Joint Cabinet / Executive Committee

Constitution

February 2021

Table of Content

Joint Cabinet/Executive Committee of Stratford-on-Avon and Warwick District Councils

1 Terms of Reference

The Joint Cabinet/ Executive Committee of Stratford-on-Avon and Warwick District Councils has been created under sections 101 and 102 of the Local Government Act 1972, section 9EB of the Local Government Act 2000 and all other relevant legal powers, following decisions taken by the respective Cabinet and Executive of each council in February 2021.The purpose of the Joint Committee at present is to enable the two Council's to work more closely in developing a combined Local Development Plan for South Warwickshire and ensuring that decisions are taken collectively and in a timely manner.

The Joint Committee will not at present undertake any other function than those defined within the terms of reference below and, as defined by law, and as such the adoption of the South Warwickshire Local Development Plan Document / Local Plan will remain with the individual Council's for final approval.

The Constitution for the Joint Committee includes a set of standing orders that takes precedence over the respective constitutional documents of each of the two councils. However, where the Constitution for the Joint Committee is silent on an issue, the Constitution of each respective Council will take precedence.

There will be a review by both authorities towards the end of the first 12 months of the operation of the Joint Committee in order to determine if any changes are necessary.

Terms of reference:

The purpose and functions of the Joint Cabinet/Executive Committee are to:

- Endorse technical studies and background reports to inform the preparation of South Warwickshire Local Development Documents, as appropriate
- Approve or recommend to Council (as appropriate) South Warwickshire Local Development Documents for public consultation
- Recommend to Council adoption of accompanying South Warwickshire Local Development Documents e.g. Local Development Scheme, Statement of Community Involvement
- Recommend to Council approval of the South Warwickshire Development Plan Document / Local Plan for submission to the Secretary of State for examination
- Recommend to Council adoption of the South Warwickshire Development Plan Document / Local Plan

2 Membership

2.1 The work of the Joint Cabinet / Executive Committee is that of an Executive function. Therefore, under legislation, its membership can only be drawn from the membership of the Stratford on Avon District Council (SDC) Cabinet and Warwick District Council (WDC) Executive.

2.2 The Joint Committee will comprise six members in total, with three Councillors from each of the SDC Cabinet and WDC Executive.

2.3 These Councillors will be appointed by the Leader of the respective Council, who will notify their respective Council of their decisions. This will normally take place at the Annual Council meeting of SDC and WDC, but the Leaders are entitled to revise appointments at any time.

2.4 Any member who ceases to be a member of the respective Council's Cabinet/Executive will automatically cease to be a member of the Joint Committee and a vacancy will be created for that Council on the Joint Committee until such time as the Leader of the respective Council appoints a replacement.

2.5 The Leader of each Council may appoint up to three members, drawn from their respective Cabinet/Executive, as substitutes to attend meetings of the Joint Committee in the absence for any reason of a member selected under paragraph 2.2., who shall be treated in all respects as if they had been appointed under paragraph 2.2.

2.6 The Chairmen of the Overview and Scrutiny Committees from both authorities and a member from each political Group not represented on either the SDC Cabinet or WDC Executive may attend meetings as observers.

2.7 Any other SDC or WDC Councillor may attend meetings.

3 Appointment of Chairman

3.1 The Joint Committee shall appoint a Chairman at the start of each meeting, from amongst the members of the Council that is hosting the meeting.

3.2 The Chairman appointed under paragraph 3.1 shall hold the role until the start of the next meeting.

4 Quorum

4.1 The quorum to conduct business is four voting members, with no be fewer than two members from each of SDC and WDC.

4.2 The Chairman will adjourn the meeting if there is not a quorum present.

5 Management of Meetings

5.1 The Proper officers for the meeting will be the Chief Executives of both SDC and WDC, who will normally both (or their nominated deputy) attend the meeting.

5.2 The Monitoring Officers for both SDC and WDC (or their nominated deputy) will attend to provide advice to their respective Councillors.

5.3 Democratic Services Support will alternate for each meeting between SDC and WDC, depending on which council is hosting the meeting

5.4 The date, time, place, agendas, reports and minutes of the meetings of the Joint Committee will be published through both the SDC and WDC websites and the shared Local Plan website.

5.5 The meetings will all be broadcast live on a dedicated joint Cabinet/Executive YouTube channel.

5.6 Prior to any report being included on the agenda, both Chief Executives, must have approved it for publication, having consulted with relevant members and officers

6 Meetings

6.1 There shall be a minimum of four meetings of the Joint Committee each year on dates as determined by the Chairman and published on both Councils' websites.

6.2 Meetings will be held on such days and at such times as determined by the Chairman.

6.3 The meetings will take place at either: the Town Hall, Royal Leamington Spa; Elizabeth House Stratford Upon Avon; or in a remote online setting for such time as allowed by legislation, or such other venue as agreed by the Chairman.

6.4 The Chairman may call additional meetings of the Joint Committee to consider a matter that falls within its remit but cannot await the next scheduled meeting, provided at least five clear working days' notice in writing is given.

6.5 Formal meetings of the Joint Committee shall be held in public except when exempt or confidential information is being considered and the press and public are excluded in accordance with the Local Government Act 1972 (as amended).

6.6 The agenda and reports will be published and notice sent to Members of the Joint Committee no less than five clear working days before the date of the meeting.

6.7 Only the business on the agenda will be discussed at a meeting of the Joint Committee except for urgent matters raised in accordance with the provisions in Section 100B(4)(b) of the Local Government Act 1972.

6.8 The decisions from the meeting shall be published on the SDC and WDC websites, with a link from the joint local plan website, within two clear working days of the date on which the Joint Committee met.

6.9 The draft minutes of a meeting shall be published on SDC and WDC websites, with relevant links from the joint local plan website, as soon as is reasonably practicable.

7 Delegated Powers

7.1 The delegated powers mean those powers to be discharged by the Joint Committee as set out in its terms of reference.

7.2 The Joint Committee shall discharge the delegated powers within the respective budgetary and policy frameworks set by SDC and WDC.

7.3 When discharging the delegated powers, the Joint Committee shall take decisions only after taking account of advice received in writing or orally from relevant officers of SDC and/or WDC as appropriate, including legal, financial and policy advice.

7.4 Prior to making a Key Executive decision the Joint Committee must be satisfied that legal requirements for prior notification of that decision have been complied with.

8 Overview & Scrutiny

8.1 Executive decisions made by the Joint Committee are subject to scrutiny by either of the relevant Overview and Scrutiny Committee at SDC or WDC, including an Overview and Scrutiny Committee's right to recommend that an Executive Decision made but not implemented should be reconsidered by the decision-taker (often referred to as 'call-in').

8.2 The processes and procedures for the exercise by the relevant Overview and Scrutiny Committee of its 'call-in' function shall be exercised in accordance with the relevant Constitutions of SDC or WDC, with any final decision being referred back to the Joint Committee for decision.

8.3 On receipt of a recommendation from an Overview and Scrutiny Committee following consideration of a call-in, the Joint Committee may accept, reject or amend the decision originally taken. The decision taken by the Joint Committee, following the review of its original decision, will be reported back to the next meeting of each respective Council for information.

8.4 If the initial decision is amended in any way, it is subject to a further call-in period.

9 Minutes

9.1 At the meeting, the Chairman will move the formal motion "That the minutes of the last meeting be confirmed and signed by the Chairman" and there may only be discussion if there is disagreement about their accuracy.

10 Confidentiality

10.1 All Members must respect the confidentiality of any papers marked as such that are made available to them for the purpose of meetings of the Joint Committee or otherwise for so long as those papers remain confidential.

10.2 All Members must respect the confidentiality of any meetings or parts of meetings of the Joint Committee for so long as the information considered in those parts remains confidential.

10.3 Failure to adhere to the requirements of 9.1 to 9.2 is likely to be considered as a breach of the Member Code of Conduct of the respective Council.

11 Questions to the Joint Committee

11.1 Any Member of either Council may, with the Chairman's consent, ask one or more questions on matters within the terms of reference of the Joint Committee.

12 Petitions & Notices of Motion

12.1 The Committee will only consider petitions referred to them by the respective Council, under that Council's Petitions Scheme or its procedure rules for Notices of Motion.

13 Public Speaking

13.1 Members of the public may address the meeting. An allocation of a maximum of 30 minutes public speaking time at each meeting will be permitted, with a maximum five minutes per person. A member of the public wishing to speak at the meeting must register to do so by 10am the working day before the meeting.

14 Debate at Meetings

14.1 The Chairman of the meeting will manage the debate for each item on the agenda as they consider reasonable.

14.2 A Member of the Joint Committee may speak on any business on the published agenda of the committee. Matters not relevant to the business on the agenda will not be permitted.

14.3 Every Member who speaks must direct their speech strictly to the matter under discussion.

14.4 The Chairmen of the Overview and Scrutiny Committees from both authorities, those members appointed from each political Group not represented on either the SDC Cabinet or WDC Executive and any other SDC or WDC Councillor may, at discretion of the Chairman, address the meeting.

14.5 In the event that members of the Joint Committee from one council have opposing views to members of the Joint Committee from the other council in relation to an agenda item, the Chairman shall remit the issue back to officers in order to find an acceptable solution

15 Disorderly Conduct

15.1 If a member of the public interrupts the proceedings at a meeting, the Chairman may ask them not to interrupt.

15.2 If the interruption continues, the Chairman may order their removal from the meeting.

15.3 If there is general disturbance in from the public generally, the Chairman may order that those parties be removed.

15.4 If misconduct continues, the Chairman may adjourn or suspend the meeting for as long as they consider appropriate.

16 Code of Conduct

16.1 Members are bound by the Code of Conduct of the authority which appointed them to the Joint Committee and they should particularly observe the provisions of their respective Codes concerning the declaration of interests when attending meetings of the Joint Committee.

17 Declarations of Interest

17.1. At any meeting where a Member becomes aware that a matter under consideration relates to:

(a) one of their interests, they must disclose the interest and the nature of the interest in accordance with their respective Council's Code of Conduct if not already entered on the relevant Council's register and/or

(b) the donor of any gift and/or hospitality that they have accepted and not yet entered on the relevant Council's public register, the Member must disclose the interest to the meeting and, within 28 days, notify this to either SDC's Monitoring Officer or WDC's Monitoring Officer.

18 Participation in relation to Disclosable Pecuniary Interests

18.1. A Member with a disclosable pecuniary interest in any matter must:

(a) not participate in any discussion or vote relating to the matter;

(b) withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting;

(c) not exercise functions in relation to that matter; and

(d) not take any steps in relation to the matter (except for the purposes of enabling the matter to be dealt with otherwise than by them) unless they have obtained a dispensation from SDC's Monitoring Officer for SDC Councillors or WDC's Standards Committee for WDC Councillors.

19 Attendance at Meetings

Every member of the Councils attending a meeting of the Joint Committee must sign their name in the attendance book or sheet provided for that purpose. (Suspended until 7 May 2021).

20 Exclusion of the Press and Public

The Joint Committee may, by resolution, exclude the press and public from a meeting during an item of business wherever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure of information as defined by the Local Government Act 1972 and/or the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

21 Sub-Committees and Working Groups

The Joint Committee shall seek approval from the respective Cabinet and or Executive prior to appointing a Sub-Committees or a working group.

22 Conduct at meetings & Interpretation of the Constitution

The conduct of meetings and the interpretation of this Constitution are at all times a matter for the Chairman, whose ruling is final.

23 Maladministration or Financial Malpractice

23.1. When, in the opinion of the Monitoring Officer of either Council, the Committee is guilty of acts or omissions made or about to be made which are unlawful or amount to maladministration, they shall produce a report which shall be circulated to all members of their Council and the process followed in respective of the appropriate Council's Constitution.

23.2. Where in the opinion of the Chief Financial Officer the Committee

(i) takes or is about to take a decision which if pursued to its conclusion would involve the Council incurring unlawful expenditure or

(ii) takes or is about to take a course of action which if pursued to its conclusion could be unlawful and likely to cause the Council loss or deficiency or

(iii) is about to enter an item of account which is unlawful,

they shall produce a report, in consultation with the Chief Executive and Monitoring Officer, which they shall circulate to all members of the respective Council, and the Council's External auditor and follow the procedure as set out in the respective Council's Constitution.

24 Withdrawal from the Joint Committee

24.1. At any time, either the Cabinet or Executive of each Council may give six months' notice in writing to the other Council of its intention to withdraw from the Joint Committee. Once the Joint Committee ceases to exist, the functions delegated to it will each revert back to the relevant delegating authority.
The Leader of either Council can at any time withdraw the delegated Executive powers from the Joint Committee.

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.

The Budget has been prepared with the backdrop of the Global Pandemic and the continuing uncertainty on the Council's finances from the impact of the UK leaving the EU. The pandemic has impacted upon the Council's expenditure and income streams during 2020/21, as reported to Members throughout the last year. Whilst there has been some financial support from the Government, the Council has still had to rely upon its reserves during the year to a greater extent than originally planned.

With the pandemic continuing, the impact on the Council's finances remains uncertain. Whilst some Government support has been announced for 2021/22, the level announced is unlikely to be insufficient to meet the full financial impact. It is very possible that expenditure budgets will be exceeded and income targets are not met. The 2021/22 Budget does include a Covid 19 Contingency to assist where it is not possible to contain expenditure within budgets. In addition, the Council does have some reserves that may be utilised (as discussed below) and the general Contingency Budget.

Adequacy of Reserves

There has been much discussion over what the appropriate levels of reserves are for a local authority to hold, with various papers being issued on this subject.

However, it is for each authority to determine the right level of reserves, reflecting its individual circumstances and risk appetite.

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 5, 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 is set out in Appendix 5 of this report and Finance and Audit Scrutiny Committee have been asked to pay particular attention to this (para 3.9 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.

Budget assumptions	Financial standing and management
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.

The Cipfa Resilience Index was launched in December 2019 compares the Council to other comparator authorities. This does not suggest any areas where the authority is notably at risk, with levels of ear-marked reserves providing much security in the short/medium term.

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 4. 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 2021/22, and the new Covid 19 Contingency Budget. These provisions reduce the possibility of the Council calling upon its General Fund balances

The Council is undoubtedly facing greater in-year budget risks than in any previous year. Primarily these relate to the global pandemic, as discussed earlier, in addition to risks in relation to the uncertain state of the economy and the impact on the Council of the UK leaving the EU (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 finance into the future. Whilst the 2021/22 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.

In considering future years from 2022/23 there are significant uncertainties relating to the Council's share of Business Rates as result of the Fair Funding Review, the reset of the Business Rate Retention Scheme and the introduction of the 75% Business Rate

Retention Scheme. Prudent estimates for business rates retention have been included from 2022/23, allowing for a significant reduction from the level budgeted for 2021/22. To help meet this reduction, the Council should be able to make use of the Business Rate Retention Volatility Reserve in the short/medium term. However, this will not be sustainable if the Council does not reduce its overall spending level to match its Business Rate income without relying on contributions from the reserve.

Members agreed a series of Budget Proposals in December 2020 which have been included in the 2021/22 Budget and Medium Term Financial Strategy to address the underlying budget deficit in 2021/22 and future years. It is important that officers and Members progress these proposals to make the necessary savings in term of value and timing. Not to achieve these savings will put increased pressure on the Council's more limited reserves, whilst still leaving the full level of savings to be achieved. If the savings are not achieved, there will be risks to services and toe the Council's sustained finances.

Mike Snow

Head of Finance

February 2021

General Fund Summary

Appendix 2 to Minute Number 78

Portfolio	Outturn 2019/20 £ A	Original Budget 2020/21 £ B2	Latest Budget 2020/21 £ C	Original Budget 2021/22 £ D	Variance Ref 2020/21 £ C-B2	Variance 2021/22 £ D - B
Assets	887,483	979,700	633,000	264,800	(346,700)	(714,900)
Cultural Services	4,340,575	3,908,400	5,082,500	3,455,500	1,174,100	(452,900)
Strategic Leadership	5,960,059	2,482,900	4,075,500	4,532,700	1,592,600	2,654,800
Development Services	3,405,685	2,211,600	4,969,600	2,654,300	2,758,000	442,700
Finance	2,800,025	2,988,400	3,673,600	1,079,000	685,200	(1,909,400)
Health & Community Protection	3,133,513	2,738,700	4,674,500	2,818,300	1,935,800	79,600
Housing Services - General Fund	1,586,352	1,940,100	2,071,600	2,033,600	131,500	93,500
ICT	(4,680)	(7,800)	187,000	175,500	194,800	183,300
Neighbourhood Services	7,099,883	7,272,800	10,171,800	9,830,400	2,899,000	3,090,600
People and Communication	(22,787)	5,200	355,700	340,900	350,500	335,700
TOTAL GENERAL FUND SERVICES	**29,186,109**	**24,520,000**	**35,894,800**	**27,185,000**	**11,374,800**	**3,803,000**
Replacement of Notional with Actual Cost of Capital:						
- Deduct Notional Capital Financing Charges in Budgets	(11,167,442)	(6,521,200)	(15,968,600)	(6,488,000)	(9,447,400)	33,200
- Add Cost of Loan Repayments, Revenue Contributions and	0		0	0	0	0
- Interest paid	120,241	466,800	467,000	542,000	200	75,200
Revenue Contributions to Capital	1,557,770	1,807,700	857,900	2,261,000	(949,800)	203,300
Contributions to / (from) Reserves	1,704,166	13,316	(1,612,000)	(2,822,000)	(1,625,316)	(6,627,588)
Net External Investment Interest Received	(1,696,260)	(508,100)	(445,800)	(756,900)	62,300	(248,800)
IAS19 Adjustments reversed	(2,920,956)	(2,477,800)	(2,477,800)	(2,477,800)	0	0
Employee Benefits Accruals reversed	(18,544)	0	0	0	0	0
Contributions to / (from) General Fund	2,470,853	0	0	0	0	0
NET EXPENDITURE FOR DISTRICT PURPOSES	**19,235,938**	**17,300,716**	**16,715,500**	**17,443,300**	**(585,216)**	**(2,761,688)**
Less Revenue Support Grant	0	0	0	0	0	0
Less Business Rate Income	(6,385,452)	(4,161,000)	(3,576,100)	(4,324,000)	584,900	(163,000)
Less General Grants	(3,433,878)	(3,726,100)	(3,726,100)	(3,269,100)	0	457,000
Collection Fund (Surplus) / Deficit	(143,000)	185,000	185,000	39,000	0	(146,000)
Surplus / (Deficit) for the Year			316	281		
NET EXPENDITURE BORNE BY COUNCIL TAX	**9,273,607**	**9,598,616**	**9,598,616**	**9,889,481**	**(316)**	**(2,613,688)**
Aggregate Parish Council Expenditure	1,619,423	1,723,904	1,723,904	1,723,904	0	0
COMBINED DISTRICT AND PARISH EXPENDITURE BORNE BY COUNCIL TAX:	**(10,893,030)**	**(11,322,520)**	**(11,322,520)**	**(11,613,385)**	**0**	**2,613,407**

Medium Term Financial Strategy

Appendix 3(i) to Minute Number 78

	2020/21 £'000	2020/21 latest £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Savings from Recurring Dev's (£'000's)			-1		-178	30	216
Net Cost Of General Fund Services	24,520	35,895	27,186	23,973	22,847	22,987	23,311
Investment Interest	-508	-446	-757	-492	-295	-293	-291
New Homes Bonus-unallocated Balance							
Other Financing Adjusments	-6,712	-18,734	-8,985	-8,444	-8,114	-7,900	-7,894
Net Expenditure after adjustments	**17,300**	**16,715**	**17,444**	**15,037**	**14,438**	**14,794**	**15,126**
Revenue Support Grant							
NNDR (Business Rate Retention, including SBR grant)	-4,161	-3,576	-4,325	-3,539	-3,645	-3,754	-3,864
Collection Fund Balance	185	185	39	54	54		
New Homes Bonus	-3,726	-3,726	-3,269	-1,278			
Other Grants and Government Funding							
Amount being from Council Tax	**-9,598**	**-9,598**	**-9,889**	**-10,274**	**-10,669**	**-11,071**	**-11,478**
Band D Equivalent	£171.86	£171.86	£176.86	£181.86	£186.86	£191.86	£196.86
% increase on previous year	3.00%	3.00%	2.91%	2.82%	2.75%	2.68%	2.61%
Net Expenditure after adjustments	17,300	16,715	17,444	15,037	14,438	14,794	15,126
Total Grant and Council Tax Income	-17,300	-16,715	-17,444	-15,037	-14,260	-14,824	-15,342
Deficit-Savings Required(+)/Surplus(-) future years					178	-30	-216

	2020/21 £'000	2020/21 latest £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Base Cost of General Fund Services	36,926	24,520	35,895	27,185	23,973	22,669	23,017
Inflation on Controllable Expenditure	273	0	306	377	397	413	426
Recurring Growth	347	1,207	3,254	576	387	263	225
Items funded from Reserves	673	2,159	2,319	425	221	49	49
Total New time limited growth/savings	745	-1,438	-2,969	-5,240	-7,124	-7,280	-7,421
Less previous year 1 Off/Time Limited Growth	-3,477	0	-2,139	650	4,815	6,903	7,231
Changes in Capital Charges	-10,967	9,447	-9,481	0	0	0	0
Net Cost of General Fund Services	**24,520**	**35,895**	**27,185**	**23,973**	**22,669**	**23,017**	**23,527**
Less:Capital Financing Charges	-6,521	-15,969	-6,488	-6,488	-6,488	-6,488	-6,488
Less IAS19 included above	-2,478	-2,478	-2,478	-2,478	-2,478	-2,478	-2,478
Controllable Expenditure	**15,521**	**17,448**	**18,219**	**15,007**	**13,703**	**14,051**	**14,561**
Financing Charges etc.							
Loan repayments etc	467	467	542	575	609	615	621
Revenue Contributions to Capital	1,808	858	2,261	259	80	80	80
Contributions to/from reserves	12	-1,612	-2,822	-312	163	371	371
External investment interest	-508	-446	-757	-492	-295	-293	-291
Total Financing Charges etc	**1,779**	**-733**	**-776**	**30**	**557**	**773**	**781**
Net Expenditure	**17,300**	**16,715**	**17,443**	**15,037**	**14,260**	**14,824**	**15,342**
NNDR redistributed	-4,161	-3,576	-4,324	-3,539	-3,645	-3,754	-3,864
New Homes Bonus	-3,726	-3,726	-3,269	-1,278	0	0	0
Collection Fund Balance	185	185	39	54	54		
Total AEF/Collection Fund	**-7,702**	**-7,117**	**-7,554**	**-4,763**	**-3,591**	**-3,754**	**-3,864**
Council Tax borne expenditure	**9,598**	**9,598**	**9,889**	**10,274**	**10,669**	**11,071**	**11,478**
Equivalent to Band D Council Tax	**171.86**	**171.86**	**176.86**	**181.86**	**186.86**	**191.86**	**196.86**
% increase on previous year	3.00%	3.00%	2.91%	2.82%	2.75%	2.68%	2.61%
Council Tax Base	55,851	55,851	55,917	56,500	57,100	57,700	58,300

Medium Term Financial Strategy - Recurrent Developments

Development	2020/21 £	2020/21 latest £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Auto Enrolment - National Employment Savings Trust (NEST)	31,900						
AV Town Hall maintenace & support	2,400						
Car Park Income	-32,300						
Catering Contract service charges	-400						
CCTV Contract Savings	-51,000						
CCTV Revenue Savings from new tender	-1,160		-1,160	-1,160	-1,160		
Cleaning Contract	191,500						
Committee services joint post contribution	20,900		700	200			
Elections - Training	5,000						
Employee Costs above inflation growth	50,000		50,000				
Equitrac Support after 5 year period of purchase				1,000			
Fees and Charges	-170,700						
FFF23 Reduction in Council Discretionary spend	-25,000						
FFF24 Review of Community Partnership arrangements	-30,000						
FFF29 Members Allowances	-900						
Gas Costs	21,600						
Government Funding towards IEP	26,000						
Grounds Maintenance	5,844				22,054		
Hedge Maintenance	-4,000						
Heritage Open Days			4,000				
Housing Restructure	55,700						
HR Restructure	-18,000						
IAS19 changes	-136,100						
Increased cost of Financial Management System	40,000						
Insurance premium new contract	-33,000	-4,900	9,900				
Kenilworth Leisure			500,000				
Local Plan	5,000						
New contract terms for Internal Health and Safety IT system - AssessNet	11,240						
NNDR increases on General Fund Properties	28,600		4,400	25,400			
Observer status of the West Midlands Combined Authority	25,000						
Other Minor Rec Dev	-14,000						
Planning Consultancy	47,000						
Planning Policy Assistant	33,000						
Recruitment portal	6,000						
Recycling credits from new developments	-15,838		-14,462	-11,766	-10,406		
Reduced advertising income	-72,700						
Reduced estimated advertising income	73,000						
Reduction in HB/CTB Admin Subsidy	226						
Rental Income	6,600		-4,400				
Restoration of Principal Accountant Post to Full Time	7,500						
Salary budget changes	154,700		-55,900				

Development	2020/21 £	2020/21 latest £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Senior Management Team Review	47,000						
Street Cleaning	15,000						
Street Cleaning newly adopted roads	34,332		31,350	25,505	22,557	22,557	15,768
Street name and numbering income	900						
Town Hall Transfer							
Waste Contract	-11,799		3,409,900		500,000		
Waste Contract - Vehicle Leasing Saving			-50,000				
Waste Management New Properties	44,000		40,179	32,687	28,909	28,909	20,208
Water charges - Abbey Fields	3,000						
WDC Trees - new contract	-30,000						
Car Park Income		1,120,500	-704,300				
Climate Change delivery			500,000				
Committee teas			2,500				
Crematorium Contract inflation			800				
Crematorium Training		1,000	200				
CSE Course expenses no longer recovereable		2,100					
Data lines - funeral webcasting		8,000					
Fees and Charges			-503,000				
HR Health & Wellbeing E'ers Class 1A NIC contributions Bupa Scheme		2,000					
HR Payroll System - new service provider			10,300				
ICT - Remote Licences			6,000				
Lone working Expenditure			26,500				
Neigbourhood Services joint post contribution		-28,100					
New Programme Team expensiture budgets			5,000				
Other Minor Rec Dev		-44,900	-14,689				
Pay Award - additional 0.75%		150,000	1,500	3,000	3,000	3,100	3,100
PPM Programme				500,000			
Warwick Community Forum		900					
Savings Required	562		-1,262	642	-177,865	208,405	185,477
Total Recurrent Developments	**346,608**	**1,206,600**	**3,254,056**	**575,508**	**387,090**	**262,970**	**224,553**

Medium Term Financial Strategy - Non Recurrent Developments

Development	2020/21 £	2020/21 latest £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Art Gallery revaluation	2,500						
Commercial Rents	12,500	27,200	-17,900				
Community rail partnership 20/21-21/22	5,000		5,000				
Contingency Budget	200,000	-198,200					
Contributions to Equipment Renewals Reserve ceased until 22/23			-100,000				
Dec 19 Exec Agreed Items	20,000						
Election Costs					35,000		
Europa Farm - Farm House additional revenue costs	12,000		12,000				
FFF16g Leisure Options	-922,544		-1,252,456	-1,230,591	-1,331,721	-1,391,653	-1,334,308
HR Business Partner	34,000						
HR Support Officer	6,000						
ICT software upgrade	-25,000						
Insurance Admin Fee for Leaseholder Cover Reduced	1,400						
Internal Audit review - every 5 years	3,500						3,500
Litter bin emptying	10,000						
Litter bins 3 year programme starting 2018/19	98,000						
Local plan	-3,000						
Lottery decision deferred	27,600						
MHCLG Intervention Grant Funding	-132,100	-49,000					
MHCLG Interventions	132,100	49,000					
Newbold Comyn grounds maintenance contract	40,000						
Planning Policy Assistant	-14,000						
Printing devices leases	-4,000		-4,000	-1,000			
Recharge Changes	-193,400		-58,000				
Recruitment costs - Head of ICT and Programme Director	20,000						
Refuse Containers Delivery (declassified Capital)	40,000		40,000	40,000	40,000	40,000	
Salary Budgets	25,000	65,900	-638,800	12,500			
Trans-Midlands Trade Corridor	7,500		7,500				
VE Day Celebrations	8,000						
Climate Change Director - Joint Post with SDC from 21/22	105,000	-15,900	53,000	52,000	15,900		
Cost of Referrendum	500,000	-500,000					
Food waste - New Homes Bonus Funded	533,000	-533,000					
Project Legal Costs - New Homes Bonus Funded	65,300						
Waterloo Housing - New Homes Bonus Funded	125,800		199,600	45,000			
Corporate Projects Legal Fees		3,000	50,000				
COVID Additional Exp - Benefits Staff Overtime		8,000					
COVID Additional Exp - Business Rates Software		7,500					
COVID Additional exp - Cleaning / PPE		25,000					
COVID Additional Exp - Events		81,800					
COVID Additional Exp - Everyone Active		965,354					
COVID Additional Exp - Hardship Fund Software		3,000					

Development	2020/21 £	2020/21 latest £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
COVID Additional Exp - ICT		83,000					
COVID Additional Exp - Council Newsletter		25,000					
COVID Exp savings - Events (inc National Bowls Championships, Christmas)		-167,900					
COVID Exp savings - Spa Centre Events		-650,000					
COVID Income loss - Bowls Club		7,400					
COVID Income loss - Building Control		100,000	167,200				
COVID Income loss - Car Parks		1,307,500					
COVID Income loss - Commercial Rent / Concessions		9,575					
COVID Income loss - Edmondscote Track		8,000					
COVID Income loss - Enterprise Development			114,300				
COVID Income loss - Events Cancelled		7,400					
COVID Income loss - Leisure Concession reduced		922,500	1,252,456				
COVID Income loss - Licensing Fees		68,800					
COVID Income loss - Market and Events		25,000					
COVID Income loss - Open Spaces		7,400					
COVID Income loss - Planning fees		700,000					
COVID Income loss - Spa Centre		871,700					
COVID Income loss - Spa Centre concessions		184,200					
COVID Income loss - Sports pitch hire		4,000					
COVID Income loss - Tennis Licence fee		500					
COVID Income loss - Town Hall Hire		51,800					
Digital Transformation			-16,300				
Electoral registration 2 yr trainee post extension			10,900	5,600			
Fees and Charges			-330,000				
Government grant - ACE Cultural COVID arts funding		-170,000	-80,000				
Government grant - Business Grants admin - New Burdens funding		-170,000					
Government grant - Business Rates Discounts - New Burdens funding		-11,700					
Government grant - Casual staff Furlough		-100,000					
Government grant - Council Tax Hardhip - New Burdens funding		-11,713					
Government grant - COVID income compensation scheme 20/21		-3,500,000					
Government grant - COVID support 20/21 tranche 1		-61,000					
Government grant - COVID support 20/21 tranche 2		-1,423,400					
Government grant - COVID support 20/21 tranche 3		-199,700					
Government grant - COVID support 20/21 tranche 4		-156,342					
Government grant - COVID support 21/22 tranche 1			-626,679				
Government grant - Homelessness and Rough Sleeping			-360,300				
Government grant - LCTS			-170,000				
Government grant - Leisure Funding		-260,000					
Government grant - Lower Tier Services			-147,000				
Other legal fees			-92,600				
Other minor non-rec Dev	4,400	-3,216	-9,988				118,118
Premises admin fee reduced			-1,400				
Rec CCTV savings delayed		50,000					

Development	2020/21 £	2020/21 latest £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Reduced Arts Development expenditure		-58,500					
Riverside House Relocation - consultancy			20,000				
Sophos AV 3 year renewal					14,600		
Waste Contract		528,000					
Waste Contract - additional COVID related expenditure		600,000					
Waste contract - Consultancy			20,000				
Waste Contract - Recycling publicity and promotional work			10,000	10,000			
Web Services - website upgrade		4,000					
Community Centre Acre Close feasibility - New Homes Bonus Funded			25,000				
Contingency Budget - New Homes Bonus Funded			200,000				
Covid Contingency - New Homes Bonus Funded			923,000				
Joint Local Plan - new Homes Bonus Funded			100,000	200,000			
Kenilworth School Monitor - New Homes Bonus Funded			83,000				
Voluntary/Community Sector Commissioning - New Homes Bonus Funded			282,000	282,000			
Savings Proposals			-2,639,000	-4,656,000	-5,898,000	-5,928,000	-6,208,000
Total Non-Recurrent Developments	**744,556**	**-1,438,042**	**-2,969,467**	**-5,240,491**	**-7,124,221**	**-7,279,653**	**-7,420,690**

Medium Term Financial Strategy - Reserve Funded Developments

Appendix 3 (v) to Minute Number 78

Development	Reserve	2020/21 £	2020/21 latest £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Building Control Salary Changes (including Pay Award)	Building Control Reserve	16,400		16,400	16,400	16,400	16,400	16,400
Vehicle Leasing	Business Rate Volatility Reserve	15,000						
Heritage Open Days	Capital Investment Reserve	4,000	-2,715					
2 x Business Support Officer - 2 years FTC	Car Park R&M Reserve	33,700						
4 x Ranger Officers - 2 x 2 years FTC & 2 x 1 year FTC	Car Park R&M Reserve	53,100						
Commonwealth Games project - ongoing administrative costs	Commonwealth Games (Bowls) Reserve	54,000		54,000	54,000			
Commonwealth Games project manager	Commonwealth Games (Bowls) Reserve	46,000		46,000	46,000			
Grounds Maintenance additional staff member for Bowling Greens	Commonwealth Games (Bowls) Reserve	20,000		20,000	20,000			
Junior Bowls	Commonwealth Games (Bowls) Reserve	30,000		30,000	30,000			
Community Emergency Response Fund Grants	Community Emergency Response Fund		169,923					
Arts Development Officer salary fixed term increase	Community Projects Reserve	8,200		8,800				
Chase Meadow Community Centre 3 Year Grant Funding	Community Projects Reserve	11,500		11,500				
Funding pilot "Creative Forum" scheme for 3 year trial period from April 19	Community Projects Reserve	5,000		5,000				
Projects & Development Manager (Arts) - 2 year FTC	Community Projects Reserve	45,300						
St Marys Lands hotel	Community Projects Reserve							
St Marys Lands Plincke (landscape architects)	Community Projects Reserve							
Banner Homes - Shrublands Park	Commuted Sums Reserve	2,358		2,358	2,358	2,358	2,358	2,358
Chestnut Square Lillington	Commuted Sums Reserve	1,181		1,181	1,181	1,181	1,181	1,181
Millpool Meadows	Commuted Sums Reserve	5,945		5,945	5,945	5,945	5,945	5,945
Neighbourhood Services redesign	Commuted Sums Reserve		2,817					
Open Space at Frank Whittle Gardens Leamington (new from 19/20)	Commuted Sums Reserve	748		748	748	748	748	748
Taylor Wimpey re Gog Brook	Commuted Sums Reserve	18,515		18,515	18,515	18,515	18,515	18,515
Corporate Property R & M programme	Corporate Assets Reserve		229,054	1,360,067				
Contribution to Digital by Design reserve	Digital by design reserve		-16,300					
Crematorium / bereavement project	Digital by design reserve		60,400					
ICT restructure	Digital by design reserve	86,300	-26,400	26,400				
2019/20 Final Accounts EMR	Earmarked Reserve		732,200					
Contribution to Elections	Election Reserve					105,000		
Colour Copier	Equipment Renewal Reserve	16,485		16,485	16,485			
Cremator Reline and Bier	Equipment Renewal Reserve	7,700	-7,700					
Media Printing Devices	Equipment Renewal Reserve	18,800		18,800	4,700			
Contingency Budget	General Fund Balance		500,000					
Kenilworth School - Monitor	General Fund Balance		19,000					
ICT Replacement Reserve Schedule	ICT Reserve	124,246	48,479	172,725	172,725	202,952	135,479	135,479
CIL Officer Funded from Planning Investment Reserve	Planning & Investment Reserve	29,400		29,400	29,400	29,400	29,400	29,400
Development Monitoring Officer and Site Delivery Officer (Coventry South)	Planning & Investment Reserve	30,100		30,100	30,100	30,100	30,100	30,100
Enforcement Officer 2 year FTC	Planning & Investment Reserve		30,900					
Kenilworth Rugby Football Club - consultancy costs	Planning & Investment Reserve		20,600					
Principal Planners Regrade, Enforcement Officer	Planning & Investment Reserve	53,000		53,000	53,000	53,000	53,000	53,000
Principal Planners Regrade, Enforcement Officer	Planning & Investment Reserve	7,000		7,000	7,000	7,000	7,000	7,000
Senior EHO Post FTC funded 60% from Planning and Investment Reserve	Planning & Investment Reserve	2,300						
Neighbourhood Plan Referendums expected to take place in 2021/22	Planning Appeals Reserve			39,200				

Development	Reserve	2020/21 £	2020/21 latest £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Site Development Officer	Planning Appeals Reserve	31,838						
20% Increase in Planning Fees Transferred to Reserve	Planning Investment Reserve	-260,000		-260,000	-260,000	-260,000	-260,000	-260,000
Green Space Development	Public Open Spaces Planning Gain Reserve	8,650		8,650	8,650	8,650	8,650	8,650
Future High Streets Programme Mgr funding for 2020/21 salary costs from Future High Streets Grant	Revenue Grant / Contribution In Advance Monitor		51,100					
Planning Enforcement Officer funded from Planning Enforcement Fund Grant	Revenue Grant / Contribution In Advance Monitor		28,700					
Commonwealth Games - Green Parks	Services Transformation Reserve			200,820				
Cultural Services Project Officers x2 FTC: 1) Community Stadium & 2) Kenilworth projects 41 months. STR to be reimbursed when initial capital receipts from Community Stadium enabling works received	Services Transformation Reserve	40,000	21,276	47,367	37,147			
Deliotte joint engagement, review of LG Structure, £44.5k total	Services Transformation Reserve		22,250					
Fixed term marketing communications officer	Services Transformation Reserve		14,000	2,800				
FMS Project Manager for new FMS - 3 years FTC	Services Transformation Reserve	52,000		52,000	19,982			
HR support during payroll system implementation	Services Transformation Reserve			48,000				
ICT restructure	Services Transformation Reserve	6,000		121,900	28,200			
Kenilworth Rugby Football Club	Services Transformation Reserve		3,000					
Local Football Facitilies project officer - 3 year funding	Services Transformation Reserve	41,600		41,600	30,966			
Local Government Review	Services Transformation Reserve		35,000					
Newbold Comyn project consultant	Services Transformation Reserve		13,800					
NS Project Officers - 3 years FTC	Services Transformation Reserve		30,400	30,400	30,400			
Project Accountant - 3 year FTC	Services Transformation Reserve	52,000		52,000	21,145			
Public Sector Decarbonisation Fund - property surveys	Services Transformation Reserve		15,000					
Senior EHO Post FTC funded 40% from Service Transformation Reserve	Services Transformation Reserve	1,600						
Spencer Yard consultancy	Services Transformation Reserve		6,400					
Warwick Sea Scouts Hut Contribution	Services Transformation Reserve	-40,000	40,000					
WFH desks/chairs	Services Transformation Reserve		26,000					
WFH minor alterations/equipment	Services Transformation Reserve		23,000					
Other minor Reserve Funded Items	Services Transformation Reserve	-6,550	6,550					
Total Reserve Funded Developments		**673,416**	**2,096,734**	**2,319,161**	**425,047**	**221,249**	**48,776**	**48,776**

APPENDIX 4 to Minute Number 78

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, including the potential risks from the Council leaving the EU.	£0.3 million
Development control income adversely affected by planning policies and economic cycle.	£0.2 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
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
Reduction in Retained Business Rates	£0.1million
Cost arising from unanticipated risks	£0.1 million
Total	£1.5 million

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
General Fund Reserves			
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
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 delegated to the Head of Development Services and Head of Finance, in consultation with the relevant portfolio holder. 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 such as 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 £1,000,000.
Car Parks Displacement Reserve	Substantial work is required to be carried out in respect of some of the Council’s car parks in forthcoming 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.
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
Cemetery Land Purchase Reserve	To purchase land for cemetery extensions	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 final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the balance or complete closure.
Commonwealth Games (Bowls) Reserve	To set aside funds towards funding the project in future years.	The use of this reserve will be agreed by the Chief Executive in consultation with the Leader.	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.
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. forums now funded within core budgets.	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.
Community Projects Reserve	Reserve created from 2017/18 New Homes Bonus to provide finance for various District wide community projects.	Approval for project spend will be way of reports to 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.
Corporate Assets Reserve	To provide finance for refurbishment of facilities following Stock Condition Surveys.	Subject to future Executive reports, approvals from the reserve have been delegated to SAG and the Section 151 Officer in consultation with the portfolio holders for Assets 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.
Covent Garden Multi Storey Reserve	To provide finance to cover lost income and first year's debt charges when the car park is redeveloped.	Authority to spend is delegated to the Head of Finance in line with the actual lost net income and debt charges. Executive to be informed of the use of the reserve and its balance.	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.
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, with delegations over usage agreed by Executive (August 2017) to the Head of Development Services up to £20k..	Reserve reviewed by Finance as part of budget estimates and closedown procedures.

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
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 are first approved by the Executive. Use of reserve is subsequently controlled by SMT, which considers a business case requesting 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.
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.
Harbury Lane Reserve	A reserve has been created over a number of years to fund this project.	The use of this reserve will be agreed by the Chief Executive in consultation with the Leader.	The level and continued requirement of this reserve will be reviewed by Finance in conjunction with the Chief Executive and the Leader.
Homelessness Prevention Reserve	From Government grants received in 18/19 and 19/20 towards Homelessness Prevention. A balance of £40k is committed for Rough Sleepers Initiative Interventions.	The Head of Housing Services has delegated authority to draw down from the Reserve in conjunction with the Service Portfolio Holder, Head of Finance and Finance Portfolio Holder.	This money is ring-fenced to prevent or deal with homelessness, with the funding being allocated to the reserve until Council has determined how this money will be spent.
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 Council's 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.

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
Investment Volatility Reserve	Set up to capture a portion of the gain on corporate equity funds to be used to smooth possible future fluctuations	Authority to spend from this reserve is delegated to the Head of Finance.	The use of this reserve will be included within future Budget reports to be agreed by the Executive.
Leisure Options Reserve	This reserve has been established to cover such items as 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. The reserve will also fund the re-profiling of the contractor concessions arising from the outsourcing of the Leisure Centres operation.	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.
Other 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) $1/13^{th}$ 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.
Planning Appeal 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 proposed to be delegated to the Head of Development and Head of Finance, in consultation with the relevant portfolio holder. 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.
Planning Investment Reserve	Creation of a reserve into which the 20% uplift in planning fees will be allocated.	To be apportioned by the Head of Finance.	The level and continuing need for the reserve is reviewed by Finance followed by a recommendation to the Executive can include increasing / decreasing the balance or complete closure
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

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
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 is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	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 ongoing 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 S151 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.
Digital By Default Reserve	Reserve created to enable digitalisation of 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 is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	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.
Climate Change Reserve	Reserve created to respond to the Climate Emergency Declaration for Council services and across the District.	The responsibility for the authorisation of expenditure from this reserve is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	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.
Community Emergency Response Fund Reserve	Reserve created to respond to the COVID-19 pandemic.	The responsibility for the authorisation of expenditure from this reserve is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	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.
Newbold Benches Donation Reserve	To be used in accordance with the wishes of the benefactor on benches and tree planting at Newbold Comyn.	Head of Service to ensure sums spent in accordance with donation conditions.	Use of the Reserve to be reviewed annually until fully disbursed.

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
Housing Revenue Account (HRA)			
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 HRA 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.
Housing Revenue Account balance To provide a contingency reserve to protect the HRA against any unexpected and 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 HRA as a result of the early retirement of Housing officers and to provide finance to cover redundancy costs properly chargeable to the HRA.	Items to be financed from this reserve are charged to the HRA during the year and notified to Finance. An appropriate amount is then transferred to the HRA 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
HRA Rough Sleeping Initiative Reserve	To fund a rough sleeping initiative at the William Wallsgrove hostel, from Government grant received in 2018/19.	To match-fund expenditure incurred by the HRA in 2019/20, up to the level of the Reserve.	The reserve will be extinguished during 2019/20.

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 5b to Minute N

Reserve	Use of Reserve 2020/21 to 2024/25	Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000	Estimated Balance 1/4/2022 £000	Estimated Balance 1/4/2023 £000	Estimated Balance 1/4/2024 £000
GENERAL FUND RESERVES - EARMARKED						
Art Gallery Gift Reserve	Balance on this reserve includes monies transferred from Art Fund Reserve. Currently there is no expenditure to be met from this reserve. External donations of approximately £1k per annum will be credited to this reserve.	132	133	134	135	136
Building Control Reserve	Approvals from this reserve currently cover marketing consultancy (£19k), scanning of paper files (£5k), future improvements to IT systems (£32k) and Building Control salary changes (£16k). Commitments relating to the foregoing not currently in the budgets will reduce the uncommitted 1/4/25 balance to £180k	302	286	269	253	236
Business Rate Retention Volatility Reserve	Reserve set up to "smooth" receipt of business rate income	7,522	5,811	2,965	1,989	1,989
Capital Investment Reserve	The reserve will receive top ups in respect of RUCIS capital schemes in 21/22 and 22/23. The uncommitted balance on the reserve at 31/3/25 is estimated to be £1.045k, just above the £1m minimum balance recommended for this reserve.	1,153	1,132	1,159	1,259	1,259
Car Park Displacement Reserve	The balance is being applied to the Commonwealth Games Leamington Spa Station project.	485	485	-	-	-
Car Parking Repairs and Maintenance Reserve	Reserve created in order to provide resources for future years repairs and maintenance programmes. It is currently funding replacement pay & display ticket machines.	201	114	97	97	97
Cemetery Land Purchase Reserve	Reserve established to provide finance for the purchase of land for cemetery extensions. Currently no such purchases are included in the General Fund Capital Programme. Future contributions to the reserve will be provided for by a surcharge imposed on out of area burial fees.	16	16	16	16	16
Commonwealth Games (Bowls) Reserve	This reserve is currently funding the Project Manager salary costs and various ancillary costs.	48	1	83	-	-
Community Projects Reserve	Reserve created from New Homes Bonus to provide finance for various District-wide community projects.	1,919	976	56	56	56
Corporate Assets Reserve	Reserve created to provide finance for refurbishing facilities following stock condition surveys. General Fund contributions of £500k from 22/23 will be needed to restore balances extinguished by 31/3/22. Drawdown from reserve is subject to future Executive reports.	1,174	1,360	-	500	1,000
Covent Garden Multi Storey Reserve	Balance being repurposed towards the 'Future High Street Fund'	900	900	-	-	-

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 5b to Minute N

Reserve	Use of Reserve 2020/21 to 2024/25	Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000	Estimated Balance 1/4/2022 £000	Estimated Balance 1/4/2023 £000	Estimated Balance 1/4/2024 £000
Election Expenses Reserve	£35k per annum will be credited to the reserve to help defray the costs of General Elections and £90k subsequently released toward funding the General Elections, based on a 4-year cycle	5	40	75	110	5
Enterprise Projects Reserve	Reserve being reduced to cover legal commitments only	238	238	100	100	100
Equipment Renewal Reserve	Projects will be approved by SMT, Chief Executive and relevant Portfolio Holders prior to going ahead. The reserve will receive top ups of £100k per annum and is being used to support a number of projects detailed in appendix 7. If all projects contained in the appendix are approved and spent the reserve may have a negative balance at the end of 24/25.	684	550	9	-501	-541
General Fund Early Retirements Reserve	The balance has been transferred to the Service Transformation Reserve	58	-	-	-	-
Harbury Lane Reserve	This reserve will provide funding towards the proposed travellers site in Harbury Lane	84	84	84	84	84
Homelessness Prevention Reserve	From Government grants received in 18/19 and 19/20 towards Homelessness Prevention. A balance of £40k is committed for Rough Sleepers Initiative Interventions.	559	559	559	559	559
ICT Replacement Reserve	This reserve is to provide for planned ICT replacements and revenue costs. The reserve will be topped up by £250k p.a.but is projected to become negative at the end of 2021/22	94	134	-169	-355	-565
Insurance Reserve	This reserve will be used to cover self insurance against claims and to provide finance for security improvements to mitigate future claims.	274	274	274	274	274
Investment Volatility Reserve	Set up to smooth possible future fluctuations on corporate equity funds.	100	100	100	100	100
Leisure Options Reserve	Balance from Phase 1 of leisure improvements, plus funds for Phase 2. New Homes Bonus contributions totalling £740k	26	396	766	766	766
Local Plan Delivery Reserve	The reserve is funding the Tachbrook Country Park capital budget	44	-	-	-	-
Other Commuted Sums Reserve	Contributions of around £29k will be made to the General Fund each year to fund maintenance of adopted land. In addition, the reserve will fund part of the cost of the Green Spaces Team Leader	390	358	330	301	273
Planning Appeal Reserve	This is funding consultancy for Local Plan, HS2, Kenilworth development brief and site development officer salary etc. costs	475	443	443	443	443
Planning Investment Reserve	This reserve will receive income from the uplift in planning fees. Various posts e.g. temporary Senior EHO, Development Monitoring Officer, CIL Officer etc. are being funded from this reserve	111	221	385	548	712

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 5b to Minute N

Reserve	Use of Reserve 2020/21 to 2024/25	Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000	Estimated Balance 1/4/2022 £000	Estimated Balance 1/4/2023 £000	Estimated Balance 1/4/2024 £000
Public Amenity Reserve	This reserve will provide the finance for the play equipment capital programme. £140k was added from New Homes Bonus in 20/21, to be spent in 21/22	107	246	106	106	106
Public Open Spaces Planning Gain Reserve	Reserve receives a reduced amount of S106 planning development contributions for one-off improvement of Public Open Spaces. It contributes towards capital play area improvements, with £398k planned for 21/22	462	448	51	52	53
Services Transformation Reserve	Current approvals from this reserve include contribution to a number of capital projects, 'Transforming Our Workplace' and various temporary posts. The reserve received a top ups from the New Homes Bonus, and is used to smooth fuunding between financial years	1,087	1,597	1,484	1,316	1,316
Tourism Reserve	Established to help fund tourism initiatives within the District	27	27	27	27	27
Digital By Default Reserve	Utilised for the ICT restructure 2020	130	26	-	-	-
Climate Change Reserve	Tackling the climate emergency declaration - no funding available	-	-	500	1,000	1,500
Community Emergency Response Fund Reserve	Funds for 20/21 used in year	-	-	-	-	-
Newbold Benches Donation Reserve	Donation from a member of public for benches and tree planting	-	10	10	10	10
GENERAL FUND RESERVE TOTAL		**18,806**	**16,964**	**9,912**	**9,244**	**10,011**
	Change in GF reserves (+ increase / - decrease)	**2,383**	**-1,842**	**-7,051**	**-669**	**767**
BALANCES						
General Fund	A core balance of at least £1.5m after liabiliities will be maintained as a contingency reserve.	3,118	2,599	2,599	2,599	2,599
Housing Revenue Account (HRA):						
Housing Capital Investment Reserve	Under self financing, this reserve provides the finance for investment in new housing stock	25,322	27,051	16,609	10,167	9,801
Major Repairs Reserve	Under Self Financing this reserve provides the major element of funding for capital maintenance works to the Council's housing stock.	6,500	2,703	1,720	2,656	4,086
Housing Revenue Account balance	To provide a contingency reserve to protect the Housing Revenue Account against adverse in year revenue or capital cash flows arising from unexpected major repairs etc.	1,483	1,511	1,540	1,568	1,597
Housing Early Retirements Reserve	Contributions of £20k in each year will be made. The reserve is funding £25k redundancy and early retirement costs in respect of the Asset Management Team design in 18/19.	21	41	61	81	101

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES **APPENDIX 5b to Minute N**

Reserve	Use of Reserve 2020/21 to 2024/25	Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000	Estimated Balance 1/4/2022 £000	Estimated Balance 1/4/2023 £000	Estimated Balance 1/4/2024 £000
HRA Rough Sleeping Initiative Reserve	To fund scheme at the William Wallsgrove hostel	61	61	61	61	61
HRA TOTAL		**33,387**	**31,367**	**19,991**	**14,533**	**15,645**

ICT Replacement Schedule February 2021

Appendix 6 to Minute Number 78

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Microsoft Licences									
Microsoft Desktop Licences	124	124	124	166	166	166	195	195	195
Microsoft Server Licences	35	35	35	37	37	37	44	44	44
DataCentre									
ESX Servers (x 5)				60					
C Class (inc SAN Switch, Ethernet Switch)		30					33		
Fibre Switches (HP 24 Port)		15					18		
Storage Area Network (SAN)		125					130		
Backup Solution				100					
UPS	12					14			
Physical Server Replacement	26			20	15		25		20
Infrastructure (General)	14	14	14	15	15	15	15	15	15
Network									
Network Devices LAN (Core)			150					150	
Network Devices WAN (Remote Sites)			35					35	
Wireless Access Controllers		45							
CyberSecurity (Firewalls, IPS/IDS)			35					35	
Intrusion Prevention		5							
Network General	24	14	14	15	15	15	15	15	15
Telephony									
VoIP Telephony	75					80			
Contact Centre	8					8			
Desktop									
Desktop Infrastructure	27	30	30	48	30	30	33	52	33
View Servers (x 5)	60					60			
Totals	**404**	**436**	**436**	**460**	**277**	**423**	**507**	**540**	**321**

	Capital / Revenue	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Microsoft Licences													
MS Windows Server DataCenter (SA)	Capital	*£9,500*			*£10,355*			*£11,287*			*£12,303*		
MS SQL Server (SA)	Capital	£16,980			£27,762			£30,261			£32,984		
MS Exchange Server Licences	Capital	£1,117			£1,218			£1,327			£1,447		
Additional SQL Licences	Capital			£15,000									
DataCentre													
ESX Servers	Capital	£19,500			£13,500		£21,000			£12,500			
Storage Area Network (SAN)	Capital		£110,000					£120,000					
Backup Solution	Capital				£80,000						£80,000		
Infrastructure (General)	Capital	£12,500	£12,500	£12,500	£12,500	£13,500	£13,500	£13,500	£13,500	£14,500	£14,500	£14,500	
Network													
Fibre Switches (Fabric)	Capital			£30,000			£30,000					£35,000	
Network Devices LAN (Core)	Capital			£70,000						£75,000			
Network Devices WAN (Remote Sites)	Capital			£20,000						£25,000			
Telephony													
VoIP Telephony	Capital			£75,000				£75,000					
Desktop													
PC Replacements	Capital	£35,000	£35,000	£35,000	£35,000	£37,000	£37,000	£35,000	£40,000	£40,000	£40,000	£40,000	
View Servers	Capital	£13,000		£7,000	£20,000		£13,500		£6,250	£18,750			
Totals		**£107,597**	**£157,500**	**£264,500**	**£200,335**	**£50,500**	**£115,000**	**£286,375**	**£59,750**	**£185,750**	**£181,234**	**£89,500**	**£1,698,041**
Reserve Capital Split		£149,573	£161,500	£267,500	£102,256								
Re Profile Difference		**-£41,976**	**-£4,000**	**-£3,000**	**£98,079**								

Equipment Renewal Schedule February 2021, by Year

Appendix 7a to Minute Number 78

Portfolio	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2029/30 £'000	Grand Total £'000
Assets	8		9	94					110
Culture	80	500	338	95					1013
Health and Community Protection - Environment	0		38	6		10	5		59
People and Communications			205						205
Strategic Leadership - CST		5						5	10
Strategic Leadership - Member Services	11				48				59
Grand Total	**99**	**505**	**590**	**195**	**48**	**10**	**5**	**5**	**1,456**

Equipment Renewal Schedule February 2021

ute Number 78

Year and Description	£'000s
2020/21	**99**
1 Monitor Labs Nox Monitor - Mn9841A	0
250 ballot boxes	11
AV system in Council Chamber.	80
Beachamp Gardens Tennis Courts	0
Hearth in Cremator #1	8
2021/22	**505**
Cinema Projector	10
Fujitsu fi-5750C scanner	5
Moving lights	35
Pump Room chairs	40
Refurbishments of Abbey Fields Tennis Courts	65
Replacement Carpet - St Nicholas Park LC All Weather Pitch	350
2022/23	**590**
1 Monitor Labs Nox Monitor - Mn9841 With Floppy Drive	8
B&K 2250 sound Level Meter/ Matron & calibrator(red)	10
B&K 2250 sound Level Meter/ Matron & calibrator(yellow)	10
B&K 2250 sound Level Meter/Matron & calibrator (Green)	10
Hearth in Cremator #2	9
MFDs (Multi Functional Devices), plus Colour Copier	205
R.P.R. Ag&M - Local History Gallery Refurbishment (WDC assumed external match funding)	100
Replacement sound desk and lighting - Spa Centre	110
Victoria Park Tennis Courts resurfacing	128
2023/24	**195**
1 Monitor Labs 03 Monitor - Ml9812	0
Automatic Bier Replacement	55
Digital projector	40
Front of House / Backstage PA	55
Photometer Envitech PF-12	6
Reline of Cremator #1	39
2024/25	**48**
150 packflat polling screens	48
2025/26	**10**
B&K 3650 sound Level Meter(blue)	10
2026/27	**5**
Portable Weather Station	5
2029/30	**5**
Fujitsu fi-5750C scanner	5
Grand Total	**1,456**

CAPITAL VARIATIONS **o Minute Number 78**

	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	TOTAL £'000's
ORIGINAL BUDGETS PER 2020/21 BUDGET BOOK:						
Original General Fund Capital Budgets	10,553.5	2,921.5	614.5	487.0	Not	**14,576.5**
Original Housing Investment Programme	14,837.6	5,797.5	5,803.4	5,809.3	published	**32,247.8**
TOTAL	**25,391.1**	**8,719.0**	**6,417.9**	**6,296.3**		**46,824.3**

ORIGINAL GENERAL FUND CAPITAL BUDGETS PER 2020/21 BUDGET BOOK	**10,553.5**	**2,921.5**	**614.5**	**487.0**	**Not published**	**14,576.5**
Items slipped from 2019/20 and added to 2020/21 Budgets (see Final Accounts Report 2019/20 for detail on individual schemes - Approved by Executive 13/07/20)	5,693.0	N/A	N/A	N/A	N/A	5,693.0
Items brought forward from 2020/21 to 2019/20 (see Final Accounts Report 2019/20 for detail on individual schemes- Approved by Executive 13/07/20)	-26.0	N/A	N/A	N/A	N/A	-26.0
Rounding adjustments	-1.3	N/A	N/A	N/A	N/A	-1.3
TOTAL adjustments arising from Final Accounts Report:	**5,665.7**	**N/A**	**N/A**	**N/A**	**N/A**	**5,667.0**
INCREASES TO SCHEMES:						
Whitnash Community Hub	241.9	11.8	12.6	-		266.3
Local Football Facilities	716.3					716.3
Recycling & Refuse Containers	29.3					29.3
Tach Brook Country Park	250.0					250.0
Kenilworth Wardens Relocation (loan)	312.0					312.0
Community Stadium project	345.5					345.5
Europa Way Option to Buy Former Farmhouse	12.8					12.8
Leisure Centre Refurbishments Phase 2	379.2					379.2
TOTAL Increase to Schemes:	**2,287.0**	**11.8**	**12.6**			**2,311.4**
NEW APPROVALS:						
Desktop Infrastructure					30.0	30.0
Infrastructure Replacement					-	-
Infrastructure General					14.5	14.5
Backup Solution						-
Network					14.5	14.5
Physical Server Replacement					15.0	15.0
Transforming Our Workplace --not yet reported	9.8	9.8				19.6
Coventry And Warwickshire Reinvestment Trust Loan	250.0					250.0
Recycling & Refuse Containers					80.0	80.0
Sherbourne Resource Park Development Costs	400.0	2,678.0	2,087.0	1,002.0		6,167.0
Sherbourne Resource Park Recycling Bins & Caddies			1,445.0			1,445.0
Waste Contract Costs for Depot	528.0					528.0
Street Cleansing/Ground Maintenance Vehicles	1,500.0	400.0				1,900.0
Kenilworth School Loan			11,881.5			11,881.5
Newbold Comyn Masterplan & Cycling Facilities	105.0	800.0				905.0
Bowling Greens (Commonwealth Games)	773.5	105.0	70.0			948.5
Commonwealth Games - General	347.4					347.4
Commonwealth Games - Leamington Station	218.6	1,182.0				1,400.6
Commonwealth Games - Green Parks Enhancements	105.8	220.0				325.8
Commonwealth Games - Access & Transport to/from Victoria Park	173.1	267.8				440.9
Kenilworth Rugby Club Relocation Loan	275.0	25.0				300.0
HS2 Redesign of Stoneleigh Park Southern Accommodation Bridge	60.0					60.0
Future High Street		1,967.0	119.0			2,086.0
Lord Leycester Hospital			60.0			60.0
Recovery (Covid-19) ICT Provision of laptops etc.	163.6					163.6
Recovery (Covid-19) ICT Remote Desktop Services (RDS)	50.0					50.0
Recovery (Covid-19) ICT Security --firewall upgrades/servers	23.7					23.7
TOTAL New Approvals:	**4,983.5**	**7,654.6**	**15,662.5**	**1,002.0**	**154.0**	**29,456.6**

CAPITAL VARIATIONS **o Minute Number 78**

	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	TOTAL £'000's
TOTAL General Fund New / Increases to Capital Approvals during 2020/21:	**7,270.5**	**7,666.4**	**15,675.1**	**1,002.0**	**154.0**	**31,768.0**
SLIPPAGE/BUDGET B/FWD - Changes to start dates or delays on projects mean that it is proposed to slip resources into future years/bring forward from future years - identified as part of budget review						
Voice of IP telephone system	-75.0	75.0				-
Contact Centre	-8.0	8.0				-
Physical Server Replacement	-26.0	26.0				-
UPS	-12.0	12.0				-
Car Park Pay & Display Machines-slippage not yet reported	-17.5	17.5				-
Play Area Improvement Programme--slippage not yet reported	-575.0	575.0				-
Whitnash Community Hub-slippage not yet reported	-500.0	500.0				-
Norton Lindsey Community Hub/Shop-Grant	-38.5	38.5				-
CFS Aeroproducts Relocation To Warwick Loan	-100.0		100.0			-
Financial Management System--slippage not yet reported.	-235.0	235.0				-
Skate Park in St. Nicholas Park	-40.0	40.0				-
Kenilworth School HIF Grant (Refcus)	-1,387.0	1,387.0				-
Leper Hospital Site Regeneration-slippage not yet reported.	-894.5	894.5				-
Health & Community Protection IT system--slippage not yet reported.	-129.0	129.0				-
Castle Farm Sports Pitch Drainage	-73.0	73.0	-	-	-	-
TOTAL General Fund Capital Slippage identified during 2020/21:	**-4,110.5**	**4,010.5**	**100.0**	**-**	**-**	**-**
SCHEMES DELETED / REDUCED /SAVINGS/VIREMENTS:						
Desktop Infrastructure-vired to Recovery (Covid-19) laptops etc.	-60.0					-60.0
Network-vired to Recovery (Covid-19) laptops etc. £5k reduction not yet reported	-14.6	-5.0				-19.6
Financial Management System-saving not yet reported	-204.6	-				-204.6
Leisure Centre Refurbishment Phase 2 Kenilworth		-11.8	-7.0			-18.8
Transforming Our Workplace -transferred to Contingency budget	-19.5					-19.5
Rural & Urban Initiatives	-169.9	-50.0	-50.0	-150.0		-419.9
St. John's Flood Alleviation	-100.0					-100.0
Leper Hospital Site Regeneration	-20.0					-20.0
Leamington Parking Displacement-no longer required--not yet reported.	-159.6		-	-		-159.6
2nd Warwick Sea Scouts' Headquarters	-350.0					-350.0
Kenilworth School Loan	-2,000.0					-2,000.0
TOTAL General Fund Reductions / Savings:	**-3,098.2**	**-66.8**	**-57.0**	**-150.0**	**-**	**-3,372.0**
PROPOSED GENERAL FUND CAPITAL PROGRAMME FOR 2021/22 BUDGET BOOK:	**16,281.0**	**14,531.6**	**16,332.6**	**1,339.0**	**154.0**	**48,638.2**

	Latest Budget 2020/21 £'000	Proposed Expend. 2021/22 £'000	Proposed Expend. 2022/23 £'000	Proposed Expend. 2023/24 £'000	Proposed Expend. 2024/25 £'000	TOTAL 2020/21 to 2024/25 £'000
CAPITAL PROGRAMME SUMMARY						
Strategic Leadership	547.6	402.8	277.0	257.0	74.0	1,558.4
Health & Community Protection	562.5	129.0				691.5
Culture Portfolio	4,449.6	2,395.2	107.2			6,952.0
Finance Portfolio	160.4	335.0	100.0			595.4
Neighbourhood Portfolio	3,072.1	6,671.2	3,612.0	1,082.0	80.0	14,517.3
Development Portfolio	7,488.8	4,598.4	12,236.4			24,323.6
TOTAL GENERAL FUND CAPITAL PROGRAMME	**16,281.0**	**14,531.6**	**16,332.6**	**1,339.0**	**154.0**	**48,638.2**
STRATEGIC LEADERSHIP						
Desktop infrastructure	27.0	30.0	30.0	48.0	30.0	165.0
Infrastructure replacement				60.0		60.0
Infrastructure general	13.5	13.5	13.5	14.5	14.5	69.5
Backup solution				100.0		100.0
Voice of IP telephone system		75.0				75.0
Storage Area Network (SAN)		170.0				170.0
Network devices LAN & WAN	10.0	58.5	233.5	14.5	14.5	331.0
Contact Centre		8.0				8.0
Physical server replacement		26.0		20.0	15.0	61.0
UPS		12.0				12.0
Recovery (Covid-19) ICT Provision of laptops etc.	163.6					163.6
Recovery (Covid-19) ICT Remote Desktop Services (RDS)	50.0					50.0
Recovery (Covid-19) ICT Security --firewall upgrades/servers	23.7					23.7
Transforming Our Workplace	9.8	9.8				19.6
Coventry & Warwickshire Reinvestment Trust Loan	250.0					250.0
TOTAL STRATEGIC LEADERSHIP PORTFOLIO	**547.6**	**402.8**	**277.0**	**257.0**	**74.0**	**1,558.4**
HEALTH & COMMUNITY PROTECTION						
CCTV replacement system	391.5					391.5
Health & Community Protection IT system	171.0	129.0				300.0
TOTAL HEALTH & COMMUNITY PROTECTION PORTFOLIO	**562.5**	**129.0**	**-**	**-**	**-**	**691.5**
CULTURE PORTFOLIO						
Castle Farm sports pitch drainage		73.0				73.0
Leisure centre refurb phase 2 Kenilworth	654.5	11.9	8.8			675.2
Whitnash Community Hub	1,100.7	535.5	28.4			1,664.6
Local football facilities	855.4					855.4
Commonwealth Games - General	347.4					347.4
Commonwealth Games - Leamington Station	218.6	1,182.0				1,400.6
Commonwealth Games - Green Parks Enhancements	105.8	220.0				325.8
Commonwealth Games - Access & Transport to/from Victoria Park	173.1	267.8				440.9
AV system in Council Chamber at Town Hall	80.0					80.0
Bowling Greens - Commonwealth Games	914.1	105.0	70.0			1,089.1
TOTAL CULTURE PORTFOLIO	**4,449.6**	**2,395.2**	**107.2**	**-**	**-**	**6,952.0**
FINANCE PORTFOLIO						
Rural & Urban Initiatives		100.0	100.0			200.0
Financial Management System	160.4	235.0				395.4
TOTAL FINANCE PORTFOLIO	**160.4**	**335.0**	**100.0**	**-**	**-**	**595.4**
NEIGHBOURHOOD PORTFOLIO						
Car park pay & display machines		17.5				17.5
Waste Contract Costs for Depot (Stratford Rd and one-off costs)	528.0					528.0
Street Cleansing/Ground Maintenance Vehicles	1,500.0	400.0				1,900.0
Recycling and refuse containers	89.9	80.0	80.0	80.0	80.0	409.9
Play area improvement programme	18.4	575.0				593.4
Pump Rooms Gardens restoration	83.0					83.0
Tach Brook Country Park	295.8	2,080.7				2,376.5
Purser Drive path	2.0					2.0
Commonwealth Games cycleway upgrade	50.0					50.0
Sherbourne Resource Park Development Costs	400.0	2,678.0	2,087.0	1,002.0		6,167.0
Sherbourne Resource Park recycling bins and caddies			1,445.0			1,445.0
Newbold Comyn Masterplan & Cycling Facilities	105.0	800.0				905.0
Skate park in St. Nicholas Park		40.0				40.0
TOTAL NEIGHBOURHOOD PORTFOLIO	**3,072.1**	**6,671.2**	**3,612.0**	**1,082.0**	**80.0**	**14,517.3**
DEVELOPMENT PORTFOLIO						
Warwick Town Wall		100.0				100.0
2nd Warwick Sea Scouts' headquarters	87.5					87.5
Norton Lindsey Community Hub		38.5				38.5
Kenilworth Wardens relocation	312.2					312.2
Community Stadium project	466.8	86.4	76.0			629.2
Europa Way option to buy former farmhouse (Heathcote Farm)	1,009.7					1,009.7
CFS Aeroproducts relocation to Warwick loan	100.0	100.0	100.0			300.0
Kenilworth Rugby Club Relocation Loan	275.0	25.0				300.0
Kenilworth School loan			11,881.4			11,881.4
Kenilworth School HIF grant	4,628.0	1,387.0				6,015.0
St Mary's Lands Masterplan - Hill Close Grant	20.0					20.0
St Mary's lands masterplan - cycleway	445.0					445.0
St Mary's Lands Masterplan Main Entrance Improvements	3.0					3.0
St Mary's lands masterplan - maintenance & management plan	10.0					10.0
HS2 Redesign of Stoneleigh Park Southern Accommodation Bridge	60.0					60.0
Future High Street		1,967.0	119.0			2,086.0
Lord Leycester Hospital			60.0			60.0
Leper Hospital regeneration	71.6	894.5				966.1
TOTAL DEVELOPMENT PORTFOLIO	**7,488.8**	**4,598.4**	**12,236.4**	**-**	**-**	**24,323.6**

Housing Investment Programme (HIP) 2020/21 to 2029/30

Apppendix 9 Part 2 to Minute Number 78

Housing Revenue Account

Construction / Acquisition of Housing:	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**Total**
	£'000's	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**
Repurchase of Ex-Council Housing	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	**3,000.0**
Purchase of Property	564.7										**564.7**
Purchase of property		12,576.1									**12,576.1**
Purchase of property	4,325.3										**4,325.3**
Refurbishment	1,200.0										**1,200.0**
Purchase of land	9,490.0										**9,490.0**
Development	4,187.4	4,702.5									**8,889.9**
Purchase of Land - Shared Scheme with General Fund Housing	449.5										**449.5**
Purchase of property			6,576.2								**6,576.2**
Purchase of Land	6,250.0	18,350.0		0.0							**24,600.0**
Total Construction / Acquisition of Housing	**26,766.9**	**35,928.6**	**6,876.2**	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**	**71,671.6**

Improvement / Renewal Works:	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**Total**
	£'000's	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**
Stock Condition Survey Works:											
Aids & Adaptations	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	**6,471.0**
Roof Coverings	890.0										**890.0**
Defective Flooring	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	**593.0**
Door Entry/Security/Safety Systems	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	**1,500.0**
Window/Door Replacement	500.0										**500.0**
Kitchen & Bathroom Fittings / Sanitaryware Replacement	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	**12,250.0**
Electrical Fitments / Rewiring	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	**6,124.0**
Central Heating Replacement	1,204.8										**1,204.8**
Water Services	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	**91.0**
Structural Improvements	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	**197.0**
Improved Ventilation	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	**47.0**
Thermal Improvement Works	106.3										**106.3**
Major Garage Works	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	**246.0**
Codependant Asbestos Removal	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	**2,000.0**
Special capital works	1,318.3	150.0									**1,468.3**
Capital Salaries for Improvement / Renewal Works	286.1	291.8	297.7	303.6	309.7	315.9	322.2	328.6	335.2	341.9	**3,132.7**
Total Stock Condition Survey Works	**7,257.4**	**3,393.7**	**3,249.6**	**3,255.5**	**3,261.6**	**3,267.8**	**3,274.1**	**3,280.5**	**3,287.1**	**3,293.8**	**36,821.1**
Climate Change Works:											
Environmental - Roof Coverings	35.0	925.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	**5,160.0**
Environmental - Window/Door Replacement	35.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	**4,850.0**
Environmental Central Heating Replacement	35.0	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	**11,193.2**
Thermal Improvement Works	35.0	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	**1,306.7**
Environmental Works	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	**750.0**
Environmental Works: Tenant Participation Projects	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	**377.0**
Total Claimate Change Works	**252.7**	**2,953.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**23,636.9**
Fire Safety Works:											
Fire safety in High-rise / Sheltered/ General Needs	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	**30,000.0**
Total Fire Safety Works	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**30,000.0**
Total Improvement/Renewal Works	**10,510.1**	**9,347.5**	**8,803.4**	**8,809.3**	**8,815.4**	**8,821.6**	**8,827.9**	**8,834.3**	**8,840.9**	**8,847.6**	**90,458.0**
Total Housing Investment Programme Expenditure	**37,277.0**	**45,276.1**	**15,679.5**	**9,109.3**	**9,115.4**	**9,121.6**	**9,127.9**	**9,134.3**	**9,140.9**	**9,147.6**	**162,129.7**

General Fund Capital Programme Financing 2020/21 to 2024/25 **:o Minute Number 78**

Source	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Internal / External Borrowing	2,679.4	4,152.6	15,589.4	1,002.0	-	23,423.4
Capital Receipts	1,594.9	160.0	-	-	-	1,754.9
External Contributions	9,152.2	5,513.4	349.0	-	-	15,014.6
Revenue Contributions to Capital Outlay	213.2	80.0	80.0	80.0	80.0	533.2
Service Transformation Reserve	1,124.2	1,184.7	37.2			2,346.1
Equipment Renewal Reserve	80.0		-	-	-	80.0
Public Amenity Reserve	1.7	140.0	-	-	-	141.7
Planning Public Open Space Reserve	25.3	398.3	-	-	-	423.6
Local Plan Delivery Reserve	44.4	-	-	-	-	44.4
Community Projects Reserve	873.4	895.0	-	-	-	1,768.4
Car Parks R & M Reserve	-	17.5	-	-	-	17.5
Bowls Reserve	46.6	1.3	-	-	-	47.9
Parking Displacement Reserve	-	484.8	-	-	-	484.8
ICT Replacement Reserve	50.5	393.0	277.0	257.0	74.0	1,051.5
Enterprise Reserve	-	138.0	-	-	-	138.0
Covent Garden MSCP Reserve	-	900.0	-	-	-	900.0
Business Rate Retention Volatility Reserve	395.2	-	-	-	-	395.2
Capital Investment Reserve	-	73.0	-	-	-	73.0
Total General Fund Capital Funding	**16,281.0**	**14,531.6**	**16,332.6**	**1,339.0**	**154.0**	**48,638.2**

Housing Investment Programme (HIP) 2020/21 to 2029/30

Housing Investment Programme (HIP) Financing:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's	Total £'000's
Capital receipts: UCR	50.0	50.0	50.0	50	50	50.0	50.0	50.0	50.0	50.0	**500.0**
Capital Receipts: One for One replacement	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	**2,500.0**
HRA Capital Investment Reserve	1,704.2	13,576.1	9,576.2	3,500.0	2,000.0	2,000.0	4,000.0	4,000.0	4,000.0	2,000.0	**46,356.5**
Major Repairs Reserve	10,049.7	6,943.7	5,680.9	5,186.8	6,692.9	6,699.1	4,705.4	4,711.8	4,718.4	6,725.1	**62,113.8**
Housing Revenue Account (RCCO)	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	**1,225.0**
BEIS Decarbonisation Grant	337.7	1,013.2									**1,351.0**
BEIS Green Homes Grant	0.0	268.0									**268.0**
Homes England Affordable Homes Grant	1,968.3	1,458.3									**3,426.5**
HRA Additional Borrowing	22,794.7	21,594.3									**44,389.0**
Housing Revenue Account Related HIP Financing	**37,277.0**	**45,276.1**	**15,679.6**	**9,109.3**	**9,115.4**	**9,121.6**	**9,127.9**	**9,134.3**	**9,140.9**	**9,147.6**	**162,129.7**

General Fund Housing

Construction / Acquisition of Housing:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's		Total £'000's
Purchase of Land - Shared Scheme with HRA Housing	1,348.0											1,348.0
Total Construction / Acquisition of Housing	**1,348.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1,348.0**

General Fund Housing Financing:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's		Total £'000's
General Fund Additional Borrowing	1,348.0											1,348.0
Housing Revenue Account Related HIP Financing	**1,348.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1,348.0**

Estimated Housing Investment Programme Resources at:-	31/3/2020 £'000's	31/3/2021 £'000's	31/3/2022 £'000's	31/3/2023 £'000's	31/3/2024 £'000's	31/3/2025 £'000's	31/3/2026 £'000's	31/3/2027 £'000's	31/3/2028 £'000's	31/3/2029 £'000's
Capital Receipts: One for One replacement	0.0	1,150.0	2,300.0	3,450.0	0.0	1,150.0	2,300.0	3,450.0	0.0	1,150.0
HRA Capital Investment Reserve	25,621.1	27,050.9	16,608.8	10,166.6	9,800.6	10,934.6	12,068.6	11,202.6	10,336.6	9,470.6
Major Repairs Reserve	5,561.9	3,359.4	1,719.8	2,655.7	4,085.5	4,009.4	3,927.0	5,838.3	7,743.1	9,641.4
HRA Shared Ownership Capital Receipts	191.0	191.0	191.0	191.0	191.0	191.0	191.0	191.0	191.0	191.0
S 106 Affordable Housing Contributions	405.0	405.0	405.0	405.0	405.0	405.0	405.0	405.0	405.0	405.0
Decent Homes Grant	361.6	361.6	361.6	361.6	361.6	361.6	361.6	361.6	361.6	361.6
Total Housing Investment Programme Resources	**32,140.6**	**32,517.9**	**21,586.2**	**17,229.8**	**14,843.7**	**17,051.5**	**19,253.1**	**21,448.4**	**19,037.3**	**21,219.6**

Capital Programme 2020/21 to 2024/25

	Proposed expenditure 2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Capital summary						
Strategic Leadership Portfolio	547.6	402.8	277.0	257.0	74.0	1,558.4
Health & Community Protection Portfolio	562.5	129.0	-	-	-	691.5
Culture Portfolio	4,449.6	2,395.2	107.2	-	-	6,952.0
Finance Portfolio	160.4	335.0	100.0	-	-	595.4
Neighbourhood Portfolio	3,072.1	6,671.2	3,612.0	1,082.0	80.0	14,517.3
Development Portfolio	7,488.8	4,598.4	12,236.4	-	-	24,323.6
Total capital programme (A)	16,281.0	14,531.6	16,332.6	1,339.0	154.0	48,638.2
Capital resources brought forward						
Usable Capital receipts	155.0	-	-	-	-	
Capital Investment Reserve	1,153.4	1,152.1	1,179.1	1,279.1	1,279.1	
Public Amenity Reserve	107.5	245.7	105.7	105.7	105.7	
Equipment Renewal Reserve	683.6	568.3	533.0	611.8	711.8	
ICT Replacement Reserve #	93.8	133.8	-168.7	-355.2	-565.1	
Total capital resources brought forward (B)	2,193.3	2,100.0	1,649.2	1,641.5	1,531.6	
Additions in year to resources						
Borrowing / leasing	2,679.4	4,152.6	15,589.4	1,002.0	-	23,423.4
Capital receipts	1,594.7	160.0	-	-	-	1,754.7
External contributions	9,152.3	-	-	-	-	9,152.3
Revenue Contributions to Capital Outlay (RCCO)	-	-	-	-	-	-
Capital Investment Reserve (net increase)	-	-100.0	-100.0	-	-	-200.0
Other reserves used for capital financing	395.2	-	-	-	-	395.2
Total additions to capital resources in year (C)	13,821.6	4,212.6	15,489.4	1,002.0	-	34,525.7
Total available capital resources (B+C)	16,014.9	6,312.6	17,138.6	2,643.5	1,531.6	34,525.7
***less*: Capital programme expenditure as above (A)**	16,281.0	14,531.6	16,332.6	1,339.0	154.0	48,638.2
Capital resources carried forward (B+C-A)	-266.1	-8,219.0	806.0	1,304.5	1,377.6	
Reduction in capital resources brought forward (C - A)	-2,459.4	-10,319.0	-843.2	-337.0	-154.0	-14,112.5

Note: # ICT Reserve is expected to have a negative balance in 2021/22

Appendix 10 to Minute Number 78

Project funding	General Fund Balance	BRR Safety Net	Enterprise Reserve	CG MSCP Reserve	NHB 2021/22	Capital Receipt	NHB 2022/23	Total
	2020/21 £000	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	2022/23 £000	£000
Commonwealth Games					150.0		150.0	300.0
Climate Change Director (net of share with SDC)					53.0		52.0	105.0
Waterloo Housing (estimate)					199.6		45.0	244.6
Kenilworth Leisure - intial revenue costs					370.0			370.0
Masters House/ Leper Hospital					250.0			250.0
Kenilworth Rugby FC (March 2020 Exec)					300.0			300.0
Voluntary/Community Sector Commissioning					282.0		282.0	564.0
RUCIS					100.0		100.0	200.0
Public Amenity Reserve							270.0	270.0
Service Transformation Reserve					870.5			870.5
Contingency Budget	500.0				200.0			700.0
Kenilworth School - monitor	19.0				83.0			102.0
Community Centre Acre Close feasibility					25.0			25.0
Joint Local Plan					100.0		200.0	300.0
Future High Street Fund		566.0	138.0	900.0	203.0	160.0	119.0	2,086.0
Lord Leycester Hospital							60.0	60.0
CWG - Street Dressing					83.0			83.0
Total	**519.0**	**566.0**	**138.0**	**900.0**	**3,269.1**	**160.0**	**1,278.0**	**6,830.1**

Appendix 11 to Minute Number 78

Warwick District Council Financial Strategy 2021/22-2025/26

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 on a shorter period as risks and significant issues arising in the medium term could occur before the Council has developed the means of managing these. Forecast future levels of funding are projected alongside other known constraints and opportunities.

The Council has a Code of Financial Practice and Code of Procurement Practice which underpin the Strategy.

Monthly Budget Review Reports will be produced to be 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, and at other key points during the year if there have been material significant developments.

2. Background

2.1 The Economic Background, as provided by Treasury Advisors, Link 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. The new Business Rate Retention Scheme was introduced from 1st April 2013. Whilst setting the NNDR Baseline, Government then allowed Council to retain a share of any growth above this Baseline. There is 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 since this scheme was introduced. The 4 year settlement announced in December 2015 and January 2016 saw Revenue Support Grant become zero in 2019/20, having reduced significantly over the 3 year period. The Council's other main income source is its local Council Tax payers.

2.3 In December 2017, the government announced the intention to increase the level of business rates retained by local government from the current 50% to the equivalent of 75% from April 2020. During 2019/20 selected authorities piloted this scheme. This Council will closely monitor further developments as the scheme evolves.

2.4 The Financial Strategy and projections have been updated in line with the 2021/22 Government Local Finance Settlement Figures announced in December 2020. The Council's Financial Strategy is based upon the absence of Revenue Support Grant announced by the Government and its own Business Rates forecasts using the NNDR1 and NNDR3 returns and local intelligence, including support from "Analyse Local", independent Business Rates Consultants.

2.5 As referred to above, from 2013/14, the District Council retains 20% of any growth in business rates above the pre-determined Baseline. The Council's Baseline (the amount it retains) for 2020/21 is £3.447m. 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 £3.188 million, 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 had been inflated annually since the scheme commenced in 2013 until 2021, when there was due to be a "reset" of the system. However, this was postponed by a year to ensure stability during the COVID-19 pandemic. The proposed changes to the Business Rate Scheme are discussed in more detail in Section 3.5 of the Budget Report.

The Council entered into a "pooling" arrangement with the other Warwickshire councils. 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 latest projections, the Council should benefit from remaining in the pool in 2021/22.

2.6 The Council also receives Government Support by way of New Homes Bonus (NHB) for 2021/22 this is £3.269 million. This allocation was significantly larger than originally forecast, following the extension of the scheme as part of the response to COVID-19. It was expected that the Council were to only receive 'legacy payments' from 2021/22.

Initially, NHB was funded on a 6 year rolling time limited basis. After consultation the Government phased a reduction for this from 6 (2016/17) to 4 years from 2018/19. It is paid on a rolling basis. To date the Council has not had to use New Homes Bonus 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 Reserve balances, and continue to allocate a proportion of this to the Waterloo Housing Association as part of the WDC Housing Joint Venture. A breakdown of these schemes is contained within the Budget report in section 3.11.4.

2.7 The Council have received many additional grants in 2020/21 to support continued service provision and offset income losses as a result of COVID-19. These have included an income compensation scheme, a furlough grant, business grants and rough sleeping grants.

2.8 The Council are permitted to increase their share of Council Tax by either 2% or £5 (per band D equivalent) without triggering a Referendum. It is therefore proposed to increase this by £5 per year (per band D equivalent) to £176.86 per year.

2.9 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. The latest iteration was presented to members in December 2020 (Executive Item 6).

2.10 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. However, as detailed in the Treasury Management Strategy, there are now limitations on Public Works Loans Board borrowing for investment purposes.

2.11 The Council reviews its budgets on a monthly basis, amending these as changes are identified, rather than just reporting upon variations and updating its current year's budgets once at part of the following year's budget setting process. The process is continuously reviewed to identify further efficiencies so that data can be produced in the most timely and accurate manner. It is expected that processes will improve as a result of a new Financial Management System being implemented, with an expected go live date in July 2021.

2.12 The production and publication of the latest Statement of Accounts for 2019/20 was completed successfully last year. The draft was published on

18th June, well in advance of the national deadline of 30th August. These were signed by external audit ahead of the 30th November deadline. This was achieved against the backdrop of COVID-19, and during a period of significant change and upheaval in working practices as part of the first National Lockdown necessitating a move to remote working. This further emphasises the great strides that the Council has made following the failure to publish its 2017/18 Accounts within the statutory deadline. Processes since have been thoroughly and continually reviewed and scrutinised, with Action plans being updated to include incremental improvements based on stakeholder feedback. As the 2020/21 Statement of Accounts will once again be produced and audited remotely, actions will be taken forward from the 2019/20 process, and any required changes will be implemented.

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 impact of Britain leaving the European Union, with the impact of changes in legislation and the impact on the economy still uncertain.

The continuing impact of COVID-19 on service provision and delivery, the income received from stakeholders in the District, and how the Council will be able to commence its recovery Strategy.

The ongoing project in conjunction with Stratford-on-Avon District Council assessing joint and collaborative working practices., including a potential full merger of the two local Authorities.

Announcements from both the Autumn Statement 2020, and the Local Government Finance Settlement, including changes to the National Living Wage, which will increase by 2.2% to £8.91 from 1 April 2021. It will also become available to people aged 23 and above, down from the current age of 25.

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 will identify this Council's progress in meeting its various savings initiatives and the profile of the savings still to be identified.

(ii) The impact of pressures to improve environmental sustainability, and meet the climate change agenda.

(iii) Energy costs which are extremely volatile.

(iv) Major developments that may occur, such as, Kenilworth School Relocation, Europa Way and other potential strategic opportunities.

(v) Major investment in multi storey car parks that will require structural renewal.

(vi) 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 resource these costs. Additional funding for future liabilities has been included within the 2021/22 Budget Report.

(vii) The potential to work with partners and realising savings by pooling resources.

(viii) Capital receipts have reduced considerably and any for the future are extremely uncertain.

(ix) The volatility of many of the Council's income budgets.

(x) The rate of economic recovery and investment interest returns.

(xi) Trees throughout the district need replacing for which funding will need to be sought.

(xii) Ongoing reviews on how the Council manages and delivers its services.

(xiii) Development of the Fit for the Future Programme and the Council's ability to adapt to change.

(xiv) Efficient procurement to deliver quality services at minimum cost.

(xv) 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.

(xvi) In June 2016, the country voted to leave the European Union. The initial impact saw a reduction in interest rates and a drop in the pound against other currencies. Following the UK signing an agreement with the EU in December 2020, the impact on the Council's finances will be routinely assessed as more uncertainties are resolved or arise. The Council will amend its medium term financial forecasts as necessary to reflect any impact and related issues e.g. changes in legislation such as VAT.

(xvii) Renewal of the Council's major contracts in 2021/22 and 2022/23.

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 will continue to support the focus on remote working and the electronic storage of records. Agile working was already a focus pre COVID-19 and linked to the asset management plan strategy of reducing office space needs.

3.6 During 2017/18, the major refurbishment of 2 of the Council's Leisure Centres, Newbold Comyn and St Nicholas Park Leisure Centres was completed. The Council now moves to Phase 2 of its plan to develop all of its Leisure Centres and redevelop the 2 Kenilworth ones, as detailed within the report to February 2021 Executive. From June 2017, the Council outsourced the management of its Leisure Centres. A private contractor will be able to operate in a more cost efficient way, benefitting from Mandatory Rate Relief and achieving economies of scale from operating many Leisure Centres across the country. From 2019, the Council agreed to receive an annual concession from the Operator. There is potential to receive more income from a "Profit Share" arrangement in the future. In the interests of prudence, none of this 'profit share' has been factored into the Financial Forecasts.

Due to COVID-19, the leisure centres in the District have been shut for prolonged periods since March 2020, and when they have been allowed to open, subject to reduced capacity and social distancing guidelines. This has resulted in a significant reduction in income. The Council is and will continue to work with the Operator to ensure the services remain available when restriction guidance permits, with agreements in place with regards to the concession and additional expenditure costs incurred by the provider.

3.7 Several Major Projects are currently being worked on, with reports regularly due to members.

- Working with partners to develop the land at Europa Way and deliver housing and a new stadium.
- Preparation for the Commonwealth Games Bowls in 2022 at Victoria Park which offers a significant opportunity to promote the Town and its attractions and support the local economy.
- Delivery of the St Marys Lands Masterplan to enhance and promote the landscape character creating a natural open green space and promote St. Mary's Lands as a visitor destination supporting the many organisations within it.
- Phase 2 of the Leisure Centres refurbishment project
- A number of significant housing projects, delivering both private and social housing.
- The creation of Tachbrook Country Park.
- The establishment of a local housing company.

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 Council'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
- Outsourcing where other providers can deliver a minimum of the same standard of service more efficiently
- Efficient Procurement
- Benchmarking costs and income 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
- More efficient and greater use of 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 and rent payers.

(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. The Medium Term Financial Strategy is based on increases in discretionary fees and charges of up to 15% for 2022/23 and 2023/24 as agreed by Members in December 2020 as part of the Budget proposals.

(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
f) Enhancing quality of services

(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 and a General Fund Balance of £1.5m.

(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.

5. Process and Monitoring

Preparing budgets

5.1 The budget setting process is consistent with the service area planning process and the 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 in accordance with the Council's Capital Strategy.

Monitoring and managing budgets

5.3 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 in practice, and is reviewed by Accountancy in conjunction with the external auditors to ensure ongoing compliance.

5.4 Accountants work with Service Areas to identify budget variances and changes; these are reported to the Senior Management Team on a monthly basis. Regular 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. It is expected that processes will be improved further as a result of a new Financial Management System being implemented, with an expected go live date in July 2021.

Consultation

5.5 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.

5.6 There is extensive consultation with partners on Fit For the Future.

5.7 The Council takes a strategic 5 year approach to determine how budgets are set and service prioritised.

5.8 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) Forecasts for Business Rates income are based upon the Council's local forecasts and out-turns. The Council uses a company called Analyse Local to forecast its provision for appeals and Local Government Futures to assist with the forecast level of retained business rates.

(ii) Interest projections will continue to be based on the rates projected by Link Asset Services Treasury Solutions, the treasury management advisers.

(iii) It is assumed general inflation will increase by 2% per annum. Where the Council is contractually bound to increase costs and the Business Rates multiplier are increased by the relevant percentages.

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. In December 2020 it was agreed that the policy for the Business Plan would be to reschedule the current debt rather than seeking to go debt free, so enabling additional investment in further housing.

7.2 There is a requirement to follow Central Government National Housing Rent Policy when determining rents on HRA dwellings. Over the period April 2016 – March 2020, the rent charged by local authorities has had to be reduced by 1% per year. From April 2020 the social rent policy changed, allowing the rent charged to be increased by CPI + 1% each year. The council does have discretion over the setting of garage rents, Warwick Response charges and rents for HRA owned shops and commercial properties. When a new tenancy commences the Council can re-let at Target Social Rent, in time bringing all social housing rents in line with 2002 Convergence policy.

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 2021 Budget Report, which reported savings required as follows:

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Deficit-Savings Req(+) / Surplus(-) future years	0	0	178	-30	-216
Change on prev year	0	0	178	-208	-186

These are indicative based on current assumptions, and assumes that savings are achieved and maintained.

8.2 The forecasts are reviewed throughout the year, with the Executive being informed of the latest projections as part of the Budget Process.

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 2020 are summarised below: -

	Value £'000
Operational Assets	
Council Dwellings	402,119
HRA land and buildings	8,016
Other land and buildings	73,262
Vehicles, Plant, Furniture and Equipment	3,510
Infrastructure Assets	1,961
Community Assets	7,703
Non-Operational Assets	74,391
Surplus Assets/Work In Progress	275
Assets under construction	5,534
Heritage Assets	9,005
Investment Properties	10,234
Intangible Assets	43
Total	**475,562**

9.3 A summary of the proposed capital programme for the period to March 2025 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.

Portfolio	Latest Budget 20/21 £'000's	Proposed Expend. 21/22 £'000's	Proposed Expend. 22/23 £'000's	Proposed Expend. 23/24 £'000's	Proposed Expend. 24/25 £'000's	Total 20/21 to 24/25 £'000's
Strategic Leadership & CWLEP	547.6	402.8	277.0	257.0	74.0	1,558.4
Health & Community Protection	562.5	129.0				691.5
Culture	4,449.6	2,395.2	107.2			6,952.0
Finance	160.4	335.0	100.0			595.4
Neighbourhood	3,072.1	6,671.2	3,612.0	1,082.0	80.0	14,517.3
Development	7,488.8	4,598.4	12,236.4			24,323.6
Housing Investment	37,277.0	45,276.1	15,679.5	9,109.3	9,115.4	116,457.3
Total Capital Programme	**53,558.0**	**59,807.7**	**32,012.1**	**10,448.3**	**9,269.4**	**165,095.5**

10. Capital Strategy

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) and it's Fit for the Future Programme;

- 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 Friends of the Pump Room Gardens, Jockey Club and Golf Centre on St Marys Lands. 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 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 Europa Way, 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.

- Promoting the Town and its attractions and support the local economy through hosting the Commonwealth Games in 2022.

- Enhanced Leisure Facilities.

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 as other receipts have fallen in recent years. 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). A proportion of such receipts are taken by the Treasury; with the balance retained by the Council, some having to be to provide for new dwellings and the remainder the Council having flexibility over its use.

- Capital Contributions – including contributions from developers (often under Section 106 Planning Agreements and now 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 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.

13.5 There is a separate section on Risk in all Committee Reports to Members.

Annex 1

Link Asset Services Economic Background

UK

- The Bank of England's ("The Bank") Monetary Policy Committee (MPC) kept **Bank Rate** unchanged on 5 November 2020. However, it revised its economic forecasts to take account of a second national lockdown from 5 November to 2 December which will put back economic recovery and do further damage to the economy. The Bank, therefore, decided to do a further tranche of **quantitative easing** (QE) of £150bn, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".
- Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
  - o The economy would recover to reach its pre-pandemic level in Q1 2022
  - o The Bank also expects there to be excess demand in the economy by Q4 2022.
  - o CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.
- One key addition to **the Bank's forward guidance** in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Link's Bank Rate forecast currently shows no increase (or decrease) through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern.
- **Inflation** is expected to briefly peak at around 2% towards the end of 2021 but this is a temporary short lived factor and so not a concern.

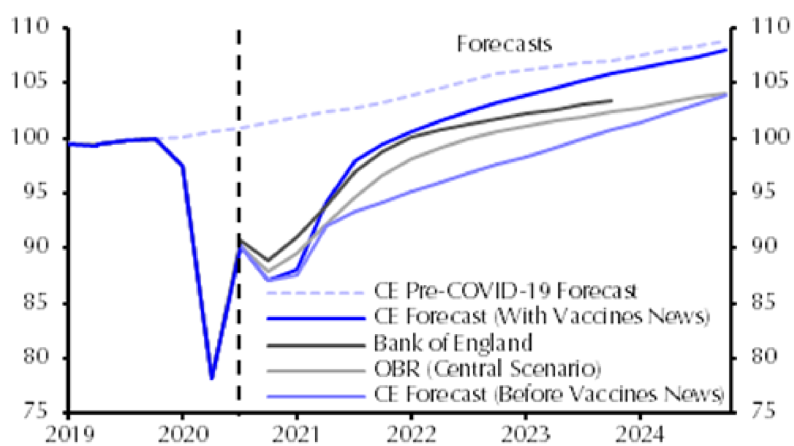
- However, the minutes did contain several references to **downside risks**. The MPC reiterated that the “recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside”. It also said “the risk of a more persistent period of elevated unemployment remained material”. Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. **Upside risks** included the early roll out of effective vaccines.
- **COVID-19 vaccines**. We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9 November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University / AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).
- These announcements, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence that **life could largely return to normal during the second half of 2021**, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels, which would help to bring the unemployment rate down. With the household saving rate currently being exceptionally high, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could begin to be eased, possibly in Q2 2021, once vulnerable people and front-line workers had been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% next year instead of 9%.
- **Public borrowing** is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge

increase in the total amount of debt. The OBR was also forecasting that the Government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

- Overall, the **pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5th November, will have caused a further contraction of 8% month on month in November so the economy may have then been 14% below its pre-crisis level.

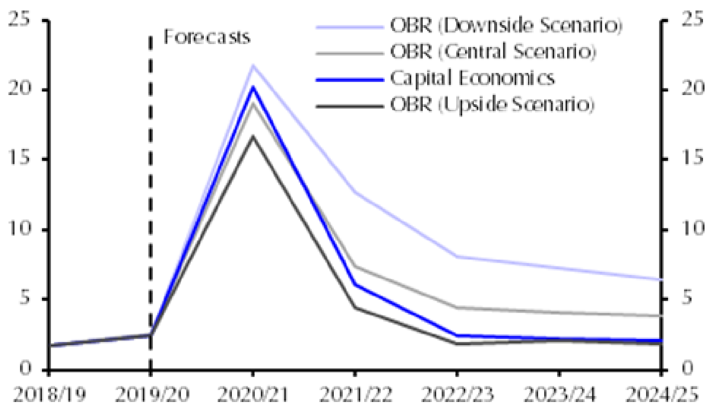
- **December 2020 / January 2021**. Since then, there has been rapid back-tracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5 January 2021 to national lockdowns of various initial lengths in each of the four nations, as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

Chart: Level of real GDP (Q4 2019 = 100)



- This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the Government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assume that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

Chart: Public Sector Net Borrowing (As a % of GDP)



- There will still be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.
- **Brexit**. While the UK has been gripped by the long running saga of whether or not a deal would be made by 31 December 2020, the final agreement on 24 December, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.
- **Monetary Policy Committee meeting of 17 December**. All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, "Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case." So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding

Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30 April until 31 October 2021. (The MPC had assumed that a Brexit deal would be agreed.)

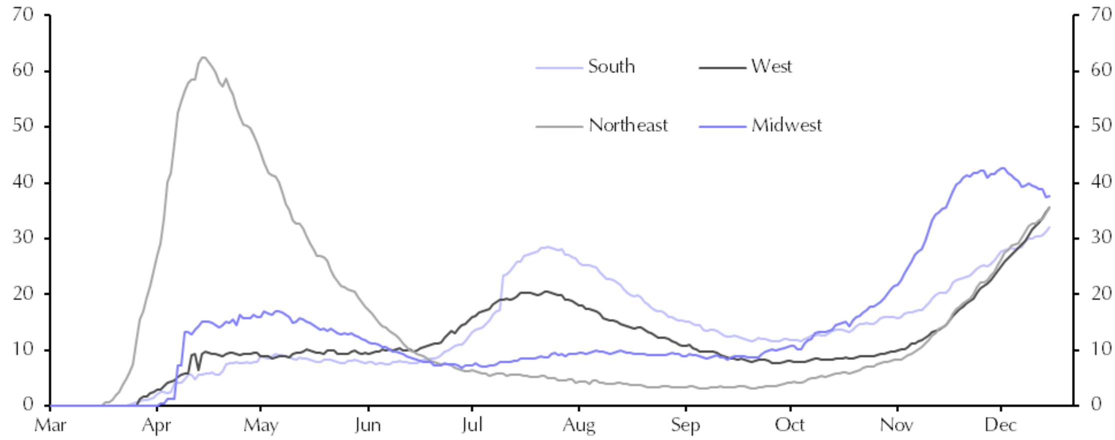
- **Fiscal policy**. In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy:
  - o An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
  - o The furlough scheme was lengthened from the end of March to the end of April.
  - o The Budget on 3 March 2021 will lay out the "next phase of the plan to tackle the virus and protect jobs". This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).
- The **Financial Policy Committee** (FPC) report on 6v August 2020 revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

USA

- The result of **the November elections** means that the Democrats have gained the presidency and a majority in the House of Representatives, and the winning of the two Senate seats in Georgia on 6 January mean they will hold a slim majority in the Senate. This means that the Democrats should be able to do a massive fiscal stimulus, as they had been hoping to do after the elections. That would result in another surge of debt issuance and could put particular upward pressure on debt yields – which could then also put upward pressure on gilt yields.
- Equity prices leapt up on 9 November on the first news of a successful vaccine and have risen further during November as more vaccines announced successful results. This could cause a big shift in investor sentiment i.e. a swing to sell out of Government debt to buy into equities which would normally be expected to cause debt prices to fall and yields to rise. However, the rise in yields has been quite muted so far and it is too early to say whether the Fed would feel it necessary to take action to suppress any further rise in debt yields. It is likely that the next two years, and possibly four years in the US, could be a political stalemate where neither party can do anything radical.
- The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the **pandemic** with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a third wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the latest wave has been driven by a growing outbreak in the Midwest. The latest upturn poses a threat that the recovery in the economy could stall. This is

the single biggest downside risk to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

COVID-19 hospitalisations per 100,000 population



- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and retail sales dropping back. The economy is set for further weakness in December and into the spring. However, a $900bn fiscal stimulus deal passed by Congress in late December will limit the downside through measures which included a second round of direct payments to households worth $600 per person and a three-month extension of enhanced unemployment insurance (including a $300 weekly top-up payment for all claimants). GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

- After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC’s updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and

China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- The Fed's meeting on **5 November** was unremarkable - but at a politically sensitive time around the elections. At its **16 December** meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that inflation will only get back to 2.0% in 2023, the vast majority expect the fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.

Eurozone

- In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has affected many countries: it is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.
- With inflation expected to be unlikely to get much above 1% over the next two years, the **ECB** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

China

- After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies.
- However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

Japan

- A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the Government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

World Growth

- World growth will have been in recession in 2020. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.
- Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese Government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political

advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

Summary

- Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand in their economies.
- If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

Interest Rate Forecasts

Brexit. The interest rate forecasts provided by Link were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31 December 2020. There is therefore no need to revise these forecasts now that a trade deal has been agreed. Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID-19 crisis.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.

- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

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

- **UK -** a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

General Fund PPM Budget 2021/22 — Appendix 12 to Minute Number 78

PPM Areas:	Sum of Budget
Corp Operational	
Althorpe Enterprise Hub, Leamington Spa	£2,000
Corporate Stock	£40,000
Edmondscote Sports Ground, Leamington Spa	£46,500
Harbury Lane Sports Pavilion, Harbury Lane, Bishops Tachbrook	£500
Jubilee House, 19 Smalley Place, Kenilworth	£1,200
Oakley Woods, Banbury Road, Bishops Tachbrook	£8,100
Pageant Gardens, Castle Lane, WARWICK	£10,000
Pageant House, Jury Street, Warwick	£90,500
Pump Rooms, Leamington Spa	£48,000
Town Hall, The Parade, Leamington Spa	£86,000
Corp Operational Total	**£332,800**
Corp Non-Op	
Aviary - Jephson Gardens, The Parade, Leamington Spa	£1,500
Jephson Gardens Toilets, The Parade, Leamington Spa	£12,000
Market Place Toilets, Market Place, Warwick	£18,000
Newbold Comyn Sports Pavilion, Newbold Terrace East, Leamington Spa	£6,000
North Lodge, Jephson Gardens, The Parade, Leamington Spa	£7,000
Old Sea Cadets, Adelaide Road, Leamington Spa	£5,000
Restaurant - Jephson Gardens, The Parade, Leamington Spa	£3,000
Royal Naval Association, Adelaide Road, Leamington Spa	£5,000
South Lodge, Jephson Gardens, The Parade, Leamington Spa	£13,000
Spencers Yard, Avenue Road, Leamington Spa	£1,150
Temperate House - Jephson Gardens, The Parade, Leamington Spa	£24,300
Corp Non-Op Total	**£95,950**
Car Parks	
Abbey End Car Park, Abbey End, Kenilworth	£1,000
Adelaide Bridge Car Park, Adelaide Road, Leamington Spa	£1,650
Chandos Street Car Park, Chandos Street, Leamington Spa	£2,000
Covent Garden Multi-storey Car Park, Russell Street, Leamington Spa	£4,000
Linen Street Multi-storey Car Park, Linen Street, Warwick	£21,200
Myton Fields Car Park, Myton Road, Warwick	£1,000
Priory Road Car Park, Priory Road, Warwick	£1,000
St Peters Multi-storey Car Park, Augusta Place, Leamington Spa	£11,400
Car Parks – Minor Works	£3,050
Car Parks Total	**£46,300**
Open Spaces	
Abbey Fields, Kenilworth	£30,000
Leamington Cemetery, Leamington Spa	£23,500
Leamington Closed Churchyards, Leamington Spa	£12,000
Milverton Cemetery, Old Milverton Road, Leamington Spa	£2,000
Public Open Space	£583,000
Warwick Cemetery, Warwick	£12,000
Newbold Comyn Park, Leamington Spa	£16,000
Barn, Abbey Fields, Bridge Street, Kenilworth	£20,000
Kenilworth Cemetery, Kenilworth	£3,000
Open Spaces Total	**£701,500**
Corp M&E	
Jubilee House, 19 Smalley Place, Kenilworth	£1,000
Leamington Spa Water Tap, Parade, Leamington Spa	£3,500
Corp M&E Total	**£4,500**
Non-Op Shops/Flats	
Consolidated works at Church Walk	£5,500
Consolidated works at Market Street	£304,000
Consolidated works at Hamilton Terrace	£46,000
Consolidated works at Regent Street	£1,100
Basement Ground First & Second Floor, 10 Hamilton Terrace, Leamington Spa	£3,520
Non-Op Shops/Flats Total	**£360,120**
Grand Total	**£1,541,170**

2021/22 PPM Funding

2021/22 Estimated Corporate Reserve Opening Balance	**£**
Opening 2020/21 Balance – Corporate Assets Reserve	£1,589,121
Less 2020/21 Estimated Reserve Drawdown	-£229,054
Year End Estimate 2020/21	**£1,360,067**

2021/22 Funding Analysis	**£**
2021/22 PPM Base General Fund Budget	£413,000
2021/22 Corporate Assets Reserve Balance	£1,360,067
Total Available Funding	**£1,773,067**

PPM 5 Year Medium Term Financial Plan

Year	**£**
2021/22	£1,541,170
2022/23	£1,300,000
2023/24	£970,000
2024/25	£810,000
2025/26	£650,000
Total	**£5,271,170**

Treasury Management Strategy for 2021/22

The strategy for 2021/22 covers two main areas:

A. Capital issues

- the minimum revenue provision (MRP) policy – see Appendix C.
- the capital expenditure plans and the associated prudential indicators – Capital Expenditure Plans form part of the General Fund Budget report and the prudential indicators are included in Appendix D.

B. Treasury management issues

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

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

1 Training

1.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Following the May 2019 Council elections, Link Asset Services (Link) delivered training to Members of the Finance and Audit Scrutiny Committee and other interested Members in November 2019. Further training will be provided as and when required.

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

2 External service providers

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

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

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

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

3 Benchmarking

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

4 Performance

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

4.2 The Treasury Management Team will seek to achieve a return on its money market investments of 0.0625% over the London Interbank Bid Rate (LIBID) of a similar duration (LIBID refers to the average interest rate which major London banks are willing to borrow from each other).

5 Prospects for interest Rates

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

5.2 The following table gives Link's central view as at 18 December 2020, before the new strain of COVID-19 was formally identified, on finance markets worldwide:

Bank Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Capital Economics	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	-	-	-	-	-

5yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	0.81%	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%	0.90%	1.00%	1.00%	1.00%	1.00%
Capital Economics	0.81%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	-	-	-	-	-

10yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.11%	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.30%	1.30%	1.30%	1.20%	1.30%	1.30%	1.30%
Capital Economics	1.11%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	-	-	-	-	-

25yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.66%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%
Capital Economics	1.66%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	-	-	-	-	-

50yr PWLB Rate	NOW	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	1.49%	1.30%	1.30%	1.40%	1.40%	1.40%	1.40%	1.50%	1.50%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%
Capital Economics	1.49%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	-	-	-	-	-

Link Group Interest Rate View	Now	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Bank Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
3 Month LIBID	-0.08%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
6 Month LIBID	-0.08%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
12 Month LIBID	-0.01%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%

5.3 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5 November 2020, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.

5.4 **Bond yields / PWLB rates**. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields.

5.5 While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this had seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

5.6 Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, these yields fell sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. Government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March 2020, and started massive quantitative easing purchases of Government bonds: this also acted to put downward pressure on Government bond yields at a time when there has been a huge and quick expansion of Government expenditure financed by issuing Government bonds. Such unprecedented levels of issuance in 'normal' times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

5.7 As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the COVID-19 shutdown period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9 November 2020 when the first results of a successful vaccine trial were announced). Such volatility could occur at any time during the forecast period.

6 Investment and borrowing rates

6.1 **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase expected in the following two years.

6.2 **Borrowing interest rates** fell to historically very low rates as a result of the COVID-19 crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 2020/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. It also introduced the differential rates for borrowing for different types of capital expenditure, with higher rates for non-housing schemes.

6.3 As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded.

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

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)[1]

6.5 **Borrowing for capital expenditure**. As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.

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

7 Borrowing Strategy

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

7.2 The Council's current long-term borrowing portfolio consists of £136.157 million HRA and £12 million General Fund PWLB debt. The Council has no short-term borrowing other than finance leases.

7.3 These HRA loans were taken out in 2012 to finance the HRA Self Financing settlement, and the interest paid on this debt is entirely borne by the HRA and is provided for as part of the HRA Business Plan. The first of these loans is scheduled to be repaid on 28 March 2053 with the final loan being repaid on 28 March 2062. As part of reviwing the HRA Business Plan in December 2020,

[1] 3rd Round ran from 11th April to 11th July 2020 so closed until HM Treasury announces a 4th Round

the Executive agreed that the Business Plan should allow for this debt to be replaced, so maintaining the overall level of debt and so give additional funds to invest in the housing stock.

7.4 £12 million was borrowed in September 2019, for repayment at maturity on 28 August 2059, with the interest borne by the General Fund, largely covering unfinanced capital expenditure in 2017/18 and 2018/19 (primarily relating to the Leamington and Warwick Leisure Centres).

7.5 The Council has been maintaining an under-borrowed position, which means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure, i.e. borrowing has been deferred. This strategy has been prudent while investment returns are historically low and counterparty risk is more unpredictable than usual.

7.6 The borrowing undertaken in 2019 has reduced the under-borrowed position of the previous two financial years. The position is not sustainable in the longer-term as (i) the Council will eventually need to replenish the cash backing the Reserves and Balances in order to pay for future developments, and (ii) the upside risk of PWLB and other borrowing rates as a result of economic factors make it prudent to consider "externalising" more of the internal borrowing by taking PWLB loans during 2021/22.

7.7 Additionally, there are a number of potential very large housing-related and other capital schemes that would significantly deplete or extinguish investment balances unless considerable external borrowing in 2020/21 or 2021/22 and beyond is undertaken. Please see Appendix D, Tables 4 and 5, for details of proposed capital expenditure and financing, including the borrowing requirement. Approval of these within the borrowing limits does not commit the Council to progressing with these schemes.

7.8 Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

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

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

Most likely, fixed rate funding will be drawn whilst interest rates are in line with current projections for the next few years.

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

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

7.11 The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing - and was significantly effected by the reduction in non-housing PWLB rates in late November 2020 - but the Council's advisors will keep officers informed. Financial institutions and the Municipal Bond Agency (MBA) are likely to have significantly more complex administration and legal arrangements than PWLB loans, even though those arrangements became more demanding in November.

7.12 The Council will use short-term borrowing (up to 365 days), if necessary, in order to finance temporary cash deficits. However, proactive cash flow management will aim to keep these to a minimum and, wherever possible, the loan would be taken out for periods of less than 7 days in order to minimise the interest payable. The Council has not incurred any short-term borrowing (other than minimal bank overdrafts) in 2020/21 to date and is not expecting to during 2021/22.

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

8 Policy on borrowing in advance of need

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

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

9 Current treasury position

9.1 The investments at 21 December 2020 are summarised below:

Type of Investment	21 Dec 20 £'000	30 Sep 20 £'000	31 Mar 20 £'000
Money Markets incl. CD's & Bonds	37,000	38,500	42,500
Money Market Funds	41,552	35,561	18,125
Business Reserve Account	3	3	5,000
Total In House Investments	**78,555**	**74,064**	**65,625**
Corporate Equity Funds (nominal value)	6,000	6,000	6,000
Total Investments	**84,555**	**80,064**	**71,625**

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

Equity Fund	21 Dec 20 £'000	30 Sep 20 £'000	31 Mar 20 £'000
Royal London UK Equity Fund	3,121	2,705	2,553
Columbia Threadneedle UK Equity Income Fund	3,102	2,803	2,569
Total	**6,223**	**5,508**	**5,122**

9.3 These equity fund valuations at 21 December 2020 include unrealised capital gains and dividends, the latter being amounts that have been credited to the General Fund since inception and are retained within the above values. At the time of writing the funds would need to increase in value by around £600,000 to accommodate the dividends and the unrealised losses.

9.4 The amount of 'extraction of fossil fuel' related investments within the two funds at the end of October 2020 was (a) Royal London – 5.55% and (b) Columbia Threadneedle – 4.86%. The Council does not have any influence over where these pooled equity funds invest.

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

9.6 The corresponding borrowing position is summarised below:

External Borowing	21 Dec 20 £'000	30 Sep 20 £'000	31 Mar 20 £'000
Public Works Loan Board	148,157	148,157	148,157
Total	**148,157**	**148,157**	**148,157**

10 Debt rescheduling

10.1 Rescheduling of borrowing in the Council's debt portfolio will remain uneconomic within current interest rates, given the high premia the PWLB would charge.

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

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

Annual Treasury Management Investment Strategy

1 Investment policy – management of risk

1.1 The MHCLG[2] and CIPFA[3] have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

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

- MHCLG's Guidance on Local Government Investments ("the Guidance"),
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code"),
- CIPFA Treasury Management Guidance Notes 2018.

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

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

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

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

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

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

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

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

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.
- **Commercial investments** are outside the Council's treasury management strategy and may eventually be subject to the development of a new *Investment Regeneration Strategy*. The Public Works Loan Board has introduced new rules in December 2020 allowing local government borrowing which can only be accessed if you have no Investment Assets bought primarily for yield.

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

1.4.6. **'Commercial' investments limit**. The Council would determine the maximum exposure to 'commercial' investments (including loans to third parties at commercial rates of interest but excluding "Investment Assets bought primarily for yield"), expressed as a percentage of the total investment portfolio, as part of the prospective development and approval of a *Investment Regeneration Strategy*.

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

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

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

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

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

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

1.4.13. As a result of the change in **accounting standards** for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund[4]. This override applies to the Council's equity funds

[4] In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to

and will be a factor in their appropriateness after 2022/23.

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

2. Changes in risk management policy from last year

2.1 The above criteria are unchanged from last year.

3. Creditworthiness policy

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

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

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

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

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

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

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

adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 2018

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

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

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

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

3.9 The Council has two corporate equity fund managers, Royal London Asset Management and Columbia Threadneedle, the performance of which are kept under review. Currently the funds are expected to make dividend returns of around 2.7% in 2021/22, although this is subject to many caveats including post-Brexit and the COVID-19 pandemic. These specific equity funds do invest in companies extracting fossil fuels[7] and the recommendation is to divest from these funds by the end of 2025 as part of the Council's Climate Emergency Declaration. Options include closing these funds (reflecting the underlying use of balances and reserves) or re-investing in ESG (Environmental Social & Governance) equity funds. Any new fund manager appointments would be made in conjunction with the treasury advisers and in adherence with the Council's procurement rules. Re-procuring to invest these funds is likely to incur an additional cost, as well as taking officer and member time. The issue of the increase in fund values necessary to remove unrealised losses in included in Appendix A at paragraph 9.3.

3.10 Based on its cash flow forecasts (subject to any 'internal borrowing' pending borrowing for new capital expenditure, including commercial investment), the Council anticipates that its investments in 2021/22 on average will be in the region of £75m, of which £32m will be "core" investments i.e. made up of reserves and balances which are not required in the short term.

3.11 The maximum percentage of its investments that the Council will hold in long-term investments (over 365 days) is 70%. It follows therefore that the minimum percentage of its overall investments that the Council will hold in short term investments (365 days or less) is 30%. Having regard to the Council's likely cash flows and levels of funds available for investment the

[5] Constant Net Asset Value Money Market Funds
[6] Low-Volatility Net Asset Value Money Market Funds
[7] Oil and gas, less that 5% of the combined portfolio at the end of October 2020

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

3.12 The 2021/22 interest rate outlook is for Bank Rate to start the year at 0.10% and Link expect it to remain at that level until the end of 2023/24. Based on current investment policies and interest rate projections, it is currently estimated that the overall portfolio will achieve a 0.50% return for 2021/22, augmented by the dividends from the equity funds.

4. Investments that are not part of treasury management activity

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

4.2 The Council recognises that investment in other financial assets e.g. loans to third parties and property may be taken for non-treasury management purposes, thus requiring careful investment management. Such activity includes loans supporting service outcomes and commercial investments.

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

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

Schedule of specified and non-specified investments

Specified Instruments (365 days or less)

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

Non Specified Investments

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

- Covered Bonds issued by private sector financial institutions greater than 365 days
- Covered Bonds issued by financial institutions partly or wholly owned by the UK Government greater than 365 days
- Covered Bonds issued by corporates greater than 365 days
- Corporate Bond Funds
- Regulated Property Funds including Real Estate Investment Trusts
- CCLA Property Fund or other similar property fund
- Diversified asset funds (e.g. CCLA DIF)
- UK Government Gilts with over 365 days to maturity
- Supranational Bonds issued by Supranational Institutions or Multi-Lateral Development with over 365 days to maturity
- Corporate Equity Funds

Counterparty Limits

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

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

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

Approved Countries for Investments

This list, as at 5 January 2021, is based on those countries which have sovereign ratings of AA- or higher, based on the lowest rating from Fitch, Moody's and S&P. Fallers since last year are in red itallic.

Based on lowest available rating

AAA

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

AA+

- *Canada*
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

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

Minimum Revenue Provision Policy

1 Background

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

1.2 MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following **MRP Statement**.

1.3 The *Statutory Guidance on Minimum Revenue Provision*[8] offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

2 Four Main Options

2.1 Option 1 – Regulatory Method

This option is the old statutory method of 4% of the CFR and which has to be used in order to calculate MRP on all debt still outstanding at 1 April 2008[9]. It can also be used to calculate MRP on debt incurred under the new system but which is supported through the annual SCE (Supported Capital Expenditure) allocation from DCLG.

2.2 Option 2 – Capital Financing Requirement Method

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

2.3 Option 3 – Asset Life Method

Under this option, it is intended that MRP should be spread over the useful life of the asset financed by the borrowing or credit arrangement. In future, where borrowing is utilised to finance specific assets it is likely that the period of the loan will match the expected life of the asset and therefore, under this method the annual charge to the Council's accounts is directly related to building up the provision required to pay off the loan when it matures which, under Options 1 and 2, is not possible.

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

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

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

2.4 Option 4 – Depreciation Method

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

3 HRA

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

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

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

4 Voluntary Revenue Provision (VRP)

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

5 Warwick District Council Policy

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

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

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

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

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

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

Prudential and Treasury Indicators

1. Introduction

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

1.2. CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') to provide a mechanism to enable councils to ensure, that in line with the new freedom given, their capital investment plans are affordable, prudent and sustainable.

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

- affordable
- prudent and
- sustainable.

1.4. All Indicators must be included in the Council's annual Treasury Strategy and Outturn report.

1.5. The Prudential and Treasury Indicators are divided into:

a) Prudential:

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

b) Treasury:

- Treasury Indicators (section 8).

1.6. This Appendix explains what the Prudential and Treasury Indicators are as well as revising them for the current year, 2020/21, where appropriate and setting them for future years.

2. Affordability - Ratio of financing costs to net revenue stream

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

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

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

2.4. The table below shows the actual for 2019/20 and the ratios proposed for the General Fund, HRA and Overall as required by the Prudential Code. These figures exclude unapproved schemes, other than schemes subject to approval at the same Council meeting as this report.

Table 1

Year	General Fund	Housing Revenue Account	Overall
2019/20	-1.9%	38.4%	21.3%
2020/21	-2.00% to 4.00%	38.00% to 50.00%	23.00% to 33.00%
2021/22	0.00% to 7.00%	38.00% to 50.00%	24.00% to 35.00%
2022/23	0.00% to 8.50%	38.00% to 50.00%	24.00% to 35.00%
2023/24	0.00% to 10.00%	38.00% to 50.00%	24.00% to 35.00%

2.5. The ratio for estimates is a range rather than a single figure (except the 2019/20 actual), to allow for both the uncertain amount of borrowing that will take place for developments by the General Fund and HRA (such as the Housing Company), and the possible movements in long-term interest rates, as a relatively small variation from today's low level in borrowing costs could cause a ratio based on a precise percentage to be breached.

2.6. The significant size of the HRA ratio includes the HRA self-financing debt taken in 2012 and future potential borrowing for increasing the supply of dwellings, some through a Housing Company. If income increases at least much as the debt costs the ratio should not increase once the new rental properties are occupied – there will be a short-term cost during any acquisition and construction.

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

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

3. Prudence - Gross Debt and the Capital Financing Requirement

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

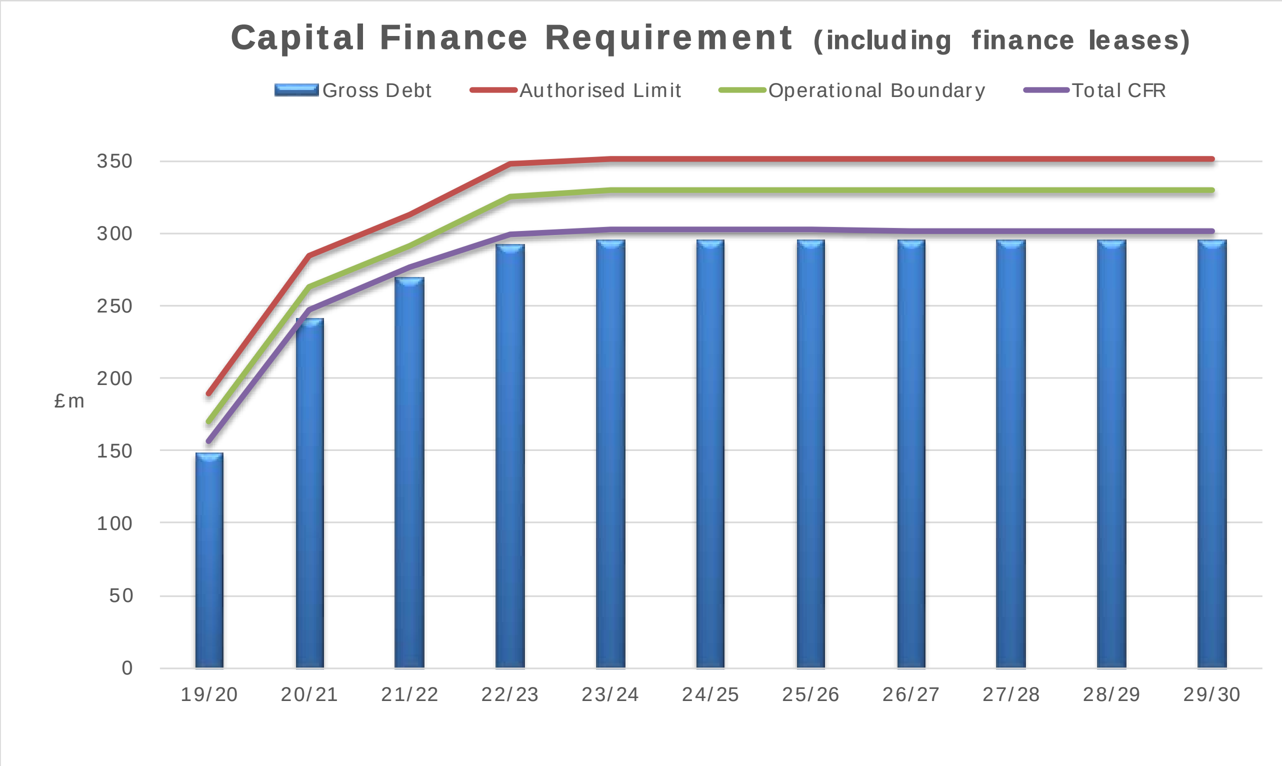
3.2 Table 2 shows the longer term projections, compared with total debt and the Authorised Limit and Operational Boundary from sections 6 and 7 respectively:

Table 2

Capital Financing Requirement (including finance leases)											
£m	**Actual 19/20**	**Est 20/21**	**Est 21/22**	**Est 22/23**	**Est 23/24**	**Est 24/25**	**Est 25/26**	**Est 26/27**	**Est 27/28**	**Est 28/29**	**Est 29/30**
HRA CFR	136.2	159.0	180.5	180.5	180.5	180.5	180.5	180.5	180.5	180.5	180.5
GF CFR	14.8	18.8	22.6	42.2	47.6	47.5	47.5	47.5	47.5	47.5	47.5
'Commercial' activity / non-financial investments	5.5	70.0	73.1	76.1	74.5	74.4	74.2	74.0	74.0	74.0	74.0
Total CFR	**156.4**	**247.8**	**276.3**	**298.9**	**302.6**	**302.4**	**302.2**	**302.1**	**302.1**	**302.1**	**302.1**
External borrowing - HRA	136.2	159.0	180.5	180.5	180.5	180.5	180.5	180.5	180.5	180.5	180.5
External borrowing - GF	12.0	80.9	87.8	110.4	114.1	114.1	114.0	113.8	113.8	113.8	113.8
Other long term liabilities	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Gross Debt	**148.2**	**240.8**	**269.3**	**291.9**	**295.7**	**295.7**	**295.5**	**295.4**	**295.4**	**295.4**	**295.4**
Internal borrowing - HRA	-	-	-	-	-	-	-	-	-	-	-
Internal borrowing - GF	8.2	6.9	6.9	6.9	6.9	6.7	6.7	6.7	6.7	6.7	6.7
WDC internal borrowing	**8.2**	**6.9**	**6.9**	**6.9**	**6.9**	**6.7**	**6.7**	**6.7**	**6.7**	**6.7**	**6.7**
Authorised Limit	189.3	284.9	313.4	347.9	351.7	351.7	351.7	351.7	351.7	351.7	351.7
Operational Boundary	170.3	262.9	291.4	325.9	329.7	329.7	329.7	329.7	329.7	329.7	329.7

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

Table 3



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

4. Capital Expenditure

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

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

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

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

Table 4

Capital expenditure	2019/20 Outturn £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund (non HIP)	7,651	16,431	14,432	20,482	1,339
Credit arrangements - finance leases	30	12	-	-	-
Housing Investment Programme:					
General Fund (HIP)		1,348	-	-	-
HRA	20,183	37,277	45,276	15,680	9,109
'Commercial' activities (including development) / non-financial investments*	551	64,600	3,100	3,100	3,000
Total (A)	**28,415**	**119,668**	**62,808**	**39,262**	**13,448**

* - loans to third parties

5. Capital Financing Requirement

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

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

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

5.4 The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £30,000 of such schemes within the CFR.

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

Table 5

Financing of capital expenditure	**2019/20 Outturn £'000**	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimate £'000**
HRA:					
Capital receipts	3,187	300	300	300	300
Capital grants and contributions	-	2,306	2,740	-	-
Reserves	16,874	11,754	20,520	15,257	8,686
Revenue contributions	122	123	123	123	123
Total HRA	**20,183**	**14,483**	**23,683**	**15,680**	**9,109**
General Fund:					
Capital receipts	454	1,595	160	-	-
Capital grants and contributions	5,491	9,152	5,513	349	-
Reserves	1,540	2,641	4,625	314	257
Revenue contributions	176	213	80	80	80
Total GF	**7,661**	**13,601**	**10,378**	**743**	**337**
Combined:					
Capital receipts	3,641	1,895	460	300	300
Capital grants and contributions	5,491	11,458	8,253	349	-
Reserves	18,414	14,395	25,145	15,571	8,943
Revenue contributions	298	336	203	203	203
Subtotal (B)	**27,844**	**28,084**	**34,061**	**16,423**	**9,446**
Net borrowing need for the year (A – B)	**571**	**91,584**	**28,747**	**22,839**	**4,002**

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

Table 6

'Commercial' activities / non-financial investments £'000	**2019/20 Outturn**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
Capital expenditure	551	64,600	3,100	3,100	3,000
Financing costs (incl MRP)	10	2,260	107	122	120
Net financing need for the year	**561**	**66,860**	**3,207**	**3,222**	**3,120**
Percentage of total net financing need %	96%	71%	11%	14%	75%

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

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

5.9 This Council has four CFRs:

(a) the HRA

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

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

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

5.10 The estimated CFRs at the end of 2020/21 and each of the next three years are based on the Council's latest capital programme and exclude any unapproved 'commercial investment / non-financial activities' and additional HRA borrowing for schemes that are subject to viability appraisals, and which would be subject to future Council reports and revised Prudential Indicators, where appropriate. The General Fund CFR also includes the impact of the internal borrowing incurred to date, as well as the internal and external borrowing factored into the current 5-year General Fund Capital Programme.

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

Table 7

Capital Financing Requirement Year	(a) HRA £'000	(b) General Fund £'000	(c) 'Commercial' activities / non financial investments £'000	(d) Total £'000
2019/20	136,157	14,782	5,475	156,414
2020/21	158,952	18,769	70,033	247,754
2021/22	180,546	22,613	73,098	276,257
2022/23	180,546	42,211	76,102	298,859
2023/24	180,546	47,556	74,516	302,618

Table 8

£m	2019/20 Outturn	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital Financing Requirement					
CFR – non housing	14.8	18.8	22.6	42.2	47.6
CFR – housing	136.2	159.0	180.5	180.5	180.5
CFR - Commercial activities/ non-financial investments	5.5	70.0	73.1	76.1	74.5
Total CFR	**156.4**	**247.8**	**276.3**	**298.9**	**302.6**
Movement in CFR	1.4	91.3	28.5	22.6	3.8
Movement in CFR represented by					
Net financing need for the year ("A-B" above)	0.6	91.6	28.7	22.8	4.0
Less MRP/VRP and other financing movements	0.8	-0.3	-0.2	-0.2	-0.2
Movement in CFR	**1.4**	**91.3**	**28.5**	**22.6**	**3.8**

5.12 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in *Table 4* and the details above demonstrate the scope of this activity (28% in 2020/21 and 26% in 2021) and, by approving these figures, Members consider the scale proportionate to the Authority's remaining activity.

5.13 The opening HRA CFR at 1 April 2020 was the HRA self-financing debt settlement of £136.157 million.

6. External Debt - Authorised Limit

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

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

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

Table 9

Authorised Limit	2019/20 Outturn £'000	2020/21 Latest £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Debt including HRA settlement	189,279	192,234	192,234	204,115	204,115
Other long-term liabilities	30	1,012	1,000	1,000	1,000
HRA HIP	-	22,795	44,389	44,389	44,389
General Fund HIP	-	1,348	1,348	1,348	1,348
Other General Fund capital programme	-	3,030	6,939	26,541	27,300
'Commercial' activities / non-financial investments	-	64,500	67,500	70,500	73,500
Total Authorised Limit	**189,309**	**284,919**	**313,410**	**347,893**	**351,652**

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

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

6.6 The debt figure provides for the potential borrowing liability of vehicles under the combined waste collection / street cleansing / grounds maintenance contract that are due to commence on 1 July 2022, as the Council is able to borrow more cheaply than most contractors. The requirement for this borrowing, which would result in reduced payments to the contractor(s), should be known by mid-2021.

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

7. External Debt - Operational Boundary

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

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

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

7.4 The recommended Operational Boundaries are as shown in Table 10. It should be noted that the figures for each year are cumulative (for instance, the £67.5m shown in 2021/22 for 'commercial' activities is the brought forward amount from 2020/21). They are based on the same assumptions outlined in paragraph 6.5 above.

Table 10

Operational Boundary	2019/20 Outturn £'000	2020/21 Latest £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'001
Debt including HRA settlement	170,279	168,886	168,886	180,767	180,767
Other long-term liabilities	30	1,012	1,000	1,000	1,000
HRA HIP	-	22,795	44,389	44,389	44,389
General Fund HIP	-	1,348	1,348	1,348	1,348
Other General Fund capital programme	-	4,378	8,287	27,889	28,648
'Commercial' activities / non-financial investments	-	64,500	67,500	70,500	73,500
Total Operational Boundary	**170,309**	**262,919**	**291,410**	**325,893**	**329,652**

8. Treasury Indicators

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

8.2 Maturity structure of borrowing:

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

Table 11

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

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

Table 12

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

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

Table 13

Year	Upper Limit - Fixed Rate	Upper Limit - Variable Rate
2021/22	100%	30%
2022/23	100%	30%
2023/24	100%	30%

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

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

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

Average Weekly Rents - Formula, Current and Proposed Social Rents

- From April 2016 the national rent policy was updated with all NEW Social Rent Tenancies being charged Target Formula Social Rent
- Target Formula rents are applied when a dwelling becomes void and re-let, existing tenancies prior to this policy change continue under the historic rent regime with inflation linked in line with national rent policy
- The Historic Rent Regime levels are slightly lower than Target Formula Rent
- It is estimated that approximately 1600 HRA dwellings are currently paying Target Formula Rents with approximately 400 dwellings per year transferring from the historic rents policy

Number of Bedrooms	Current Number of WDC Homes (Target Formula Applicable)	2020/21		2021/22		2021/22		2021/22	
		F Average 'Target' (Formula) Rent	A Average Weekly Rent	F Average 'Target' (Formula) Rent	A Proposed Average Weekly Rent	Average Difference between 'Target' (Formula) Rent (F) and Proposed Rent (A)		Proposed Average Increase in Weekly Rent 1.5% (CPI 0.5% + 1%)	
Studio	**56**	£66.28	**£62.87**	£67.27	**£63.81**	£3.46	5.42%	**£0.94**	**1.5%**
1	**1,482**	£84.57	**£79.25**	£85.84	**£80.44**	£5.40	6.72%	**£1.19**	**1.5%**
2	**1,899**	£92.79	**£87.15**	£94.19	**£88.46**	£5.73	6.48%	**£1.31**	**1.5%**
3	**1,874**	£106.28	**£98.65**	£107.87	**£100.13**	£7.74	7.73%	**£1.48**	**1.5%**
4	**60**	£118.68	**£107.62**	£120.46	**£109.24**	£11.23	10.28%	**£1.61**	**1.5%**
5	**4**	£165.10	**£212.46**	£167.58	**£215.65**	-£48.07	-22.29%	**£3.19**	**1.5%**
Averages Based on all HRA Social Rent Stock	**5,375**	**£95.33**	**£89.06**	**£96.72**	**£90.39**	**£6.34**	**7.01%**	**£1.33**	**1.5%**

"Warwick" Affordable Rent - Existing Schemes Only from April 2021

- Prior to April 2021 "Warwick Affordable Rents" were charged which was a local policy to charge a mid point between National Affordable Rents and Target Social Rent
- In 2020 Homes England Investment Partner Status was achieved so National Affordable Rents will now apply from April 2021 on all new Affordable tenancies
- Existing tenants will continue to pay "Warwick Affordable Rents" for the remainder of their tenancy to ensure financial hardship is not caused by this policy change
- The average market rent for "Warwick Affordable Rent" Schemes is based on independent valuations prepared upon completion of Sayer Court (2016) and Bremridge Close (2019) by a RICS registered Valuer.
- The average market rent is based on median weekly rents data from Hometrack .
- Affordable rent is calculated at 80% of the market rent
- "Warwick" affordable rent is calculated at the midpoint between affordable rent and target social rent
- Some affordable rents properties are subject to a service charge of £7.39 per week

Number of Bedrooms & Property Type (SC/B denotes different schemes)	No of Properties	2020/21 Rent Per Week					2021/22 Rent Per Week		
		Average Target Social Rent	Average Market Rent	National Policy Average Affordable Rent	Average "Warwick" Affordable Rent (existing tenancies)	Average "Warwick" Affordable Rent (new tenancies from 1/4/19)	Warwick Affordable Rent *** (existing tenancies Only)	Average Proposed increase for Existing Tenants Only from 1st April 2021	
1 Apartment (SC)	33	£93.03	£156.00	£124.80	£107.92	£108.91	£109.54	£1.62	1.50%
2 Apartment (SC)	43	£104.34	£196.00	£156.80	£130.88	£130.57	£132.84	£1.96	1.50%
2 Bungalow (SC)	3	£109.37	£196.00	£156.80	£142.63	£133.09	£144.77	£2.14	1.50%
3 Bungalow (SC)	2	£134.04	£253.00	£202.40	£167.31	£168.22	£169.82	£2.51	1.50%
2 House (B)	2	£96.69	£196.00	£156.80	£127.69	£126.75	£129.60	£1.92	1.50%
3 House (B)	2	£117.24	£253.00	£202.40	£149.88	£159.82	£152.13	£2.25	1.50%
2 Bungalow (B)	2	£96.69	£196.00	£156.80	£127.69	£126.75	£129.60	£1.92	1.50%
	87								

National Affordable Rent - New Affordable Schemes from April 2021

- National Affordable Rents Policy will apply to all Affordable Tenancies from April 2021.
- Historic Affordable Housing Stock currently paying "Warwick Affordable" Rents will transfer to the National Affordable rent levels when dwellings become void and are re-let.
- Affordable rent is calculated at 80% of the market rent using the Average Market Rents sourced from Hometrack for the Warwick District area at December 2020

Number of Bedrooms	2021/22 Rent Per Week	
	Average Local Market Rent (Hometrack Dec 2020)	Average Affordable Rent - 80% of local Market Rent
1	£159.00	£127.20
2	£196.00	£156.80
3	£259.00	£207.20
4	£350.00	£280.00

Part 2
Council Procedure Rules:

That Council procedure Rule 27 is amended from:

"27. Special Meetings
(1) A special meeting of the Council will be called on the requisition of the Council by resolution, the Chairman, the Monitoring Officer or any five members.

(2) A special meeting of the Executive, Committees or sub-committee will be called on the requisition of either the Leader or the Chairman or of a fifth of the whole number of the Executive committee, or sub-committee submitted in writing or by e-mail to the Chief Executive. The notice of the special meeting will set out the business to be considered and no business other than that set out in the notice will be considered at that meeting. The reason for the need for special meeting will be recorded in the minutes of the meeting."

To read as follows:

27. Additional and Urgent Meetings
(1) Additional Meetings – are meetings called by the Chairman in addition to those published at the beginning of each municipal year in the Schedule of Meetings. The agenda for additional meetings must be published at least five clear working days ahead of the meeting.

(2) Urgent Meetings – are meetings called in accordance with the guidance below, to deal with urgent matters which could not be foreseen and which cannot wait until the next scheduled meeting or an additional meeting to be scheduled. The notice of the urgent meeting will set out the business to be considered and no business other than that set out in the notice will be considered at that meeting. These meetings shall not be considered suitable meetings for the signing of minutes of the previous meeting. The reason for the need for urgent meeting will need to be specified in the agenda for the meeting and recorded in the minutes of the meeting. The notification, in line with access to information procedure rules, does not need to be published with five clear working days notice, but as much notice as possible should be provided.

a) An urgent meeting of the Council will be called on the requisition of the Council by resolution, the Chairman, the Monitoring Officer or any five members.
b) An urgent meeting of the Executive, Committees or Sub-Committees will be called on the requisition of either the Leader or the Chairman or of a fifth of the whole number of the Executive, Committee, or Sub-Committee submitted in writing or by e-mail to the Chief Executive.

Part 3: Section 4
Scheme of delegations

Italic text sets out addition with removed text ~~struck through~~

Head of Housing & Property Services shall have authority to:

HS(New) *authorise the Officer to have delegated authority to serve Notices of Intent and Final Notices under the Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc.) (England) Order 2014*

HCP(13) Local Government (Miscellaneous Provisions) Act 1982,
(ii) to:-
Part III – Street Trading
Schedule 4, paragraphs 3 - 7, Street Trading licences and consents, grant, ~~renewal~~ and variation *in line with the street trading policy so long as no objections received; and issue renewals so long as no objections received*

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

ICT (1) Act under the provisions of either the Public Health Act 1925 or Town Improvement Clauses Act 1847, *inline with adopted Street Naming & Numbering policy of the Council*, to
(i) deal with the numbering and re-numbering of properties;
(ii) approve the naming of streets following consultation with the appropriate Parish or Town Council.

The following delegations move from the Head of Finance to Head of Customer Service, who shall have authority to:

F (4) Appear in Court when legal action is taken against a person who has made a fraudulent claim for Housing or Council Tax Benefit, or Council tax Reduction or other fraudulent claims against the Council.

F (15) Take the following action under the NNDR and Council Tax Regulations:
(i) Applications for certificates and the sanction of appropriate relief (apportionment of rateable value of partly occupied hereditaments);
(ii) Granting and refusal of mandatory relief under the Council Tax and Rating Regulations;
(iii) Approve applications for discretionary rate relief.
(iv) Refunds of Council Tax, Business Rates and Council Tax;
(v) Institution of legal proceedings against ratepayers for recovery outstanding rates and Council Tax;
(vi) Authority under Section 223(1) of the Local Government Act 1972 to represent the Council in making formal complaint and taking the subsequent proceedings in the local Magistrates Court.
(vii) Authority to serve completion notices under the appropriate Council Tax and Rating regulations;
(viii) Authority to instruct Enforcement Agents to take control of goods, issue requests for information, apply Attachment of earnings Orders and deductions from Income Support, Charging Orders;

(ix) Selection and appointment of Enforcement Agents;
(x) Authority to quash penalties;
(xi) Authority to appeal against any Assessment of Council Tax banding or rating assessment;
(xii) Authority to represent the Council at Valuation Tribunals in connection with appeals against: liability to pay the Council Tax including discounts, exemptions and reductions , and the banding of a dwelling;
(xiii) Authority to represent the Council at Housing and Council Tax Benefit tribunals in connection with appeals against housing and council tax benefit.
(xiv) Authority to write off irrecoverable Council Tax, Non-Domestic Rates and Housing Benefit Overpayments;
(xv) Authority to consider and determine applications for Hardship relief under Section 49 of the Local Government Finance Act 1988;
(xvi) to determine discretionary council tax relief applications.

F (16) (i) Decide upon all claims received for Housing, Council Tax Benefit or Council Tax Reduction including the exercising of all discretions under the general policy guidance from time to time given by the Council.
(ii) Assess overpayments under the Regulations and taking such steps as are appropriate to recover the amount overpaid.
(iii) Decide upon all claims for Discretionary Housing and Council Tax Payments.

Part 4
Code of procurement practice:

Warwick District Council Code of Procurement Practice (The Code)
17. Contract Signing and Order Authorisation

17.3 ~~Contracts must be signed or sealed in accordance with the Council's Scheme of Delegation.~~ *Contracts over the sums specified in the Public Contracts Directive must be signed or sealed in accordance with the Council's Scheme of Delegation by the Chief Executive or their Deputies.*

17.4 ~~Contracts under Signature - The Officer signing the contract on behalf of the Council must ensure that he/she has the relevant authorisation to sign the contract.~~ *All other contracts may be signed by Chief Officer as defined under Article 12 of the Constitution or their duly authorised nominated officer- The Officer signing the contract on behalf of the Council must ensure that he/she has the relevant authorisation to sign the contract.*

Appendix C to Minute Number 83 – S106 monies potentially available for Abbey Fields Swimming Pool

Planning Application No.	Location	Amount (£)	Project
Developments not yet started or not yet paid			
W/17/2086 H24	Red Lane/Hob Lane	74,487	Abbey Fields + CF
W/17/2150	Warwick Road, Kenilworth	104,077	Abbey Fields + CF
W/17/2357	Westwood Heath Road	354,079	Abbey Fields
W/17/2387	Lloyd Close	122,674	Indoor sport + pools
W/18/0643	Kings Hill	1,078,295	Abbey Fields
W/18/1619	Land north of Gallows Hill	311,640	Indoor sport + pools
W/18/1635 H40	Glasshouse Lane/Crewe L	722,014	Abbey Fields
Sub-total		2,767,266	
New applications			
W/19/1940	Kings Hill School	91,991	Abbey Fields et al
Sub-total		91,991	
Total		2,859,257	