

Council meeting: Wednesday 15 March 2023

Notice is hereby given that a meeting of Warwick District Council will be held at the Town Hall, Parade, Royal Leamington Spa, on Wednesday 15 March 2023 at **6.00pm**.

Agenda

1. Apologies for Absence

2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct. Declarations should be disclosed during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

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

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

3. Minutes

To confirm the minutes of the meeting of the Council held on 27 February 2023.
(To follow)

4. Communications and Announcements

5. Petitions

6. Notices of Motion

7. Leader and Portfolio Holders' Statements

8. Questions to the Leader of the Council & Portfolio Holders

9. Cabinet Report

To consider a report from the Cabinet meeting of 8 March 2022.

(To follow)

10. Employment Committee

To consider the report from Employment Committee on 14 March 2023.

(To follow)

11. Common Seal

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



Chief Executive
Published Tuesday 7 March 2023

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WARWICK DISTRICT COUNCIL

Minutes of the meeting of Warwick District Council held at the Town Hall, Parade, Royal Leamington Spa, on Monday 27 February 2023, at 6.00pm.

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

74. **Apologies for Absence**

Apologies for absence were received from Councillors Morris, Quinney and Tangri.

75. **Declarations of Interest**

There were no declarations of interest made.

76. **Minutes**

The Minutes of the meeting held on 14 December 2022 was taken as read and signed by the Chair as a correct record.

77. **Communications & Announcements**

The Chair informed Council that since it last met:

- (1) former District Councillor Gerry Guest, Chairman of the Council and father of Councillor Grainger, passed away on the 21 January 2023. Gerry Guest had served on this Council in a number of roles over 39 years, between 1976 and 2015, and his commitment to serving the community was recognised in 2018 when he was awarded an MBE; and
- (2) she had been made aware that Adrian Shooter passed away late last year. Adrian Shooter, among his many notable personal achievements, was founder of Chiltern Railways and played an instrumental part in both the resultant improved rail services between our District and London and the delivery of Warwick Parkway.

The Chair then led Council in a moment of reflection as a mark of respect to former Councillor Gerry Guest and Adrian Shooter.

The Chair thanked those who had attended the vigil she had held on 24 February 2023 to mark the first anniversary of the invasion of Ukraine.

The Chairman informed Council that there was no business under item 5 – Petitions.

78. **Notices of Motion**

The Council considered the following notice of Motion that was proposed by Councillor Mangat and seconded by Councillor Day that read:

"The vulnerability of elected representatives has been at the forefront of the political sphere in recent years with high profile incidents like the horrific murders of Jo Cox MP and Sir David Amess MP. With local elections coming up this motion is very timely. As Councillors we stand at the heart of local democracy and form a vital link between the Council and residents, it's a privilege and responsibility to be elected to public office. Unfortunately, a minority of members of the public think it's acceptable to abuse the local people elected to serve them. What will happen to our democratic process if people are put off standing for election because of the vitriol and threats?"

Part of life on all councils for Councillors often means dealing with and making difficult decisions on behalf of our residents. Debating and discussion in local democracy is healthy but abuse and intimidation are unacceptable. Councillors are here to represent their local communities and we want to continue to do that, but we need communities to support us in doing so. We as Councillors also need to set an example by treating each other with respect. Discussing things in a courteous and respectful way is always so much better than causing anger by shouting abuse. We are delighted that the Local Government Association (LGA) initiated the 'Debate Not Hate' campaign, although in 2023 such a campaign should not be needed.

According to the findings set out in the report of the LGA's call for evidence of abuse and intimidation (October 2021) A survey of all councillors in England which took place last year, found that seven in 10 respondents experienced abuse or intimidation in the last 12 months. Only 27 per cent reported to have never had any such experiences.

Anecdotally, the call for evidence found that some councillors were receiving targeted and personalised hate and abuse due to their protected characteristic. In particular, there is a perception that women, ethnic minorities, and LGBT+ Councillors will experience higher volumes of threatening and discriminatory abuse, reflecting a 2020 study of the 2019 UK general election which found that women received more sexist abuse whereas men received more general and political abuse.

Elected by our communities, we as councillors work to engage with and champion the needs of the communities in our decision making. Debate and disagreements are a healthy part of this democratic process and appropriate challenge is vital to hold elected members to account.

However, intimidation, threats and personalised abuse crosses the line into unacceptable behaviour and there is growing evidence that this is happening all too often. Social media has made it easier for this type of abuse to take place.

The LGA said this is having a detrimental impact on the wellbeing of local councillors and their families, from their mental health to feelings of safety, with some reporting seeking medical advice for depression, anxiety, and others unable to leave their homes at all or unaccompanied for fear of an incident.

The support available to protect the safety and wellbeing of councillors is limited and inconsistent across the sector and can be uncoordinated between agencies. Some respondents shared examples of little action being taken against perpetrators of abuse, leading to a normalisation and acceptance of abuse by councillors, officers, and police. Increased participation in local democracy is something all councils strive for as broadening the diversity of people standing as candidates and of those engaging with the elected helps councils make better informed decisions

for their communities. Healthy debate is the way we work together to achieve better things for our communities

Therefore, this Council resolves to:

- *Endorse the LGA Debate Not Hate campaign and call on all political group leaders to sign a public statement.*
- *Support the LGA's proposal for a national working group to produce and implement an action plan that addresses the abuse and intimidation of elected members and candidates and ensures their safety while they fulfil their democratic roles.*
- *The Council reaffirms its stance of a zero-tolerance approach (as made in 2019) to the abuse of its councillors and officers, and asks officers to review appropriate policies and promote these to Councillors and Officers.*
- *Officers, in liaison with the Chairman of the Council, review the safety and wellbeing of its members in respect of preventing and handling abuse and intimidation and addressing the impacts of abuse on mental health and wellbeing and report back to Overview & Scrutiny Committee on this.*
- *Officers work with Warwickshire Police and colleagues across Warwickshire to deliver for Hate Crime Ambassador training for all members to enable them to become hate crime ambassadors by championing awareness and increasing public confidence in reporting in their ward communities".*

Councillors Falp, Davison, Cullinan, Boad and Grainger also spoke on the Motion.

Resolved that the Council:

- (1) endorses the LGA Debate Not Hate campaign and call on all political group leaders to sign a public statement;
- (2) supports the LGA's proposal for a national working group to produce and implement an action plan that addresses the abuse and intimidation of elected members and candidates and ensures their safety while they fulfil their democratic roles;
- (3) reaffirms its stance of a zero-tolerance approach (as made in 2019) to the abuse of its Councillors and officers, and asks officers to review appropriate policies and promote these to Councillors and officers;
- (4) officers, in liaison with the Chairman of the Council, review the safety and wellbeing of its Members in respect of preventing and handling abuse and intimidation and addressing the impacts of abuse on mental health and wellbeing and report back to Overview & Scrutiny Committee; and
- (5) officers work with Warwickshire Police and colleagues across Warwickshire to deliver for Hate Crime Ambassador training to all Members to enable them to become hate crime ambassadors by championing awareness and increasing public confidence in reporting in their ward communities.

79. **Leader & Portfolio Holder Statements**

The Portfolio Holder for Climate Change, Councillor Rhead, informed Council that:

- (1) the examination in public of the NetZero Discretionary Planning Document would take place week commencing 6 March 2023;
- (2) Hayfield Homes, in Buckinghamshire, was now constructing all its private homes with heat pumps and were not connected to the gas grid. Redrow Homes was now installing heat pumps in all its new properties rather than gas boilers;
- (3) Octopus Energy and British Gas had made marketing announcements that they were able to produce heat pumps at a cost less than a new gas boiler; and
- (4) since the declarations of the climate emergency the Council had made significant achievements. This included retro fitting sustainable energy sources to private and council houses; transfer to renewable electricity; a feasibility study into green hydrogen, bringing forward low or zero carbon buildings, climate change in the Local Plan (the climate being a priority transformation of Leamington); carbon reduction being a priority in procurement policy; Electric Vehicle Charging Infrastructure Strategy for South Warwickshire, a preferred route for cycle path through Abbey Fields; planting 15,000 trees across the District in the current planting season and having a wider plan to plant 160,000 by 2030; developing the biodiversity action plan to sit within the Climate Emergency Action Plan; and the continued communication and engagement on climate change with the community and partner organisations.

The Portfolio Holder for Arts and Economy, Councillor Bartlett,:

- (1) congratulated the Arts team for delivering Spark at the Royal Spa Centre;
- (2) informed Council that there was to be a national reorganisation of destination management companies and work was under way to review what impact this might have for Shakespeare's England and the Council should also note that the current Chief Executive of Shakespeare's England Helen Peters was retiring;
- (3) informed Council that the South Warwickshire Economic Strategy consultation had been launched on 17 February and encouraged all Councillors to engage and respond to this; and
- (4) informed Council that the Leamington Transformation Board would publicly launch its plans and website on 14 March 2023.

The Portfolio Holder for Safer Communities & Environment Councillor Falp took the opportunity to thank officers who had supported her during her time as Portfolio Holder, recognising the challenges they had faced with the global pandemic, the upgrade to the CCTV system, revisions to services through investment in new technology such as the noise nuisance app and handling the sadly ever increasing number of domestic homicide reviews.

The Portfolio Holder for Housing & Assets, Councillor Matecki:

- (1) highlighted a petition that had been covered in local media against the proposal to relocate the frontline homelessness service to the Pump Rooms.

This was considered disappointing as we are the District known for our kind hearts and support for those in need; and

- (2) over last four years the Council had; introduced a new Homeless Strategy to help those in need and reduce the number of rough sleepers; at the start of the pandemic the Council took in all rough sleepers before it was a legal requirement; introduced a new allocations policy which removed loop holes when allowing people to register; built or acquired 155 new homes with a further 459 commissioned over next few years; reduced waiting on housing register to 522 applicants; worked on making assets carbon neutral through as examples Green Electricity and LEDs; secured grants to retro fit Council homes to improve their energy efficiency of £7.7million and £28million, subject to match funding from the Council, to buy homes on the open market; achieved near net zero in use from new homes; and formed Milverton homes which leads by example through building energy efficient homes and would contribute to the General Fund with the development in Kenilworth providing £9.1million to the Council and further 6million to the company to reinvest.

The Portfolio Holder for Neighbourhood & Leisure, Councillor Grainger explained that:

- (1) Covent Garden car park had now closed and secured with additional measures. Once the demolition date was confirmed Councillors would be informed. The only lights should be emergency. The team were monitoring car parking space usage across Leamington and to date there had been minimal use of the free spaces at Riverside House; and
- (2) Rugby Borough Council had decided not to continue with the enforcement of fly tipping for this Council, therefore a new officer role was being developed around both enforcement and education to run alongside the area officer roles.

The Portfolio Holder for Planning & Place, Councillor Cooke explained that:

- (1) work continued on the South Warwickshire Local Plan. The 8-week public consultation on the Issues & Options document would close on 6 March 2023. The joint officer team had held a number of events, both online and face-to-face including events in Leamington, Warwick and Kenilworth;
- (2) work continued on the improving performance of Development Management following challenges faced by the service in the first year of the pandemic. Overview & Scrutiny Committee would be receiving a report next week that set out the time taken to determine planning applications. Performance was now very close to its former high level;
- (3) the backlog of planning enforcement cases had reduced from 275 cases to 52 cases. The level of enforcement action being taken was on the increase. Since last September: six Enforcement Notices; two Temporary Stop Notices and 10 Planning Contravention Notices had been served and a further 13 cases were with Legal Services for consideration;
- (4) Building Control had been supporting the Kenilworth School Academy project which was on target for completion by the contractor in early May 2023. Warwick Building Control was managing the Building Control element of the works for new Oakley Grove School Academy comprising Infant, Primary, and Secondary Schools.

- (5) the former Daventry District area of West Northamptonshire Council would be leaving the Warwick Building Control shared service on 31 March 2023, but Rugby would remain part of the service;
- (6) Warwick Building Control was shortlisted for the National Team of the Year Award by the LABC (Local Authority Building Control). Although they did not win the overall national award, being shortlisted was a testament to the excellent working done by the team.

The Portfolio Holder for Resources, Councillor Hales, informed Council that it had received the Government report on grants provided during covid. Warwick District Council had processed 17,000 transactions which was nearly the same as the rest of Warwickshire combined and just below the number issued by Coventry City Council.

The Portfolio Holder for Transformation, Councillor Tracey informed Council that:

- (1) with local elections on 4 May 2023, the Media Team were delivering a communications plan around key messages and the promotion on the requirement for voter ID. This work with other local councils and the Electoral Commission was targeted for promoting awareness to individual groups through both print and digital media;
- (2) there was Equality, Diversity and Inclusion training on 16 March for all Warwick District Councillors;
- (3) the reward and recognition project of Working for Warwick followed on from bench marking roles at this Council against other Councils and the proposal in the budget was there to offer affordable but competitive rates of pay;
- (4) the proposed budget included an allocation £1 million to support front line services in replacing key software and hardware;
- (5) the revised Local Council Tax Reduction Scheme within the reports from Cabinet was intended to reduce the burden of Council Tax on those who were most economically vulnerable.

The Portfolio Holder for Strategic Leadership and Leader of the Council, Councillor Day:

- (1) explained that there was ongoing work on the Warwickshire Levelling Up and Devolution bid and that he would continue to keep all Group Leaders informed as this progressed;
- (2) informed Council that on the 15 March the West Midlands Combined Authority would be launching a trail blazer deal; and
- (3) encouraged Councillors to remind the Parish and Town Councils for their Ward to apply for grants for funds to celebrate the Coronation on 6 May 2023.

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

Councillor Boad asked the Leader if the Council could encourage the new owners of British Volt to invest in the Giga Factory at Coventry Airport?

In response Councillor Day explained that it was encouraging to see movement in the sector and the West Midlands Combined Authority Trailblazer Deal might include elements to support the Giga Factory at Coventry Airport.

Councillor K Dickson asked the Portfolio Holder for Health & Community Protection to provide assurance that while the Abbey Fields Management Plan was not going to be considered by the Council before elections in May, that the intentions within it were not being harmed by the current and proposed developments within Abbey Fields and due to how late the plan was that no further expenditure was being incurred by the Council on its production?

In response Councillor Falp explained that the Plan would be considered by Cabinet in July 2023. It had been circulated with stakeholders and at their request an Executive summary was being produced at a fixed cost to the Council.

There were elements within the Plan that were already being delivered, for example improved electricity connection for the Barn. She confirmed that none of the current works within Abbey Fields impacted on the delivery of the plan and some of the current works within Abbey Fields had been amended to further improve the aims of the Plan.

Councillor R Dickson asked the Portfolio Holder for Planning & Place, if he could provide an update as to whether there had been any change in the project's plans to relocate Kenilworth Wardens, either in terms of timetable, cost or the specification of the new location?

In response Councillor Cooke explained that Kenilworth Wardens were in confidential discussions with Milverton Homes Limited and once any legal agreement was completed Councillors would be informed.

Councillor R Dickson asked the Leader when would it be formally confirmed to the Air Training Cadets Squadron, that they would be provided the facilities and the space they needed would be available at the new Kenilworth School; if they could stay in their existing premises or if they would need to find new facilities elsewhere?

In response Councillor Day explained that Kenilworth School was in discussion with the Cadets and once concluded Councillors would be advised.

Councillor R Dickson asked the Portfolio Holder for Transformation if he could confirm if the Council's auditors Grant Thornton had undertaken an audit of the Open Book arrangements that the Council had with Everyone Active in the year-ended March 2022 for agreement of concession fees to be paid to the Council by Everyone Active?

In response Councillor Hales explained that this was not a specific area of material risk so was only considered if it was part of the sampled information.

Councillor J Dearing asked the Portfolio Holder for Housing & Assets, Councillor Matecki if the Council would engage directly with the local Schools' Sites Residents Group which had been formed in respect of the proposed developments by this Council at the Kenilworth School sites at Leyes Lane and Rouncil Lane?

In response Councillor Matecki explained that the Group was welcome to attend the future engagement sessions which were planned for March 2023.

Councillor Cullinan asked the Portfolio Holder for Transformation if he could provide clarification that with the forthcoming election both the older and younger person bus pas bass would be accepted as valid forms of ID for voting?

This was a mater for the Returning Officer for the Election so the Chief Executive, who held the role of Returning Officer, explained that the legislation was clear that the Young Person bus pass could not be accepted as valid voter ID.

In addition, the Democratic Services Manager & Deputy Monitoring Officer outlined the communication plan that was in place to raise awareness and that the details of this would be shared with candidates and agents at the briefing sessions for them on 28 February and 2 March 2023. In addition, he reminded Councillors that while the Council had a communication and engagement plan, all Councillors, candidates and agents should also be promoting these requirements within their communities and the information they shared.

Councillor Norris asked the Portfolio Holder for Housing and Assets if, with the increased number of asylum seekers being housed within the District, did a specific reference to houses for them need to be included within the Local Plan?

In response Councillor Matecki explained that the homes funding had been provided for was to buy houses on the open market and therefore there were not additional houses being built.

In addition to this the Portfolio Holder for Planning & Place, Councillor Cooke, explained that there was no need for inclusion for specific reference within the Local Plan.

Councillor Norris asked the Portfolio Holder for Neighbourhood & Leisure if she could confirm where the recycling materials from Warwick District were being taken while the Council waited for the new material recycling facility to be completed?

In response Councillor Grainger explained that at present a site just outside Coleshill was being used and the new recycling sorting facility should be open this summer.

Councillor Norris asked the Portfolio Holder for Climate Change on how the Council would achieve net zero carbon emissions for the District by 2025?

In response Councillor Rhead explained that the intention was to make Warwick District Council carbon neutral by 2025 and Warwick District carbon neutral by 2030 and he would share the detailed plan with Councillor Norris.

Councillor Norris asked the Portfolio Holder for Resources if he could confirm the cost of the aborted merger with Stratford-on-Avon District Council and how much the Council was paying Stratford-on-Avon District Council to manage the waste contract?

In response Councillor Hales agreed to investigate and share a response with all Councillors.

Councillor Jacques asked the Portfolio Holder for Economy and Culture if the proposed level of grants for the Coronation would be comparable to the funding for the Platinum Jubilee in 2022?

In response Councillor Bartlett explained that the Council was proposing to allocate a budget of £25,000 available to all Town and Parish Councils on a proportionate basis to the size of their population. This was to mitigate the District Council event team being unavailable to support the events in the usual way due to their direct involvement in delivering the local elections in May 2023.

Councillor Kohler asked the Portfolio Holder for Climate Change if he could confirm the amount of offsetting of carbon emissions this Council would require in 2026 to achieve the ambition of being Carbon Neutral by 2025?

In response Councillor Rhead explained he would need to consult with the Programme Director for Climate Change and in response to a supplementary question from Councillor Kohler agreed that the slides from the recent Programme Advisory Board would be shared with all Councillors.

(At 7.35pm, the meeting was adjourned for 10 minutes for a comfort break)

81. **Setting of the Council Tax 2023/24**

- (a) The recommendations from the meeting of the Cabinet held on 9 February 2023 in Minute 84 were proposed by Councillors Hales and seconded by Councillor King, subject to the following addendum as circulated at the meeting as follows:

"That £52,000 is to be allocated towards supporting food banks during 2023/24.

This allocation be funded from the balance remaining on the 2022/23 Hardship fund. In 2023/23 £200,000 was allocated by Warwick District Council, in addition to £228,900 being received from central Government, a total of £428,900.

This was in place to support the delivery of the Energy Rebate Discretionary scheme, which provided a payment of £150 for those customers in Bands E-H who are in receipt of Local Council Tax Reduction (LCTR) as well as those receiving Disabled Person Reduction, Severely Mentally Impaired Disregard or Council Tax Carers disregard. This was to supplement the National scheme, which provided £150 for all customers in property bands A-D.

It was forecast that there would be circa £100,000 remaining as of 31 March 2023, of which £52,000 is to be earmarked to support this proposal."

An amendment was proposed by Councillor Boad and seconded by Councillor Russell that, the District Council's Council Tax for 2023/24 is increased by 2.99% for a Band D property. This would generate an additional £305,072 in the year which is proposed to be allocated as follows:

- £200,000 to support a Biodiversity programme, of which £70,000 would replace funding approved from the Climate Action Fund as per the 'Ecological Emergency – Preparing a Biodiversity Action Plan' report (Cabinet 9 February 2023 – Item 20). The £70,000 approved within this report would then be returned to the Climate Action Fund to support further activity on this programme of works.
- £105,072 to deliver a cost-of-living support scheme. This scheme would also be funded through the remaining balance from the 2022/23 hardship fund, which at year end was forecast to be around £100,000.

By protecting the Council's tax base, similar increased revenue would be generated in future years, the use of which the Council would be able to determine when setting future years' budgets.

Councillors, Boad, Russell, Kohler, Syson, Norris, Grey, Kennedy, Roberts, R Dickson, Skinner, Day, Milton, Wright, Davison, Luckhurst, Falp, Grainger, Rhead, Cullinan, Illingworth, Barton, K Dickson, and Hales spoke on this amendment.

On being put to the vote the amendment was lost.

Before the vote a recorded vote was proposed by Councillor Boad and duly supported by two Councillors. The votes were recorded as follows:

For: Councillors; Boad, Davison, A Dearing, J Dearing, K Dickson, R Dickson, Evans, B Gifford, C Gifford, Grey, Kennedy, Kohler, Luckhurst, Milton, Norris, Roberts, Russell and Syson.

Against: Councillors Ashford, Bartlett, Barton, Falp, Grainger, Hales, Illingworth, Jacques, King, Leigh-Hunt, Mangat, Margrave, Matecki, Murphy, Noone, Redford, Rhead, Skinner, Tracey and Wright.

There were no abstentions.

The Substantive motion was then debated with Councillors, Davison, Jacques, Matecki, Day, Rhead, Kohler, Boad, King and Hales addressing the meeting.

The substantive motion was then put to the vote and it was

Resolved that the recommendations contained in minute 84 headed "Budget 2023/24 – General Fund Revenue and Capital" as set out in the report of the Cabinet meeting held on 10 February 2022, subject to the addendum circulated at the meeting, be approved and adopted.

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

For: Councillors Ashford, Bartlett, Barton, Falp, Grainger, Hales, Illingworth, Jacques, King, Leigh-Hunt, Mangat, Margrave, Matecki, Murphy, Noone, Redford, Rhead, Skinner, Tracey and Wright.

Against: Boad, Davison, A Dearing, J Dearing, K Dickson, R Dickson, Evans, B Gifford, C Gifford, Grey, Kennedy, Kohler, Luckhurst, Milton, Norris, Roberts, Russell and Syson.

There were no abstentions.

- (b) The report of the Responsible Financial Officer set the Council Tax for the area of Warwick District, incorporating its own budget which was borne by Council Tax, along with the precepts from the other authorities within the area.

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

Resolved that:

- (1) as set out in the Revenue and Capital Budget 2023/24 (Cabinet recommendations, 9 February 2023 and Appendix 3) and 2023/24 Budget Book (Appendix 4), subject to the amendment agreed in Minute 81(a) of this meeting, the following be approved:-
 - (a) the Revenue Budgets for 2023/24; and
 - (b) the Capital Programme for 2023/24, be approved;
- (2) the amounts for the 2023/24 Warwick District Tax Base, be noted;
- (3) the amounts and calculation for the 2023/24 Warwick District Council's Council Tax, including parish / town council precepts as set out at Appendix 1 and 1a to the minutes), be approved;
- (4) the amounts for the 2022/23 Warwickshire County Council and Warwickshire Police and Crime Commissioner Precepts, be noted; and
- (5) the total Council Tax for the District for each band in each Parish / Town Council (Appendix 2 to the minutes), be approved.

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

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

Against: Councillors Grey and Norris

Abstentions: Councillors Davison and Luckhurst.

(At 9.20pm, the meeting was adjourned for 5 minutes for a comfort break.)

82. Housing Rents & Housing Revenue Account 2023/24

The recommendations of the Cabinet on 9 February 2023 within Minute 85 were proposed by Councillor Hales and seconded by Councillor Day.

Resolved that the recommendations from the meeting of Cabinet 9 February 2023, be approved.

83. **Cabinet Report**

The recommendations of the Cabinet on 9 February 2023, excluding Minutes 84 and 85 that had already been considered by Council, were proposed by Councillor Day and seconded by Councillor Hales.

Resolved that the recommendations from the meeting of Cabinet 9 February 2023 be approved.

84. **Overview & Scrutiny Committee**

It was proposed by Councillor Milton, seconded by Councillor K Dickson that the report of the Overview & Scrutiny Committee of the 7 February 2023 be approved by Council subject to the remit of the Budget Review Group, to include consideration of the Annual Treasury Management Strategy (if it is reported to Cabinet in February) and the revised wording as follows:

"The Group will meet the evening before Cabinet and will be responsible for reviewing the following papers:"

Resolved that the recommendations from the Overview & Scrutiny Committee of 7 February 2023, be approved.

85. **Audit & Standards Committee**

It was proposed by Councillor K Dickson, seconded by Councillor Milton that the recommendations of the Audit & Standards Committee within minutes 42 and 43 of their meeting on of the 21 February 2023 be approved.

Resolved that the recommendations from the Audit & Standards Committee of 21 February 2023, be approved.

86. **Common Seal**

It was proposed by the Chair, seconded by Councillor Day and

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

(The meeting ended at 9.37pm)

CHAIR
15 March 2023

Budget and Council Tax 2023/24
Calculation of Warwick District Council Element including Special Expenses

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Warwick District Council	117.91	137.56	157.21	176.86	216.16	255.46	294.77	353.72
PARISH/TOWN COUNCIL								
Baddesley Clinton	138.40	161.47	184.53	207.60	253.73	299.86	346.00	415.20
Baginton	154.08	179.76	205.44	231.12	282.48	333.84	385.20	462.24
Barford, Sherbourne & Wasperton	161.20	188.07	214.93	241.80	295.53	349.26	403.00	483.60
Beausale, Haseley, Honiley & Wroxall	136.66	159.43	182.21	204.98	250.53	296.08	341.64	409.96
Bishops Tachbrook	154.17	179.86	205.56	231.25	282.64	334.02	385.42	462.50
Bubbenhall	156.12	182.14	208.16	234.18	286.22	338.26	390.30	468.36
Budbrooke	146.23	170.60	194.97	219.34	268.08	316.82	365.57	438.68
Burton Green	136.66	159.44	182.21	204.99	250.54	296.09	341.65	409.98
Bushwood	117.91	137.56	157.21	176.86	216.16	255.46	294.77	353.72
Cubbington	143.81	167.78	191.74	215.71	263.64	311.58	359.52	431.42
Eathorpe, Hunningham, Offchurch, Wappenbury	151.57	176.83	202.09	227.35	277.87	328.39	378.92	454.70
Hatton	128.05	149.39	170.73	192.07	234.75	277.43	320.12	384.14
Kenilworth	133.10	155.28	177.46	199.64	244.00	288.36	332.74	399.28
Lapworth	134.32	156.71	179.09	201.48	246.25	291.02	335.80	402.96
Royal Leamington Spa	135.04	157.54	180.05	202.55	247.56	292.57	337.59	405.10
Leek Wootton	144.20	168.24	192.27	216.30	264.36	312.43	360.50	432.60
Norton Lindsey	148.98	173.80	198.63	223.46	273.12	322.77	372.44	446.92
Old Milverton & Blackdown	146.46	170.87	195.28	219.69	268.51	317.33	366.15	439.38
Radford Semele	140.63	164.07	187.50	210.94	257.81	304.69	351.57	421.88
Rowington	142.90	166.72	190.53	214.35	261.98	309.61	357.25	428.70
Shrewley	129.18	150.71	172.24	193.77	236.83	279.89	322.95	387.54
Stoneleigh & Ashow	145.37	169.60	193.82	218.05	266.50	314.96	363.42	436.10
Warwick	147.77	172.40	197.02	221.65	270.90	320.16	369.42	443.30
Weston-under-Wetherley	155.97	181.96	207.96	233.95	285.94	337.92	389.92	467.90
Whitnash	178.51	208.26	238.01	267.76	327.26	386.76	446.27	535.52
Proportion of Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

**Budget and Council Tax 2023/24
District and Parish/Town Council by Band**

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Warwick District Council	117.91	137.56	157.21	176.86	216.16	255.46	294.77	353.72
PARISH/TOWN COUNCIL								
Baddesley Clinton	20.49	23.91	27.32	30.74	37.57	44.40	51.23	61.48
Baginton	36.17	42.20	48.23	54.26	66.32	78.38	90.43	108.52
Barford, Sherbourne & Wasperton	43.29	50.51	57.72	64.94	79.37	93.80	108.23	129.88
Beausale, Haseley, Honiley & Wroxall	18.75	21.87	25.00	28.12	34.37	40.62	46.87	56.24
Bishops Tachbrook	36.26	42.30	48.35	54.39	66.48	78.56	90.65	108.78
Bubbenhall	38.21	44.58	50.95	57.32	70.06	82.80	95.53	114.64
Budbrooke	28.32	33.04	37.76	42.48	51.92	61.36	70.80	84.96
Burton Green	18.75	21.88	25.00	28.13	34.38	40.63	46.88	56.26
Bushwood								
Cubbington	25.90	30.22	34.53	38.85	47.48	56.12	64.75	77.70
Eathorpe, Hunningham, Offchurch, Wappenbury	33.66	39.27	44.88	50.49	61.71	72.93	84.15	100.98
Hatton	10.14	11.83	13.52	15.21	18.59	21.97	25.35	30.42
Kenilworth	15.19	17.72	20.25	22.78	27.84	32.90	37.97	45.56
Lapworth	16.41	19.15	21.88	24.62	30.09	35.56	41.03	49.24
Royal Leamington Spa	17.13	19.98	22.84	25.69	31.40	37.11	42.82	51.38
Leek Wootton	26.29	30.68	35.06	39.44	48.20	56.97	65.73	78.88
Norton Lindsey	31.07	36.24	41.42	46.60	56.96	67.31	77.67	93.20
Old Milverton & Blackdown	28.55	33.31	38.07	42.83	52.35	61.87	71.38	85.66
Radford Semele	22.72	26.51	30.29	34.08	41.65	49.23	56.80	68.16
Rowington	24.99	29.16	33.32	37.49	45.82	54.15	62.48	74.98
Shrewley	11.27	13.15	15.03	16.91	20.67	24.43	28.18	33.82
Stoneleigh & Ashow	27.46	32.04	36.61	41.19	50.34	59.50	68.65	82.38
Warwick	29.86	34.84	39.81	44.79	54.74	64.70	74.65	89.58
Weston-under-Wetherley	38.06	44.40	50.75	57.09	69.78	82.46	95.15	114.18
Whitnash	60.60	70.70	80.80	90.90	111.10	131.30	151.50	181.80
Proportion of Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

**Council Tax Calculations 2023/24 Warwick District Council
Including Warwickshire County Council And Warwickshire Police and Crime Commissioner**

PARISH/TOWN COUNCIL	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Baddesley Clinton	1,425.25	1,662.80	1,900.33	2,137.88	2,612.96	3,088.04	3,563.13	4,275.76
Baginton	1,440.93	1,681.09	1,921.24	2,161.40	2,641.71	3,122.02	3,602.33	4,322.80
Barford, Sherbourne & Wasperton	1,448.05	1,689.40	1,930.73	2,172.08	2,654.76	3,137.44	3,620.13	4,344.16
Beausale, Haseley, Honiley & Wroxall	1,423.51	1,660.76	1,898.01	2,135.26	2,609.76	3,084.26	3,558.77	4,270.52
Bishops Tachbrook	1,441.02	1,681.19	1,921.36	2,161.53	2,641.87	3,122.20	3,602.55	4,323.06
Bubbenhall	1,442.97	1,683.47	1,923.96	2,164.46	2,645.45	3,126.44	3,607.43	4,328.92
Budbrooke	1,433.08	1,671.93	1,910.77	2,149.62	2,627.31	3,105.00	3,582.70	4,299.24
Burton Green	1,423.51	1,660.77	1,898.01	2,135.27	2,609.77	3,084.27	3,558.78	4,270.54
Bushwood	1,404.76	1,638.89	1,873.01	2,107.14	2,575.39	3,043.64	3,511.90	4,214.28
Cubbington	1,430.66	1,669.11	1,907.54	2,145.99	2,622.87	3,099.76	3,576.65	4,291.98
Eathorpe, Hunningham, Offchurch, Wappenbury	1,438.42	1,678.16	1,917.89	2,157.63	2,637.10	3,116.57	3,596.05	4,315.26
Hatton	1,414.90	1,650.72	1,886.53	2,122.35	2,593.98	3,065.61	3,537.25	4,244.70
Kenilworth	1,419.95	1,656.61	1,893.26	2,129.92	2,603.23	3,076.54	3,549.87	4,259.84
Lapworth	1,421.17	1,658.04	1,894.89	2,131.76	2,605.48	3,079.20	3,552.93	4,263.52
Royal Leamington Spa	1,421.89	1,658.87	1,895.85	2,132.83	2,606.79	3,080.75	3,554.72	4,265.66
Leek Wootton	1,431.05	1,669.57	1,908.07	2,146.58	2,623.59	3,100.61	3,577.63	4,293.16
Norton Lindsey	1,435.83	1,675.13	1,914.43	2,153.74	2,632.35	3,110.95	3,589.57	4,307.48
Old Milverton & Blackdown	1,433.31	1,672.20	1,911.08	2,149.97	2,627.74	3,105.51	3,583.28	4,299.94
Radford Semele	1,427.48	1,665.40	1,903.30	2,141.22	2,617.04	3,092.87	3,568.70	4,282.44
Rowington	1,429.75	1,668.05	1,906.33	2,144.63	2,621.21	3,097.79	3,574.38	4,289.26
Shrewley	1,416.03	1,652.04	1,888.04	2,124.05	2,596.06	3,068.07	3,540.08	4,248.10
Stoneleigh & Ashow	1,432.22	1,670.93	1,909.62	2,148.33	2,625.73	3,103.14	3,580.55	4,296.66
Warwick	1,434.62	1,673.73	1,912.82	2,151.93	2,630.13	3,108.34	3,586.55	4,303.86
Weston-under-Wetherley	1,442.82	1,683.29	1,923.76	2,164.23	2,645.17	3,126.10	3,607.05	4,328.46
Whitnash	1,465.36	1,709.59	1,953.81	2,198.04	2,686.49	3,174.94	3,663.40	4,396.08
Proportion of Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

General Fund Summary

Appendix 3

Department	Outturn	Original Budget	Latest Budget	Original Budget	Variance	Variance
	2021/22	2022/23	2022/23	2023/24	2022/23	2023/24
	£	£	£	£	£	£
	A	B	C	D	C - B	D - B
Neighbourhood & Assets	7,720,902	7,711,600	6,533,000	9,186,000	(1,178,600)	1,474,400
Safer Communities, Leisure & Environment	4,218,604	6,465,600	6,123,900	6,738,200	(341,700)	272,600
Place, Arts & Economy	5,581,830	3,979,500	16,110,700	11,692,900	12,131,200	7,713,400
Finance	965,267	1,572,600	969,000	3,173,300	(603,600)	1,600,700
Housing Services - GF	2,347,189	2,695,300	3,323,700	3,213,000	628,400	517,700
Customer & Digital Services	1,250,446	609,200	673,400	722,500	64,200	113,300
People and Communication	10,626	387,400	93,600	0	(293,800)	(387,400)
Strategic Leadership	7,452,608	3,380,500	1,540,500	1,292,200	(1,840,000)	(2,088,300)
TOTAL GENERAL FUND SERVICES	29,547,472	26,801,700	35,367,800	36,018,100	8,566,100	9,216,400
Replacement of Notional with Actual Cost of Capital: - Deduct Notional Capital Financing Charges in Budgets	(9,648,077)	(6,488,000)	(11,785,900)	(7,587,200)	(5,297,900)	(1,099,200)
- Add Cost of Loan Repayments, Revenue Contributions and - Interest paid	427	575,300	2,132,200	3,058,400	1,556,900	2,483,100
Revenue Contributions to Capital	780,741	259,000	409,300	80,000	150,300	(179,000)
Contributions to / (from) Reserves	(2,727,361)	4,136,500	591,900	(2,234,300)	(3,544,600)	(6,370,800)
Net External Investment Interest Received	(2,324,508)	(2,464,400)	(4,504,100)	(5,889,900)	(2,039,700)	(3,425,500)
IAS19 Adjustments reversed	(3,477,856)	(2,168,300)	(2,168,300)	(3,450,000)	0	(1,281,700)
Employee Benefits Accruals reversed	78,644	0	0	0	0	0
Contributions to / (from) General Fund	0	0	0	0	0	0
NET EXPENDITURE FOR DISTRICT PURPOSES	12,229,481	20,651,800	20,042,900	19,995,100	(608,900)	(656,700)
Less Revenue Support Grant	0	0	0	0	0	0
Less Business Rate Income	466,097	(7,627,100)	(7,018,200)	(6,718,700)	608,900	908,400
Less General Grants	571,187	0	0	0	0	0
Less New Homes Bonus	(3,269,135)	(2,680,700)	(2,680,700)	(1,078,500)	0	1,602,200
Funding Guarantee	0	0	0	(1,845,600)	0	(1,845,600)
Less Lower Tier Services Grant	(146,834)	(154,600)	(154,600)	0	0	154,600
Services Grant	0	(237,600)	(237,600)	(133,900)	0	103,700
Collection Fund (Surplus) / Deficit	38,685	23,000	23,000	(19,000)	0	(42,000)
Surplus / (Deficit) for the Year			0	0		
NET EXPENDITURE BORNE BY COUNCIL TAX - WARWICK DISTRICT COUNCIL	9,889,481	9,974,800	9,974,800	10,199,400	0	224,600
Aggregate Parish Council Expenditure	1,836,819	2,001,900	2,001,900	2,143,700	0	141,800
COMBINED DISTRICT AND PARISH EXPENDITURE BORNE BY COUNCIL TAX:	11,726,300	11,976,700	11,976,700	12,343,100	0	366,400
Warwickshire County Council Expenditure	85,748,900	89,727,800	89,727,800	95,360,800	0	5,633,000
Warwickshire Police and Crime Commissioner Expenditure	14,144,700	14,816,700	14,816,700	15,957,700	0	1,141,000
BORNE BY COUNCIL TAX	111,619,900	116,521,200	116,521,200	123,661,600	0	7,140,400
Council Tax - Band D						
Warwick District Council	176.86	176.86	176.86	176.86	0	0.00
Parish/Town Councils (average)	32.85	35.50	35.50	37.17	0	1.67
District & Parish/Town Band D Council Tax	209.71	212.36	212.36	214.03	0	1.67
Warwickshire County Council	1,533.51	1,590.93	1,590.93	1,653.57	0	62.64
Warwickshire Police & Crime Commissioner	252.96	262.71	262.71	276.71	0	14.00
Total Band D Council Tax	1,996.18	2,066.00	2,066.00	2,144.31	0	78.31
Tax Base - Band D	55,916.75	56,399.56	56,399.56	57,669.62		1,270.06

Budget Book 2023/24



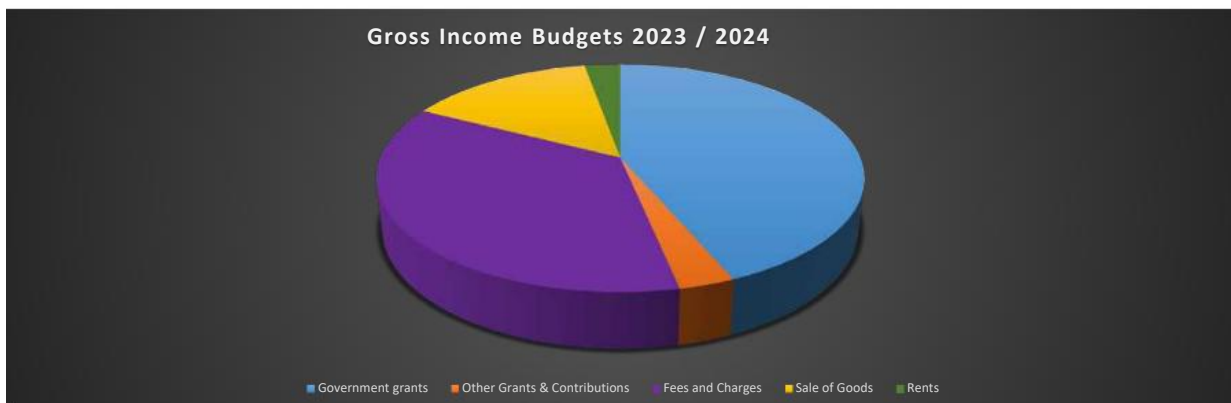
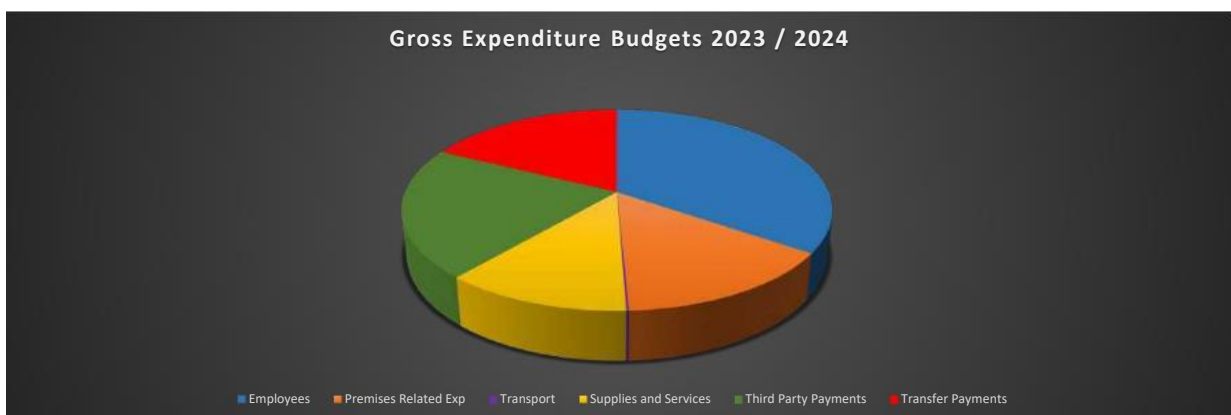
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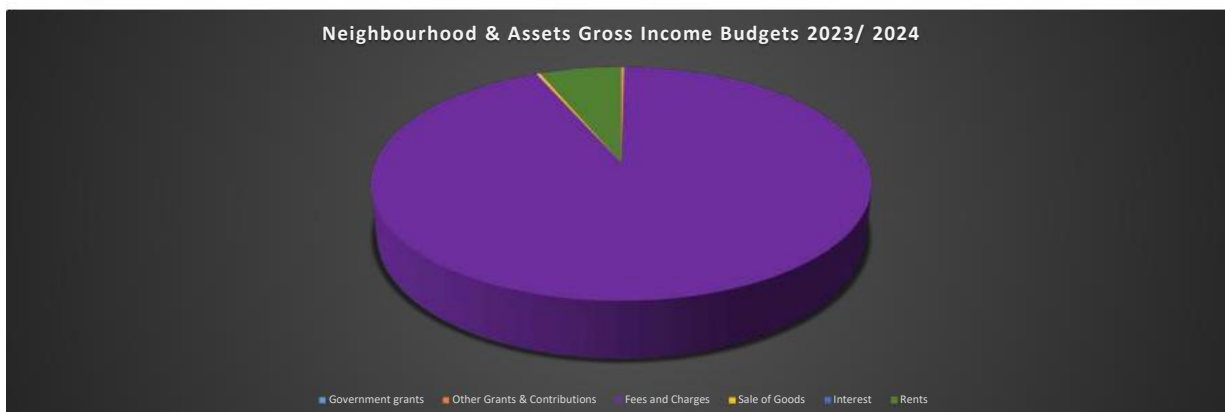
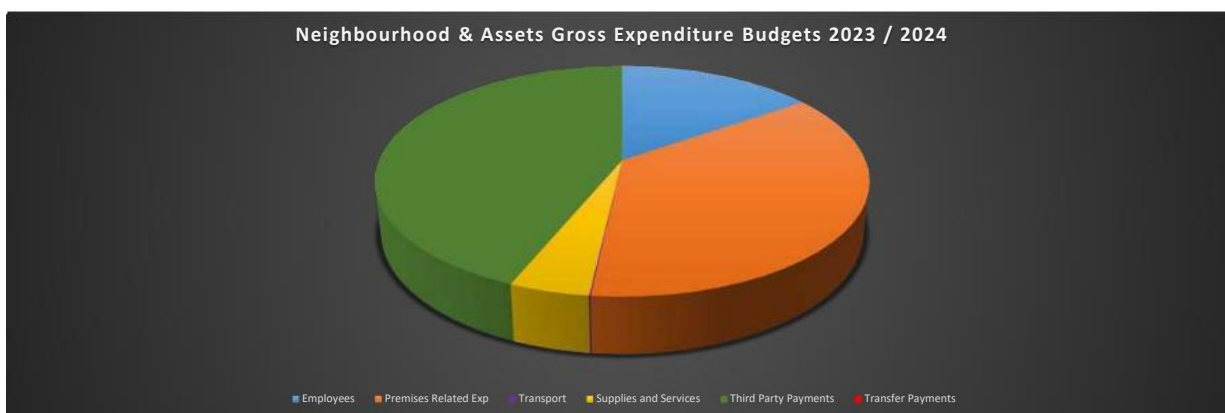
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General Fund - Summary							
Department	Outturn	Original Budget	Latest Budget	Original Budget	Variance	Variance	
	2021/22	2022/23	2022/23	2023/24	2022/23	2023/24	
	£	£	£	£	£	£	£
	A	B	C	D	C-B	D-B	
Neighbourhood & Assets	7,720,902	7,711,600	6,533,000	9,186,000	(1,178,600)	1,474,400	
Safer Communities, Leisure & Environment	4,225,434	6,465,600	6,123,900	6,738,200	(341,700)	272,600	
Place, Arts & Economy	5,581,830	3,979,500	16,110,700	11,692,900	12,131,200	7,713,400	
Finance	965,267	1,572,600	969,000	3,173,300	(603,600)	1,600,700	
Housing Services - GF	2,347,189	2,695,300	3,323,700	3,213,000	628,400	517,700	
Customer & Digital Services	1,250,446	609,200	673,400	722,500	64,200	113,300	
People and Communication	10,626	387,400	93,600	0	(293,800)	(387,400)	
Strategic Leadership	7,452,608	3,380,500	1,540,500	1,292,200	(1,840,000)	(2,088,300)	
Total General Fund Services:	29,554,302	26,801,700	35,367,800	36,018,100	8,566,100	9,216,400	
Replacement of Notional with Actual Cost of Capital:							
- Deduct Notional Capital Financing Charges in Budgets	(9,648,077)	(6,488,000)	(11,785,900)	(7,587,200)	(5,297,900)	(1,099,200)	
- Add Cost of Loan Repayments, Revenue Contributions and	0	0	0	0	0	0	
- Interest paid	427	575,300	2,132,200	3,058,400	1,556,900	2,483,100	
Revenue Contributions to Capital	780,741	259,000	409,300	80,000	150,300	(179,000)	
Contributions to / (from) Reserves	(2,727,361)	4,136,500	591,900	(2,234,100)	(3,544,600)	(6,370,600)	
Net External Investment Interest Received	(2,324,508)	(2,464,400)	(4,504,100)	(5,889,900)	(2,039,700)	(3,425,500)	
IAS19 Adjustments reversed	(3,477,856)	(2,168,300)	(2,168,300)	(3,450,000)	0	(1,281,700)	
Employee Benefits Accruals reversed	78,644	0	0	0	0	0	
Contributions to / (from) General Fund	0	0	0	0	0	0	
Net Expenditure for District Purposes:	12,236,311	20,651,800	20,042,900	19,995,300	(608,900)	(656,500)	
Less Revenue Support Grant	0	0	0	0	0	0	
Less Business Rate Income	466,097	(7,627,100)	(7,018,200)	(6,718,700)	608,900	908,400	
Less General Grants	571,187	0	0	0	0	0	
Less New Homes Bonus	(3,269,135)	(2,680,700)	(2,680,700)	(1,078,500)	0	1,602,200	
Funding Guarantee	0	0	0	(1,845,600)	0	(1,845,600)	
Less Lower Tier Services Grant	(146,834)	(154,600)	(154,600)	0	0	154,600	
Services Grant	0	(237,600)	(237,600)	(134,100)	0	103,500	
Collection Fund (Surplus) / Deficit	38,685	23,000	23,000	(19,000)	0	(42,000)	
Surplus / (Deficit) for the Year	0	0	0	0	0	0	
Net Expenditure Borne by Council Tax:	9,896,311	9,974,800	9,974,800	10,199,400	0	224,600	
Aggregate Parish Council Expenditure	1,836,819	2,001,900	2,001,900	2,143,700	0	141,800	
Combined District and Parish Expenditure Borne By Council Tax:	11,733,130	11,976,700	11,976,700	12,343,100	0	366,400	
Warwickshire County Council Expenditure	85,748,900	89,727,800	89,727,800	95,360,800	0	5,633,000	
Warwickshire Police and Crime Commissioner Expenditure	14,144,700	14,816,700	14,816,700	15,957,700	0	1,141,000	
Borne by Council Tax:	111,626,730	116,521,200	116,521,200	123,661,600	0	7,140,400	
Council Tax - Band D							
Warwick District Council	176.98	176.86	176.86	176.86	0.00	0.00	
Parish/Town Councils (average)	32.85	35.50	35.50	37.17	0.00	1.67	
District & Parish/Town Band D Council Tax	209.83	212.36	212.36	214.03	0.00	1.67	
Warwickshire County Council	1,533.51	1,590.93	1,590.93	1,653.57	0.00	62.64	
Warwickshire Police & Crime Commissioner	252.96	262.71	262.71	276.71	0.00	14.00	
Total Band D Council Tax	1,996.30	2,066.00	2,066.00	2,144.31	0.00	78.31	
Tax Base - Band D	55,916.75	56,399.56	56,399.56	57,669.62	0.00	1,270.06	

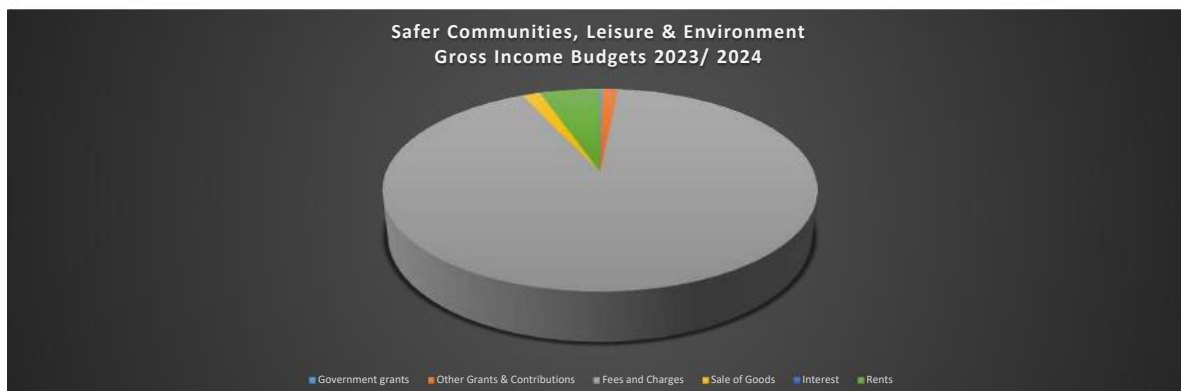
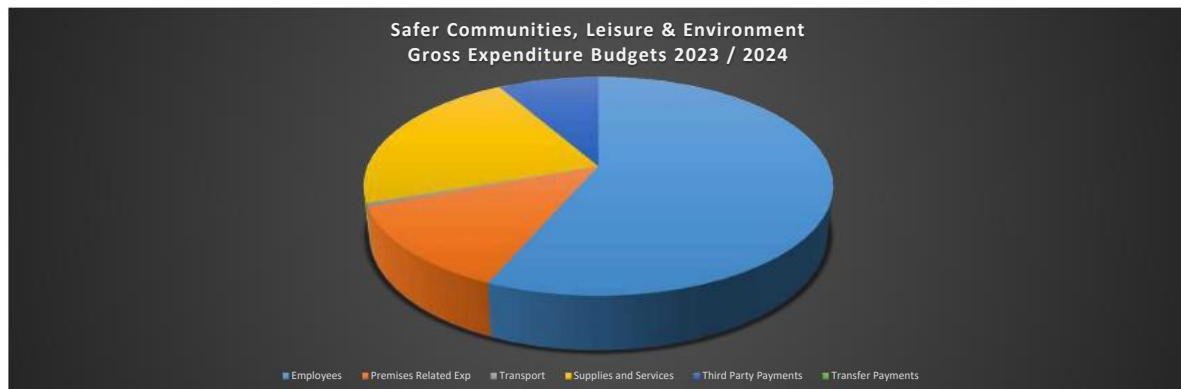
Warwick District Council - General Fund						
Portfolio	Outturn 2021/22 (A)	Original Budget 2022/23 (B)	Latest Budget 2022/23 (C)	Original Budget 2023/24 (D)	Variance 2022/23 (C-B)	Variance 2023/24 (D-B)
Neighbourhood & Assets	7,720,902	7,711,600	6,533,000	9,186,000	(1,178,600)	1,474,400
Safer Communities, Leisure & Environment	4,225,434	6,465,600	6,123,900	6,738,200	(341,700)	272,600
Place, Arts & Economy	5,581,830	3,979,500	16,110,700	11,692,900	12,131,200	7,713,400
Finance	965,267	1,572,600	969,000	3,173,300	(603,600)	1,600,700
Housing Services - GF	2,347,189	2,695,300	3,323,700	3,213,000	628,400	517,700
Customer & Digital Services	1,250,446	609,200	673,400	722,500	64,200	113,300
People and Communication	10,626	387,400	93,600	0	(293,800)	(387,400)
Strategic Leadership	7,452,608	3,380,500	1,540,500	1,292,200	(1,840,000)	(2,088,300)
Total Warwick District Council	29,554,302	26,801,700	35,367,800	36,018,100	8,566,100	9,216,400
Subjective Analysis						
Direct Expenditure						
Employees	20,415,552	19,640,500	20,655,400	22,612,600	1,014,900	2,972,100
Premises Related Exp	4,170,791	4,617,200	5,325,000	9,567,800	707,800	4,950,600
Transport	79,806	121,900	119,800	115,100	(2,100)	(6,800)
Supplies and Services	5,257,688	4,598,300	5,778,700	7,771,800	1,180,400	3,173,500
Third Party Payments	13,468,070	12,535,300	14,809,100	13,747,400	2,273,800	1,212,100
Transfer Payments	13,132,499	14,321,800	11,535,900	11,536,100	(2,785,900)	(2,785,700)
Total Direct Expenditure	56,524,407	55,835,000	58,223,900	65,350,800	2,388,900	9,515,800
Direct Income						
Government grants	(25,566,498)	(25,026,900)	(20,619,100)	(20,499,800)	4,407,800	4,527,100
Other Grants & Contributions	(2,341,188)	(1,738,500)	(1,778,700)	(1,479,600)	(40,200)	258,900
Fees and Charges	(12,464,983)	(14,163,000)	(13,980,200)	(16,862,550)	182,800	(2,699,550)
Sale of Goods	7,398,799	8,844,200	6,676,700	6,877,480	(2,167,500)	(1,966,720)
Interest	0	0	0	0	0	0
Rents	(1,195,209)	(1,356,400)	(1,239,000)	(1,321,830)	117,400	34,570
Total Direct Income	(34,169,078)	(33,440,600)	(30,940,300)	(33,286,300)	2,500,300	154,300
Net Direct (Income) / Expenditure	22,355,328	22,394,400	27,283,600	32,064,500	4,889,200	9,670,100
Support Charges						
Support Services	11,119,415	13,228,600	12,218,300	12,548,500	(1,010,300)	(680,100)
Capital Charges	9,669,077	6,488,000	11,667,100	7,648,400	5,179,100	1,160,400
Recharges	(13,589,519)	(15,309,300)	(15,801,200)	(16,243,300)	(491,900)	(934,000)
Total Support Charges	7,198,973	4,407,300	8,084,200	3,953,600	3,676,900	(453,700)
Net (Income) / Expenditure to Summary	29,554,302	26,801,700	35,367,800	36,018,100	8,566,100	9,216,400



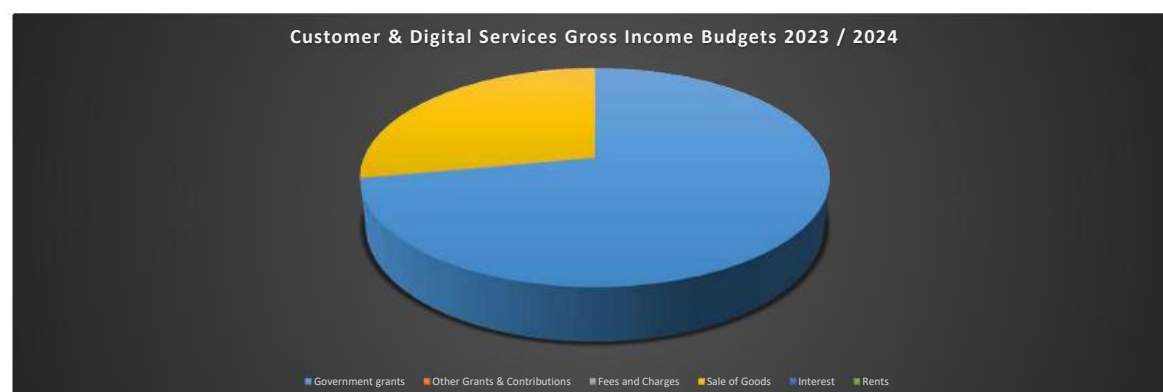
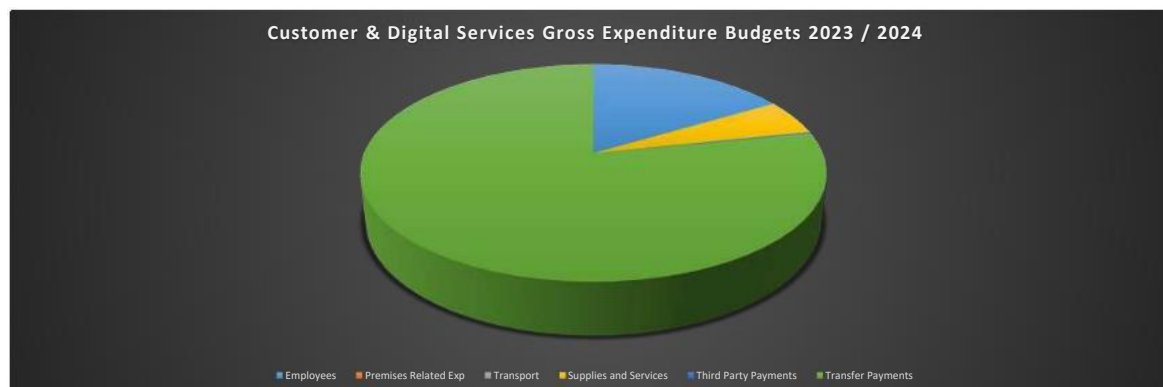
Neighbourhood & Assets							
Service Area Code	Service Area's	Actuals 2021/22 (.A)	Original Budget 2022/23 (.B)	Latest Budget 2022/23 (.C)	Original Budget 2023/24 (.D)	Variance 2022/23 (C-B)	Variance 20223/24 (D-B)
S1105	Car Parks	(473,951)	(917,400)	(2,098,000)	(1,545,800)	(1,180,600)	(628,400)
S1250	WCC Highways	90,314	70,900	26,000	44,000	(44,900)	(26,900)
S1320	Bereavement Services	(749,044)	(1,019,100)	(932,300)	(957,800)	86,800	61,300
S4090	Waste Management	7,025,821	6,969,700	8,042,700	6,398,700	1,073,000	(571,000)
S4095	Ranger Service	57,527	(46,400)	632,700	748,900	679,100	795,300
S4811	Watercourses & Culverts	(19,439)	(157,200)	(129,600)	(160,800)	27,600	(3,600)
S6015	Grounds Maintenance	778,650	931,300	866,900	1,008,900	(64,400)	77,600
S6016	Business Support & Development	(46,910)	248,600	0	0	(248,600)	(248,600)
S6018	Estates	1,085,498	1,506,900	722,700	3,709,600	(784,200)	2,202,700
S6019	Compliance	60,859	115,000	(58,700)	0	(173,700)	(115,000)
S6020	Asset Management	98,046	162,500	(227,700)	102,600	(390,200)	(59,900)
S6027	Commercial	158,093	216,600	169,200	202,100	(47,400)	(14,500)
S6034	Strat Lead Investment	(344,562)	(369,800)	(480,900)	(364,400)	(111,100)	5,400
Total Neighbourhood & Assets		7,720,902	7,711,600	6,533,000	9,186,000	(1,178,600)	1,474,400
SUBJECTIVE ANALYSIS							
Direct Expenditure							
Employees		2,710,838	2,888,500	2,829,800	3,225,200	(58,700)	336,700
Premises Related Exp		2,462,968	3,267,400	3,847,000	7,703,800	579,600	4,436,400
Transport		22,151	15,300	15,300	17,700	0	2,400
Supplies and Services		800,623	760,800	901,000	940,700	140,200	179,900
Third Party Payments		8,920,712	8,613,300	9,361,800	9,253,000	748,500	639,700
Transfer Payments		0	0	0	0	0	0
Total Direct Expenditure		14,917,292	15,545,300	16,954,900	21,140,400	1,409,600	5,595,100
Direct Income							
Government grants		(6,200)	0	0	0	0	0
Other Grants & Contributions		(33,152)	(59,900)	(59,900)	(26,700)	0	33,200
Fees and Charges		(7,279,422)	(7,914,100)	(8,699,300)	(10,984,200)	(785,200)	(3,070,100)
Sale of Goods		(51,347)	(41,200)	(215,600)	(32,120)	(174,400)	9,080
Interest		0	0	0	0	0	0
Rents		(734,378)	(760,800)	(722,400)	(742,480)	38,400	18,320
Total Direct Income		(8,104,499)	(8,776,000)	(9,697,200)	(11,785,500)	(921,200)	(3,009,500)
Net Direct (Income) / Expenditure		6,812,793	6,769,300	7,257,700	9,354,900	488,400	2,585,600
Support Charges							
Support Services		2,499,467	2,432,900	2,271,000	2,583,000	(161,900)	150,100
Capital Charges		991,556	2,310,700	900,700	1,077,900	(1,410,000)	(1,232,800)
Recharges		(2,582,914)	(3,801,300)	(3,896,400)	(3,829,800)	(95,100)	(28,500)
Total Support Charges		908,109	942,300	(724,700)	(168,900)	(1,667,000)	(1,111,200)
Net (Income) / Expenditure to Summary		7,720,902	7,711,600	6,533,000	9,186,000	(1,178,600)	1,474,400



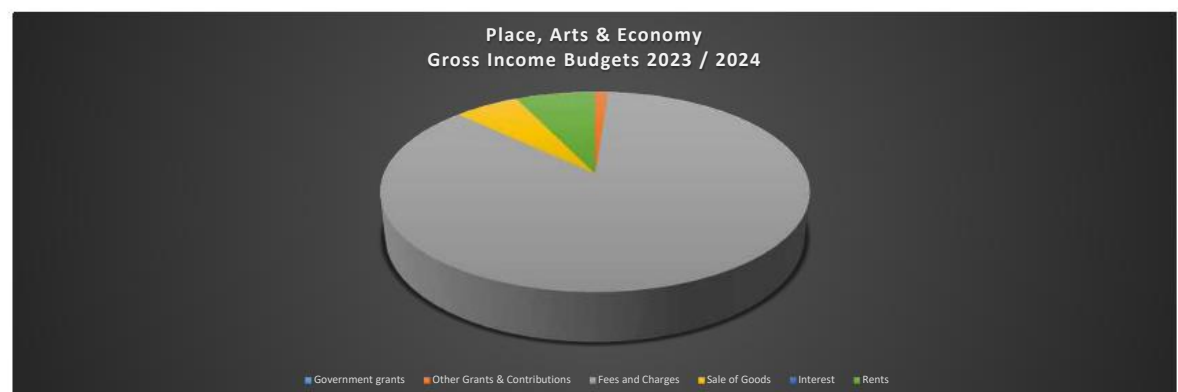
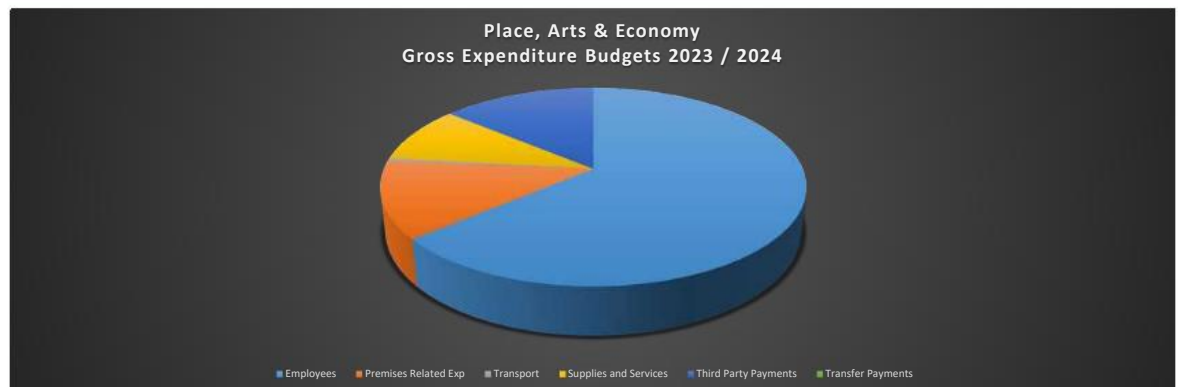
Safer Communities, Leisure & Environment							
Service Area Code	Service Area's	Actuals 2021/22 . (A)	Original Budget 2022/23 . (B)	Latest Budget 2022/23 . (C)	Original Budget 2023/24 . (D)	Variance 2022/23 (C-B)	Variance 2022/23/24 (D-B)
S1045	CCTV	228,283	257,700	623,200	620,900	365,500	363,200
S1270	Green Space Development	1,325,390	2,030,700	1,407,200	1,383,600	(623,500)	(647,100)
S1288	Outdoor Recreation	584,405	840,700	721,000	1,194,700	(119,700)	354,000
S1289	Open Spaces	174,417	131,300	174,300	348,200	43,000	216,900
S1367	Leisure Options	581,672	1,253,500	713,200	697,600	(540,300)	(555,900)
S1368	Sports Development	17,596	110,300	42,600	44,200	(67,700)	(66,100)
S2360	Licensing & Registration	7,151	142,500	5,800	172,100	(136,700)	29,600
S4210	EH Environmental Health Core	(101,744)	84,500	276,200	173,200	191,700	88,700
S4270	Food+Occupational Safety+Health	374,846	453,800	624,400	608,200	170,600	154,400
S4300	Environmental Protection	679,212	790,500	827,400	850,100	36,900	59,600
S4350	Community Safety	354,206	344,200	648,300	785,200	304,100	441,000
S6013	Environment & Operational Serv Man	0	25,900	60,300	(139,800)	34,400	(165,700)
Total Safer Communities, Leisure & Environment		4,225,434	6,465,600	6,123,900	6,738,200	(341,700)	272,600
SUBJECTIVE ANALYSIS							
Direct Expenditure							
Employees		2,583,909	2,520,200	2,674,500	2,693,500	154,300	173,300
Premises Related Exp		481,332	458,300	501,100	601,400	42,800	143,100
Transport		8,591	23,800	23,800	25,100	0	1,300
Supplies and Services		634,673	496,400	574,500	1,050,900	78,100	554,500
Third Party Payments		394,510	349,500	422,700	394,700	73,200	45,200
Transfer Payments		0	0	0	0	0	0
Total Direct Expenditure		4,103,015	3,848,200	4,196,600	4,765,600	348,400	917,400
Direct Income							
Government grants		(317,232)	(1,000)	(1,000)	(1,000)	0	0
Other Grants & Contributions		(262,185)	(29,000)	(8,200)	(7,400)	20,800	21,600
Fees and Charges		(453,525)	(573,300)	(573,300)	(460,700)	0	112,600
Sale of Goods		(86,746)	(7,800)	(7,800)	(8,000)	0	(200)
Interest		0	0	0	0	0	0
Rents		(38,848)	(24,100)	(24,100)	(26,900)	0	(2,800)
Total Direct Income		(1,158,537)	(635,200)	(614,400)	(504,000)	20,800	131,200
Net Direct (Income) / Expenditure		2,944,478	3,213,000	3,582,200	4,261,600	369,200	1,048,600
Support Charges							
Support Services		1,409,190	2,178,500	1,398,000	1,435,200	(780,500)	(743,300)
Capital Charges		1,148,406	2,339,000	1,143,700	1,041,400	(1,195,300)	(1,297,600)
Recharges		(1,276,639)	(1,264,900)	0	0	1,264,900	1,264,900
Total Support Charges		1,280,956	3,252,600	2,541,700	2,476,600	(710,900)	(776,000)
Net (Income) / Expenditure to Summary		4,225,434	6,465,600	6,123,900	6,738,200	(341,700)	272,600



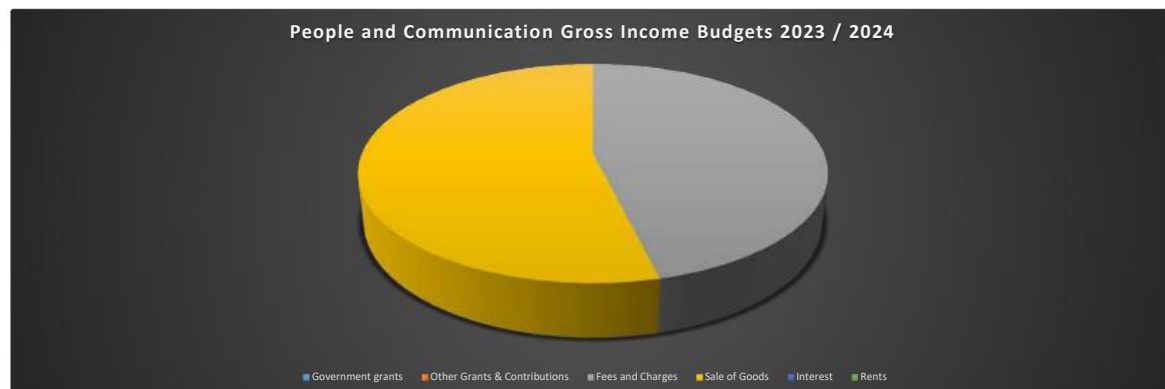
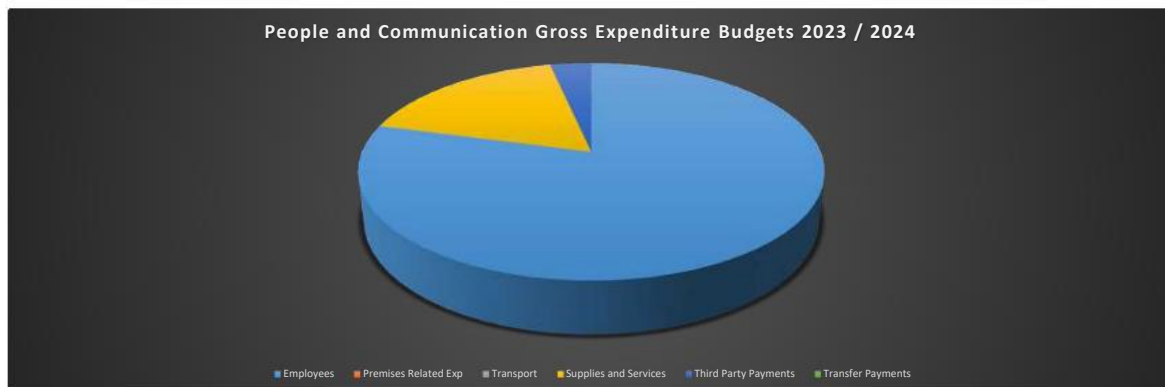
Customer & Digital Services							
Service Area Code	Service Area's	Actuals 2021/22 (.A)	Original Budget 2022/23 (.B)	Latest Budget 2022/23 (.C)	Original Budget 2023/24 (.D)	Variance 2022/23 (C-B)	Variance 20223/24 (D-B)
S3500	ICT Management	192,476	(93,600)	600	600	94,200	94,200
S3100	Customer Service	452,852	160,400	0	0	(160,400)	(160,400)
S3250	Benefits	605,117	542,400	672,800	721,900	130,400	179,500
TOTAL Customer & Digital Services		1,250,446	609,200	673,400	722,500	64,200	113,300
Subjective Analysis							
Direct Expenditure							
Employees		2,221,273	2,247,900	2,193,500	2,422,400	(54,400)	174,500
Premises Related Exp		0	0	0	0	0	0
Transport		159	4,800	4,800	5,000	0	200
Supplies and Services		420,284	414,800	409,700	768,700	(5,100)	353,900
Third Party Payments		19,000	8,400	35,100	35,100	26,700	26,700
Transfer Payments		13,132,499	14,321,800	11,535,900	11,536,100	(2,785,900)	(2,785,700)
Total Direct Expenditure		15,793,216	16,997,700	14,179,000	14,767,300	(2,818,700)	(2,230,400)
Direct Income							
Government grants		(21,497,077)	(24,420,800)	(19,242,900)	(19,222,300)	5,177,900	5,198,500
Other Grants & Contributions		(37,812)	(44,800)	(4,100)	0	40,700	44,800
Fees and Charges		(39,942)	(45,000)	(45,000)	(55,000)	0	(10,000)
Sale of Goods		8,230,992	9,490,100	7,472,100	7,472,100	(2,018,000)	(2,018,000)
Interest		0	0	0	0	0	0
Rents		0	0	0	0	0	0
Total Direct Income		(13,343,838)	(15,020,500)	(11,819,900)	(11,805,200)	3,200,600	3,215,300
Net Direct (Income) / Expenditure		2,449,378	1,977,200	2,359,100	2,962,100	381,900	984,900
Support Charges							
Support Services		321,630	925,100	613,900	583,900	(311,200)	(341,200)
Capital Charges		93,853	127,900	121,500	53,600	(6,400)	(74,300)
Recharges		(1,614,415)	(2,421,000)	(2,421,100)	(2,877,100)	(100)	(456,100)
Total Support Charges		(1,198,932)	(1,368,000)	(1,685,700)	(2,239,600)	(317,700)	(871,600)
Net Direct (Income) / Expenditure		1,250,446	609,200	673,400	722,500	64,200	113,300



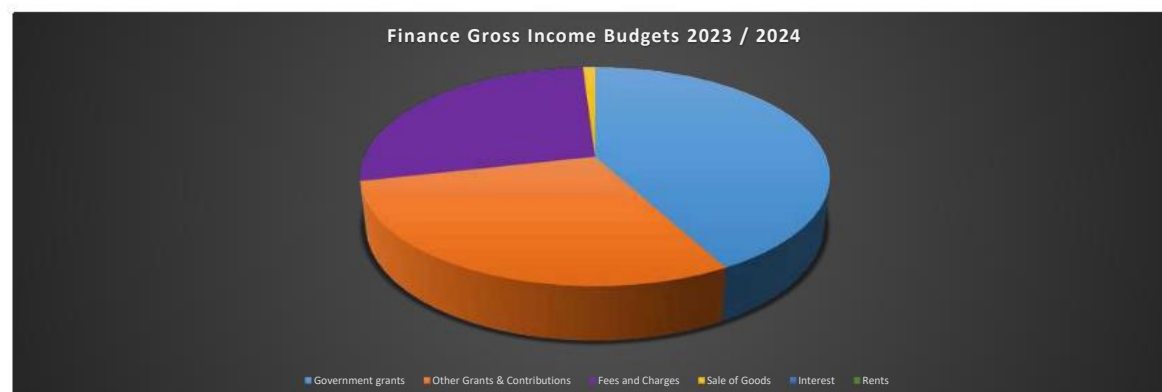
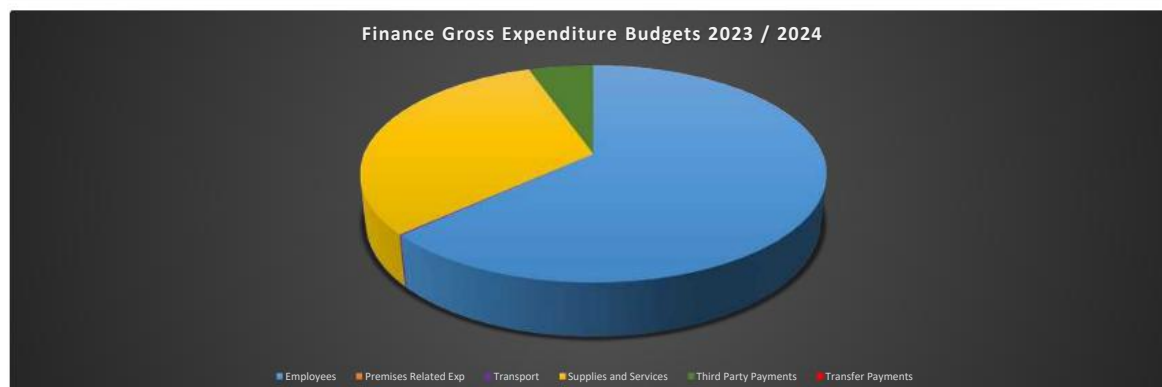
Place, Arts & Economy							
Service Area Code	Service Area's	Actuals 2021/22	Original Budget 2022/23	Latest Budget 2022/23	Original Budget 2023/24	Variance 2022/23	Variance 2023/24
		.(A)	.(B)	.(C)	.(D)	(C-B)	(D-B)
S1035	Christmas Illuminations	55,881	44,400	52,600	57,500	8,200	13,100
S1249	Events Management	272,708	281,600	339,000	414,200	57,400	132,600
S1297	Business Support	4,451	(939,300)	(120,000)	(833,700)	819,300	105,600
S1313	Culture, Tourism & Leisure Management	2,166	(37,300)	84,900	11,100	122,200	48,400
S1335	Royal Spa Centre	912,283	853,200	802,700	901,500	(50,500)	48,300
S1356	Catering Contract	31,396	(70,900)	(69,200)	(75,700)	1,700	(4,800)
S3550	Tourism	132,013	157,300	152,800	143,300	(4,500)	(14,000)
S4540	Development Control	287,683	255,600	757,700	904,400	502,100	648,800
S4600	Building Control	72,049	99,500	326,800	623,800	227,300	524,300
S6000	Projects	855,330	243,900	10,350,000	6,302,700	10,106,100	6,058,800
S6001	Policy & Development	916,847	1,343,500	1,584,200	1,140,700	240,700	(202,800)
S6002	Development Services Management	914	(19,900)	144,300	147,800	164,200	167,700
S6005	Strategic Arts	33,021	74,800	86,400	91,900	11,600	17,100
S6006	Collections & Engagement	958,386	1,514,200	1,082,400	1,235,600	(431,800)	(278,600)
S6007	Customer Services	303,040	(64,100)	420,900	465,700	485,000	529,800
S6030	Regeneration	60,032	88,400	23,300	24,200	(65,100)	(64,200)
S6031	Markets	(23,422)	(23,100)	(25,000)	(29,100)	(1,900)	(6,000)
S6098	Growth Hub	117,071	179,100	128,100	128,000	(51,000)	(51,100)
S6100	Planning	589,982	(1,400)	(11,200)	39,000	(9,800)	40,400
Total Place, Arts & Economy		5,581,830	3,979,500	16,110,700	11,692,900	12,131,200	7,713,400
SUBJECTIVE ANALYSIS							
Direct Expenditure							
Employees		5,249,637	5,589,100	5,467,300	5,771,100	(121,800)	182,000
Premises Related Exp		767,500	780,900	862,700	1,136,400	81,800	355,500
Transport		40,779	54,300	54,300	44,700	0	(9,600)
Supplies and Services		715,714	796,000	771,400	834,900	(24,600)	38,900
Third Party Payments		1,327,589	1,426,400	1,557,100	1,258,700	130,700	(167,700)
Transfer Payments		0	0	0	0	0	0
Total Direct Expenditure		8,101,219	8,646,700	8,712,800	9,045,800	66,100	399,100
Direct Income							
Government grants		(431,997)	0	(20,000)	0	(20,000)	0
Other Grants & Contributions		(252,495)	(100,000)	(98,300)	(74,900)	1,700	25,100
Fees and Charges		(4,222,116)	(5,708,900)	(4,783,900)	(5,432,150)	925,000	276,750
Sale of Goods		(359,371)	(407,500)	(400,800)	(368,300)	6,700	39,200
Interest		0	0	0	0	0	0
Rents		(300,652)	(471,300)	(392,300)	(452,250)	79,000	19,050
Total Direct Income		(5,566,630)	(6,687,700)	(5,695,300)	(6,327,600)	992,400	360,100
Net Direct (Income) / Expenditure		2,534,589	1,959,000	3,017,500	2,718,200	1,058,500	759,200
Support Charges							
Support Services		2,742,674	2,970,700	3,810,900	3,945,800	840,200	975,100
Capital Charges		1,649,717	1,394,400	9,320,600	5,067,200	7,926,200	3,672,800
Recharges		(1,345,150)	(2,344,600)	(38,300)	(38,300)	2,306,300	2,306,300
Total Support Charges		3,047,240	2,020,500	13,093,200	8,974,700	11,072,700	6,954,200
Net (Income) / Expenditure to Summary		5,581,830	3,979,500	16,110,700	11,692,900	12,131,200	7,713,400



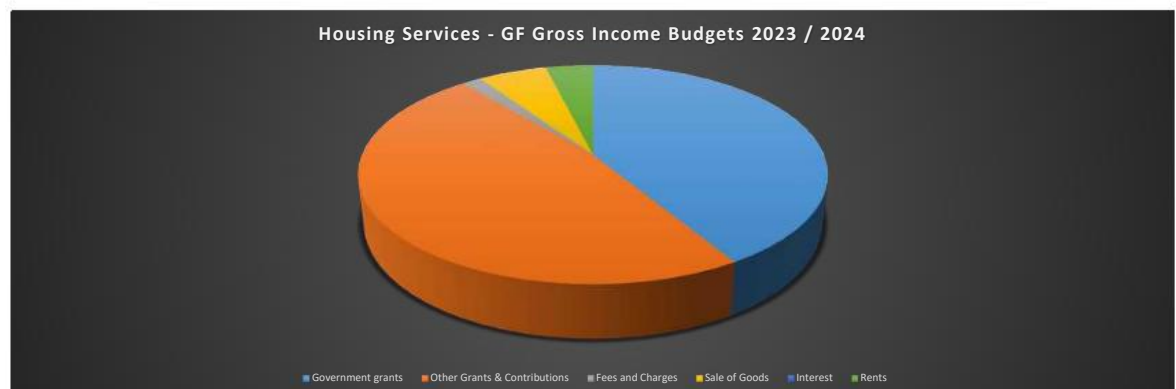
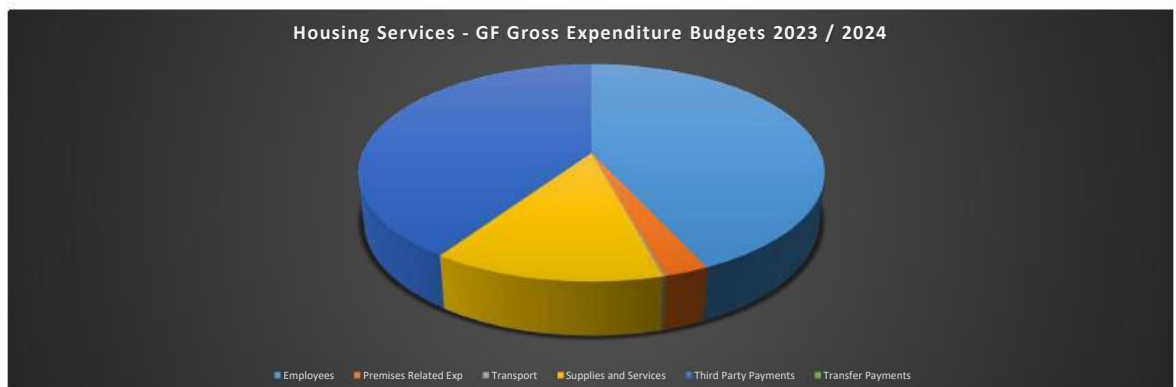
People and Communication							
Service Area Code	Service Area's	Actuals 2021/22 .(A)	Original Budget 2022/23 .(B)	Latest Budget 2022/23 .(C)	Original Budget 2023/24 .(D)	Variance 2022/23 (C-B)	Variance 2023/24 (D-B)
S2060	Human Resources	2,641	259,900	86,400	0	(173,500)	(259,900)
S2340	Media Room	4,604	120,300	0	0	(120,300)	(120,300)
S3470	Media & Communications	1,164	1,900	0	0	(1,900)	(1,900)
S6033	Members Training	2,217	5,300	7,200	0	1,900	(5,300)
Total People & Communication		10,626	387,400	93,600	0	(293,800)	(387,400)
SUBJECTIVE ANALYSIS							
Direct Expenditure							
	Employees	1,124,509	1,063,700	1,490,800	1,231,400	427,100	167,700
	Premises Related Exp	0	0	0	0	0	0
	Transport	157	2,100	2,100	2,100	0	0
	Supplies and Services	188,950	255,400	513,600	270,200	258,200	14,800
	Third Party Payments	15,132	42,000	94,600	52,900	52,600	10,900
	Transfer Payments	0	0	0	0	0	0
Total Direct Expenditure		1,328,747	1,363,200	2,101,100	1,556,600	737,900	193,400
Direct Income							
	Government grants	(8,067)	0	0	0	0	0
	Other Grants & Contributions	(45,120)	(24,100)	(15,400)	0	8,700	24,100
	Fees and Charges	(20,589)	(30,300)	(2,300)	(30,300)	28,000	0
	Sale of Goods	(11,508)	(34,800)	(19,800)	(34,800)	15,000	0
	Interest	0	0	0	0	0	0
	Rents	0	0	0	0	0	0
Total Direct Income		(85,283)	(89,200)	(37,500)	(65,100)	51,700	24,100
Net Direct (Income) / Expenditure		1,243,464	1,274,000	2,063,600	1,491,500	789,600	217,500
Support Charges							
	Support Services	204,839	304,900	332,300	359,200	27,400	54,300
	Capital Charges	11,953	22,000	22,000	22,000	0	0
	Recharges	(1,449,630)	(1,213,500)	(2,324,300)	(1,872,700)	(1,110,800)	(659,200)
Total Support Charges		(1,232,838)	(886,600)	(1,970,000)	(1,491,500)	(1,083,400)	(604,900)
Net (Income) / Expenditure to Summary		10,626	387,400	93,600	0	(293,800)	(387,400)



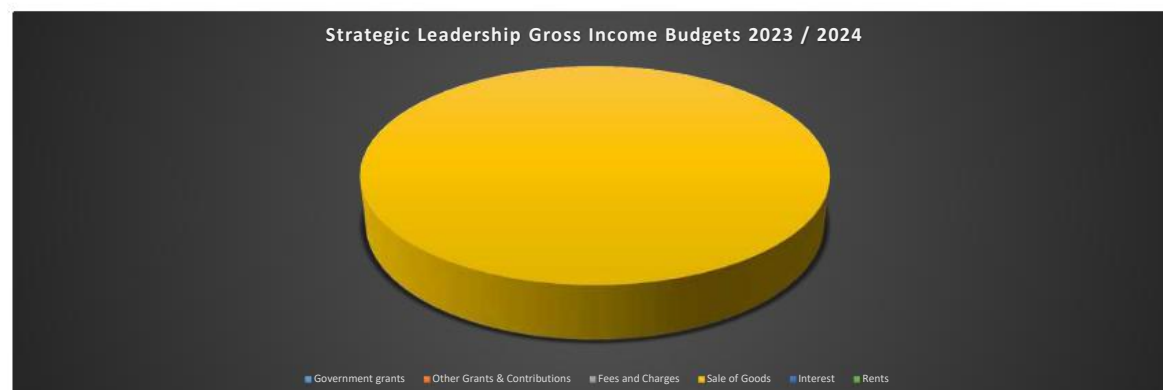
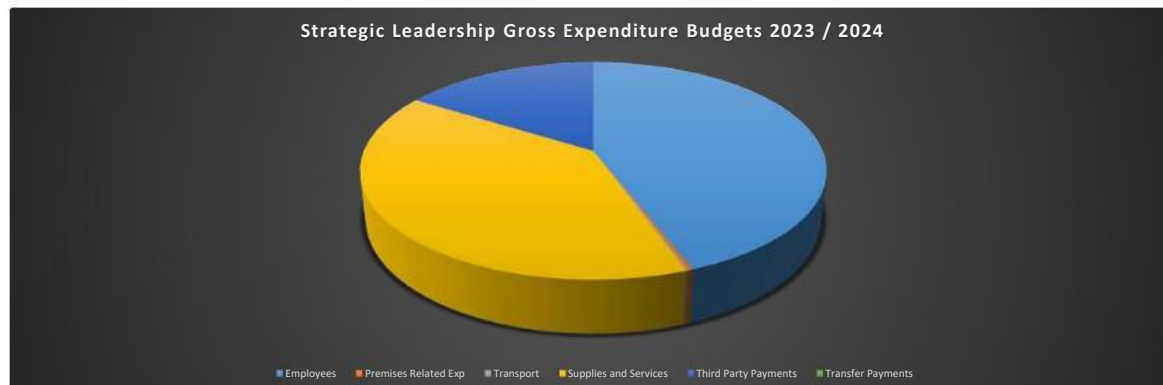
Finance							
Service Area Code	Service Area's	Actuals 2021/22 .(A)	Original Budget 2022/23 .(B)	Latest Budget 2022/23 .(C)	Original Budget 2023/24 .(D)	Variance 2022/23 (C-B)	Variance 2023/24 (D-B)
S1410	Finance Management	(112,876)	480,300	956,700	3,173,300	476,400	2,693,000
S1417	Procurement	2,295	(15,800)	12,300	0	28,100	15,800
S1418	Exchequer	1,605	(34,500)	0	0	34,500	34,500
S1425	Financial Services	426,223	118,900	0	0	(118,900)	(118,900)
S1578	Audit & Risk	72,581	77,100	0	0	(77,100)	(77,100)
S2600	Revenues & Customer Services Man (2)	0	(18,300)	0	0	18,300	18,300
S3050	Revenues	575,358	946,000	0	0	(946,000)	(946,000)
S3400	Payment Channels	82	18,900	0	0	(18,900)	(18,900)
Total Finance		965,267	1,572,600	969,000	3,173,300	(603,600)	1,600,700
SUBJECTIVE ANALYSIS							
Direct Expenditure							
	Employees	2,852,510	1,956,100	2,437,700	3,666,900	481,600	1,710,800
	Premises Related Exp	2,614	0	0	0	0	0
	Transport	1,960	8,100	6,000	6,900	(2,100)	(1,200)
	Supplies and Services	715,509	205,400	417,300	1,822,100	211,900	1,616,700
	Third Party Payments	392,487	186,600	283,600	310,900	97,000	124,300
	Transfer Payments	0	0	0	0	0	0
Total Direct Expenditure		3,965,080	2,356,200	3,144,600	5,806,800	788,400	3,450,600
Direct Income							
	Government grants	(1,699,474)	(214,400)	(288,400)	(214,400)	(74,000)	0
	Other Grants & Contributions	(155,153)	(188,800)	(128,900)	(148,700)	59,900	40,100
	Fees and Charges	(392,986)	125,300	140,300	140,300	15,000	15,000
	Sale of Goods	(4,090)	(7,700)	(4,500)	(4,500)	3,200	3,200
	Interest	0	0	0	0	0	0
	Rents	0	0	0	0	0	0
Total Direct Income		(2,251,703)	(285,600)	(281,500)	(227,300)	4,100	58,300
Net Direct (Income) / Expenditure		1,713,377	2,070,600	2,863,100	5,579,500	792,500	3,508,900
Support Charges							
	Support Services	1,555,008	1,693,000	895,200	743,800	(797,800)	(949,200)
	Capital Charges	78,640	38,600	29,300	200,100	(9,300)	161,500
	Recharges	(2,381,758)	(2,229,600)	(2,818,600)	(3,350,100)	(589,000)	(1,120,500)
Total Support Charges		(748,110)	(498,000)	(1,894,100)	(2,406,200)	(1,396,100)	(1,908,200)
Net (Income) / Expenditure to Summary		965,267	1,572,600	969,000	3,173,300	(603,600)	1,600,700



Housing Services - GF							
Service Area Code	Service Area's	Actuals 2021/22 .(A)	Original Budget 2022/23 .(B)	Latest Budget 2022/23 .(C)	Original Budget 2023/24 .(D)	Variance 2022/23 (C-B)	Variance 2023/24 (D-B)
S1001	Community Development	1,082,350	477,500	467,600	506,900	(9,900)	29,400
S1590	Homelessness - Housing Advice	(112,628)	1,080,000	1,202,000	1,197,300	122,000	117,300
S1605	Housing Strategy	265,711	328,700	431,600	246,000	102,900	(82,700)
S1610	Other Housing Property	370,473	40,300	106,100	107,300	65,800	67,000
S1615	Contributions to HRA	39,400	12,700	19,200	21,000	6,500	8,300
S1630	Private Sector Housing	419,730	472,200	876,400	922,600	404,200	450,400
S2110	Community Partnership	270,548	283,800	220,800	211,900	(63,000)	(71,900)
S3465	Chase Meadow Community Centre	11,605	100	0	0	(100)	(100)
Total Housing Services - GF		2,347,189	2,695,300	3,323,700	3,213,000	628,400	517,700
SUBJECTIVE ANALYSIS							
Direct Expenditure							
Employees		1,645,691	1,669,600	1,889,400	1,958,900	219,800	289,300
Premises Related Exp		395,441	103,200	106,800	117,000	3,600	13,800
Transport		1,446	6,800	6,800	7,500	0	700
Supplies and Services		988,213	883,500	1,182,800	618,900	299,300	(264,600)
Third Party Payments		1,552,651	1,170,700	1,589,600	1,842,400	418,900	671,700
Transfer Payments		0	0	0	0	0	0
Total Direct Expenditure		4,583,443	3,833,800	4,775,400	4,544,700	941,600	710,900
Direct Income							
Government grants		(1,351,209)	(390,700)	(1,066,800)	(1,062,100)	(676,100)	(671,400)
Other Grants & Contributions		(1,323,894)	(1,239,900)	(1,324,400)	(1,221,900)	(84,500)	18,000
Fees and Charges		(56,392)	(16,700)	(16,700)	(40,500)	0	(23,800)
Sale of Goods		(272,353)	(143,800)	(143,800)	(143,800)	0	0
Interest		0	0	0	0	0	0
Rents		(121,332)	(100,200)	(100,200)	(100,200)	0	0
Total Direct Income		(3,125,180)	(1,891,300)	(2,651,900)	(2,568,500)	(760,600)	(677,200)
Net Direct (Income) / Expenditure		1,458,263	1,942,500	2,123,500	1,976,200	181,000	33,700
Support Charges							
Support Services		1,509,849	1,227,600	2,340,800	2,377,700	1,113,200	1,150,100
Capital Charges		837,664	240,100	126,100	125,800	(114,000)	(114,300)
Recharges		(1,458,587)	(714,900)	(1,266,700)	(1,266,700)	(551,800)	(551,800)
Total Support Charges		888,926	752,800	1,200,200	1,236,800	447,400	484,000
Net (Income) / Expenditure to Summary		2,347,189	2,695,300	3,323,700	3,213,000	628,400	517,700

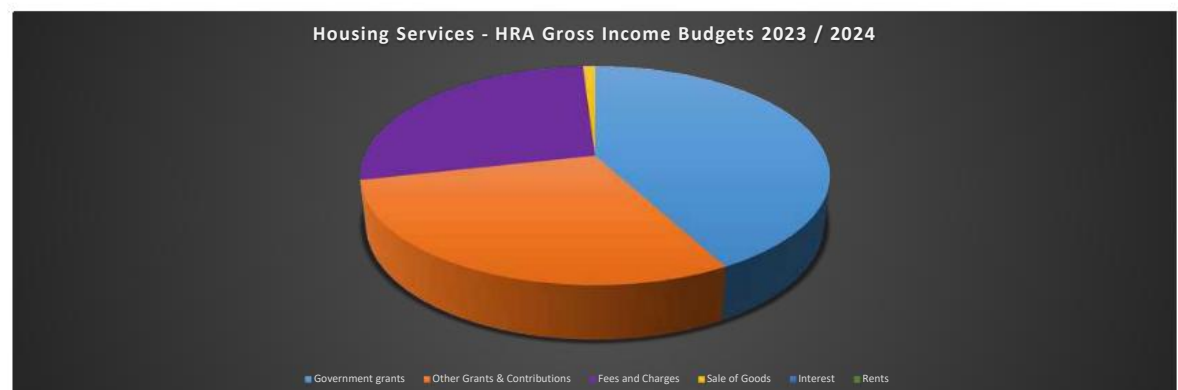
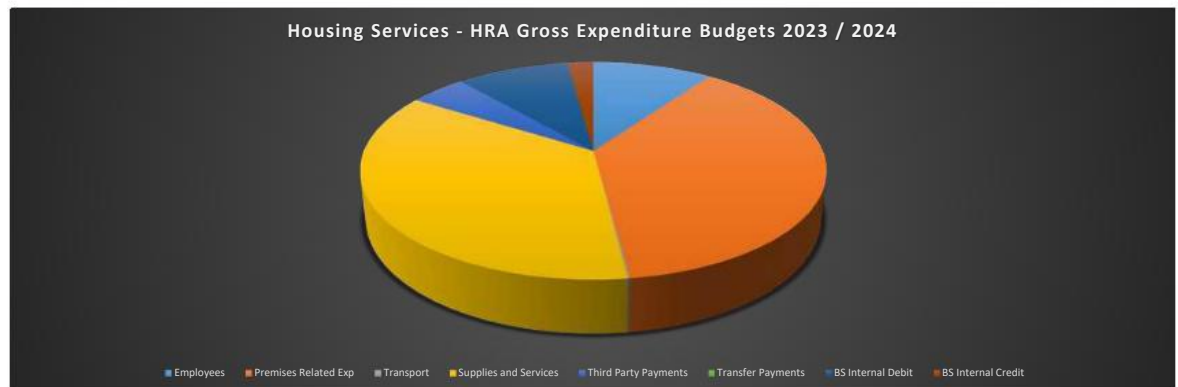


Strategic Leadership							
Service Area Code	Service Area's	Actuals 2021/22 .(A)	Original Budget 2022/23 .(B)	Latest Budget 2022/23 .(C)	Original Budget 2023/24 .(D)	Variance 2022/23 (C-B)	Variance 2023/24 (D-B)
S1261	Commonwealth Games 2022	159,974	332,500	528,500	49,800	196,000	(282,700)
S2000	Chief Executive's Office	24,629	110,100	0	249,400	(110,100)	139,300
S2010	Corporate Projects	5,275,669	24,100	185,500	0	161,400	(24,100)
S2200	Committee Services	56,321	51,000	8,400	0	(42,600)	(51,000)
S2220	Democratic Representation	853,439	1,296,400	0	0	(1,296,400)	(1,296,400)
S2240	Elections	394,511	454,100	371,700	593,300	(82,400)	139,200
S2800	Law & Governance Management (2)	0	0	0	0	0	0
S3350	Corporate Support Team	2,042	(2,800)	0	0	2,800	2,800
S3600	Economic Development	36,578	1,800	0	0	(1,800)	(1,800)
S4871	Legal Services	58,312	27,300	23,500	0	(3,800)	(27,300)
S6014	NS Programme Team	280,507	420,800	90,500	399,700	(330,300)	(21,100)
S6032	Climate Change	209,962	565,200	332,400	0	(232,800)	(565,200)
S6035	Transformation	100,665	100,000	0	0	(100,000)	(100,000)
Total Strategic Leadership		7,452,608	3,380,500	1,540,500	1,292,200	(1,840,000)	(2,088,300)
SUBJECTIVE ANALYSIS							
Direct Expenditure							
Employees		2,027,186	1,705,400	1,672,400	1,643,200	(33,000)	(62,200)
Premises Related Exp		60,936	7,400	7,400	9,200	0	1,800
Transport		4,563	6,700	6,700	6,100	0	(600)
Supplies and Services		793,722	786,000	1,008,400	1,465,400	222,400	679,400
Third Party Payments		845,988	738,400	1,464,600	599,700	726,200	(138,700)
Transfer Payments		0	0	0	0	0	0
Total Direct Expenditure		3,732,396	3,243,900	4,159,500	3,723,600	915,600	479,700
Direct Income							
Government grants		(255,241)	0	0	0	0	0
Other Grants & Contributions		(231,378)	(52,000)	(139,500)	0	(87,500)	52,000
Fees and Charges		(12)	0	0	0	0	0
Sale of Goods		(46,779)	(3,100)	(3,100)	(3,100)	0	0
Interest		0	0	0	0	0	0
Rents		0	0	0	0	0	0
Total Direct Income		(533,409)	(55,100)	(142,600)	(3,100)	(87,500)	52,000
Net Direct (Income) / Expenditure		3,198,987	3,188,800	4,016,900	3,720,500	828,100	531,700
Support Charges							
Support Services		876,759	1,495,900	556,200	519,900	(939,700)	(976,000)
Capital Charges		4,857,288	15,300	3,200	60,400	(12,100)	45,100
Recharges		(1,480,425)	(1,319,500)	(3,035,800)	(3,008,600)	(1,716,300)	(1,689,100)
Total Support Charges		4,253,622	191,700	(2,476,400)	(2,428,300)	(2,668,100)	(2,620,000)
Net (Income) / Expenditure to Summary		7,452,608	3,380,500	1,540,500	1,292,200	(1,840,000)	(2,088,300)



Housing Revenue Account - Summary						
Housing Services - Housing Revenue Account	Actuals	Original Budget	Latest Budget	Original Budget	Variance	Variance
	2021/22	2022/23	2022/23	2023/24	2022/23	2023/24
	£	£	£	£	£	£
	A	B	C	D	C - B	D - B
Expenditure						
10-0-6999-10000-62104	0	0	0	0	0	0
10-0-6999-10000-64500	698,432	942,000	942,000	942,000	0	0
10-0-6999-10000-62111	6,228,207	6,350,100	7,705,500	8,424,500	1,355,400	2,074,400
10-0-6999-10000-62201	36	0	0	0	0	0
10-0-6999-10000-62202	14	3,000	3,000	12,000	0	9,000
10-0-6999-10000-62204	0	0	0	0	0	0
10-0-6999-10000-62400	44,984	50,600	50,600	50,600	0	0
10-0-6999-10000-62401	281,586	145,100	145,100	145,100	0	0
10-0-6999-10000-62500	48,183	42,300	42,300	42,300	0	0
	Premises	7,301,442	7,533,100	8,888,500	1,355,400	2,083,400
10-0-6999-10000-65105	0	4,100	4,100	4,100	0	0
10-0-6999-10000-64503	810	0	0	0	0	0
10-0-6999-10000-64950	0	77,200	77,200	77,200	0	0
10-0-6999-10000-64951	(31,782)	402,600	402,600	402,600	0	0
10-0-6999-10000-67001	0	0	119,400	0	119,400	0
	Supplies & Services	(30,971)	483,900	603,300	483,900	0
	Consultants Fees	0	0	0	0	0
	Third Party Payments	0	0	0	0	0
10-0-6999-10000-67000	2,810,027	2,602,800	3,557,800	4,376,200	955,000	1,773,400
	Supervision & Management - Special	3,348,872	3,726,100	4,633,000	4,864,100	906,900
	Support Services	6,158,898	6,328,900	8,190,800	9,240,300	1,861,900
10-0-6999-10000-68100	5,604,451	6,206,500	6,206,500	6,206,500	0	0
10-0-6999-10000-68101	497,509	0	0	0	0	0
10-0-6999-10000-68102	47,597	0	0	0	0	0
10-0-6999-10000-68200	0	0	0	0	0	0
	Capital Charges	6,149,557	6,206,500	6,206,500	0	0
	Gross Expenditure	19,578,926	20,552,400	23,889,100	3,336,700	4,994,800
Income						
10-0-6999-10000-43000	0	(2,000)	0	0	2,000	2,000
10-0-6999-10000-43021	(745)	(4,200)	(4,200)	(4,200)	0	0
10-0-6999-10000-43016	(580,590)	(574,100)	(206,000)	(209,500)	368,100	364,600
10-0-6999-10000-43034	(20,000)	0	0	0	0	0
	Service Charges Supporting People	0	0	0	0	0
	Water Charges Supporting People	0	0	0	0	0
	Service Charges Leasehold	(6,737)	0	0	0	0
10-0-6999-10000-43500	(1,082,287)	(1,883,500)	(353,700)	(353,700)	1,529,800	1,529,800
10-0-6999-10000-43501	(25,736,608)	(26,341,100)	(26,341,100)	(28,185,000)	0	(1,843,900)
10-0-6999-10000-43502	(54,422)	(100,000)	(100,000)	(107,000)	0	(7,000)
10-0-6999-10000-43503	0	0	(764,900)	(767,900)	(764,900)	(767,900)
10-0-6999-10000-43504	0	0	(33,000)	(33,000)	(33,000)	(33,000)
10-0-6999-10000-43505	0	0	(731,800)	(783,100)	(731,800)	(783,100)
10-0-6999-10000-43506	0	0	(34,500)	(34,500)	(34,500)	(34,500)
10-0-6999-10000-43507	0	0	(335,700)	(335,700)	(335,700)	(335,700)
10-0-6999-10000-69002	(39,400)	(38,700)	(38,700)	(38,700)	0	0
	Gross Income	(27,520,789)	(28,943,600)	(28,943,600)	0	(1,908,700)
	Net Income from Services	(7,941,864)	(8,391,200)	(5,054,500)	(5,305,100)	3,086,100
10-0-6999-40010-49003	(15,100)	(304,200)	418,200	1,374,000	722,400	1,678,200
10-0-6999-40013-69101	0	(100,000)	(100,000)	(100,000)	0	0
	Net Operational Income	(7,956,964)	(8,795,400)	(4,736,300)	(4,031,100)	4,764,300
Appropriations						
10-0-6999-10000-68000	14,585,100	14,357,000	0	0	(14,357,000)	(14,357,000)
10-0-6999-10000-68001	(14,585,100)	(14,357,000)	0	0	14,357,000	14,357,000
10-0-6999-40009-68002	4,765,564	4,765,600	4,765,600	4,765,600	0	0
10-0-6999-40017-69000	(6,149,557)	0	0	0	0	0
10-0-6999-40017-69013	6,149,557	0	0	0	0	0
10-0-6999-40003-69001	3,273,754	0	0	0	0	0
10-0-6999-40003-69310	0	119,600	119,600	119,600	0	0
10-0-6999-40017-69002	464,636	73,400	73,400	73,400	0	0
10-0-6999-40017-69014	3,893,321	4,220,700	281,000	(652,400)	(3,939,700)	(4,873,100)
10-0-6999-40002-49321	2,221,225	0	0	0	0	0
10-0-6999-40008-69011	(2,221,225)	0	0	0	0	0
10-0-6999-40017-69001	(3,177,863)	0	0	0	0	0
10-0-6999-40017-49002	(650,300)	(100,000)	(219,400)	(100,000)	(119,400)	0
10-0-6999-40008-49008	0	0	0	0	0	0
10-0-6999-40014-69007	0	0	0	0	0	0
10-0-6999-40002-69011	0	0	0	0	0	0
10-0-6999-40001-69200	9,139	0	0	0	0	0
10-0-6999-40016-49200	(1,251,006)	(878,800)	(878,800)	(1,490,200)	0	(611,400)
10-0-6999-40006-69102	421,950	402,000	402,000	928,800	0	526,800
10-0-6999-40012-69302	169,070	165,700	165,700	359,100	0	193,400
	Transfer (To) / From HRA Reserves	(38,700)	(27,200)	(27,200)	(27,200)	0
	Balance Brought Forward	(1,482,900)	(1,513,100)	(1,513,100)	(1,540,300)	0
	HRA Balance Carried Forward	(1,521,600)	(1,540,300)	(1,540,300)	(1,567,500)	0

Housing Services - Housing Revenue Account (HRA)							
Service Area Code	Service Area's	Actuals 2021/22 (.A)	Original Budget 2022/23 (.B)	Latest Budget 2022/23 (.C)	Original Budget 2023/24 (.D)	Variance 2022/23 (C-B)	Variance 2022/24 (D-B)
S6099	Tenancy Management	(15,154)	1,060,400	479,600	694,000	(580,800)	(366,400)
S7000	Housing Revenue Ac	(0)	0	0	0	0	0
S7010	Hsg Sup+Man General	(13)	(194,500)	(43,600)	(51,800)	150,900	142,700
S7020	Housing Business Support	(680,504)	(2,283,800)	(1,263,700)	(1,448,500)	1,020,100	835,300
S7030	Housing Services Management	18,695	(9,800)	120,000	(82,600)	129,800	(72,800)
S7040	Business Development	119,122	382,600	94,400	261,300	(288,200)	(121,300)
S7060	Maintenance	506,192	457,500	526,900	587,100	69,400	129,600
S7070	Independent Living	51,662	587,600	86,400	40,500	(501,200)	(547,100)
S7410	Warwick Response	897,285	813,000	1,254,100	1,455,800	441,100	642,800
S7430	Homelessness	34,403	35,300	41,400	45,400	6,100	10,100
S7450	Utilities	450,349	210,700	286,000	634,400	75,300	423,700
S7460	Community Centres	52,918	41,100	45,100	60,100	4,000	19,000
S7635	Building & Estates Service	(1,434,954)	(1,100,100)	(1,837,400)	(2,494,800)	(737,300)	(1,394,700)
S7900	Housing Repairs - Major	(3,505,835)	(3,260,100)	(3,453,900)	(3,695,300)	(193,800)	(435,200)
S7950	Housing Repairs - Responsive	3,505,835	3,260,100	3,664,700	3,994,400	404,600	734,300
Total Housing Services HRA		1	0	0	0	0	0
Subjective Analysis							
Direct Expenditure							
Employees		3,650,455	3,665,300	3,997,000	4,511,300	331,700	846,000
Premises Related Exp		13,623,726	13,790,500	15,569,000	17,403,600	1,778,500	3,613,100
Transport		19,710	26,700	58,600	64,900	31,900	38,200
Supplies and Services		(11,731,414)	(11,313,300)	(14,594,700)	(16,416,300)	(3,281,400)	(5,103,000)
Third Party Payments		1,589,439	2,136,100	2,182,300	2,128,500	46,200	(7,600)
Transfer Payments		0	0	0	0	0	0
BS Internal Debit		11,401,236	9,140,600	5,200,900	4,267,500	(3,939,700)	(4,873,100)
BS Internal Credit		(3,537,472)	(815,300)	(212,300)	971,700	603,000	1,787,000
Total Direct Expenditure		15,015,679	16,630,600	12,200,800	12,931,200	(4,429,800)	(3,699,400)
Direct Income							
Government grants		(185,343)	(29,000)	(29,000)	(17,500)	0	11,500
Other Grants & Contributions		(40,840)	(41,600)	(41,600)	(14,200)	0	27,400
Fees and Charges		(1,199,344)	(1,152,200)	(1,187,300)	(1,186,400)	(35,100)	(34,200)
Sale of Goods		(236,593)	(193,900)	(171,100)	(183,300)	22,800	10,600
Interest		0	0	0	0	0	0
Rents		(26,873,385)	(28,324,600)	(28,324,500)	(30,229,700)	100	(1,905,100)
Total Direct Income		(28,535,505)	(29,741,300)	(29,753,500)	(31,631,100)	(12,200)	(1,889,800)
Net Direct (Income) / Expenditure		(13,519,826)	(13,110,700)	(17,552,700)	(18,699,900)	(4,442,000)	(5,589,200)
Support Charges							
Support Services		11,131,840	11,311,000	15,443,700	16,732,500	4,132,700	5,421,500
Capital Charges		6,149,557	6,206,500	6,206,500	6,206,500	0	0
Capital Charges Adjustment		0	0	0	0	0	0
Recharges		(3,761,570)	(4,406,800)	(4,097,500)	(4,239,100)	309,300	167,700
Total Support Charges		13,519,827	13,110,700	17,552,700	18,699,900	4,442,000	5,589,200
Net (Income) / Expenditure to Summary		1	0	0	0	0	0



General Fund Capital Programme						
General Fund Portfolio	Latest Budget 2022/23	Proposed Expenditure 2022/23	Proposed Expenditure 2023/24	Proposed Expenditure 2024/25	Proposed Expenditure 2025/26	Total 2022/23 to 2025/26
	.(A)	.(B)	.(C)	.(D)	.(E)	.(A+B+C+D+E)
	£000	£000	£000	£000	£000	£000
Strategic Leadership	1,111	1,526	75	0	0	2,713
Customer & Digital Services	647	179	1,643	544	618	3,631
Safer Communities, Leisure & Environment	21,895	13,225	16,996	3,305	0	55,421
Finance	138	140	0	0	0	277
Neighbourhood & Assets	14,119	13,868	624	80	80	28,772
Place, Arts & Economy	19,970	14,742	14,119	4,170	0	53,001
Housing Services - GF	0	0	0	0	0	0
Total General Fund Capital Programme Summary	57,880	43,680	33,456	8,099	698	143,814
Strategic Leadership Total						
Bowling Greens - Commonwealth Games	20	20	0	0	0	40
Commonwealth Games - General	87	87	0	0	0	175
Commonwealth Games - Leamington Station	1,004	944	0	0	0	1,948
Commonwealth Games - Green Parks Enhancements	0	370	0	0	0	370
Commonwealth Games - Access & Transport to/from Victoria Park	0	0	0	0	0	0
Commonwealth Games cycleway upgrade	0	0	0	0	0	0
Warwick Station Fence	0	30	0	0	0	30
St. Mary's Church Tower Restoration	0	50	50	0	0	100
Railway Line Spur To Draycote Water (Sustrans)	0	25	25	0	0	50
Strategic Leadership Total	1,111	1,526	75	0	0	2,713
Customer & Digital Services TOTAL						
AV Kit	0	22	0	0	0	22
Software/Digital-- Strategy Seed Funding	200	0	300	50	0	550
Software/Digital-- GIS	70	0	70	0	0	140
Desktop infrastructure	44	11	37	200	125	417
Voice of IP telephone system	0	8	67	0	0	75
Storage Area Network (SAN)	0	0	170	0	0	170
Network devices LAN & WAN	284	14	360	15	15	687
Infrastructure general	0	14	15	15	15	58
Transforming Our Workplace	0	10	0	0	0	10
Physical server replacement	0	0	46	15	0	61
Backup solution	0	0	100	0	0	100
Virtualisation Servers	0	0	10	0	0	10
Infrastructure replacement	0	0	60	0	0	60
Contact Centre	50	0	58	0	0	108
UPS	0	0	10	0	14	24
Recovery (Covid-19) ICT Provision of laptops etc.	0	0	0	0	0	0
Recovery (Covid-19) ICT Remote Desktop Services (RDS)	0	0	0	0	0	0
Recovery (Covid-19) ICT Security --firewall upgrades/servers	0	0	0	0	0	0
Cyber Security Posture	0	100	0	0	0	100
Mobile Phone Replacement	0	0	20	0	0	20
Relocation to Crown Hosting Site	0	0	50	0	0	50
Development, Building Control and LLPG Replacement.	0	0	250	50	0	300
Committee Services Software Replacement	0	0	20	0	0	20
Regulatory Services Software	0	0	0	200	50	250
Revenues and Benefits Replacement or Renewal (assumed max of £400k)	0	0	0	0	400	400
Customer & Digital Services Total	647	179	1,643	544	618	3,621
Safer Communities, Leisure & Environment						
Castle Farm sports pitch drainage	73	0	73	0	0	146
Leisure Refurbishments	0	0	0	0	0	0
Whitnash Community Hub--move to Paddy's portfolio	0	0	0	0	0	0
AV system in Council Chamber at Town Hall	0	0	0	0	0	0
Local football facilities	0	0	0	0	0	0
Outdoor Gym Equipment	0	0	0	0	0	0
Victoria Park Play Area	0	355	0	0	0	355
Abbey Fields LC New Building	5,809	1,157	9,455	0	0	16,421
Castle Farm LC New Building	11,739	10,032	6,512	0	0	28,283
St. John's Playing Fields Basketball Court Extension and New Footpath	0	12	0	0	0	12
Pottertons Landscaping Works	0	9	6	0	0	15
Community Stadium project	111	40	256	0	0	407
Athletics Facility Relocation	0	238	0	0	0	238
Myton footpath/cycleway	0	147	0	0	0	147
CCTV replacement system	0	53	0	0	0	53
Health & Community Protection IT system	83	99	28	0	0	209
Pump Rooms Gardens restoration	0	2	0	0	0	2
Tach Brook Country Park	2,182	93	167	2,809	0	5,250
Skate park in St. Nicholas Park	39	0	39	0	0	78
Newbold Comyn Masterplan & Cycling Facilities	851	884	0	0	0	1,734
Play area improvement programme	100	15	260	0	0	375
Jephson Gardens Signage and Interpretation	0	0	0	0	0	0
Spa Centre Lights and Radio Microphones	212	85	0	0	0	297
Victoria Park Tennis Facility	0	0	0	0	0	0
Kenilworth Leisure Centre Sites Fit Out Costs Abbey Fields	497	0	0	497	0	993
Kenilworth Leisure Centre Sites Fit Out Costs Castle Farm	201	0	201	0	0	402
Castle Farm LC Demolition	0	0	0	0	0	0
Newbold Comyn Pavilion Refurbishment	0	5	0	0	0	5
Safer Communities, Leisure & Environment	21,895	13,225	16,996	3,305	0	55,421
FINANCE						
Rural & Urban Initiatives	100	100	0	0	0	200
Financial Management System	38	40	0	0	0	77
Finance Total	138	140	0	0	0	277

Neighbourhood & Assets						
LAD 2 - Green Homes Grant	1,250	0	0	0	0	1,250
Warwick Town Wall	100	100	0	0	0	200
Recycling and refuse containers	80	86	80	80	80	
Car park pay & display machines	18	30	0	0	0	48
Waste Contract Costs for Depot (Stratford Rd and one-off costs)	40	113	0	0	0	153
Sherbourne Resource Park Development Costs	2,067	2,975	544	0	0	5,586
Street Cleansing/Ground Maintenance Vehicles	8,609	0	0	0	0	8,609
Sherbourne Resource Park recycling bins and caddies	1,955	1,955	0	0	0	3,910
Frontline Vehicle Fleet (SDC/WDC)	0	8,609	0	0	0	8,609
Neighbourhood & Assets Total	14,119	13,868	624	80	80	28,366
Place, Arts & Economy						
Warwick Gates Community Centre Extension	0	0	0	0	0	0
Princes Dr Rail Bridge Refurb & Public Art Project	0	0	0	0	0	0
2nd Warwick Sea Scouts' headquarters	0	0	0	0	0	0
Norton Lindsey Community Hub	34	0	0	0	0	34
St Mary's lands masterplan - cycleway	0	0	0	0	0	0
Kenilworth Wardens relocation	0	0	0	0	0	0
Kenilworth School loan	11,881	11,881	0	0	0	23,763
Kenilworth School HIF Grant	0	0	0	0	0	0
Kenilworth School HIF grant	0	0	0	0	0	0
Europa Way option to buy former farmhouse (Heathcote Farm)	0	0	0	0	0	0
Leper Hospital regeneration	916	922	0	0	0	1,837
Community Infrastructure Levy (CIL)	0	0	0	0	0	0
CFS Aeroproducts relocation to Warwick loan	100	100	0	0	0	200
HS2 Redesign of Stoneleigh Park Southern Accommodation Bridge	0	0	0	0	0	0
St Mary's Lands Masterplan - Hill Close Grant	0	0	0	0	0	0
Kenilworth Rugby Club Relocation Loan	0	0	0	0	0	0
St Mary's Lands Masterplan Main Entrance Improvements	0	0	0	0	0	0
St Mary's lands masterplan - maintenance & management plan	0	0	0	0	0	0
Future High Street	6,980	0	0	0	0	6,980
Future High Street-Town Hall	0	175	1,563	0	0	1,738
Future High Street- Spencer Yard	0	1,236	3,649	0	0	4,885
Future High Street- Former Stoneleigh Arms	0	150	2,860	0	0	3,010
Future High Street-Sorting office	0	100	5,040	4,170	0	9,310
Future High Street-Sustainable Movement	0	0	1,006	0	0	1,006
Cycle Improvements at Leamington Station	0	60	0	0	0	60
Lord Leycester Hospital	60	60	0	0	0	120
Villiers Street Land Purchase	0	58	0	0	0	58
Place, Arts & Economy Total	19,970	14,742	14,119	4,170	0	53,001
Housing Services - GF						
Jontek Control Centre software upgrade	0	0	0	0	0	0
Decarbonisation Grant (GF)	0	0	0	0	0	0
Housing Services - GF Total	0	0	0	0	0	0

Housing Investment Programme (HIP) 2022/23 to 2031/32						
Housing Investment Programme (HIP) Financing:	Latest Budget 2022/23	Proposed Expenditure 2023/24	Proposed Expenditure 2024/25	Proposed Expenditure 2025/26	Proposed Expenditure 2026/27 - 2031/32	Total 2022/23 - 2031/32
	.(A) £000	.(B) £000	.(C) £000	.(D) £000	.(E) £000	.(A+B+C+D+E) £000
Capital receipts: UCR	50	50	50	50	300	500
Capital Receipts: One for One replacement	550	450	450	2,317	3,300	7,067
HRA Capital Investment Reserve	5,183	9,214	6,514	4,757	18,000	43,668
Major Repairs Reserve	7,093	6,865	6,465	6,247	37,610	64,279
S 106 Affordable Housing Contributions	793	0	0	0	0	793
Shared Ownership Sales Capital Receipts	535	2,162	812	478	955	4,942
Homes England Affordable Homes Grant - Turpin Court Garage Site	570	0	0	0	0	570
Homes England Affordable Homes Grant - Juniper Way	0	6,000	0	0	0	6,000
Market Rate Cross Subsidy Capital Receipts - Cubbington Riding School	4,990	0	0	0	0	4,990
LAD 2 BEIS - Green Homes Grant - Midlands Energy Hub	293	0	0	0	0	293
LAD 3 BEIS - Sustainable Warmth Grant - On Gas Delivery	5,793	0	0	0	0	5,793
BEIS WAVE 2 Grant Funding	0	1,094	1,094	547	0	2,734
HRA Additional Borrowing	14,451	21,067	22,895	8,166	16,512	83,091
Housing Revenue Account Related HIP Financing	40,301	46,901	38,280	22,561	76,676	224,719
General Fund Housing Financing:						
General Fund Additional Borrowing	0	0	0	0	0	0
Housing Revenue Account Related HIP Financing	0	0	0	0	0	0
Estimated Housing Investment Programme Resources at:-	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026 to 31/03/2030	Total 31/03/22 to 31/03/30
	£000	£000	£000	£000	£000	£000
Capital Receipts: One for One replacement & Buy Back Allowance	97	687	1,277	1,867	2,400	6,327
HRA Capital Investment Reserve	29,206	21,023	13,809	9,295	22,691	96,024
Major Repairs Reserve	6,150	5,206	4,491	4,176	19,295	39,319
HRA Shared Ownership Capital Receipts from New Build Acquisitions	535	2,497	812	478	1,433	5,755
S 106 Affordable Housing Contributions	793	0	0	0	0	793
Homes England Affordable Homes Grant - Turpin Court	570	0	0	0	0	570
Homes England Affordable Homes Grant - Juniper Way	0	6,000	0	0	0	6,000
Market Rate Cross Subsidy Capital Receipts - Cubbington Riding School	5,413	0	0	0	0	5,413
LAD 2 BEIS - Green Homes Grant - Midlands Energy Hub	293	0	0	0	0	293
Warmth Grant - On Gas Delivery & Private Sector Landlord Contributions	5,793	0	0	0	0	5,793
BEIS Social Housing Decarbonisation WAVE 2 Grant Funding	0	1,094	1,094	547	0	2,734
Total Housing Investment Programme Resources	48,849	36,507	21,483	16,362	45,819	169,020

Cabinet

Excerpt of the Minutes of the meeting held on Wednesday 8 March 2023 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors Day (Leader), Bartlett, Cooke, Falp, Hales, Matecki, Rhead, and Tracey.

Also Present: Councillors: Boad (Liberal Democrat Group Observer), Davison (Green Group Observer), Mangat (Labour Group Observer), and Milton (Chair of Overview & Scrutiny Committee).

Before starting the meeting, the Leader noted that it was International Women's Day; an opportunity to celebrate not just the achievement of Women but also to raise awareness around discrimination and to take action to drive for gender parity.

105. **Apologies for Absence**

Apologies were received from Councillor Grainger.

106. **Declarations of Interest**

There were no declarations of interest made in respect of the Part 1 items.

Part 1

(Items upon which a decision by the Council was required)

108. **Treasury Management Strategy 2023/24**

The Cabinet considered a report from Finance which detailed the strategy that the Council would follow in carrying out its Treasury Management activities in 2023/24.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defined treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

This definition was included within the Council's Treasury Management Policy Statement 2023/24, at Appendix A to the report.

While any 'commercial' initiatives or loans to third parties would impact on the treasury function, these activities were generally classed as non-treasury activities, (arising usually from capital expenditure), and were separate from the day-to-day treasury management activities.

The Council's treasury management operations were governed by various Treasury Management Practices (TMPs) that the CIPFA Treasury Management Code required to be produced by the Council and adhered to by those officers engaged in the treasury management function. These

TMPs had previously been reported to the Cabinet and were subject to periodic Internal Audit review.

There were updates made to the TMPs before 1 April 2022, and a major re-write had been made to fully incorporate the 2021 CIPFA recommendations alongside the report.

Under CIPFA's updated *Treasury Management in Public Services Code of Practice* the Council continued to be required to have an approved annual *Treasury Management Strategy*, under which its treasury management operations could be carried out. The proposed Strategy for 2023/24 was included as Appendix B to the report.

The Council had regard to the Government's Guidance on Local Government Investments. The guidance stated that an *Annual Investment Strategy* must be produced in advance of the year to which it related and must be approved by the full Council. The Strategy could be amended at any time and it must have been made available to the public. The Annual Investment Strategy for 2023/24 was shown as Appendix C to the report.

The Council needed to make provision for the repayment of its outstanding long-term debt and other forms of long-term borrowing such as finance leases. Statutory guidance issued by DLUHC required that a statement on the Council's *Minimum Revenue Provision (MRP) Policy* should be submitted to full Council for approval before the start of the relevant financial year. This was contained in Appendix D to the report.

On 30 November 2021 DLUHC issued "*Consultation on changes to the capital framework: Minimum Revenue Provision*", to last for 10 weeks until 8 February 2022. The latest information Link had was that any changes would take effect from 2024/25 at the earliest, rather than 2023/24 as original proposed, but nothing definitive had been released.

The paper primarily covered the concerns that the Government had in respect of compliance with the duty to make a prudent revenue provision, which in their view, resulted in an underpayment of MRP. The consultation document stated that the DLUHC were not intending to change the statutory MRP guidance, but to clearly set out in legislation the practices that authorities should have already been following.

However, the initial proposals had the potential to remove the discretion of Councils to interpret their measure of a prudent MRP policy, and, in particular, to elect to use capital receipts from capital loan repayments to be put aside to repay debt in place of the revenue charge. This would have had major implications for Councils such as Warwick District Council, so along with many Councils, officers responded against that proposal.

If and when the changes took effect, the Government had said that they would be "prospective", meaning that although they would not apply to previous financial years, they would apply to existing loans repayable after that date. This would, contrary to the accountancy and legal advice obtained at the time, apply to the housing joint venture loans, which would require MRP being charged, which would run into many millions of pounds each year. The Council had responded to the Government's consultation, pointing out the severe impact and uncertainty such changes

would make.

The recommended MRP Policy at Appendix D to the report would still enable the MRP to exclude such loan repayments, until a Government decision was made on the consultation, but a full risk assessment based on the latest information and recommendations from Link etc. would be undertaken before any capital investment for which the MRP 'holiday' might be deemed to apply was committed.

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

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

The key points were:

- a) An authority must not borrow to invest primarily for financial return.
- b) Revised definition of investments.
- c) Quarterly monitoring and reporting of Performance Indicators.
- d) New performance indicator for net income from commercial and service investments as a percentage of net revenue stream.
- e) New performance indicator for the 'liability benchmark'.
- f) Capital Finance Requirement includes heritage assets.
- g) Annual strategy review of divesting commercial activities.
- h) Objectives must include the need for plans and risks to be proportionate.
- i) New definitions of prudence.
- j) Reference to Environmental Sustainability in the Capital Strategy.
- k) Production of an annual Capital Strategy. Link recommended that this should be a separate high-level corporate document.

Point d) above introduced a new distinction of service investments. The revised Treasury Management Code required all investments and investment income to be attributed to one of the following three purposes:

Treasury management - Arising from the organisation's cash flows or treasury risk management activity, this type of investment represented balances which were only held until the cash was required for use.

Treasury investments might also arise from other treasury risk management activity which sought to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

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

Commercial return - Investments held primarily for financial return with no treasury management or direct service provision purpose.

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

- The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.
- An authority must not borrow to invest for the primary purpose of commercial return.
- It was not prudent for local authorities to make any investment or spending decision that would increase the CFR, and so might lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns were either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
- An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
- A prudential indicator was required for the net income from commercial and service investments as a proportion of the net revenue stream.
- Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

As previously reported, the Council had no 'Commercial return' investments.

The Cabinet previously requested that the 2020/21 Treasury Management Strategy Statement considered the policy of investing in fossil fuels. The Council had some minor (c. 5%) exposure to fossil fuel extraction companies in two corporate equity funds, operational since 2017/18. The Council divested from these funds during 2021/22 and no longer had any directly measurable investment exposure to fossil fuel extraction.

In terms of alternative options, the report set out the capital spending and borrowing requirements for the financial year 2023/24 within the Prudential Indicators (PIs). The Council could increase or decrease these limits, provided that these PIs were within the envelope of what was affordable and prudent, taking account of interest costs and the Minimum Revenue Provision ("depreciation") requirements.

The 2023/24 budget for investment income, after inclusion of growth items, was set out in paragraph 4.5 in the report.

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

Whilst any 'service' (not to be confused with commercial / primarily 'for yield') initiatives or loans to third parties would impact on the treasury function, these activities were generally classed as non-treasury activities, (arising usually from capital expenditure), and were separate from the day-to-day treasury management activities.

The Overview & Scrutiny Committee thanked officers for their work on the report. The Committee supported the changes to the wording relating to the UK Risk Rating, set out as Appendix C – Annex 3 to the minutes. The Committee noted that further consideration should be given to Environmental Social and Governance (ESG) criteria and other countries for investments in the next Council.

Councillor Hales stated that it was important that next administration got a very good level of training in financial management, given its importance to the Council. He also noted the comments from the Overview and Scrutiny Committee around the ESG criteria and other countries for investments in the next Council and this would be reviewed under the next administration. He then proposed the report as laid out.

Recommended to Council that

- (1) the Treasury Management Strategy for 2023/24 as outlined in paragraph 1.6 in the report and contained in Appendix B to the minutes, be approved;
- (2) 2023/24 Annual Investment Strategy as outlined in paragraph 1.7 and contained in Appendix C to the minutes, be approved;
- (3) The Minimum Revenue Provision Policy Statement as outlined in paragraph 1.8 in the report and contained in paragraphs 5.1 to 5.5 of Appendix D to the minutes, be approved; and
- (4) the Prudential and Treasury Indicators as outlined in paragraph 1.14 and contained in Appendix E to the minutes, including the amount of long-term borrowing required for

planned capital expenditure, be approved.

(The Portfolio Holder for this item was Councillor Hales)

Forward Plan Reference 1,320

109. **Local Authority Housing Fund Award**

The Cabinet considered a report from Housing. The Department for Levelling Up, Housing and Communities (DLUHC) had awarded Warwick District Council a grant of £2,820,431 from a national award of £500 million to support the purchase of 21 properties to provide sustainable housing for Afghan and Ukrainian families seeking refuge in the area. The aim of the report was to seek approval for the purchases and the additional funding required to complete the purchases within the required timeframe.

The LAHF was launched on 14 December 2022. The details of the fund were shared with the Council in the document 'Local Authority Housing Fund – Prospectus and Guidance' ('the Prospectus'). It was a £500m capital grant fund to support local authorities in England to provide sustainable housing for those unable to secure their own accommodation i.e. Afghan and Ukrainian refugees.

The objectives of the scheme were:

- to ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offered sanctuary, via an organised safe and legal entry route, to those fleeing conflict, provided sufficient longer term accommodation to those they supported;
- support areas with housing pressures which had generously welcomed substantial numbers of Ukrainian refugees so that these areas were not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems; and
- mitigate the expected increased pressures on local authority homelessness and social housing resources which arose from the eligible cohort as sponsorship/family placements/bridging accommodation arrangements came to an end by increasing the provision of affordable housing available to local authorities to support those in the cohort who were homeless, at risk of homelessness, or in bridging accommodation;

Given the objectives of the fund, those eligible for the housing were those who were homeless, at risk of homelessness or who lived in unsuitable Temporary Accommodation (including bridging accommodation) and who also met the below definition.

Those on the:

- (a) Afghan Citizen Resettlement Scheme (including eligible British Nationals under this scheme) (ACRS).
- (b) Afghan Relocations and Assistance Policy (ARAP).
- (c) Ukraine Family Scheme (UFS).
- (d) Homes for Ukraine (HFU).
- (e) Ukraine Extension Scheme (UES).

- reduce emergency, temporary and bridging accommodation costs;
- deliver accommodation that as far as possible allowed for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends);
- utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort;
- reduce pressures on the existing housing and homelessness systems and those waiting for social housing.

The DLUHC had awarded Warwick District Council £2,820,431 to purchase:

- 19 properties for households that met the eligibility criteria referred to as the 'the main element; and
- 2 x 4 bed properties to be allocated to households currently in bridging accommodation referred to as the bridging element.

The grant represented 40% of the purchase price for the main element and 50% for the bridging element. There was an allocation of £20,000 per property to cover other expenses. These expenses could include the purchase price, stamp duty, surveying, legal and other fees, refurbishments, energy efficiency measures, decoration, furnishings, or otherwise preparing the property for rent and potentially irrecoverable VAT incurred on these items. The Council should have ensured it complied with the Code of Practice for Local Authority Accounting.

The DLUHC had applied a deadline that the properties had to be delivered by 30 November 2023.

The purchase could be new build, existing dwellings, those requiring refurbishment and any combination to meet the scheme requirements by the stated deadline.

The properties were solely for Ukraine and Afghan households. This presented problems for authorities in that Council homes must only have been allocated through its published Housing Allocations Policy. DLUHC proposed that Councils use Local Lettings policies or provide the properties through a Registered Provider or the Councils Local Housing Company. There were advantages and disadvantages of each of these methods and further work was required to establish the optimum means of allocating these properties.

In terms of alternative options, one was to refuse the allocation and not purchase additional properties to assist the Afghan and Ukrainian refugees. However, the grant was being provided to assist with the purchase of properties and it would contribute to the number of social properties in the District.

Councillor Matecki praised the generosity of the public, particularly in the District, in helping to settle and house displaced persons. In response to a comment from Councillor Falp, the houses would not be labelled as 'refugee housing', they would be added to the Council's Housing stock. The houses were particularly for Afghan refugees and displaced people

from Ukraine. He then proposed the report as laid out.

Recommended to Council that

- (1) a total expenditure budget allocation of up to £6,282,550 to purchase 21 dwellings in the Housing Revenue Account (HRA), be approved. Of this total the HRA will fund £3,672,119 and DLUHC grant of £2,820,431 will provide 60% match funding for the purchase of 19 properties comprising the "main element" and for 50% towards the funding for the purchase of 2 properties to meet housing for the "bridging element" of the grant programme and to allow for potential sustainability/ environmental improvements to the properties;
- (2) authority be delegated to the Head of Housing in consultation with the Portfolio Holder for Housing to determine the optimum means of allocating these properties; and
- (3) authority be delegated to the Heads of Finance in consultation with the Portfolio Holders for Finance and Housing and the Head of Housing to determine the means of financing the scheme.

(The Portfolio Holder for this item was Councillor Matecki.
Forward Plan Reference 1,353

(The meeting ended at 8:01pm)

Treasury Management Policy Statement

Warwick District Council defines its Treasury Management activities as:

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

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

Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

A. Capital issues

- the capital expenditure plans and the associated prudential indicators – capital expenditure plans form part of the General Fund Budget report and the prudential and treasury indicators are included in Appendix E.
- the Minimum Revenue Provision (MRP) policy – see Appendix D. The DLUHC have recently released consultation covering proposed changes to Regulation 28, which could impact the current MRP policy. Please note that this will not be in force until 1 April 2024 and there are no changes required to the policy for 2023/24 financial year.

B. Treasury management issues

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

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

1 Training

- 1.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.
- 1.2 Following the May 2019 Council elections, Link Group (Link) delivered training to Members of the Audit and Standards Committee and other interested Members in November 2019, with a joint Stratford / Warwick webinar event on 25 January 2022. Further training will be provided to members of the Audit and Standards Committee at the earliest opportunity.
- 1.3 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, Link Treasury Services Limited ('Link') as its external treasury management advisor. A new 4 year contract was entered into in January 2023.
- 2.2 The Council recognises that responsibility for treasury management decisions always 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 the Council's treasury advisers.
- 2.3 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 2.4 Banking services are provided by HSBC Bank Plc, with the current agreement running until February 2025.

3 Benchmarking

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

4 Performance

- 4.1 Performance of the treasury function is reported twice yearly to the Audit and Standards Committee.
- 4.2 The Treasury Management team will seek to achieve a return on its money market investments equivalent to the forward Sterling Overnight Index Average¹ (SONIA) of a similar duration.
- 4.3 As SONIA is higher than the previous 'LIBID' benchmark, the outperformance of this benchmark is lower than under LIBID.

5 Prospects for interest Rates

- 5.1 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Further information is contained in Appendix F and Appendix G.
- 5.2 The following table gives Link's central view as at 7 February 2023. Their central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising

¹ SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors

fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.

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

- 5.3 Link anticipates that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgement: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Their best judgment is that there will be scope for an early Christmas present for households with a December rate cut priced in, ahead of further reductions in 2024 and 2025.
- 5.4 The CPI measure of inflation peaked close to 11% in Q4 2022 and is currently at 10.5%, and will need to fall considerably and quickly to persuade the MPC that they are not premature in thinking inflation will come back down below 4% by the end of the year. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market (unemployment remains at a near 48 year low 3.7%), and average wage increases are still above 6% year on year, against the backdrop of a significant number of high profile on-going strikes in the public sector (the Bank would broadly want wage increases to be in the range of 3% - 3.5%).
- 5.5 Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the medium to longer end of the curve in equal measure.
- 5.6 In the upcoming months, Link forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. And tensions between China / Taiwan / USA also have the potential to have a wider and negative economic impact.
- 5.7 On the positive side, consumers are still estimated to be sitting on significant excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent or mortgage payments
- 5.8 For comparison purposes, the rates assumed when setting the 2022/23 Treasury Management Strategy Statement are repeated below, illustrating the unexpected and seismic increase that have impacted on the current Strategy.

Link Group Interest Rate View 7.2.22													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

5.9 PWLB rates

5.10 Yield curve movements have become less volatile under the Sunak / Hunt Government. PWLB 5 to 50 years Certainty Rates have been in the range of 3.75% to 4.75%.

5.11 Link view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

5.12 The **overall balance of risks** to economic growth in the UK is to the downside, with the Bank of England projecting two years of negative growth in their November Quarterly Monetary Policy Report.

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

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

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

- 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 and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate later in the year or 2024.
- The **pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher as a consequence.

- Projected **gilt issuance**, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields compensating.

5.15 **Borrowing advice:** Link’s long-term (beyond 10 years) forecast for Bank Rate is 2.50%. As all PWLB certainty rates are now above this level, the borrowing strategy will need to be reviewed in that context. Better value can be obtained at the shorter end of the curve. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and gilt yields, to drop back later in 2023.

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

PWLB debt	Current borrowing rate as at 07.02.23 p.m.	Target borrowing rate now (end of Q1 2025)
5 years	4.02%	3.30%
10 years	4.19%	3.50%
25 years	4.61%	3.70%
50 years	4.31%	3.40%

5.17 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. Further detail is included in the borrowing strategy in section 7.

5.18 **Borrowing interest rates** fell to historically very low rates because of the COVID crisis and the quantitative easing operations of the Bank of England, but increased rapidly and significantly during 2022/23. The policy of avoiding new borrowing by running down spare cash balances has served local authorities, including Warwick, well over the last few years, saving on borrowing costs, although with hindsight the start of 2022 before the invasion of Ukraine would have been an optimum time to have taken some long-term borrowing.

5.19 Since November 2020 there has been a prohibition to deny any local authority access to borrowing from the PWLB where it had purchase of **assets for yield** in its three-year capital programme. The current margins over gilt yields are as follows:

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

6 Investment rates

- 6.1 Investment returns are expected to improve in 2023/24. However, while markets are pricing in further Bank Rate increases, actual economic circumstances may see the MPC adjust for new or changing circumstances.
- 6.2 The suggested budgeted investment earnings rates for investments up to about three months' duration in each financial year are as follows:

Average earnings in each year	
2022/23 (remainder)	4.30%
2023/24	4.30%
2024/25	3.20%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

- 6.3 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts, and the Council has used more prudent assumptions, particularly as the levels of investments are being reduced and kept relatively short, pending long-term borrowing. The Council's estimates are included at paragraph 3.14 of Appendix C, the Annual Treasury Management Investment Strategy.
- 6.4 For its cash flow generated balances, the Authority will seek to utilise its business deposit account, Money Market Funds and short-dated deposits, in order to benefit from the compounding of interest
- 6.5 The Council will continue to monitor events and will update its forecasts as and when appropriate, utilising advice from Link and other market commentators.

7 Borrowing Strategy

- 7.1 The capital expenditure plans set out in Section 4 of Appendix E provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the annual investment strategy.
- 7.2 The Council has no short-term borrowing, residual finance leases having been repaid. An assessment will be made of 'embedded leases' within the Council's contracts as at 31 March 2024 for IFRS 16 reporting purposes.

- 7.3 The Council's current long-term borrowing portfolio consists of £136.157 million HRA and £62 million General Fund PWLB debt.
- 7.4 The **HRA loans** were taken out in 2012 to finance the HRA Self Financing settlement, and the interest paid on this debt is entirely borne by the HRA and is provided for as part of the HRA Business Plan. The first of these loans is scheduled to be repaid on 28 March 2053 with the final loan being repaid on 28 March 2062.
- 7.5 The current HRA Business Plan from March 2023 includes substantial new PWLB borrowing, with the estimated interest costs based around current rates, which has been factored into this report. This is in addition to the recent borrowing requirement for the HRA, reflected by its Capital Financing Requirement (or CFR, the capital borrowing need) being £181.886 million at 31 March 2022, compared with the £136.157 million externally borrowed, with the difference of £45.729 million being temporary 'internal' borrowing, charged to the HRA by the General Fund.
- 7.6 Further analysis of this borrowing is included in Appendix E on the Prudential and Treasury Indicators. The new Liability Benchmark for the HRA shows the amount the HRA will soon be borrowing to finance the existing capital programme, peaking at £258 million, an increase of almost £122 million.
- 7.7 The original **General Fund loan** of £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).
- 7.8 A further £60 million was borrowed by the General Fund in 2021/22 for the Crewe Lane housing joint venture. These £60 million of loans comprise of six smaller amounts, with terms between 1½ and 5½ years, and the PWLB loans and the joint venture loans are coterminous.
- 7.9 The Council has been maintaining an under-borrowed position, which means that the CFR has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure, i.e., borrowing has been deferred. This strategy has been prudent while investment returns remain low relative to borrowing costs, with counterparty risk being an important consideration, i.e. if borrowing is taken when investment levels are above the minimum necessary for liquidity, the new borrowing would result in increase borrowing, involving more counterparties.
- 7.10 The General Fund's CFR at 31 March 2022 was £77.168 million, which excludes the £10 million advance to the joint venture made on 1 April 2022, so is matched to the underlying £62 million of loans, an under-borrowed position of £15.168 million. The General Fund Liability Benchmark shows that based on the current approved capital programme the debt will increase by £31 million to £103 million.
- 7.11 The borrowing undertaken for the housing joint venture does not change the under-borrowed position of previous financial years. The position is not sustainable in the longer-term as (a) the Council will eventually need to replenish the cash backing the Reserves and Balances to pay for future developments and maintain liquidity, and (b) the upside risk of PWLB and other

borrowing rates because of the risk of further economic shocks make it prudent to consider 'externalising' more of the internal borrowing by taking PWLB loans during 2023/24.

7.12 Additionally, there remain several potentially very large housing-related and other capital schemes that would significantly deplete or extinguish investment balances unless considerable external borrowing in 2023/24 or 2024/25 and beyond is undertaken. Please see Table 4 and Table 5 in Appendix E for details of proposed capital expenditure and financing, including the borrowing requirement. **Approval of these within the borrowing limits does not commit the Council to progressing with these schemes.**

7.13 Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

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

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

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

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

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

- 7.16 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:
- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
 - Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a 'cost of carry' or to achieve refinancing certainty over the next few years).
- 7.17 The degree which any of these options could prove cheaper than the PWLB Certainty Rate (the default source of borrowing) may vary, but the Council's advisors will keep the Council informed as to the relative merits of each of these alternative funding sources. Financial institutions and the Municipal Bond Agency (MBA) are likely to have significantly more complex administration and legal arrangements than PWLB loans, even though those arrangements have become more exacting in recent years.
- 7.18 The Council will use short-term borrowing (up to 365 days), if necessary, to finance temporary cash deficits. However, proactive cash flow management will aim to keep these to a minimum and, wherever possible, the loan would be taken out for periods of less than 7 days to minimise the interest payable. The Council has not incurred any short-term borrowing (or bank overdrafts) in 2022/23 to date and is not expecting to during 2023/24.
- 7.19 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

8 Policy on borrowing in advance of need

- 8.1 The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 8.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

9 Current treasury position

- 9.1 The investments at 31 December 2022 are summarised below:

Type of Investment	31 Dec 22 £'000	30 Sep 22 £'000	31 Mar 22 £'000
Money Markets incl. CD's & Bonds	33,735	28,547	32,500
Money Market Funds	24,925	20,551	32,756
Business Reserve Account	5,059	7,359	9,528
Total In House Investments	63,719	56,457	74,784
Corporate Equity Funds (nominal value)	-	-	-
Total Investments	63,719	56,457	74,784

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

External Borrowing	31 Dec 22 £'000	30 Sep 22 £'000	31 Mar 22 £'000
Public Works Loan Board	208,157	208,157	208,157
Other	-	-	-
Total external borrowing	208,157	208,157	208,157
Split between:			
Housing Revenue Account	136,157	136,157	136,157
General Fund	72,000	72,000	72,000
Total	208,157	208,157	208,157

10 Debt rescheduling

- 10.1 Rescheduling of current borrowing in the Council's debt portfolio portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.
- 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 Audit and Standards Committee at the next meeting.

Annual Treasury Management Investment Strategy

1 Investment policy – management of risk

1.1 The Department of Levelling Up, Housing and Communities (DLUHC) – formerly the MHCLG²) - and CIPFA³ have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

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

- DLUHC’s Guidance on Local Government Investments (“the Guidance”),
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”),
- CIPFA Treasury Management Guidance Notes 2018,
- Any revised reporting requirements included in the revised editions of Treasury Management Code and Prudential Code (Dec 2021) will be incorporated into the 2023/24 reports approved by Full Council
- The Council will have regard to the revised Treasury Management Code and Prudential Code (December 2021) and comply with new framework requirements ahead of formal adoption of reporting requirements from 1 April 2023.

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

1. **Security,**
2. **Liquidity and**
3. **Yield return.**



1.4 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council’s risk appetite.

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

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

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

² Ministry of Housing, Communities & Local Government

³ Chartered Institute of Public Finance & Accountancy

- 1.6.2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as '**credit default swaps**' and overlay that information on top of the credit ratings.
- 1.6.3. **Other information sources** used will include the financial press, share price and other such information relating to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 1.6.4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use under the categories of 'specified' and 'non-specified' investments:
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. 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.
- 1.6.5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 70% of the total investment portfolio.
- 1.6.6. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the matrix table in Appendix C Annex 2.
- 1.6.7. **Transaction limits** are not set for each type of investment, being subject to the lending limit.
- 1.6.8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**. (70% - see paragraph 3.12 below).
- 1.6.9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (Appendix C Annex 2).
- 1.6.10. This authority has engaged **external consultants**, (Appendix B section 2), to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- 1.6.11. All investments will be denominated in **sterling**.
- 1.6.12. As a result of the change in **accounting standards** for 2022/23 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 Fund⁴. This override applied to the Council's recently disposed equity funds and will be a factor in the appropriateness of Environmental Social & Governance (ESG) equity funds after 2022/23, given the uncertainty beyond 2024/25.

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

2. Changes in risk management policy from last year

- 2.1 The above criteria are unchanged from last year.

3. Creditworthiness policy

- 3.1 The Council makes use of the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies: Fitch, Moody's, and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- 'watches' and 'outlooks' from credit rating agencies
 - Credit Default Swap (CDS) spreads that may give early warning of changes in credit ratings
 - sovereign ratings to select counterparties from only the most creditworthy countries.
- 3.2 The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue reliance on any one agency's ratings.
- 3.3 Typically, the minimum credit ratings criteria the Council use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 3.4 All credit ratings will be monitored weekly and will inform every investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service:
- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of credit ratings the Council will be advised of information in movements in CDS spreads against the iTraxx European Financials benchmark and other market data daily via its *Passport* website,

⁴ In November 2018, the MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 2018. DLUHC have confirmed that they will extend the IFRS9 Pooled Investment Fund statutory override to 31 March 2025.

provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

- 3.5 Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.
- 3.6 All investments in property funds, corporate bonds and corporate equity funds will be supported by the advice of Link, the Council's treasury advisors. Where the Council makes Service Investments, these sit outside the service provided by Link and separate risk assessments will be completed (refer to Section 4 below of this report).
- 3.7 The Council will ensure that it maintains the lists of permitted investments and counterparty limits (Annexes 1 and 2) and will revise and submit the criteria to Council for approval when required. In respect of counterparty limits, the Council's investment balances have increased in recent years mainly due to increasing Housing Revenue Account (HRA) balances that are projected to be utilised in the medium term.
- 3.8 To provide flexibility and to continue to be able to invest in the highest quality counterparties, long-term credit rating of Fitch or equivalent, it is proposed to keep the counterparty limits for certain institutions as follows:

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

- 3.9 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.
- 3.10 The Council will continue to use Money Market Funds (MMFs), call bank accounts and the money markets to invest cash flow driven money until the time when it is required. Core investments may be invested in a combination of ESG corporate equity funds and the financial markets.
- 3.11 Based on its cash flow forecasts (subject to any 'internal borrowing' pending borrowing for new capital expenditure, including service investment), the Council anticipates that its investments in 2023/24 on average will be in the region of £55m, of which £12m will be 'core' investments i.e. made up of reserves and balances which are not required in the short term.
- 3.12 The maximum percentage of its investments that the Council will hold in long-

⁵ Constant Net Asset Value Money Market Funds

⁶ Low-Volatility Net Asset Value Money Market Funds

term investments (over 365 days) is 70%. It follows therefore that the minimum percentage of its overall investments that the Council will hold in short term investments (365 days or less) is 30%, with the expectation that this will be most investments in practice. Having regard to the Council's likely cash flows and levels of funds available for investment the amount available for long-term investment will be a maximum of 70% of the core investment portfolio subject to a total of £30 million at any one time in line with the Prudential Indicator covering this issue. These limits will apply jointly to the in-house team and any fund managers so that the overall ceilings of 70% and £30 million are not breached.

- 3.13 The Bank of England's Monetary Policy Committee made clear at its November 2022 meeting that further rate increases are in the pipeline and markets expect Bank Rate to peak at 4.5%-4.75%. At the time of writing, the MPC had increased the Bank rate by ½% to 4.00% on 2 February 2023. Investing in 2023/24, is therefore likely to be conducted, first, in a rising interest rate environment, but also - potentially - a falling interest rate environment at the back-end of the financial year, depending on how quickly inflation falls back and how growth performs.
- 3.14 Based on current investment policies and interest rate projections at budget setting, it is currently estimated that the overall portfolio will achieve a 1.85% return for 2022/23, increasing to 2.80% for 2023/24, based on expected movements in Base Rate.

4. Investments that are not part of treasury management activity

- 4.1 Where, in addition to treasury management investment activity, the Council makes service investments in other financial assets and property, and there may be a financial return that is not the primary driver (to avoid the Council being excluded from taking PWLB borrowing), these investments will be proportional to the level of resources available, and the Council will ensure the same robust procedures for the consideration of risk and return are applied to these decisions.
- 4.2 The Council recognises that investment in other financial assets e.g., loans to third parties and property, may be taken for non-treasury management purposes, requiring careful investment management. Such activity includes loans supporting service outcomes, such as housing provision or economic regeneration.
- 4.3 The Council's framework to consider such non treasury management investments would be reflected within the *Capital Strategy*, referred to in this report. All such investment proposals will be considered on their own merits and in accordance with the Council's risk appetite, and have regard to treasury management principles.
- 4.4 The Council will ensure the organisation's investments are covered in the capital programme, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

Schedule of specified and non-specified investments

Specified Instruments (365 days or less)

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

Non-Specified Investments

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

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

Counterparty Limits

Investment / counterparty type:	# Sovereign country min. credit rating	S/term	L/term	Viability / support	Max limit per counterparty	Max. maturity period	Use	Notes ref
Specified instruments: <i>(repayable within 12 months)</i>		(FITCH or equivalent)						
DMADF	AA-	n/a			£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	AA-	F1	A		£9m	365 days	In house & EFM*	1 & 2
Bank - private (includes fixed term deposits, CDs and category 1 FRNs & bonds)	AA-	F1	A		£5m	365 days	In house & EFM*	1 & 2
	AA-	F1	A+		£7m	365 days	In house & EFM*	1 & 2
	AA-	F1	AA- & above		£8m	365 days	In house & EFM*	1 & 2
	AA-	F1	A		£4m	365 days	In house & EFM*	1 & 2
Other private sector financial institutions (includes category 1 FRNs & bonds)	AA-	F1	A+		£6m	365 days	In house & EFM*	1 & 2
	AA-	F1	AA- & above		£7m	365 days	In house & EFM*	1 & 2
Corporates (category 3 FRNs & bonds)	AA-	F1	A		£4m	365 days	In house & EFM*	1 & 2
	AA-	F1	A+		£5m	365 days	In house & EFM*	1 & 2
	AA-	F1	AA- & above		£6m	365 days	In house & EFM*	1 & 2
Bank subsidiaries of UK banks	Explicit Parent Guarantee	Unrated			£5m	3 months	In house & EFM*	1 & 3
Money Market Fund (CNAV)		AAA _m / Aaa-mf/AAA _{mmf}			£10m	liquid	In house & EFM*	
Money Market Fund (LVNAV)		AAA _m / Aaa-mf/AAA _{mmf}			£10m	liquid	In house & EFM*	
Money Market Fund (VNAV)		AAA _f S1 / Aaa-bf/ AAA/V1			£6m	liquid	In house & EFM*	4
Building societies - category A	AA-	F1	A		£4m	365 days	In house & EFM*	1a.
Building societies - category B	AA-	F1			£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	Determined by EFM	n/a			£5m	365 days	EFM*	
Sterling securities guaranteed by HM Government	AA-	n/a			9m	not defined	EFM*	

Investment / counterparty type:	# Sovereign country min. credit rating	S/term	L/term	Viability / support	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	AA-	F1	A		£9m	2 years	In house + advice & EFM*	1b, 2, & 10
Bank - private (includes fixed term deposits, CDs and category 1 FRNs & bonds)	AA-	F1	A		£5m	2 years	In house + advice & EFM*	1b, 2, & 10
	AA-	F1	A+		£7m	2 years	In house + advice & EFM*	1b, 2, & 10
	AA-	F1	AA- & above		£8m	2 years	In house + advice & EFM*	1b, 2, & 10
Other private sector financial institutions (includes category 1 FRN's & Bonds)	AA-	F1	A		£4m	2 years	In house + advice & EFM*	1b, 2, & 10
	AA-	F1	A+		£6m	2 years	In house + advice & EFM*	1b, 2, & 10
	AA-	F1	AA- & above		£7m	2 years	In house + advice & EFM*	1b, 2, & 10
Corporates (category 3 FRN'S, Bonds)	AA-	F1	A		£4m	2 years	In house + advice & EFM*	1b, 2, & 10
	AA-	F1	A+		£5m	2 years	In house + advice & EFM*	1b, 2, & 10
	AA-	F1	AA- & above		£6m	2 years	In house + advice & EFM*	1b, 2, & 10
Building societies - > 1 year	AA-	F1	A		£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	See note 13		N/A		£4m	10 years	EFM*	13 & 14
Corporate Equity Funds - medium risk	See note 13		N/A		£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	see note 8		n/a		£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
Includes business call reserve accounts, special tranches & any other form of investment with that institution e.g. certificate of deposits, corporate bonds and repos,
1. 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
Includes business call reserve accounts, special tranches & any other form of investment with that institution e.g. certificate of deposits, corporate bonds and repos,
1a. 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

Appendix C Annex 3**Approved Countries for Investments**

This list, as at 21 December 2022, is based on those countries which have sovereign ratings of AA- or higher, based on the lowest rating from Fitch, Moodys and S&P.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss / Kwarteng unfunded tax-cuts policy. Although the Sunak / Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

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 (MRP) Policy Statement

1 Background

- 1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement, CFR) through a revenue charge (the Minimum Revenue Provision, MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). The MRP is equivalent to 'depreciation' in other sectors.
- 1.2 MHCLG (DLUHC) guidance requires the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following **MRP Statement**.
- 1.3 The *Statutory Guidance on Minimum Revenue Provision*⁷ 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 2008⁸. It can also be used to calculate MRP on debt incurred under the new system, but which is supported through the annual SCE (Supported Capital Expenditure) allocation from DCLG (now DLUHC).

2.2 Option 2 – Capital Financing Requirement Method

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

2.3 Option 3 – Asset Life Method

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

⁷ 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.

⁸ The Council had no debt at this date

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

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

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

2.4 Option 4 – Depreciation Method

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

3 HRA

- 3.1 There is no requirement on the HRA to make a MRP but there is a requirement for a charge for depreciation to be made.
- 3.2 Under the Self Financing regime, the HRA Business Plan has to provide resources for the repayment of the £136.157m borrowed from the PWLB on the 28 March 2012. Repayment of this debt is currently provided for commencing in year 41 (2052/53) and continuing through to year 50 year of the Business Plan.
- 3.3 The HRA will apply the same principle to new borrowing undertaken for capital investment.

4 MRP Overpayments / Voluntary Revenue Provision (VRP)

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

5 Warwick District Council Policy

- 5.1 It is recommended that for any long-term borrowing on the General Fund e.g. leisure centre refurbishments, the following methods of Minimum Revenue Provision be adopted:
 - For borrowing specifically linked to a particular asset or capital scheme – Option 3 based on the annuity method.

- For borrowing that cannot be linked to a particular asset or capital scheme – Option 3 based on the annuity method using the weighted average life of assets.
- 5.2 For any borrowing incurred through finance leases, the annual principal repayments in the lease are regarded as MRP.
- 5.3 Although not strictly part of MRP requirements, it is also recommended that for internal borrowing (i.e. capital expenditure financed from reserves), where appropriate, Option 3 based on the annuity method be adopted, in most cases, as a means of replenishing those reserves which financed the capital expenditure. In exceptional circumstances another method may be more appropriate.
- 5.4 For short to medium duration capital expenditure loans to third parties no MRP will be charged but instead the capital receipt received through the repayment of the loan will be put aside to repay debt and reduce 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.

Note: The use of paragraphs 5.4 and 5.5 will be subject to the outcome of Government consultation on MRP Regulation 28 and a full risk assessment would be undertaken, considering the latest information, before any capital investment is undertaken to which this MRP policy may apply, as discussed in the covering report.

Prudential and Treasury Indicators

1. Introduction

- 1.1. The Prudential Capital Finance system came into effect on 1 April 2004, replacing the previous system of approval allocations from central Government, allowing local authorities to decide how much they can prudently afford to borrow *and* pay back from revenue resources.
- 1.2. CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') to provide a mechanism to enable councils to ensure, that in line with the new freedom given, their capital investment plans are affordable, prudent, and sustainable. This Prudential Code was revised in December 2021, mainly to stop further borrowing for 'commercial' investment, which CIPFA and the Government strongly believe is inappropriate for local government to pursue, given recent high-profile cases.
- 1.3. It is the Council's responsibility to set its prudential indicators, having regard to its own set of circumstances. The Council must demonstrate that its capital investment proposals are:
 - affordable
 - prudent and
 - sustainable.
- 1.4. All Indicators must be included in the Council's annual Treasury Strategy and Outturn report. The reporting requirements for 2023/24 will be changing.
- 1.5. The Prudential and Treasury Indicators are divided into:
 - a) Prudential:
 - Affordability (section 2)
 - Prudence (section 3)
 - Capital Expenditure (sections 4 - 5)
 - External Debt (sections 6 - 7)
 - b) Treasury:
 - Treasury Indicators (section 8).
- 1.6. This Appendix explains what the Prudential and Treasury Indicators are as well as revising them for the current year, 2022/23, 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 2021/22 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
2021/22	-10.8%	40.8%	25.2%
2022/23	-10.00% to 0.00%	40.00% to 50.00%	20.00% to 30.00%
2023/24	-10.00% to 5.00%	40.00% to 50.00%	25.00% to 35.00%
2024/25	0.00% to 25.00%	40.00% to 55.00%	25.00% to 40.00%
2025/26	0.00% to 20.00%	40.00% to 55.00%	30.00% to 50.00%

- 2.5. The ratio for estimates is a range rather than a single figure (except the 2021/22 actual), to allow for both the uncertain amount of borrowing that will take place for developments by the General Fund and HRA (such as the Housing Company and joint venture, which is a General Fund scheme), and the possible movements in long-term interest rates, as a relatively small variation from today's low level in borrowing costs could cause a ratio based on a precise percentage to be breached.
- 2.6. The significant size of the HRA ratio includes the HRA self-financing debt taken in 2012 and future borrowing included within the HRA Business Plan. 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

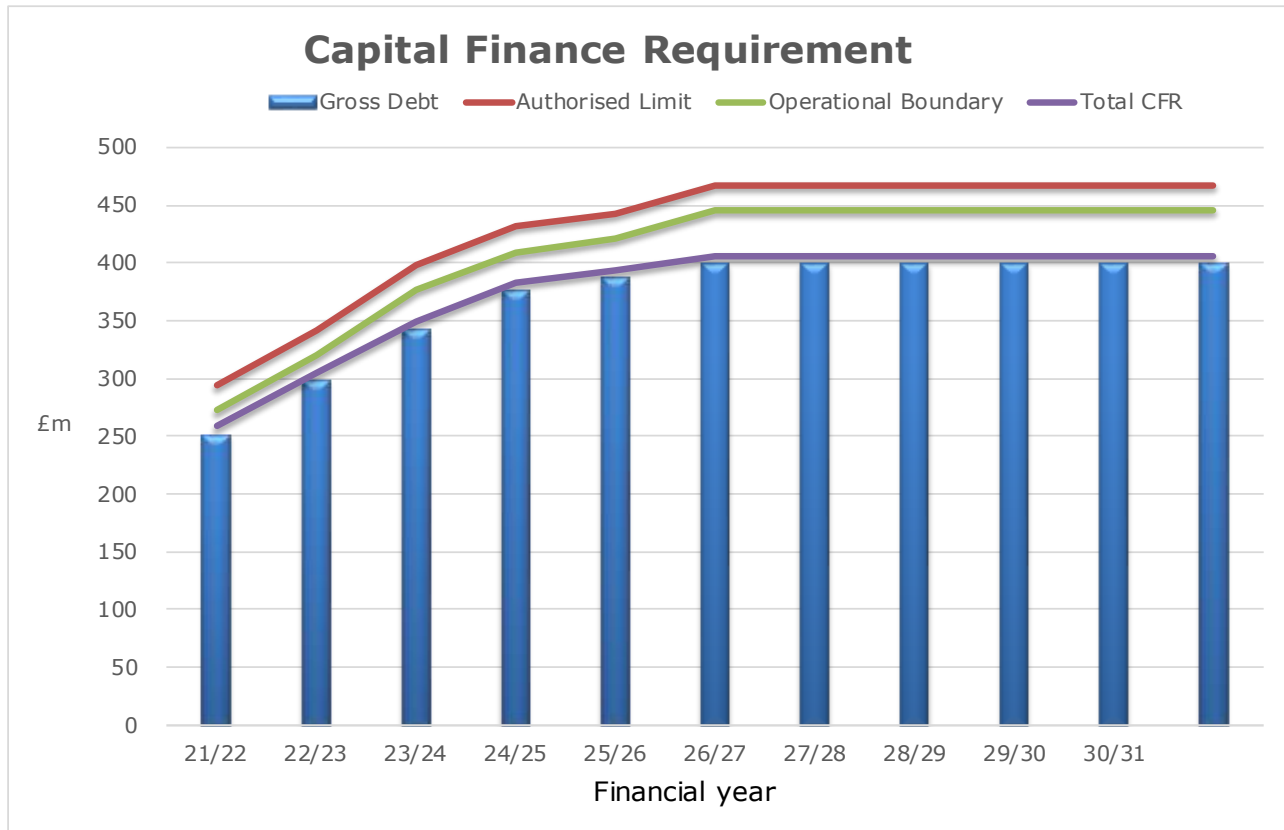
- 3.1 This indicator requires that gross debt, except in the short term, is to be kept below the Capital Financing Requirement (CFR) for the same period. This demonstrates that borrowing has not been taken in advance of need. It is estimated that gross external debt will be lower than the CFR in future 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											
£m	Actual	Est	Est	Est	Est	Est	Est	Est	Est	Est	Est
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
HRA CFR	181.9	196.3	225.0	254.2	261.7	269.6	269.6	269.6	269.6	269.6	269.6
GF CFR	21.4	46.9	59.5	58.6	62.7	67.2	67.2	67.2	67.2	67.2	67.2
Service activity / non-financial investments	55.7	62.4	65.3	70.1	70.0	69.8	69.7	69.7	69.7	69.7	69.7
Total CFR	259.1	305.6	349.8	382.9	394.4	406.6	406.5	406.5	406.5	406.5	406.5
External borrowing - HRA	181.9	196.3	225.0	254.2	261.7	269.6	269.6	269.6	269.6	269.6	269.6
External borrowing - GF	68.9	101.0	116.5	120.4	124.4	128.7	128.6	128.6	128.6	128.6	128.6
Other long term liabilities	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Gross Debt	250.8	298.3	342.5	375.6	387.1	399.3	399.2	399.2	399.2	399.2	399.2
Internal borrowing - HRA	-	-	-	-	-	-	-	-	-	-	-
Internal borrowing - GF	8.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
WDC internal borrowing	8.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Authorised Limit	294.8	342.4	398.4	431.6	443.0	467.2	467.2	467.2	467.2	467.2	467.2
Operational Boundary	272.8	320.4	376.4	409.6	421.0	445.2	445.2	445.2	445.2	445.2	445.2

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 (£'000)	2021/22 Outturn	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
General Fund (non HIP)	12,985	33,580	33,456	8,099	698	560
Credit arrangements - finance leases	-	-	-	-	-	-
Housing Investment Programme:						
General Fund (HIP)	-	-	-	-	-	-
HRA	36,095	40,301	51,947	44,827	20,257	18,786
Other:						
'Service investment' activities / non-financial investments*	50,100	11,100	3,000	5,000	5,000	4,900
Total (A)	99,180	84,981	88,403	57,926	25,955	24,246

* - loans to third parties

- 4.5 The main item in 'service investment' for 2021/22 and 2022/23 is the £60 million joint venture funding outlined earlier. The additional figures in 2022/23 to 2024/25 include loans to Milverton Homes, with £1.0 million due to be paid in 2022/23, £3.0 million in 2023/24 and £5.0 m in 2024/25 and 2025/26, subject to viability.

5. Capital Financing Requirement

- 5.1 The Capital Financing Requirement (CFR) is a key measure that shows the underlying need for an authority to borrow for capital purposes, i.e., the difference between the Council's capital expenditure and the revenue or capital resources set aside to finance that spend. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The Minimum Revenue Provision (MRP) is chargeable on the General Fund underlying borrowing.
- 5.2 The borrowing may be either external (such as from the PWLB) or internal borrowing (where an authority temporarily utilises cash backing its reserves and balances rather than taking external loans). External borrowing creates a cost to the Council in terms of having to pay interest on and provide for repayment of external loans while internal borrowing creates lost investment interest and an exposure to future interest rate increases when loans must be taken. The CFR provides the starting point for calculating this cost and the results feed into the ratio of financing costs to net revenue stream indicator.
- 5.3 The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 5.4 The CFR includes any other long-term liabilities (e.g., finance leases). Though these liabilities increase the CFR - and therefore, the Council's borrowing requirement - these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council had no such schemes within the CFR at the end of 2021/22.

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

Table 5

Financing of capital expenditure (£'000)	2021/22 Outturn	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
HRA:						
Capital receipts	2,560	5,590	500	500	2,367	500
Capital grants and contributions	3,540	7,449	7,560	3,060	-	-
Reserves	9,178	12,276	13,065	9,965	9,246	9,252
Revenue contributions	90	535	2,162	2,126	1,135	1,135
Total HRA	15,368	25,850	23,287	15,651	12,748	10,887
General Fund:						
Capital receipts	399	4,481	3,416	-	-	-
Capital grants and contributions	6,274	4,618	13,140	6,979	-	-
Reserves	2,010	2,424	3,308	1,041	618	-
Revenue contributions	725	409	80	80	80	80
Total GF	9,408	11,931	19,944	8,100	698	80
Combined:						
Capital receipts	2,959	10,070	3,916	500	2,367	500
Capital grants and contributions	9,814	12,067	20,700	10,039	-	-
Reserves	11,188	14,700	16,373	11,006	9,864	9,252
Revenue contributions	815	945	2,242	2,206	1,215	1,215
Subtotal (B)	24,776	37,781	43,231	23,751	13,446	10,967
Net borrowing need for the year (A – B)	74,404	47,200	45,172	34,175	12,509	13,279
Split between:						
HRA net borrowing need	20,727	14,451	28,660	29,176	7,509	7,899
GF net borrowing need	53,677	32,749	16,512	4,999	5,000	5,380

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

Table 6

'Service investment' activities / non-financial investments (£'000)	2021/22 Outturn	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Capital expenditure	50,100	11,100	3,000	5,000	5,000	4,900
Financing costs (incl MRP)	1,331	551	389	429	429	427
Net financing need for the year	51,431	11,651	3,389	5,429	5,429	5,327
Percentage of total net financing need %	67%	24%	7%	15%	40%	37%

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

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

5.9 This Council has four CFRs:

- (a) the HRA
- (b) the General Fund, which is further subdivided to show
- (c) service investment activities / non-financial investments (which have, to date, been loans to third parties at commercial rates of interest and, from 2021/22, the housing joint venture), and
- (d) combined total for the whole of the Council (the sum of a to c).

5.10 The estimated CFRs at the end of 2022/23 and each of the next four years are based on the Council's latest capital programme and exclude any unapproved service investment / non-financial activities and additional HRA borrowing for schemes that are subject to viability appraisals, and which would be subject to future Council reports and revised Prudential Indicators, where appropriate. The General Fund CFR also includes the impact of the internal borrowing incurred to date, as well as the internal and external borrowing factored into the current 5-year General Fund Capital Programme.

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

Table 7

Capital Financing Requirement	(a)	(b)	(c)	(d)
	HRA £'000	General Fund £'000	Service investments / non financial investments £'000	Total £'000
Year				
2021/22	181,887	21,424	55,744	259,055
2022/23	196,337	46,873	62,409	305,619
2023/24	224,998	59,510	65,266	349,774
2024/25	254,174	58,618	70,120	382,912
2025/26	261,683	62,717	69,964	394,364
2026/27	269,581	67,227	69,805	406,613

Table 8

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2025/27 Estimate
Capital Financing Requirement						
CFR – non housing	21.4	46.9	59.5	58.6	62.7	67.2
CFR – housing	181.9	196.3	225.0	254.2	261.7	269.6
CFR - service and non-financial investment activities	55.7	62.4	65.3	70.1	70.0	69.8
Total CFR	259.1	305.6	349.8	382.9	394.4	406.6
Movement in CFR	74.1	46.6	44.2	33.1	11.5	12.2
Service / non-treasury as % of Total CFR	22%	20%	19%	18%	18%	17%

Movement in CFR represented by						
Net financing need for the year ("A-B" above)	74.4	47.2	45.2	34.2	12.5	13.3
Less MRP/VRP and other financing movements	-0.3	-0.6	-1.0	-1.1	-1.0	-1.1
Movement in CFR	74.1	46.6	44.2	33.1	11.5	12.2

- 5.12 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any 'non-financial activities' (noting that the Council does not enter 'for yield / commercial' activities) in relation to the authority's overall financial position. The capital expenditure figures shown in *Table 4* and the details above demonstrate the scope of this activity (up from 3% in 2020/21 to 22% in 2021/22, 20% in 2022/23 and 19% in 2023/24, mainly due to the housing joint venture) and, by approving these figures, Members consider the scale proportionate to the Authority's remaining activity.
- 5.13 The opening HRA CFR at 1 April 2022 was £181.886 million, being the HRA self-financing debt settlement of £136.157 million from 2012 plus new borrowing during 2020/21 and 2021/22, which is currently 'internal borrowing' at the time of writing. At 31 March 2027 the HRA CFR is predicted to have increased to £269.581 million, while the non-housing element would be £67.227 million and the 'non-financial activities' would be £69.805 million, a total General Fund CFR of £137.032 million.
- 5.14 Based on the figures in this report, the planned borrowing that would be submitted to the PWLB when applying for the Certainty Rate (a 0.2% reduction) for 2023/24 to 2025/25 would be as shown in Table 9 below.

Table 9

External borrowing (£m)	2021/22 Outturn	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Service spend	12,985	31,920	19,337	3,929	698
Housing	86,095	51,301	54,947	49,827	25,257
Regeneration	-	1,660	14,119	4,170	-
Preventative action	-	-	-	-	-
Treasury Management	100	100	-	-	-
Projects for yield	-	-	-	-	-
TOTAL	99,180	84,981	88,403	57,926	25,955

- 5.15 The Regeneration schemes in 2023/24 include the Future Hight Street project.

6. Liability Benchmark

- 6.1 A new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum. CIPFA strongly recommends that the LB is produced for at least 10 years and should ideally cover the full debt maturity profile of a local authority.
- 6.2 There are four components to the LB:
- Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
 - Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
 - Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected

into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

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

Chart 1 – Liability Benchmark – whole Council

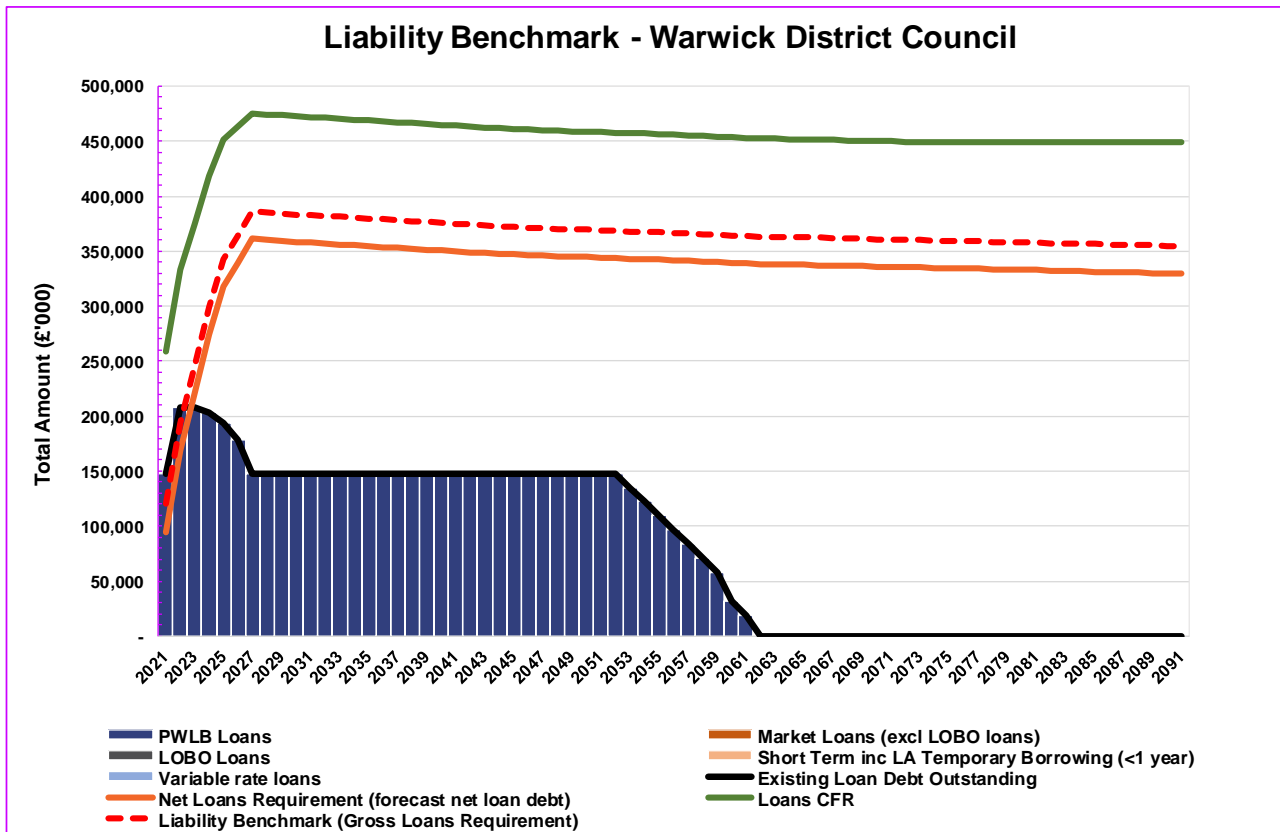


Chart 2 – Liability Benchmark – General Fund

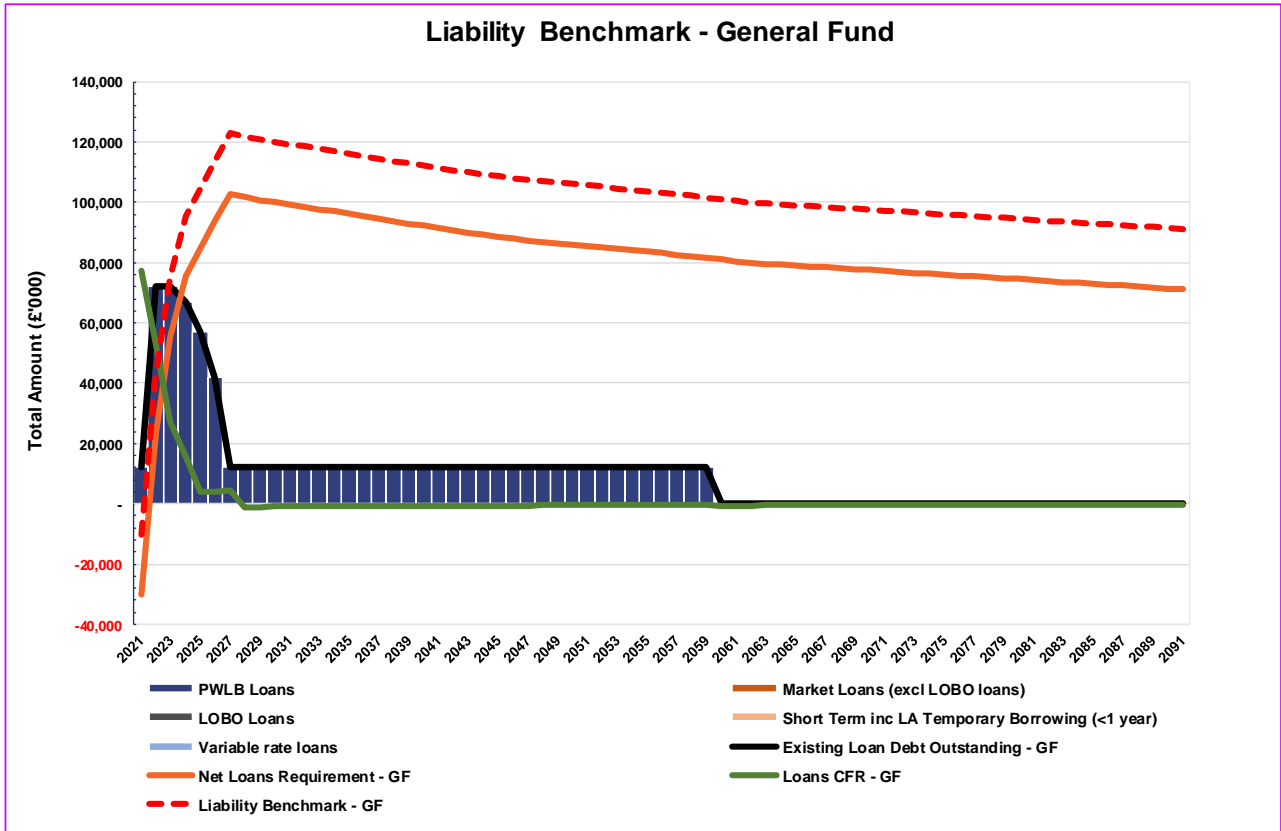
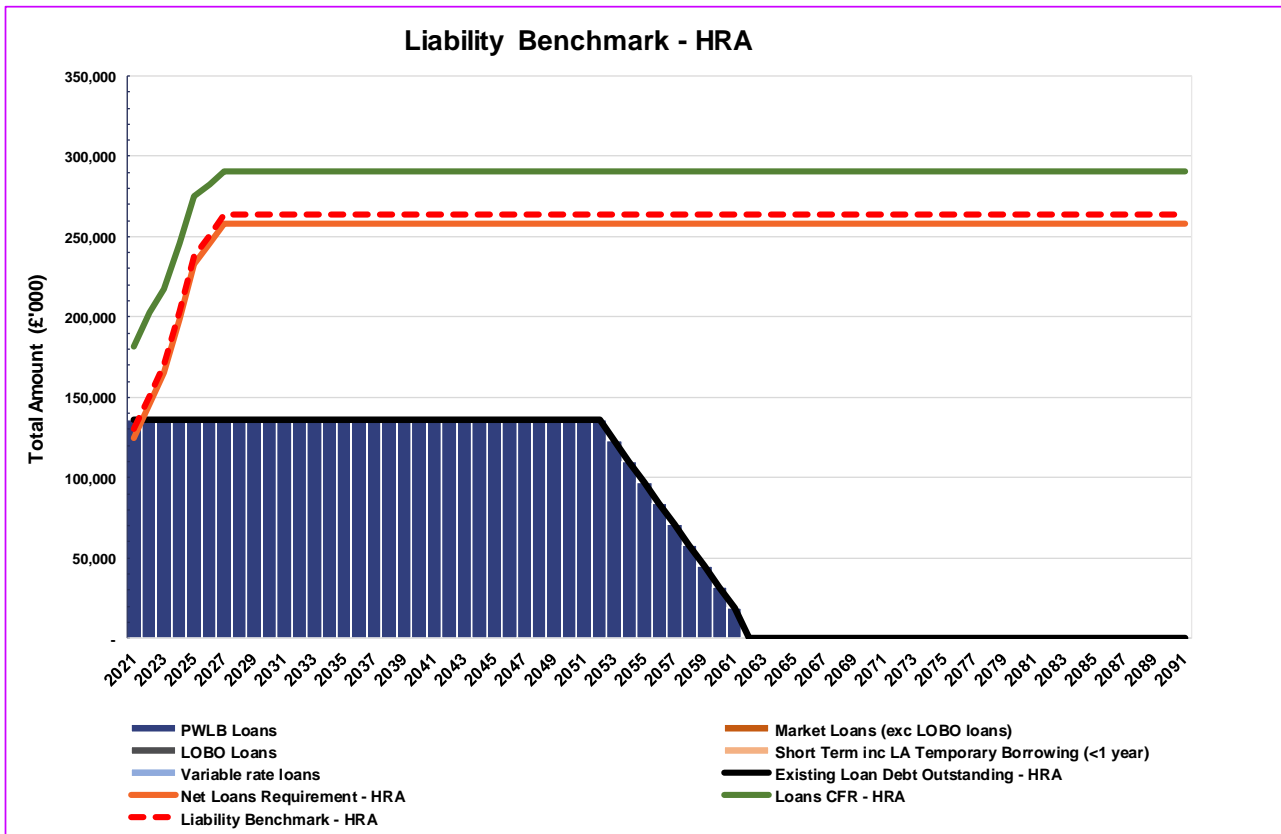


Chart 3 – Liability Benchmark – Housing Revenue Account (HRA)



- 6.3 CIPFA notes in the 2021 Treasury Management Code, "The liability benchmark should be analysed as part of the annual treasury management strategy, and any substantial mismatches between actual loan debt outstanding and the liability benchmark should be explained".
- 6.4 The liability benchmark charts above show that actual (PWL) loans are significantly less than the benchmark, which indicate a future borrowing requirement, the Council having used 'internal borrowing' in recent years, and will need to borrow in future years, especially as investments are eroded by internal borrowing, and the use of reserves and balances, over time. They show that the Council is funding its CFR through a mixture of internal and external borrowing.
- 6.5 The treasury strategy of the Council will be to replace internal borrowing at the most opportune time, subject to overriding cash flow requirements. The Council is seeking to balance the wish to minimise 'cost of carry' of loans that are surplus to immediate cash requirements with the risk that when it does have to borrow, the costs will be higher than had it borrowed at the time of the capital expenditure being incurred. The Council's treasury advisers will help to determine the optimal balance between these two factors, which can change quickly within an uncertain economic environment.
- 6.6 The Net Loan Requirement (NLR - a solid orange line in these charts) shows how much the Council currently would need to borrow, based on approved capital budgets and financing. Chart 1 shows that this will peak at £361 million (in 2026/27), but as this is based on a capital programme that only runs to that financial year, it can be expected to increase beyond then.
- 6.7 The NLR for the General Fund, in Chart 2, peaks at £103 m, and for the HRA in Chart 3 the peak is currently £258 m.

7. External Debt - Authorised Limit

- 7.1 The Council is required to set - for the forthcoming year and the following two financial years - an Authorised Limit for its total external debt, gross of investments, separately identifying borrowing from 'other long-term liabilities', the latter being credit arrangements, as defined in statute, and which include the principal element of finance leases (or Private Finance Initiative (PFI) if the Council had these contracts).
- 7.2 The Authorised Limit represents a control on the maximum level of external debt the Council can incur. The Council has no legal power to borrow more than the limits set.

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

Table 10

Authorised Limit	2021/22 Outturn £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Debt including HRA settlement	192,234	192,234	204,115	204,116	204,116	215,997
Other long-term liabilities	-	1,000	1,000	1,000	1,000	1,000
HRA HIP	45,729	60,180	88,841	118,016	125,525	133,424
General Fund HIP	-	-	-	-	-	-
Other General Fund capital programme	56,878	87,992	100,486	99,449	98,392	97,843
Service investment activities / non-financial investments	-	1,000	4,000	9,000	14,000	18,900
Total Authorised Limit	294,841	342,406	398,442	431,581	443,033	467,164

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

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

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

8. External Debt - Operational Boundary

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

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

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

8.4 The recommended Operational Boundaries are as shown in Table 11. It should be noted that the figures for each year are cumulative (for instance, the £4.0m shown in 2023/24 for service investment activities is the cumulative amount from 2021/22). They are based on the same assumptions outlined in paragraph 6.5 above.

Table 11

Operational Boundary	2021/22 Outturn £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Debt including HRA settlement	170,234	170,234	182,115	182,116	182,116	193,997
Other long-term liabilities	-	1,000	1,000	1,000	1,000	1,000
HRA HIP	45,729	60,180	88,841	118,016	125,525	133,424
General Fund HIP	-	-	-	-	-	-
Other General Fund capital programme	56,878	87,992	100,486	99,449	98,392	97,843
Service investment activities / non-financial investments	-	1,000	4,000	9,000	14,000	18,900
Total Operational Boundary	272,841	320,406	376,442	409,581	421,033	445,164

9. Treasury Indicators

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

9.2 Maturity structure of borrowing:

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

Table 12

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

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

Table 13

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

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

Table 14

Year	Upper Limit - Fixed Rate	Upper Limit - Variable Rate
2023/24	100%	30%
2024/25	100%	30%
2025/26	100%	30%

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

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

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

Economic Background (at 5 December 2022)

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.5% (15/12/22)	1.5%	3.75%-4.00%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
Unemployment Rate	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as ong-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.

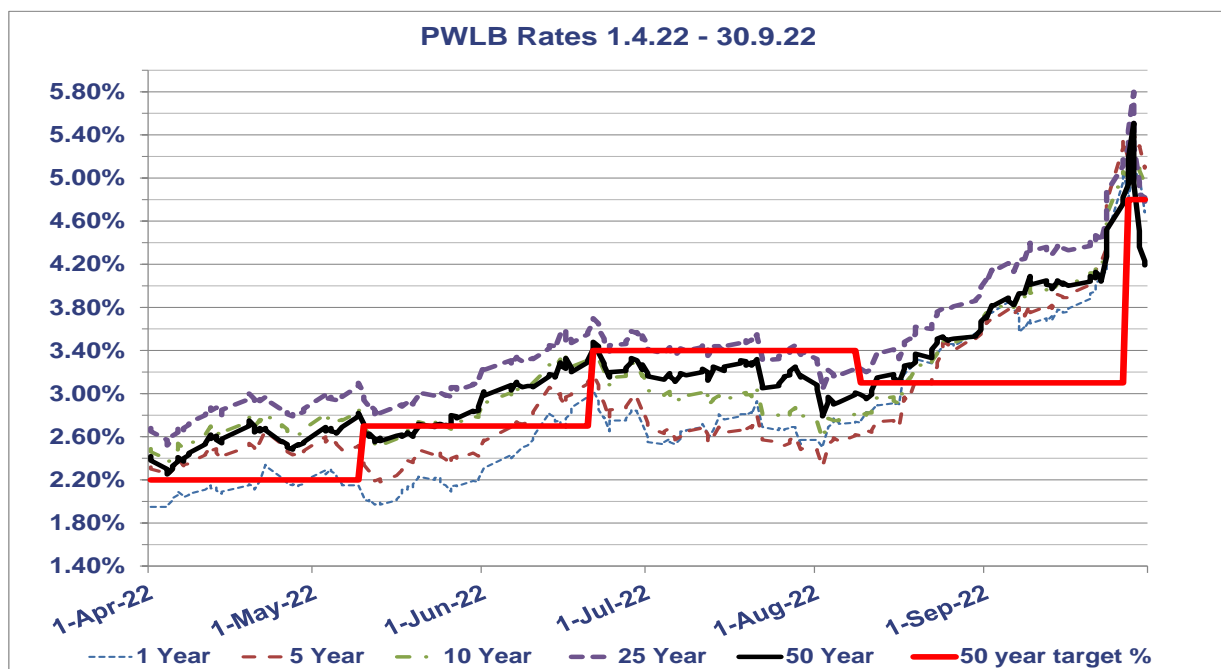
Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted

barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the 'heavy lifting' has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No 10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.20. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – NOVEMBER 2022

At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.

Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

INTEREST RATE FORECASTS

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

PWLB forecasts are based on PWLB certainty rates.

Latest at 14/2/23

Interest Rate Forecasts								
Bank Rate	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Link	4.25%	4.50%	4.50%	4.25%	4.00%	3.75%	3.25%	3.00%
Cap Econ	4.25%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%
5Y PWLB RATE								
Link	4.00%	4.00%	3.90%	3.80%	3.70%	3.60%	3.50%	3.40%
Cap Econ	3.80%	3.70%	3.60%	3.50%	3.50%	3.40%	3.30%	3.30%
10Y PWLB RATE								
Link	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%
Cap Econ	3.80%	3.70%	3.70%	3.60%	3.50%	3.40%	3.40%	3.30%
25Y PWLB RATE								
Link	4.60%	4.60%	4.40%	4.30%	4.20%	4.10%	3.90%	3.80%
Cap Econ	4.20%	4.00%	4.00%	3.80%	3.80%	3.70%	3.60%	3.60%
50Y PWLB RATE								
Link	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.60%	3.60%
Cap Econ	3.80%	3.80%	3.80%	3.80%	3.80%	3.70%	3.60%	3.60%