterparty	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
CDS	Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.
CFR	Capital Financing Requirement.
CIPFA	Chartered Institute of Public Finance and Accountancy.
CLG	Department for Communities and Local Government.
Derivative	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
DMADF	Deposit Account offered by the Debt Management Office, guaranteed by the UK government.
ECB	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is the keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
Equity	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.
Forward Deal	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.

Forward Deposits	Same as forward dealing (above).
Fiscal Policy	The government policy on taxation and welfare payments.
GDP	Gross Domestic Product.
Gilt	Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2.5% in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Other Bond Funds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Repo's	Re-purchase agreement (Repo) to sell securities and buy them back at a later date at a specified price. The difference between the sale price and the re-purchase price represents the interest on the transaction.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
Sovereign Issues (Ex UK Gilts)	Bonds issued or guaranteed by nation states, but excluding UK government bonds.

Supranational Bonds	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield ("spread") given their relative illiquidity when compared with gilts.
Treasury Bill	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.

Table 2: Counterparty limits **APPENDIX B ANNEX 1**

Investment / Counterparty type:	S/term	L/term	Viability / Support	Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Use	Notes ref:
Specified instrument: (repayable within 12 months)	(FITCH or equivalent)							
DMADF	n/a			UK Sovereign	£12m	364 days	In House & EFM*	
UK Govt., Local Authorities / Public Corporations /Nationalised Industries	n/a		High		£9m	364 days	In House & EFM*	11
Bank - part nationalised UK	F1	A		UK Sovereign	£9m	364 days	In House & EFM*	1 & 2
Bank UK(2)	F1	A		UK Sovereign	£5m	364 days	In House & EFM*	1 & 2
Bank subsidairies of UK Banks	Unrated			Explicit Parent Guarantee	£5m	3 months	In House & EFM*	1 & 3
Money Market Fund(CNAV)	AAAm / Aaa-mf/AAAmmf				£9m	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		UK Sovereign	£4m	364 days	In House & EFM*	1a.
Building Societies - category B	F1			UK Sovereign	£2m	364 days	In House & EFM*	1a.
Corporate bonds - category 1		A		UK Sovereign	£5m	364 days	In House & EFM*	5
Corporate bonds - category 2		A			£9m	364 days	In House & EFM*	5
Corporate bonds - category 3		A			£3m	364 days	In House & EFM*	5
Covered bonds - category 1		A		UK Sovereign	£5m	364 days	In House & EFM*	12
Covered bonds - category 2		A			£9m	364 days	In House & EFM*	12
Covered bonds - category 3		A			£3m	364 days	In House & EFM*	12
Bonds - Supranational / Multi Lateral Development Banks	AAA / Govt Guarantee				£5m	364 days	In House & EFM*	
Floating Rate Notes - category 1		A			£5m	364 days	In House & EFM*	6
Floating Rate Notes - category 2		A			£9m	364 days	In House & EFM*	6
Floating Rate Notes - category 3		A			£3m	364 days	In House & EFM*	6
Eligible Bank Bills	n/a			Determined by EFM	£5m	364 days	EFM*	
Sterling Securities guaranteed by HM Government	n/a			UK Sovereign	9m	not defined	EFM*	

Investment / Counterparty type:	S/term	L/term	Viability / Support	Security / 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 deposits > 1 year	F1	A		UK Sovereign	£5m	2 years	In House +Advice & EFM*	1b.,2, & 10
Bank - part nationalised UK > 1 year	F1	A		UK Sovereign	£9m	2 years	In House +Advice & EFM*	1b.,2, & 10
Building societies - > 1 year	F1	A		UK Sovereign	£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 1 > 1 year		A		UK Sovereign	£5m	2 years	In House & EFM*	5 & 10
Corporate bonds - category 2 > 1 year		A			£9m	2 years	In House & EFM*	5 & 10
Corporate bonds - category 3 > 1 year		A			£3m	2 years	In House & EFM*	5 & 10
Covered bonds - category 1 > 1 year		A		UK Sovereign	£5m	2 years	In House & EFM*	10 & 12
Covered bonds - category 2 > 1 year		A			£9m	2 years	In House & EFM*	10 & 12
Covered bonds - category 3 > 1 year		A			£3m	2 years	In House & EFM*	10 & 12
Corporate Equity Funds - low risk		N/A		See note 13	£3m	10 years	EFM*	13 & 14
Corporate Equity Funds - medium risk		N/A		See note 13	£2m	10 years	EFM*	13 & 14
Corporate Equity Funds - high risk		N/A		See note 13	£1m	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

All maximum maturity periods include any forward deal period

1. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's 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 Repo's of £3m.

1a. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's 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 Repo's of £2m.

1b. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's

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 : S/term F1 L/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 - removed from 2016/17.

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 pr part owned by the UK Govt

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/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 pr part owned by the UK Govt

Category 3: Issued by Corporates

13. Risk rating determined by reference to a specific funds risk and reward profile typically as follows;-

Low - 1-3

Medium 4-5

High 6-7

14. Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment

WARWICK DISTRICT COUNCIL	Executive 10 February 2016	Agenda Item No. 8

Title	Design Guidance for the Strategic Urban Extension, South of Royal Leamington Spa and Warwick (February 2016)
For further information about this report please contact	Chris Sharp, Major Sites Monitoring Officer chris.sharp@warwickdc.gov.uk Tel: 456556
Wards of the District directly affected	Bishops Tachbrook, Myton & Heathcote
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	Executive and Council 11th March 2015 Agenda Item 22
Background Papers	Design Guidance for the Strategic Urban Extension, South of Royal Leamington Spa and Warwick (February 2016)

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes ref:757
Equality Impact Assessment Undertaken	No (If No state why below)
There are no significant policy changes arising from this report that have an impact on equalities.	

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	14.01.16	Chris Elliott, Bill Hunt
Head of Service	14.01.16	Tracy Darke
CMT	14.01.16	Chris Elliott, Bill Hunt, Andy Jones
Section 151 Officer	14.01.16	Mike Snow
Monitoring Officer	14.01.16	Andy Jones
Finance	14.01.16	Mike Snow
Portfolio Holder(s)	14.01.16	Cllr Stephen Cross
Consultation & Community Engagement		

Public consultation was held at Leamington Spa Town Hall on 12 November 2015. The event was advertised on the Council's website and a press release sent to local media sources. In addition, over 700 invitations were sent by email to Councillors, registered individuals and interest groups. The event was held from 9am to 7pm and was steadily attended. 19 formal representations were made and 10 minor revisions to the design guidance document have been incorporated. The design guidance needs now to be formally endorsed by Warwick District Council. The document can be accessed at; http://www.warwickdc.gov.uk/info/20434/supplementary_planning_guidance/1046/design_guidance_for_the_south_of_royal_leamington_spa_and_warwick	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. **Summary**

1.1 The design guidance for the Strategic Urban Extension, south of Royal Leamington Spa and Warwick (February 2016) has been prepared by White Young Green (WYG) on behalf of Warwick District Council. Its purpose is to ensure that new housing development, as designated in the Publication Draft Local Plan 2014, comes forward in accordance with the garden suburb ambitions for this area (Appendix 1 : Plan A - Strategic Urban Extension Area).

1.2 The guidance will help to support the preparation and determination of future planning applications. It provides a greater level of site specific detail than the earlier prospectus document; "Garden Towns, Villages and Suburbs: A prospectus for Warwick District Council, May 2012". It will help inform the development process and provide greater clarity on how a new garden suburb might look and perform.

1.3 This guidance will be a 'best practice' reference document for Warwick District Council and Warwickshire County Council; (the relevant organisations that are involved in the determination of planning applications within the Strategic Urban Extension area); the developers, house builders and designers who will be pursuing applications within the extension area; and interested parties, such as local residents and stakeholders.

2 **Recommendation**

2.1 That Executive endorses the design guidance for the Strategic Urban Extension, south of Royal Leamington Spa and Warwick (February 2016) as a 'best practice' document and acknowledges its supporting role in the future decision making process with regards to planning applications affecting the Strategic Urban Extension area.

3. **Reasons for the Recommendation**

3.1 The guidance document supports the Council's intention to adopt a proactive and coordinated approach to delivering housing growth and related infrastructure. As such, it will enable a positive contribution to be made towards the Council's 'Fit for the Future' policy, and specifically to accord with a strategic vision to make Warwick District a great place to live, work and visit.

3.2 Previously, the vision outlined in 'Garden Towns, Villages and Suburbs; A Prospectus for Warwick District Council' (May 2012), provided a basis for future development, illustrating the overarching principles of garden suburbs and neighbourhoods.

3.3 Given the scale of new housing growth to the south of Leamington Spa and Warwick more detailed guidance is required to actively steer forthcoming planning applications. This design guidance is intended to provide greater clarity as more detailed proposals are brought forward. However, it is important that there is flexibility built in to respond to changing needs of the community, market conditions or changes in policy over the lifetime of the document.

3.4 Arising from the public consultation event Council Officers and WYG assessed each representation related to the design guidance. It is Officer's opinion that no substantial changes were required. Where relevant 10 minor revisions have been made to the document dated November 2015. In addition, each person who completed a feedback form or submitted a response by email has been provided with a full reply.

4. **Policy Framework**

4.1 Section 7 of the National Planning Policy Framework (NPPF) places an emphasis on the importance to plan positively for the achievement of high quality and inclusive design for all development. Furthermore the policy encourages Local Planning Authorities (LPA's) to consider using design codes to help deliver high quality outcomes provided that they concentrate on guiding the overall scale, density, massing, height, landscape, layout, materials and access of new developments.

4.3 The Council's Publication Draft Local Plan 2014 aims to shape how the District will develop up to 2029. The Strategic Urban Extension is allocated at Policy DS11; with further policies DS15 (Comprehensive Development of Strategic Sites), BE1 (Layout & Design) and BE2 (Developing Strategic Housing Sites) providing further clarity.

4.2 The LPA has worked closely with partner organisations, developers and stakeholders to ensure that the guidance document is in general conformity with the strategic policies in the emerging new Local Plan.

4.3 The guidance provides a consistent approach to help deliver new housing growth across the Strategic Urban Extension. It is in line with the Council's 'Fit for the Future' Strategy', as the end result will contribute towards the vision for the district as a great place to live, work and visit. The level of new development in this area will have the potential to bring improved prosperity, housing, health and wellbeing, community protection and sustainability.

4.4 **Impact Assessments** – : there are no significant policy changes arising from this report that have an impact on equalities.

5. **Budgetary Framework**

5.1 Funding resources are covered within existing budgets.

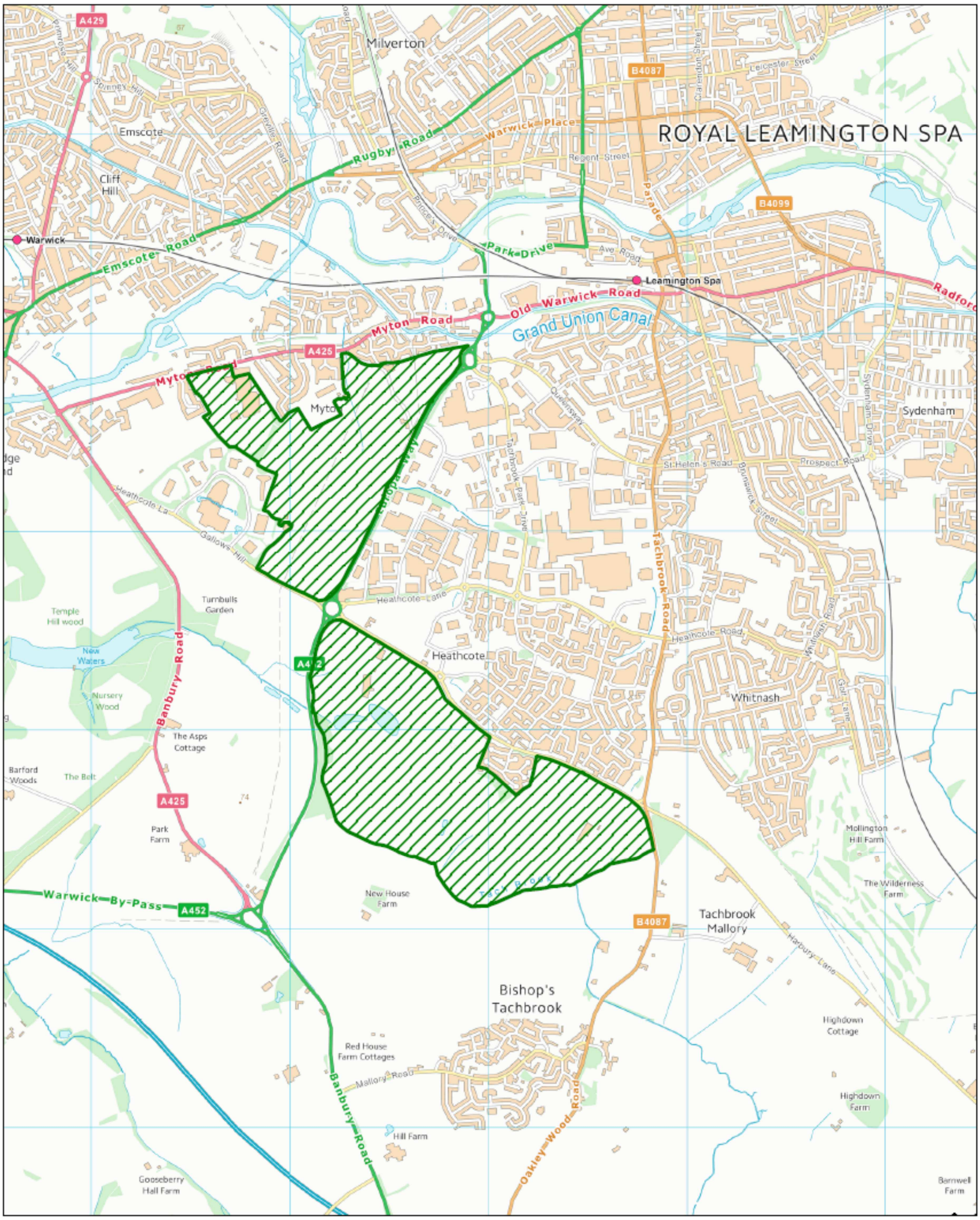
6. Risks

6.1 Failure to endorse the design guidance for the Strategic Urban Extension could increase the risk of proposals coming forward that do not conform to the garden suburb approach and consequently do not create the high quality living environment we have thrived to achieve.

7. Alternative Option(s) considered

7.1 An existing document; 'Garden Towns, Villages and Suburbs; A Prospectus for Warwick District Council' (May 2012) provided a basis for future development, illustrating the overarching principles of garden suburbs and neighbourhoods. However, greater clarity is required given the significant housing proposals that are being brought forward across the Strategic Urban Extension. Endorsing more specifically related and detailed guidance is considered the most suitable option to support.

Appendix 1 : Plan A - Strategic Urban Extension Area



WARWICK DISTRICT COUNCIL

Strategic Urban Extension Area

Scale
0 150 300 450 600 750 m

SP3163 | 1:25000 @ A4 | 19/01/2016 | DSR | Grid Reference: 431011E, 263603N

Policy, Projects and Conservation, Development Services. ldf@warwickdc.gov.uk (01926) 456504

WARWICK DISTRICT COUNCIL	Executive meeting – 10th February 2016	Agenda Item No. 9

Title	**Multi-Storey Car Parks Condition Survey**
For further information about this report please contact	Gary Charlton Contract Services Manager gary.charlton@warwickdc.gov.uk 01926456315
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	

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

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	20/1/16	Bill Hunt
Head of Service	15/1/16	Robert Hoof
CMT	18/1/16	
Section 151 Officer	27/1/16	Mike Snow
Monitoring Officer	25/1/16	Andy Jones
Finance	27/1/16	Mike Snow
Portfolio Holder(s)	20/1/16	Councillor David Shilton
Consultation & Community Engagement		
No consultation proposed at this stage.		
Final Decision?	No	
Suggested next steps (if not final decision please set out below		

1. Summary

1.1. The purpose of this report is to appraise members of the outcome of the structural condition surveys commissioned on the Council's three multi-storey car parks and to set out the intended response. This report will have implications upon the forthcoming draft car park strategy which is due to be submitted to Council in March 2016.

2. Recommendations

2.1. That Executive note the outcome of the specialist structural condition surveys of the multi-storey car parks (MSCP) set out at Appendix One.

2.2. That Executive agree to fund £120,000 essential remedial repairs to the St. Peters MSCP, Leamington, funded from the Car Park Reserve

2.3. That Executive note that the Linen Street MSCP, Warwick is nearing the end of its design life and as it continues to operate will need to be monitored through monthly structural surveys to mitigate the ongoing issues.

2.4. That Executive approve a budget of £20,000 to enable detailed feasibility work to be undertaken on options for future provision of appropriate levels of car parking in Warwick town centre to replace the current provision within the Linen Street MSCP. Funded from the Car Park Repairs and Maintenance Reserve.

2.5. That Executive note a further report detailing the business case for each option will be presented to members when this work has been undertaken.

2.6. That Executive note that the position in respect of the Covent Garden MSCP, Leamington and that proposals to address the issues relating to this car park will be developed as part of the proposed wider development of this area and reported through a future HQ Relocation report.

2.7. That Executive agree the principle of reserving car park income surplus from the base budget to cover the future maintenance liabilities of MSCP.

3. Reasons for the Recommendations

3.1. Structural engineers, Pick Everard, were commissioned to undertake structural condition surveys for Covent Garden, St Peters and Linen Street MSCPs. Their surveys, summarised at Appendix One, highlighted issues which required further specialist concrete testing which has also been undertaken.

3.2. The surveys have demonstrated that the St Peters MSCP is in reasonable condition and with some limited capital investment could continue to provide Leamington with nearly 400 car parking spaces for the next 20 years. However, in order to ensure its continued operation the survey has concluded that remedial works of c£120,000 are required.

3.3. It is recommended that essential remedial works including structural repairs, deck coating repairs, Health & Safety works to the split levels and drainage improvements are undertaken as soon as possible. This will put the MSCP into a state or repair that can be maintained through an on-going annual maintenance programme. The funding for these works will be made available through the Car Park Repairs and Maintenance Reserve.

3.4. The results of the survey of Linen Street MSCP are significantly different and indicate that it has reached the end of its design life. The car park requires substantial concrete repairs and has steel reinforcement bar degradation throughout with unacceptable levels of section loss to the ramps to decks 8 & 9 and as a result these have been closed from public use. Due to age of construction there are sections of the car park that do not conform to modern health & safety requirements one example would be the timber slats between each parapet which are considered a fire risk. Vehicle impact protection is showing extensive corrosion. The estimated cost to deal with the immediate repairs needed is £439k which would only provide the car park with up to three years additional life. Any short term repair offers no value for money due to the limited extended life. In the next 12 months no repairs will be made to Linen Street but the car park will be structurally inspected on a monthly basis to assess its safety risk for ongoing public use. The cost to inspect is £18k per annum and is funded through existing budgets, it is anticipated that full closure of the car park will be phased in over the coming 12months, but will be dependent on the inspection results. The benefit of site inspection for next 12 months is that officers will be able to assess all of the possible options through a feasibility study.

3.5. Linen Street provides residential parking to 30 vehicles at Martinique Square and there is a serious financial and logistical impact in regards to the residents parking entitlement. There is a short term alternative parking arrangement planned to cope with the displacement of the Martinique Square vehicles when Linen Street closes. But the displacement creates a knock on effect to income derived from other car parks, most notably West Rock. Long term closure of Linen Street could add considerable risk to the vitality of the local economy as loss of parking on this scale will create disproportional displacement of cars throughout the town centre and put further pressure on already well utilised parking locations. An internal options appraisal for Linen Street has identified that the most suitable area for rebuilding the car park is upon the existing footprint and financial modelling will be needed to assess the financial business case. Without design proposals there is no possibility of producing an accurate feasibility study for Council to consider. It is recommended that a procurement exercise be undertaken to appointment a suitable specialist.

3.6 The follow on report for Linen Street is necessary as it will take time to procure the necessary specialist companies and develop the options. The purpose of the report will be to give Council a clear understanding of the options and costs for future provision at Linen Street and will be submitted as soon as practically possible.

3.7 The results of the Covent Garden report highlighted a number of significant issues, the main concern being ASR (Alkali Silica Reaction) which required further investigative testing. The revised report has now been received and shows that ASR is present throughout the building but at a lower risk than first considered and can be managed in the short term. There are however, substantial costs associated with maintaining Covent Garden for any length of time. As this site is linked to Riverside House relocation it is proposed that Council note the issues from the survey at Covent Garden. A detailed report into the future of Covent Garden will form part of the Riverside House relocation report due later in 2016.

3.8 Current maintenance to all car parks is paid through the repairs and maintenance budget of £60k per annum. This fund is not sufficient to deal with the future challenges of the multi-stories or to keep them in a reasonable standard. It is recommended to Council that future contributions are made to the Car Park Repairs and Maintenance Reserve from any surplus income over the amounts budgeted to cover the future liabilities of any multi-storey car park. Conversely, shortfalls from car park income to the General Fund would also be financed from this reserve.

4. Policy Framework

4.1 Fit for the future, supporting the vitality and viability of town centres.

5 Budgetary Framework

5.1 The cost of the specialist companies to supply the feasibility study at Linen Street is estimated to be between £10k and £20k. This can be funded from the Car Park Repairs and Maintenance Reserve.

5.2 The initial £120k needed for remedial repairs at St Peters can be funded through the Car Park Repairs and Maintenance Reserve.

5.3 The Car Park Repairs and Maintenance Reserve is forecast to have an unallocated balance of £182,000 as at 31st March 2016. Proposed increases to car park charges to financial year 2016-2017 are estimated to generate £40k per annum which will be appropriated to this reserve. In addition, any variance to the future budgeted car park income is proposed to be allocated to/from this reserve.

5.4 When Linen Street closes the estimated gross loss to car parks income will be £136k. This figure will be higher if we are unable to displace car park users into existing car parks. A full business case will be brought back to members that considers all the options for the Linen Street car park in Warwick.

5.5 Consideration needs to be given to funding the long term maintenance of the multi-storey car parks. Ideally funds would be set aside to meet these liabilities (potentially through the use of a sinking fund). However, given the other financial pressures on the Council currently and in the medium term, the Council's Medium Term Financial Strategy has not got the capacity to be able to fund any required contributions on an annual basis. Also, regard needs to be had for other liabilities that the Council has, such as the funding the future maintenance of all municipal assets, for which provision also needs to be made. These issues will be considered further, as part of the forthcoming Car Park Strategy and within future budget reports.

6 Risks

6.1 Failure to carry out the required repair programme could lead to structural failures resulting in injury to users or damage to vehicles.

6.2 Significant loss of income to the Council when Linen Street Closes.

6.3 Once remedial and concrete repairs commence there is a possibility of further defects being discovered which will increase repair costs.

7 Alternative Option(s) considered

7.1 Do not fund remedial repairs and ongoing maintenance at St Peters car park. This has been discounted as we have funds in the car parks reserve and have made provision to maintain the fund through car park income.

7.2 Do not fund £20k for the feasibility study and allow Linen Street to close with no option to replace the car park in the future. This will leave the Council with no detailed plan as to how we can deal with the future of the Linen Street site as well as the obligation to supply car parking for Martinique Square and potentially the Print Works on this basis it has been discounted.

7.3 Bring forward a report detailing the work required at Covent Garden or options appraisal for the site. This has been discounted as there is a wider scheme in respect of the HQ relocation which will consider how best to assess the future of the Covent Garden car park.

8 Background

8.1 A survey carried out in June 2014 reported that Linen Street MSCP required a number of essential repairs. Due to the Council no longer having internal engineering department it was agreed to procure suitable expertise to undertake the necessary structural surveys and supply the project manager for any work programme tendered thereafter. The competitive tender was published at the beginning of the year for suitable companies to undertake this project.

8.2 In April 2015 the company Pick Everard were commissioned to undertake the structural surveys. It was necessary for all three multi-storey car parks, St Peters, Covent Garden and Linen Street to be surveyed.

8.3 The results from the surveys were supplied in July 2015. The findings highlighted structural and health and safety issues at all three sites. More significant problems were highlighted at Linen Street and Covent Garden and to ascertain the extent of the problems, further testing was required at both sites. The testing is now complete at Linen Street and Covent Garden and this report seeks to identify a way forward for from the problems highlighted.

8.4 At St Peters MSCP the cost for the immediate repairs was estimated at scheduled rates with Pick Everard at £120k. This figure includes £23k for structural repairs, £8k in deck coating repairs, £57k for H&S works to the barriers and split levels, £10k for Drainage and £22k in contingency and professional fees. Given the level of usage, income generated and its key location to town centre services this work is considered value for money.

8.5 Due to the generally good condition of St Peters, Pick Everard has been able to provide a 20 year maintenance plan for the car park. This is a rolling plan of planned preventative maintenance (PPM) and is envisaged to cost £1,335,000 over the twenty year period. This equates to an average of £70k per annum, in this year's car park fees and charges we have allowed for £40k to be allocated for car park repairs and as the car parks already provide a surplus it is proposed that £70k from car park income is set aside each year to fund the PPM for St Peters. This should be funded from the Car Park Repairs and Maintenance Reserve. It will be necessary to review the balance on this reserve, taking into account the contributions to the reserve, and the sums required to meet the work on this car park.

8.6 At Linen Street MSCP the cost for the immediate repairs which could only offer an increase of three years' worth of extended life was estimated at scheduled rates with Pick Everard at £439k. This figure includes £139k for structural repairs, £97k for water proofing the top decks, £94k for H&S works to the barriers and stairwells and £109k for minor works, contingency and professional fees. Given the income generated from Linen Street and only a three year period of extended life it has been deemed that there is no financial justification to undertake this work.

8.7 The conclusions by Pick Everard indicate that the immediate remedial works are not financially viable so a monthly structural survey will be undertaken to continually assess the safety of the site. It is anticipated that within 12 months the site will be phased into complete closure.

8.8 Closing Linen Street will have the following impact;

- The knock on effect to town centre economy and displacement of a minimum of 75 cars to the surrounding area.
- Loss of income from Linen Street £70k P&D income, £21k season ticket income.
- 30 dedicated car park spaces to the flats in Martinique Square secured under a 99 year lease with 85 remaining, legal advice obtained has stated that the lease gives rights in the event that the car park is redeveloped, "alternative car parking premises" will need to be re-provided which are "of equivalent or better standard" and are "reasonable proximate" to Martinique Square. The option to buy out the parking lease has been ruled out as we have to compensate for the cost of parking for the next 85 years.
- The "reasonable proximate" car park will be West Rock which will result in a loss of income of £25k per annum from West Rock. The knock on effect of this would be the removal of season ticket holders and displacement of 30 cars with an additional loss of income of £20k per annum.
- Estimated net loss to car parks income budget of £136k per annum.
- Both Linen Street and West Rock provide the significant amount of season ticket and all day parking for key businesses within the town centre. There is already concern from one of these businesses (DCA Design) that the current standard of parking in the town is affecting their plans to expand the business. If parking was lost at Linen Street and season ticket holders displaced this substantially threatens the business case for them staying in town. They currently occupy 4 premises within the town centre and are looking to expand into a fifth.
- Linen Street also houses the CCTV mainframe for Warwick, cost to move this estimated to be in the 10s of thousands. Further investigation is needed to ascertain the full cost.
- Linen Street is also the Staff restroom, toilets and IT for Ranger service.
- The site would also have to be secured to keep out unwanted visitors at an estimated cost of £5k.
- The estimated cost to demolish the site is £500k and will be difficult due the site being surrounded on three sides.

8.9 Linen Street car park is Warwick's only multi-storey car park (MSCP) available seven days per week. Built approximately 50 years ago it has a total capacity of 237 spaces, of which 30 (in the basement level) are made permanently and exclusively available to residents of the adjacent housing at Martinique Square see paragraph 9.9. The Council has also agreed to allocate a further 41 spaces to future residents of an adjacent site (the Warwick Print Works on Theatre Street) should that site be developed for housing.

8.10 The design of Linen Street car park means that it is not the most popular in Warwick and occupancy levels are between 50% and 65% due to its the age and design. However, its location to the facilities within Warwick town centre does provide much needed parking to support the local economy.

8.11 Officers have undertaken a limited options appraisal of the site to assess the best possible use of space moving forward. As part of this process a market research company was commissioned to gather information from the public to understand what their parking requirements are in Warwick.

8.12 The options appraisal carried out in Warwick looked at a number of car park sites to assess what potential they would have in providing increased parking capacity. This appraisal has identified that the most suitable area for rebuilding the car park is upon the existing footprint at Linen Street but due to modern day building standards officers do not believe the same number of parking spaces can be achieved. In addition to the location appraisal financial modelling is being created to assess the financial business case. However, officers are limited in providing specific details to what could replace Linen Street as we no longer possess the design skills internally. The total number of parking spaces that can be supplied will impact the business significantly and officers want to ensure that Council are given as accurate a picture as possible. Officers need to understand what the minimum and maximum numbers of spaces that can be accommodated on the site as without design proposals there is no possibility of producing an accurate cost replacement model for Council to consider. It is recommended that a procurement exercise be undertaken to appointment a suitable company to provide this essential information.

8.13 At Covent Garden essential immediate remedial works could be undertaken to extend the usability of the car park by no more than three years and will require an ongoing structural survey to assess the decline building. Alternatively if significant investment was placed into the site it could potential continue for a further 20 years. The cost for this is £814k in immediate remedial and safety works followed by a 20 year maintenance plan for the car park. This is a rolling plan of planned preventative maintenance (PPM) and is envisaged to cost £2,143,000 over the twenty year period. This higher cost is to deal with ongoing preventative measures required to slow the ASR.

8.14 Due to the HQ relocation and the wider development opportunities in this area any detailed option on the future of this site will need to come forward as part of a larger development report.

Appendix One

The summary of St Peters car park survey is as follows;

- Chloride ion content in concrete is one of the most common initiators of corrosion of steel reinforcement embedded in concrete. There are negligible levels of chloride to the soffits, columns. However decks are always at greater risk there low to moderate risk in two areas and extremely high levels were recorded on the ramp to deck 3 which indicate a high risk of corrosion to embedded concrete.
- The concrete testing results generally show that at present there is a low risk of corrosion of the reinforcement in the concrete structure. Only the decks have a slightly elevated risk due to the de-icing salts being deposited from cars during the winter months.
- There are patches of reinforcement corrosion and concrete spalling on the lower decks that require rectification to prolong the life of the structure.
- The top deck coverings is in good condition as this is only 2 to 3 years old, there is small split crack noted on the west ramp. Now that a waterproof coating has been installed to the upper decks the avenues for moisture ingress have been reduced.
- Reinforcement and bar corrosion showed 62% with clean rebar and no corrosion, no section loss was recorded from any rebar.
- Apart from one isolated location carbonation to the concrete is not considered to be cause for concern.
- Vehicle impact protection is showing that some corrosion has occurred to the barrier and bolt fixings in the upper deck locations. Treatment should be undertaken to prevent any further deterioration as part of the annual maintenance programme.
- The pedestrian protection at the split levels has a significant gap and under modern day H&S standards poses a potentially dangerous safety issue for young children.
- The numerous hairline vertical cracking is not considered structurally significant but should be considered to be filled with a suitable protective paint. This will prevent further moisture ingress and prolong life to the structure.

The summary of Linen Street car park survey is as follows;

- Chloride ion content in concrete is one of the most common initiators of corrosion of steel reinforcement embedded in concrete. There are negligible levels of chloride to the upper decks however extremely high levels were recorded on floors 1 to 7. These indicate extremely high risk of corrosion to embedded concrete.
- The lack of concrete cover due to the design and age of the car park have led to high levels of chloride ion ingress which in turn has led to section loss to a number of the main reinforcement bars. Overall section loss from the areas tested was no greater than 10% which is in tolerance for a car park of this age but there was up to 30% section loss has been detected in the running lanes and ramps which is cause for concern.
- The asphalt top deck coverings have exceeded their design life and split in a high number of locations allowing water to enter the structure and have caused extensive delamination of the concrete structure. As a result of this finding the top two decks have been closed to vehicles.
- Due to car parks age and design there is a number of areas which fail to meet modern day standards for access. The timber slats between each parapet are considered to be a fire risk.
- Apart from one isolated location carbonation to the concrete is not considered to be cause for concern.

- Vehicle impact protection on all decks is showing extensive failure to the paint coatings and rusting has occurred to the barrier and bolt fixings in many locations.
- The water ingress to open stairwells presents an ongoing health and safety risk and the hand rails do not comply with modern H&S standards.
- The report concludes that Linen Street MSCP has reached the end of its design life and that immediate remedial repairs are required if this is to be maintained as a public use car park. The immediate remedial repairs will only extend the life of the car park by no more than three years. In light of the underlying issues it is necessary to consider decommissioning the site immediately or beginning planning for this after immediate repairs are carried out.

The summary of Covent Garden's car park survey are as follows;

- Chloride ion content in concrete is one of the most common initiators of corrosion of steel reinforcement embedded in concrete. There are negligible levels of chloride to the all decks and therefore the risk of corrosion from chloride is considered to be low.
- There is lack of concrete cover due to the design and age of the car park, modern standards suggest 30mm minimum cover in sections of the car park it is only 10mm. However this has not led to high levels of chloride ion ingress or affected the reinforcement bars.
- The failure of the top deck covering is allowing water to enter the structure and have caused extensive delamination of the concrete structure. Due to the water ingress from the top two floors there is corrosion to the rebar within the ramp to deck 7 and 8 which is cause for concern. As a result of these findings the top two decks have been closed to vehicles.
- Alkali-Silica Reaction occurs when the alkaline pore fluid and siliceous minerals in some aggregates react to form a calcium alkali silicate gel. This gel absorbs water, producing a volume expansion that blows open the concrete. This was noted in the initial testing and a further test was undertaken to assess the extent of the problem. ASR cannot be repaired and can only be slowed by preventative moisture ingress into the concrete and by continuous monitoring to assess the structure.
- The further testing has indicated that ASR is present throughout the structure but at a low level and does not pose an immediate risk. But treatment of the parapets is advised due the nature of the design and location.
- Carbonation to the concrete is not considered to be a cause for concern.
- The drainage system is main contributor to the water ingress to the building and should be refurbished as soon as possible.
- Vehicle impact protection on all decks is showing extensive failure to the paint coatings and rusting has occurred to the barrier and bolt fixings in many locations. It is also does not pass modern standards and would is unlikely to pass load testing against vehicle impact, these should be refurbished.
- The handrails are less than 1m high which is less than current building regulations allow. They are also showing signs of corrosion and should be replaced to meet modern day standards.
- The water ingress to open stairwell within the centre if the car park presents an ongoing health and safety risk and should also have a steel barrier installed to protect pedestrians from moving or parking vehicles.
- The report concludes that Covent Garden MSCP needs immediate remedial repairs if this is to be maintained as a public use car park.

	Executive – 10th February 2016	Agenda Item No. **10A**

Title	Rural/Urban Capital Improvement Scheme (RUCIS) Application
For further information about this report please contact	Jon Dawson Finance Administration Manager 01926 456204 email: jon.dawson@warwickdc.gov.uk
Wards of the District directly affected	Old Milverton and Blackdown, Lapworth
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	Rural/Urban Capital Improvement Scheme details. Rural/Urban Capital Improvement Application file no. 206 to 208 and file no. 213; correspondence with applicant.

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

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	25.1.16	Chris Elliott
Head of Service	25.1.16	Mike Snow
CMT	25.1.16	Chris Elliot, Bill Hunt and Andy Jones
Section 151 Officer	25.1.16	Mike Snow
Monitoring Officer	25.1.16	Andy Jones
Finance	25.1.16	Mike Snow
Portfolio Holder(s)	25.1.16	Cllr Whiting
Consultation & Community Engagement		
Community Partnership Team and Manoj Sonecha (Active Communities Officer); Copy of report forwarded 14th January 2016.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **Summary**

1.1 This report provides details of two Rural/Urban Capital Improvement Scheme grant applications:

Leamington Netball Club to;

- Build and equip a purpose built courtside facility to provide disabled / wheelchair access, two toilets (one of which will be a disabled toilet), a social / mentoring / de-brief area and a kitchen / refreshment facility.

- Raise the two perimeter fences that are not currently at full height to reduce anti-social behaviour when not in use, ensure that safety aspects are covered by reducing the number of occasions of netballs going over the fence onto either the car park or Leamington Rugby Club's 3rd team pitch and support the club's safeguarding policy for young female players.

Lapworth Cricket Club to;

- Build a new patio area and walkway either side of the existing pavilion to resolve health & safety issues with the current uneven surface and to create an enlarged amenity and leisure area for the increasing number of players and spectators.

- Provide power to the equipment shed and score box to enable the club to carry out their own basic maintenance which will reduce costs, to enable an electronic scoring device to be installed and also enable the use of power tools in that part of the ground, for example, leaf blowers and hedge cutters.

2. **Recommendation**

2.1 It is recommended that the Executive approves:

Leamington Netball Club

A Rural/Urban Capital Improvement Grant from the rural cost centre budget for Leamington Netball Club of 42% of the total project costs to build and equip a purpose built courtside facility and raise the height of two perimeter fences, as detailed within paragraphs 1.1, 3.2 and 8.1, up to a maximum of £30,000 including vat subject to receipt of the following:

- Written confirmation from BiffaAward (or an alternative grant provider) to approve a capital grant of £30,000

As supported by appendix 1.

Lapworth Cricket Club

A Rural/Urban Capital Improvement Grant from the rural cost centre budget for Lapworth Cricket Club of 50% of the total project costs to build a new patio and walkway and to provide power to the equipment shed and score box, as detailed within paragraphs 1.1, 3.2 and 8.2, up to a maximum of £11,716 including vat. As supported by appendix 2.

3. **Reasons for the Recommendation**

3.1 The Council operates a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended is in accordance with the Council's agreed scheme and will provide funding to help the project progress.

3.2 Both projects contribute to the Council's Sustainable Community Strategy:

Leamington Netball Club

This project contributes to the Council's Sustainable Community Strategy as without the netball club there would be fewer opportunities for the community to enjoy and participate in sporting activities which could potentially result in an increase in anti-social behaviour, an increase in obesity (particularly in children) and disengage and weaken the community. The project will provide disabled access to facilities and increase court usage thus providing increased opportunity for the community to participate in sporting activity and it will also improve safeguarding of under 16's players.

Lapworth Cricket Club

This project contributes to the Council's Sustainable Community Strategy as without the cricket club there would be fewer opportunities for the community to enjoy and participate in sporting activities which could potentially result in an increase in anti-social behaviour, an increase in obesity (particularly in children) and disengage and weaken the community. The project will provide disabled access to the cricket pavilion and will also provide a leisure and seating area which will improve opportunities for the community to participate in sporting and social activity. The club also helps to tackle disadvantage in a rural area as there are no bus services in the village and as a result the club offers the only sporting facilities to those members and families of the local community who do not have access to their own means of transportation. The nearest sporting facilities outside of Lapworth are at Hockley Heath where they play football on the recreation ground or travelling further afield to Claverdon to participate in Rugby. The nearest cricket clubs to Lapworth Cricket Club's Melson Memorial Park ground are Dorridge Cricket Club and Rowington Cricket Club, neither of these two venues have any public transportation links with Lapworth which is approx. 2 miles from each club both served by very busy roads with little or no pedestrian provision.

4. **Policy Framework**

4.1 The Rural and Urban Capital Improvement Scheme supports the Sustainable Community Strategy and the cross cutting themes which form the priorities for funding areas as follows:-

- Community Engagement & Cohesion (including Families at Risk)
- Targeting disadvantaged rural locations
- Reducing inequalities

5. **Budgetary Framework**

5.1 The budget for the Rural/Urban Capital Improvement Scheme applications for 2015/16 is £150,000 (£75,000 for rural projects and £75,000 for urban projects).

5.2 In addition there is the unallocated budget from 2014/2015 plus underspends from closed projects in 2015/2016 of £132,886 which sits within a separate cost centre budget; this could then be used for either rural or urban schemes once the 2015/16 budget has been used.

5.3 There is no budget remaining for Rural/Urban Capital Improvement Scheme Grants from the urban cost centre budget in 2015/16.

5.4 There is £59,206 available to be allocated for Rural/Urban Capital Improvement Scheme Grants from the rural cost centre budget in 2015/16. If the applications within this report from:

Leamington Netball Club of 42% of the total project costs, up to a maximum of £30,000 including vat.

Lapworth Cricket Club of 50% of the total project costs, up to a maximum of £11,718 including vat.

Are approved, a total of £41,718 will be awarded leaving £17,488 remaining in the rural cost centre budget.

6. Risks

6.1 There are no main risks for this proposal.

7. Alternative Option(s) considered

7.1 The Council has only a specific capital budget to provide grants of this nature and therefore there are no alternative sources of funding if the Council is to provide funding for Rural/Urban Capital Improvement Schemes.

7.2 Members may choose not to approve the grant funding, or to vary the amount awarded.

8. **Background**

8.1 **Leamington Netball Club:**

Leamington Netball Club has submitted a RUCIS application to:

- Build and equip a purpose built courtside facility to provide disabled / wheelchair access, two toilets (one of which will be a disabled toilet), a social / mentoring / de-brief area and a kitchen / refreshment facility

- Raise the two perimeter fences that are not currently at full height to reduce anti-social behaviour when not in use, ensure that safety aspects are covered by reducing the number of occasions of netballs going over the fence onto either the car park or Leamington Rugby Club’s 3rd team pitch and support the club's safeguarding policy for young female players

The application is for 42% of the total project costs up to a maximum of £30,000.

Leamington Netball Club has committed £10,102 to the project from their cash reserves; these funds have been evidenced through their annual accounts and the provision of recent bank statements.

Leamington Netball Club is a section of Leamington Rugby Club which is vat registered (number; 272935339) although they will not be reclaiming vat in connection to this project; the award will therefore be inclusive of vat.

Leamington Town Council has approved a £2,000 contribution to the project.

Leamington Netball Club has applied to BiffaAward for a £30,000 capital grant; a copy of the application has been provided. They are now waiting for a decision.

Leamington Netball Club was formerly AP Netball Club, they lost their playing facilities when AP sold off their sports facilities around 1990; due to this situation Leamington Rugby Club offered to provide the netball club with space on their ground to build a new netball court which was achieved via grants from the Sports Council, Warwick District Council and local fundraising. Leamington Netball Club thus became an integral part of the rugby club; legally they are one entity although they are operationally separate in relation to the playing of two different sports. Leamington Netball Club has its own organisational structure, committee and membership, totally separate from the rugby club.

Whilst Leamington Netball Club has not previously had a RUCIS grant award, Leamington Rugby Club have had the following successful RUCIS grants:

- £1,914 (50% of the total project costs) for replacing the drainage / sewage system in December 2010
- £3,013 (50% of the total project costs) for energy saving alterations to the cellar coolers in November 2011
- £36,000 (41% of the total project costs) to build an extension to install disabled toilet facilities, refurbish female and male toilet facilities and create disabled access to the main entrance in February 2014.

The application therefore meets the scheme criteria whereby after a successful grant award an organisation must wait for a minimum of 2 years before re-applying for a new grant.

It is therefore recommended that the Executive approves an award of a Rural / Urban Capital Improvement grant to Leamington Netball Club of 42% of the total cost of the project including vat subject to a maximum of £30,000.

8.2 **Lapworth Cricket Club:**

Lapworth Cricket Club has submitted a RUCIS application to;

- Build a new patio area and walkway either side of the existing pavilion to resolve health & safety issues with the current uneven surface and to create an enlarged amenity and leisure area for the increasing number of players and spectators.

- Provide power to the equipment shed and score box to enable the club to carry out their own basic maintenance which will reduce costs, to enable an electronic scoring device to be installed and also enable the use of power tools in that part of the ground, for example, leaf blowers and hedge cutters.

The application is for 50% of the total project costs up to a maximum of £11,718.

Lapworth Cricket Club has committed £11,218 to the project from their cash reserves. These funds have been evidenced through their annual accounts and the provision of recent bank statements.

Lapworth Cricket Club is not registered for vat and therefore will not be reclaiming vat in connection to this project; the award will therefore be inclusive of vat.

Lapworth Parish Council have approved a £500 contribution to the project.

Lapworth Cricket Club has not previously had a RUCIS grant award.

It is therefore recommended that the Executive approves an award of a Rural / Urban Capital Improvement grant to Lapworth Cricket Club of 50% of the total cost of the project including vat subject to a maximum of £11,718.

RURAL/URBAN CAPITAL IMPROVEMENT GRANTS APPLICATION FOR 10TH FEBRUARY 2016 EXECUTIVE :

Applicant :	**Leamington Netball Club**
Description of scheme:	• Build and equip a purpose built courtside facility with disabled/wheelchair access; this will have two toilets (one of which will be a disabled toilet), a social/mentoring/de-brief area and kitchen/refreshment facility. • Raise the two perimeter fences that are not currently at full height; this is to reduce anti-social behaviour when not in use, to ensure that safety aspects are covered by reducing the number of occasions of netballs going over the fence onto either the car park or Leamington Rugby Club's 3rd team pitch, this will also support the club's safeguarding policy for young female players.
Evidence of need:	The need is visibly obvious (a site visit has confirmed this and photos taken); the project is to replace the existing, not fit-for-purpose, courtside hut which has no disabled access / facilities, is leaking, cold and does not have toilet facilities. From a safeguarding persepective, when under 16 players need to go to the toilet they have to use the rugby club facilities some distance away, this therefore requires two DBS checked adults to accompany them which is very unpracticable. Additionally, court bookings are restricted to when the rugby clubhouse is open and unless the existing facilities are replaced England Netball will not consider the club for future hire again; the use by England Netball provides much needed revenue, which in turn supports off-setting membership subscriptions and helps maintain these at a level affordable by all, supporting club sustainability levels. Warwickshire Netball have also stated that the project will increase their opportunities to use the court for hosting umpiring tests and mentoring, netball coach development courses and screening of players for County netball acadamies. Letters of support have been received from; Leamington Rugby Club (24.6.15), Cllr Gordon Cain (21.6.15), Warwickshire Netball (19.6.15), Myton School (16.6.15) and Princethorpe College (June 15).
3 years accounts received?	2013 - 2015 accounts have been received, along with recent bank statements; Treasurers Account (balance at 24th December 2015) Hub Account (balance at 21st December 2015) and Court Saving Account (balance at 11th January 2016); this evidences sufficient cash reserves to meet the contribution stated on the application form.

Financial Performance; minus figure = deficit	**Year ended** 30/04/15	**Year ended** 30/04/14	**Year ended** 30/04/13
	£1,802	-£75	£1,419
Available Funds (cash and reserves)	**Year ended** 30/04/15	**Year ended** 30/04/14	**Year ended** 30/04/13
	£5,548	£3,968	£3,821

Details of membership, fees etc:	Adult (over 18) - £200, Full time education/Under 18 - £175, Non-player-discretion of Committee - £35; This covers all necessary affiliations and match fees.
Details of usage:	The club has 170 members across a number of teams and age groups ranging from Under 11's to over 60's. The court is also available to hire, for example, by local schools, and is also used occasionally to host events, for example, for Netball England. **REGULAR USE:** • Under 16's skill sessions (That don't playing competitive league) – run 6 times a year for a 4 week duration, up to 50 players enjoying the coaching and playing opportunities • 10 week courses for adults ("back2netball" initiative) - run three times a year, 35 players per course • 2 teams compete in the West Midlands Regional league – played at a central venue in Walsall; 16 games in total, and 10 squad players per team • 5 teams in the local Coventry & Warwickshire league - in total 9 home matches a season, and 10 players per team • 5 teams in the West Midlands Junior competition - played at a central venue in Walsall; 14 matches a season with 10 players per team • Youth fun and coaching sessions - 20 sessions per season with approximately 20 players per session, fun festival held on two full days with up to 40 girls each festival **AD-HOC USE:** • Local school hire (such as Princethorpe College, Myton School & Crackley School) for practice sessions and / or competitions; up to 3 schools hiring courts twice a week during playing season (October – March) totalling approximately 100+ under 16's players each week (each school as a minimum = 18 players x twice a week) • England Netball "Summer Festival" – held over a week, approx. 25 players
Details of Organisations equalities policies:	The Club has held Clubmark accreditation at Gold level for the last 9 years and this policy is acknowledged by the netball national governing body. **Equity Policy Statement** The club is committed to ensuring that equity is incorporated across all aspects of its development, in doing so it acknowledges and adopts the following Sport England definition of sports equity: Sports equity is about fairness in sport, equality of access, recognising inequalities and taking steps to address them. It is about changing the culture and structure of sport to ensure it becomes equally accessible to everyone in society. • The club respects the rights, dignity and worth of every person and will treat everyone equally within the context of their sport, regardless of age, ability, gender, race, ethnicity, religious belief, sexuality or social/economic status. • The club is committed to everyone having the right to enjoy their sport in an environment free from threat of intimidation, harassment and abuse. • All club members have a responsibility to oppose discriminatory behaviour and promote equality of opportunity. • The club will deal with any incidence of discriminatory behaviour seriously, according to club disciplinary procedures.

3 quotes provided:		Yes - three quotes have been received.
Which of the Council's Corporate Priorities are met?		**Evidence**
Reduce anti-social behaviour		Whilst providing a new courtside facility doesn't directly impact on this, the club does provide a variety of sporting activities for a wide range of age groups, for example; • Under 16's skill sessions (for those who choose not to commit to competitive league games) • 10 week courses for adults via Back2netball • 1 team competing in the West Midlands Regional Senior league • 5 teams in the local Coventry & Warwickshire league • 5 teams in the West Midlands Junior League • "Back2Netball" initiatives • Fun and coaching sessions In addition to the above activities, an improved courtside facility will increase opportunities for the community, especially under 16's, to participate in sporting activities which supports reducing anti-social behaviour.
Reducing obesity, particularly in children		Whilst providing a new courtside facility doesn't directly impact on this, the club does provide a variety of sporting activities for a wide range of age groups, for example; • Under 16's skill sessions (for those who choose not to play in a competitive league) • 10 week courses for adults ("back2netball" initiative) • 1 team competing in the West Midlands Regional league • 5 teams in the local Coventry & Warwickshire league • 5 teams in the West Midlands Junior league • Fun and coaching sessions In line with the netball national governing body vision of 3x30 minutes of sport per week- at least 2 x 30 is currently offered to the club's Under 16's.The club's coaches have also produced literature to complement the netball activity which covers healthy eating and the importance of hydration; one of the club's aims is to promote healthy lifestyles that will continue for life. Provision of these activities and promotion of healthy lifestyles helps towards reducing obesity, including in children; with a better, more fit-for-purpose courtside facility the club will be able to increase sporting opportunities to further support a reduction in obesity.
Increase opportunities for everyone to enjoy and participate in sports, arts and cultural activities		With a better, more fit-for-purpose courtside facility the club will be able to increase sporting opportunities for the community; as noted above, Warwickshire Netball and Schools letters of support indicate there will be an increased usage, for example, there will be no restrictions on when the court can be used based on relying on the rugby clubhouse to be open for toilet facilities and hosting more activities such as umpiring tests and mentoring, netball coach development courses and screening of players for County netball acadamies. Additionally the new facility will provide two nearby disabled parking spaces, disabled / wheelchair access and a disabled toilet (as per quote) which will also increase opportinity for the community to partcipate in activities.
Engaging and strengthening communities		All the club's netball initiatives are widely advertised to ensure that backgrounds/school/or ethnicity do not become a barrier. The club also encourages members and parents to volunteer to become active members supporting the club in which ever way they can, this may be through administration work, support with leaflets / e mail alerts and support at events; this strengthens community ties. Whilst a new courtside facility doesn't directly impact on this, the club is also managed and run by a wide range of volunteers from the local community and the sporting activity that is available also brings together a wide range of people, this all helps to engage and strengthen the community. With a better, more fit-for-purpose courtside facility the club will be able to increase sporting opportunities which will increase engagement and strengthening of the community.
Total cost of scheme (including VAT where appropriate)	£72,102	Including VAT
Funded by:		**Status**
Leamington Town Council	£2,000	Approved
BIFFA	£30,000	Applied for, waiting for decision
Own Funds	£10,102	
Total RUCIS	**£30,000**	
equates to	**41.6%**	

APPENDIX 2

RURAL/URBAN CAPITAL IMPROVEMENT GRANTS APPLICATION FOR 10TH FEBRUARY 2016 EXECUTIVE :

Applicant :	**Lapworth Cricket Club**
Description of scheme:	1. To build a new patio area and walkway either side of the existing pavilion in order to create an enlarged amenity and leisure area for players and spectators; the existing facility has become inadequate for the increasing membership and spectators on match day. The new patio area would enable the club to site tables and seating to create an area to socialise during and after games and will also incorporate a ramp to create disabled access to the cricket pavilion. 2. To provide power to the equipment shed and score box; the club currently has no facilities to do basic maintenance, electricity in the equipment shed would enable the club to undertake its own repairs and maintenance of equipment, for example, battery charging, sharpening blades and use of a grinder. Being able to do a considerable amount of maintenance in-house, the club's costs would be considerably reduced. Power in the score box would mean the club could move to an electronic scoring device and be able to use power tools in that part of the ground, for example, leaf blowers and hedge cutters.
Evidence of need:	There is a visible need; the current paving is uneven and dangerous, there have already been a number of instances of people tripping on the uneven areas. Additionally, there is currently no disabled access to the pavilion thereby reducing opportunity for wheelchair users and making access more difficult for families with young children. A letter from a supporter, Ian Winter, dated 15th July 2015 suggesting the need for this project (a copy has been provided).
3 years accounts received?	2012 - 2014 accounts have been received, along with a recent bank statements covering the period 17th August to 4th November 2015; this evidences sufficient cash reserves to meet the contribution stated on the application form.

Financial Performance; minus figure = deficit	**Year ended** 31/10/14	**Year ended** 31/10/13	**Year ended** 31/10/12
	£4,495	£7,237	£75
Available Funds (cash and reserves)	**Year ended** 31/10/14	**Year ended** 31/10/13	**Year ended** 31/10/12
	£12,133	£7,867	£11,092

Details of membership, Details of usage:

The club has the following classes of membership: Full Member – playing £70pa, Full Member – non-
Lapworth Cricket Club is the only sports club in the village with over 60 members:

REGULAR USE
* Saturday 1st XI playing in the Cotswold Hills League Division 2; every week between May and September, 12-14 players involved each week
* Saturday 2nd XI playing in the Cotswold Hills League Division 6; every week between May and September, 12-14 players involved each week
* Sunday XI playing friendly fixtures against local clubs; every week between April and September, 12-14 players involved each week
* Mid-week XI playing in the Shirley Mid-Week League Divison 2; every week between May and August, 12-13 players involved each week
* Club practice night every Tuesday evening between April and September, 18 - 25 players involverd each week

Each of the teams noted above has players from within the local community of all ages ranging from 16 to 60 years old.

AD-HOC USE
* When the ground isn't being used by the club's teams on Sunday's and mid-week, it is hired out to other local teams, approx 12 times per season
* Members social events are held such as quiz nights, curry nights, BBQ's; approx. 5 events per year (approx. 30 people attending)
* Lapworth Guides; approx 2 activities per year, however, the club are expecting to increase this in 2016 by running cricket training sessions, approx 20 people per activity
* Lapworth Brownies; approx 2 activities per year, approx 25 people

* Annual fun day which includes a number of Lapworth groups and organisations in the planning and running of the day such as WI, Lapworth Players, History Group, Brownies & Guides, Lees Chapel etc. The 2015 event attracted 750 adults & children.
* The clubhouse is also hired by individual members of the community for events such as birthdays, anniversaries and christenings; there are approx 3 to 4 events per year with approx 50 to 100 people attending each event

In 2016 the club plan to start a Junior section and will be actively promoting this prior to the start of the new cricket season; the club already have two fully qualified ECB coaches.

Details of Organisations equalities policies:

Lapworth Cricket Club's Constitution rule 5.1 states: Membership of the Club shall be open to anyone interested in the sport on application regardless of sex, age, disability, ethnicity, nationality, sexual orientation religion or other beliefs. A copf of the constitution has been provided.

3 quotes provided:		Yes - three quotes have been received for each aspect of the project (6 quotes in total)
Which of the Council's Corporate Priorities are met?		**Evidence**
Reduce anti-social behaviour		Although the project doesn't directly impact on this, without the club there would be no sports activities within the village which would potentially increase anti-social behaviour. Currently the club has….. • Three senior teams who play regular competitive matches • Ad-hoc usage by Lapworth Guides and Brownies The clubhouse is also hired for ad-hoc events and members hold several social events each year. The plan to develop the area in front and to the sides of the existing pavilion will create an attractive leisure area where parents can sit and watch their children participating in the practice & training sessions. The club are keen to increase membership and are now actively targeting local youth with a club objective of running a 3rd Saturday XI within the next three years. It is envisaged that this team will be primarily made up of young players in the 14 – 17 age bracket; it is anticipated that an increase in membership in particular the local youth will give them a purpose in life. This all helps to potentially reduce anti-social behaviour.
Reducing obesity, particularly in children		Although the project doesn't directly impact on this, without the club there would be no sports activities within the village which would potentially increase obesity. Currently the club has….. • Three senior teams who play regular competitive matches • Ambitious plans to develop a junior section with its own practice nights and ultimately junior teams With the assistance of their two qualified ECB coaches a programme of training activities will encourage youngsters to live a more active life. A key aspect of the club's policy is to ensure that the parents of these children have somewhere to congregate and relax whilst watching their children participating in sport – the project will achieve that objective. This all helps to potentially reduce obesity, including within children.
Increase opportunities for everyone to enjoy and participate in sports, arts and cultural activities		The project will help to increase opportunities for the community to enjoy sports and cultural activities, for example: • The plan to develop the area in front and to the sides of the existing pavilion will create an attractive leisure area where parents can sit and watch their children participating in the practice & training sessions - currently this option is not available to the parents. • Supporters of the club will also be able to utilise this area on match day to sit and watch the cricket – another facility that currently is not available. • The new patio area will also incorporate disabled access by way of a ramp to the cricket pavilion as currently there is no disabled access which will increase opportunity to participate for disabled members of the community and this will also benefit families with young children who need to use prams.
Engaging and strengthening communities		The club has links with the following organisations/groups; WI, Elderberries, History Group, Brownies, Girl Guides, Lapworth Players, Scarecrow Festival and PTA. A pleasant and safe facility will continue to ensure that the club can achieve their objective of being the focal point of the community. Additionally, the new patio area will enable supports and families to congregate and socialise during and after matches and practice sessions. The club is also managed and run by a wide range of volunteers from the local community and the activities that are available also bring together a wide range of people from the community, for example; competitive cricket teams, social events, Guides and Brownies, Fun Day. This all helps to engage and strengthen the community.
Targetting disadvantage in rural / urban areas:		The club offer a reduced membership fee for students (U21's) as well as cheaper rates for juniors. There are no bus services in the village, as a result the club offers sporting facilities to those members and families of the local community who do not have access to their own means of transportation. • The nearest sporting facilities outside of Lapworth are at Hockley Heath where they play football on the recreation ground and you have to travel much further a field to Claverdon if you want to participate in Rugby. • The nearest cricket clubs to Lapworth Cricket Club's Melson Memorial Park ground are Dorridge CC and Rowington CC. Neither of these two venues have any public transportation links with Lapworth which is approx. 2 miles from each club both served by very busy roads with little or no pedestrian provision.
Total cost of scheme (including VAT where appropriate)	£23,436	Including VAT
Funded by:		**Status**
Lapworth Parish Council	£500	Approved
Own Funds	£11,218	
Total RUCIS	**£11,718**	
equates to	**50.0%**	

RURAL/URBAN CAPITAL IMPROVEMENT SCHEME - 10TH FEBRUARY 2016 EXECUTIVE **APPENDIX 3**

Summary of Financial Impact of Approving Scheme

Scheme Description	RURAL	URBAN	SLIPPAGE	TOTAL
Original 2015/16 Budget	£75,000	£75,000	£0	£150,000
Resources brought forward from 2014/15 to 2015/16				
Total Slippage from 2014/15 to 2015/16	£0	£0	£294,562	£294,562
Rural/Urban Capital Improvement Grants already approved 2014/15	£0	£0	-£163,522	-£163,522
Rural/Urban Capital Improvement Grant unallocated balance 2014/15	£0	£0	£131,040	£131,040
				£281,040
1st July 2015 Executive				
Cubbington Village Hall	-£7,640			-£7,640
29th July 2015 Executive				
Kenilworth Tennis, Squash and Croquet Club		-£28,995		-£28,995
3rd September 2015 Executive				
Shrewley Village Hall	-£8,154			-£8,154
13th January 2016 Executive				
Warwick Sports Club		-£27,610		-£27,610
Leamington Lawn Tennis and Croquet Club		-£18,395	-£11,605	-£30,000
Westbury Community Centre (Myton Church)			-£30,000	-£30,000
10th February 2016 Executive				
Leamington Netball Club (proposed)	-£30,000			-£30,000
Lapworth Cricket Club (proposed)	-£11,718			-£11,718
Projects Closed - Underspends and Withdrawn 2015/16				
Kenilworth Town FC - RUCIS 195 (withdrawn - no longer required)			£13,250	£13,250
Whitnash TC (Measured Mile) - RUCIS 197 3rd Party Payment (underspend)			£28	£28
Barford Playing Fields - RUCIS 201 (withdrawn)			£30,000	£30,000
Whitnash TC (Measured Mile) - RUCIS 190 (underspend)			£173	£173
Remaining Budget	**£17,488**	**£0**	**£132,886**	**£150,374**