

 EXECUTIVE 18th December 2019		Agenda Item No. 3
Title	Council Loans Policy	
For further information about this report please contact	Andrew Jones (01926) 456830 Andrew.jones@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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	N/A	

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 & Sustainability Impact Assessment Undertaken	No
Not applicable.	

Officer/Councillor Approval	Date	Name
Chief Executive	2 nd December 2019	Chris Elliott
CMT	2 nd December 2019	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	2 nd December 2019	Mike Snow
Monitoring Officer	4 th November 2019	Andrew Jones (author)
Portfolio Holder(s)	2 nd December 2019	Councillor Hales
Consultation & Community Engagement		
Final Decision?	Yes	

1 SUMMARY

- 1.1 The report seeks Executive's recommendation to Council for the approval of a Loans Policy against which applications from external bodies for financial resources can be judged.

2 RECOMMENDATION

- 2.1 That subject to any amendments it wishes to make, Executive recommends to Council the adoption of a Council Loans Policy as drafted at Appendix A to this report and agrees that authority is delegated to the S151 Officer to produce the application form and business plan documents necessary for a loan application to be made.

3 REASONS FOR THE RECOMMENDATION

- 3.1 Over the course of the last 24 months, Executive has agreed a number of financial loans to various organisations on a case-by-case basis. Following an assignment in relation to this matter by the Council's Internal Audit service, the recommendation detailed below was produced:

RECOMMENDATION	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE (PID)	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Loans to External Organisations – 6 June 2019		
To prevent loans being allocated to selected applicants, an application process should be formed. This will allow a fair and equal opportunity for a wider audience to apply.	<i>Corporate Management Team:</i> We do not consider that a Loans Policy and application process should be developed. The Localism Act gives a broad remit for Councils to use what powers (tools) they consider necessary to deliver a specific objective. A loan may be the right solution for a specific case but we do not believe that in effect "a loan application scheme" should be established. We accept that a checklist should be established so that there is a consistency around process and procedure. PID: The checklist will be developed when we next consider that a loan is the appropriate tool to use.	<u>Update 1.</u> Having since consulted with the Chair of the Finance & Audit Scrutiny on this matter, it is now felt that a Loans Policy and application process would aid governance and therefore should be developed. <u>Update 2.</u> A fair amount of progress was being made in producing these items but has stalled of late due to other priorities. It is intended that the matter will be concluded by the end of November and that a report will be issued to Executive in December.

- 3.2 Members will note that initially Corporate Management Team (CMT) considered that a Loans Policy approach was not necessary, however, following receipt of a subsequent loan enquiry and consequent discussions with Group Leaders, and specifically the Chair of Finance & Audit Committee, CMT accepted that in the interests of transparency, objectivity and equity, the Council should develop a written policy position on its approach to financial loans.
- 3.3 Members are therefore asked to consider the Loans Policy at Appendix A and subject to any amendments it wishes to make, recognising that these amendments need to be legally compliant, recommend the Policy to Council for adoption.
- 3.4 The Policy makes reference to two management documents necessary for proper consideration of a loan application. These are an application form and business plan template. It is recommended that the S151 Officer is given delegated authority to produce these documents should the Policy be adopted.

4 POLICY FRAMEWORK

4.1 Fit for the Future (FFF)

The Council's draft FFF Strategy (proposed addition highlighted below) is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. Amongst other things, the FFF Strategy contains Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The Council's SAP's are the programme of work fundamental to the delivery of the strands described in the table below.

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

<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
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4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies. Each of these is referenced in the draft Business Strategy 2019-2023.

4.3 **Changes to Existing Policies**

This is a new policy which will require adoption by the Council.

4.4 **Impact Assessments**

Not applicable.

5 **BUDGETARY FRAMEWORK**

- 5.1 The Loans Policy does not propose that a supporting ring-fenced sum of money is allocated on a one-off or recurring basis. Instead individual applications will need to be considered against the Council's financial position at a point in time. It may well be the case that there is a well-constructed loan application but the Council does not have the resources at that time to agree a loan.

6 **RISKS**

- 6.1 In itself the Policy does not generate any additional risks for the Council as each application for a loan will need its own business case. It will be officers' responsibility to assess the application against the agreed criteria and consider any inherent risks in the proposal. Ultimately, Executive or Council will make the decision on whether to grant the loan.

7 **ALTERNATIVE OPTIONS CONSIDERED**

- 7.1 No alternative options were considered as following further consideration of Internal Audit's recommendation and the views of the Group Leaders and Chair of Finance & Audit, the development of a policy was considered the most prudent approach.