Executive

Wednesday 8 February 2017

A meeting of the Executive will be held at the Town Hall, Royal Leamington Spa on Wednesday 8 February 2017 at 6.00pm.

Membership:

Councillor A Mobbs (Chairman)

Councillor N Butler	Councillor P Phillips
Councillor M Coker	Councillor D Shilton
Councillor S Cross	Councillor P Whiting
Councillor M-A Grainger	

Also attending (but not members of the Executive):

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

Emergency Procedure

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

Agenda

1. **Declarations of Interest**

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

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

Members are also reminded of the need to declare predetermination on any matter. If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

2. **Minutes**

To confirm the minutes of the meetings held on 30 November 2016 and 5 January 2017 **(Page 1 to 47)**

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

3. **Election of Chairman and Vice-Chairman of the Council 2017/18**

In accordance with Procedure Rules, to recommend to Council the persons to be elected as the Chairman and the Vice-Chairman of the Council for 2017/18.

4. **Budget 2017/18 and Council Tax – General Fund Revenue and Capital**

To consider a report from Finance **(Pages 1 to 95)**

5. **Housing Revenue Account (HRA) Budget 2017/18 and Housing Rents**

To consider a report from Deputy Chief Executive (BH) &Finance **(Pages 1 to 12)**

6. **Heating, Lighting and Water Charges 2017/18 – Council Tenants**

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

7. **Treasury Management Strategy Plan for 2017/2018**

To consider a report from Finance **(Pages 1 to 42)**

8. **Housing Related Support Services**

To consider a report from Housing and Property Services **(Pages 1 to 11)**

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

9. **A new bridge over the River Avon on St. Nicholas' Park, Warwick, and improvements to the Myton Fields car park**

To consider a report from the Deputy Chief Executive (AJ) **(Pages 1 to 5)**

10. **Recommendations from One Stop Shop (OSS) Review**

To consider a report from Neighbourhood Services **(Pages 1 to 14)**

11. **General Reports**

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

(Pages 1 to 12)

12. **Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Item Nos.	Para Nos.	Reason
13 & 14	1	Information relating to an Individual
13 & 14	2	Information which is likely to reveal the identity of an individual
13 & 14	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

13. **Cultural Services - Potential Redundancies**

To consider a report from the Cultural Services **(Pages 1 to 3)**
(Not for publication)

14. **Confidential Minutes**

To confirm the minutes of the meeting held on 5 January 2017 **(Pages 1 to 3)**
(Not for publication)

Agenda published 27 January 2017

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

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

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 456114 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

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

Executive

Minutes of the meeting held on Wednesday 30 November 2016 at the Town Hall, Royal Leamington Spa, at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Butler, Coker, Cross, Grainger, Phillips, Shilton and Whiting.

Also present: Councillors; Barrott – Labour Group Observer, Boad - Chair of Overview & Scrutiny Committee & Liberal Democrat Observer, Observer, and Quinney - Chair of Finance & Audit Scrutiny Committee.

Apologies for absence were received from Councillor Mrs Falp - Whitnash Residents Association (Independent).

58. **Declarations of Interest**

Minute number 66 Development Brief for King's High, Warwick

Councillor Grainger declared an interest in this item because she was a Governor of the School and left the room for the deliberation of this item.

Minute Number 69 - 11a Future use of Council land adjacent to 39 High Street, Kenilworth and Minute Number 77 Confidential Appendix to Minute 69

Councillor Whiting declared a Pecuniary Interest in these items because he was the owner of property and left the room whilst the matters were debated.

59. **Minutes**

The minutes of the Executive meetings held on 28 September and 2 November 2016 were taken as read and signed by the Chairman as a correct record.

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

60. **General Fund Base Budgets latest 2016/17 and original 2017/18**

The Executive considered a report from Finance that set out the latest projections for the General Fund revenue budgets in respect of 2016/17 and 2017/18 based on the current levels of service, and previous decisions. There were further matters that would be reviewed in order to finalise the base position as part of the 2017/18 budget setting process that were set out in paragraph 8.5 of the report.

The Council was required to determine its budget requirements in order to set the Council Tax for 2017/18.

As part of the Service Planning Process and through Budget Reviews, the Senior Management Team had identified significant savings that could be incorporated within the 2017/18 base budget. These savings were detailed in detailed in section 9 and 10 of the report.

The latest budget estimate for the 2016/17 Budget showed a surplus over the original Base Budget of £169,300, as detailed in section 12 of the report. Further detailed monitoring of the 2016/17 budget would be undertaken prior to the February Budget setting report being presented to Council. That report would make recommendations, as appropriate, as to how any surplus would be appropriated or, potentially, any deficit funded.

The proposed 2017/18 Base Budget presented a budget surplus of £97,200 in the Council's expenditure in continuing to provide its services and meet its commitments. Any changes to the overall position, including any necessary as a result of further consideration of the 2016/17 budget outturn, would be considered within the February Budget report.

The Finance & Audit Scrutiny Committee noted the variation in figures for charging for replacement bins and asked when the review of this charging process would be brought to Councillors.

While the Committee noted the 1% budget allocation for salary increases, it queried whether consideration should be given to the impact of predicted inflation on costs and the recruitment and retention policy in some areas. However, the Committee would seek a firm date for when the staff benefits review would come forward to Members so any costs of this could be built into budgets as appropriate.

The Executive confirmed that the review on charging for replacement bins would be brought early in the New Year.

They also highlighted that recruitment and retention was not a problem that could be solved by money alone as money did not improve morale. There was work ongoing in this area which was being considered by the People Strategy Steering group and a report would be brought to Members in due course.

The Executive also reminded Councillors that it was for budget managers to think creatively when managing their budgets and only when they could not achieve what they needed, to come and seek further money.

Resolved that the 2016/17 budget be subject to a detailed review over the coming months and that an updated position be reported to Council in February 2017, together with any recommendations on appropriating any surplus or funding any deficit and consideration of any implications for the 2017/18 budget.

Recommended that

(1) the base budget for the General Fund services in respect of 2017/18 as outlined in Appendix B to the report, be approved;

(2) the updated budget for the General Fund services in respect of 2016/17 as outlined in Appendix B to the report, be approved.

(The Portfolio Holder for this item was Councillor Whiting)

61. **Housing Revenue Account (HRA) budgets latest 2016/17 and original 2017/18**

The Executive considered a report from Finance that set out the latest projections for Housing Revenue Account (HRA) 2016/17 Budget and the Base Budget proposals for 2017/18.

The budget proposals for 2017/18 assumed that Council housing rents would be reduced by 1% in accordance with the Government’s revised HRA rent policy, implemented in July 2015. It did not commit to any other rent changes as a HRA Rent Setting report would be presented to Council in February 2017.

The report recommended the base budget requirements that would be used in the process of setting Council Housing Rents for 2017/18. These figures reflected the costs of maintaining the current level of service plus any unavoidable changes in expenditure, for example, where the Council was contractually or statutorily committed to incur additional expenditure.

The report considered the current year’s budget, and included details of proposed updates to the 2016/17 Budget. Any future changes that emerged over the coming months would be fed into the February report, ensuring that the implications for the 2017/18 base budget were considered and the Council was in a position to agree the 2017/18 Budget and the Council Housing Rents for the year.

The Finance & Audit Scrutiny Committee was pleased to learn that Pay to Say as detailed at Paragraph 8.3.5 of the report had been withdrawn by the Government.

The Scrutiny Committee was concerned at the increase in Supervision & Management (paragraph 10.4 of the report) of a further £150k for the reasons stated, on top of a budgeted rise in the current year of £255k or 10% and therefore requested clarification about these figures.

The Scrutiny Committee was informed, as part of the Internal Audit Quarter 2 progress report, that the £637,600 in original and current budget for asbestos works was likely to be exceeded, and felt that this should be drawn to the attention of the Executive.

The Executive welcomed the Scrutiny Committee's comments with regard to supervision and arrangement and detailed papers were provided at the Executive about this.

The Executive explained that with regard to Asbestos, a prudent approach was being taken but it was demand led based upon what was discovered in Council properties.

Resolved that the latest revenue budget position for Housing Revenue Account Services in respect of the 2016/17 budget, as set out at Appendix A to the report, be noted.

Recommended to Council that the 2017/18 base revenue budget for Housing Revenue Account Services, as set out Appendix A to the report, be approved.

(The Portfolio Holder for this item was Councillor Whiting)
Forward Plan reference 780

62. **Housing Revenue Account Rent Arrears Policy**

The Executive considered a report from Housing and Property Services that proposed a revised Housing Revenue Account Rent Arrears Policy for them to recommend to Council for approval.

The Council's current Rent Arrears Policy relating to Council Housing Tenants was introduced in 2003. The Rent Arrears Policy had been reviewed to help the Council mitigate the risks of greater arrears that could arise from changes to the benefit and welfare system and to take account of the delivery of financial inclusion services to tenants, the pre-action protocol for possession claims for social landlords, as set out by the Ministry of Justice, the provision of a rent arrears policy and procedure for those purchasing Shared Ownership Properties, and amendments to the way the Council collected former tenant arrears.

The revised Housing Revenue Account Rent Arrears Policy, attached as Appendix 1 to the report, set out the Council's proposed approach to the prevention and collection of rent arrears from Council tenants. The Policy recognised that tenants could experience financial hardship for a variety of reasons and that by offering advice and support at every stage of the process the Council could help individuals to reduce the risk of legal action being taken to recover monies due, which could result in re-possession of their home.

The revised policy specifically addressed four key themes, Social Security, Pre-Action Protocols, shared ownership and former tenant arrears.

The Council recognised that changes to welfare benefits, including the introduction of Universal Credit, could cause financial difficulty to tenants and their families while they were adjusting to the changes that were being introduced. The revised policy set out clear guidance for the support and help that would be offered to tenants.

Pre-action Protocol: The revised policy would ensure that the Council was following the Ministry of Justice's Pre-action protocol for Possession Claims by social landlords as set out in Appendix 2, to the report. The aims of the pre-action protocol were:

- To encourage more pre-court contact and exchange of information between landlords and tenants
- To enable parties to avoid litigation by settling the matter if possible without the need to commence possession proceedings
- To enable court time to be used more effectively if proceedings were necessary

In addition, Courts were expected to take into account whether the protocol had been followed when considering what orders to make. If the protocol had not been followed, the Courts could refuse to grant orders to support the timely recovery of rent arrears or, in extremis, possession of property owned by the Council.

The Council provided properties for sale on a shared ownership basis, where the Council sells a share of a home to a purchaser and then charges rent on the remaining share. The current Policy had no provision for managing the collection of rent arrears in the case of such properties and this was rectified within the revised policy.

The national collection rates for former tenant debts varied between 5% and 18%. The Council last year collected 15% of such debts, and set aside £215,000 for bad debt provision. Information provided by the Midlands Best Practice Group, showed that housing providers that fare better than the national average for the recovery of former tenants' arrears were those that had structures in place to negotiate concessions to tenants for repayment of such debts. The revised policy provided for such an arrangement to be offered by this Council, which was set out within the report.

Alternatively, the Council could decide not to amend the rent arrears policy but this would mean that the Council would not have a policy to make sure that it was able to adhere to the pre-action court protocol. Neither would it be able to make a commitment to deliver financial inclusion services to its tenants and so help reduce financial risks to both the Council and individual households. It would mean that there would be no provision of a rent arrears policy and procedure for those purchasing Shared Ownership Properties, and no amendments to the way the Council could collect former tenant arrears, resulting in reduced income to the HRA.

The Finance & Audit Scrutiny Committee found the report very encouraging and welcomed its work. It noted the comment within the budget that there was provision of £437,000 for bad debts both this year and next and while this was to make allowance for the introduction of universal credit, the Committee hoped this Policy would have a far more positive effect and looked forward to seeing this within future budget update reports.

The Executive agreed with the comments of the Scrutiny Committee.

Recommended that the Council approves the revised Housing Revenue Account Rent Arrears Policy, attached at Appendix One, to the report.

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan reference 748

63. Appointment of External Auditor

The Executive considered a report from Finance that sought approval for the arrangements to appoint an External Auditor.

Following the demise of the Audit Commission, new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 required authorities to either opt in to the appointing person regime or to establish an auditor panel and conduct their own procurement exercise.

It was likely that a sector wide procurement conducted by Public Sector Audit Appointments (PSAA) would produce better outcomes for the Council than any procurement undertaken alone or with a limited number of partners. In addition, the use of the PSAA would be less resource intensive than establishing an auditor panel and procuring alone.

Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 required that a decision to opt in must be made by Council (authority meeting as a whole). To comply with this regulation, Executive was asked to make the recommendation to Council.

Alternatively, the Council could decide to establish an auditor panel and conduct its own procurement. This was not recommended as it would be a far more resource intensive process and, without the bulk buying power of the sector led procurement, would be likely to result in a more costly service.

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

Recommended to Council that it opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

64. Minor Amendments to the Constitution

The Executive considered a report from Neighbourhood Services and Democratic Services that proposed minor amendments to the Council's

Constitution to provide clarifications and appropriate delegations to ensure that work was undertaken at an appropriate level.

Warwick District Council received a number of payments from developers via Section 106 Agreements to help deliver capital improvements to public open spaces. It also received commuted sums, which would also form part of a Section 106 agreement to provide, for a limited period, maintenance of new public open space provision.

In some areas (normally rural), Warwick District Council did not own or manage any of these public open spaces. Ownership and responsibility instead was with the appropriate Parish or Town Council.

As the Planning Authority, Warwick District Council was a legal party to the Section 106 Agreements and was bound by the conditions therein. The District Council also collected the contributions from the developer. However, at times it was often necessary for Section 106 funds to be transferred from the District Council to the relevant Parish or Town Council so that they could provide the relevant infrastructure and/or maintenance.

S106 Agreements included clauses holding the District Council responsible for the appropriate use of financial contributions and provided a way for developers to recover payments with interest if they were not used for the purpose specified within a given timeframe (usually 5-7 years). However, as the Parish or Town Councils were not parties to the S106 Agreements they were not bound by these terms.

This meant that, in situations where the District Council wished to transfer funds to the Town or Parish Council, there was presently no mechanism under which the District Council could control how the money was spent, or require its repayment in the event that it had not been used in accordance with the terms of the S106 Agreement. Ergo, should a developer wish to reclaim their commuted sums due to inappropriate use, the District Council would remain solely liable for reimbursement of the funds to the Developer, because there was no agreement with the Parish/Town Council on the use of the money or a mechanism under which it could recover the funds from the Parish or Town Council.

This had not been an issue in the past as transfers had been rare, and individual agreements were made on a case by case basis as the situation arose. With the significant increase in development within the District, this was no longer an appropriate approach.

A new model legal agreement had been drawn up to ensure that the District Council's position was protected when funding was passed on to Town and Parish Councils. The Agreement covered how the money was to be spent and provided for repayment by the relevant Town or Parish Council in the event that the money was not spent appropriately, or at all, together with the addition of interest. However, there was currently no appropriate delegated authority to enter into such Agreements.

Delegated authority was therefore sought to enable the Head of Development Services to enter in Legal Agreements with Parish and Town Councils that would govern the terms of any transfer of Section 106 funding to them, in circumstances where they were providing the relevant infrastructure or maintenance covered by the Section 106 Agreement.

At present, the Chief Executive had approved delegation to provide severance payments to members of staff in specific circumstances. This amendment was to provide clarification that it could be any one of those three circumstances ,as had been normal practice, and not a combination of all three.

The proposed amendment for Road Closure Orders was brought forward to enable the Head of Development Services to authorise said orders. This was as a result of the team responsible for running events now being located within this service area.

Alternatively, it would be possible to leave the current arrangements in place for the administration for Section 106 monies in place. However, this was not considered appropriate because of the inherent risk to the Council. Equally, the Council could decide that Executive approval was required for each transfer, but this would be extremely time consuming and would prevent Parishes from accessing their funds in a timely manner.

Recommended that the amendments to the scheme of delegation as set out at Appendix 1 to the minutes, be approved.

Part 2

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

65. **Delivery Stage for the Masterplan proposals for St. Mary's Lands, Warwick**

The Executive considered a report from the Chief Executive which sought approval for the delivery stage of the Masterplan Proposals for St. Mary's Lands, Warwick.

Approval was given in April 2016 to consult with the general public on the wide range of proposals that had been developed by the St. Mary's Lands Working Party. It was agreed that an update on the outcomes of the consultation would be brought back to Members for their further consideration before agreeing to the next steps.
A set of proposals had been consulted upon and a summary of the outcomes from the consultation were appended to the report along with recommendations for developing the project in more detail.

In order to develop the project the Council had asked its consultant, Plincke Landscape Ltd to prepare a Delivery Plan that identified how the individual elements of the Master Plan could be developed and delivered. The Delivery Plan included an assessment of the timescales and funding required, including the potential to use any Council funding as a lever to attract additional funding from external sources. The report sought authority to agree the implementation of projects of immediate priority and for the remainder to be more fully considered in February 2017 as part of the process of setting the capital programme for 2017/18 and then for 2018/19 and possibly beyond.

The Delivery Plan recognised the complex relationship between the multiple stakeholders with an interest in the success of St. Mary's Lands. The Working Party had continued to work together constructively to ensure that many of the master plan ideas were now viable projects, including a number of 'quick wins'. These now required agreement from the Council to financially support a range of community, environmental and economic improvements set out within the Delivery Plan.

The Master Plan sought to clarify the role of St. Mary's Lands as a publicly accessible open space and one that supported a range of businesses that made an indirect contribution to the local economy and a direct contribution to the Council. Even within Warwick, a significant number of respondents to the consultation perceive St. Mary's Lands to be 'the racecourse' and not a free to use public open space. The purpose of St. Mary's Lands was little promoted and understood whilst a lack of access to play facilities and toilets, marginalised it further to a local and niche group of users. The importance of the historical, cultural, and environmental significance site was little understood, resulting in a low public profile. There was considerable potential, through the adoption of these proposals to present St. Mary's Lands as an asset for the whole town and as a destination within Warwick's wider offer to visitors from further afield. By lifting the site's profile, an upward spiral of investment could be encouraged that would assist in sustaining the open space into the future.

Following consultation on this draft report, the Delivery Plan had been prioritised in terms of community support and a greater emphasis on the revenue implications had been added. Elements that related to the wider car parking strategy had been retained within the context of this report. It was suggested by some, that parking was excluded and dealt with via the town centre parking strategy. However, by keeping the proposals for parking within the overall scheme, the inter-relationship between potential income generation and revenue costs could be more accurately assessed.

In April 2016, the Executive agreed that:

(i) That the Working Party should be thanked for their constructive approach to developing the Regeneration Master Plan for St. Mary's Lands;
(ii) Agreed to support a consultation exercise to gauge the level of public support for the Working Party's initial Master Plan proposals;
(iii) To receive a report on the outcomes of the consultation and any recommendations before the master plan is finalised.
(iv) Agreed to fund the next steps in the master plan development to maintain the project momentum including,

1. The next steps costing up to £5,000 from the existing budget be agreed;
2. That an exemption is agreed to the Code of Procurement Practice (Section 6.3) to appoint Plincke to provide an ongoing project management role for the best part of a year ahead at a cost of not more than £25,000.
3. That tenders be sought for design consultancy work of up to £50,000.

That the additional funding of £75,000 in total is agreed from the 2016/17 Contingency Budget.

In essence, the proposal was to extend the project management services of consultants (Plincke) to assist the Council with continuing the more facilitative and inclusive development of the work needed. This would bring the initial Regeneration Master Plan to a point where the public response could be assessed and after taking into consideration the results, plan a phased approach to implementing the Master Plan's recommendations.

When the Council appointed Plincke in October 2015, they set out a proposal based on 3 stages: (i) to review; (ii) to understand the issues; and, (iii) to build a consensus. The third stage had focused on broader project aims rather than the individual concerns of the Working Party members. This had enabled the Working Party to build consensus around the master plan proposals and a 10-year strategy for guiding the site based on four key themes: Protect St. Mary's Lands for People and Nature; Improve Access and Enjoyment for All; Support the Local Economy; and Invest for the Future.

The public consultation process had been an important aspect in widening this consensus by understanding what level of public support existed. In this respect, the third stage had sought to establish the 'legitimacy' of the Working Party's proposals. The report on the outcome of the public consultation was attached at Appendix 1 to the report.

The consultants anticipated a fourth stage once the outcomes of the first three stages were completed. It was estimated that these three stages would cost up to £20,000 and if a fourth stage was required, further consideration and agreement would be needed as to how this was funded and procured. It was envisaged that the Working Party would re-commence and oversee the work of the consultants. This report and its recommendations now focused on that fourth stage and concerned the delivery of the master plan.

The Working Party had met twice since the end of the public consultation process, firstly to agree what actions were needed as a result of the consultation responses and secondly to consider the proposed delivery plan. In between these two formal Working Party meetings, numerous other meetings and discussions had taken place to develop the individual projects within the delivery plan. Working Party members had been consulted on the contents of this report.

It was important to note that a variety of things had already been happening to implement proposals stemming part from earlier decisions made by this Council and some of the participating organisations. These included:

- £150,000 of works on Racing Club Warwick's (RCW) ground as part of a Football Foundation/WDC bid submitted and awarded to replace changing rooms, stands, etc.;
- £85,000 of works on RCW by this Council to clear and make secure the ground;
- Two other bids made by RCW to other funding bodies to improve the clubhouse and to create a MUGA;
- Planning application submitted for a nursery in part of RCW's premises in line with its agreed business plan;
- £50,000 of works started on the Corps of Drums premises as stage 1 of improvements. Stage 2 and 3 would bring in other funding to further improve the premises;
- The Jockey Club agreed to fund over £200,000 to improve the entrance to the racecourse.
- The Golf Centre developed a business plan to justify an investment into the premises to enhance its attractiveness and viability.

The Delivery Plan and proposed timescales, set out at Appendix 2 to the report, was the beginning of the fourth stage of work to ensure that the Regeneration Master Plan proposals were developed to a point where external grant funding could be sought, tenders obtained and the works delivered. The Executive was asked to fund those projects at Recommendation 2.5 and at 2.6 of the report from an existing budget awarded and to consider those at Recommendations 2.8 and 2.9 as part of its budget setting process for 2017/18 and for 2018/19 to financially support the proposals so that other grants and project partner's contributions could be secured. The rationale behind these elements of the masterplan were set out in the report but covered: Review of the Management and Maintenance Plan; Cycle route; Saltisford Brook Car Parking; enhancements to the main entrance; improving the frontage of Hill Close Gardens; improvement of the footpath link between Hampton Road and Chase Meadows; publicly accessible toilets; new play area for the Forbes Estate, public access toilets at Racing Club Warwick, surfacing the remaining long stay car parking spaces; improvements to play field drainage; and a study into the necessity for a hotel.

The Working Party's proposals were now at a point for the Executive to consider endorsing the recommendations of the Delivery Plan in order that a finalised version of the masterplan can move towards the implementation stage.

Given that commitment from all participating bodies to make things work and to resolve previous differences and the momentum it has created; it was important that this opportunity of momentum was not lost. This was especially so in the light of strong public support. Consequently, the Delivery Plan contained a number of early wins that could be started this financial year and that progress on the more substantive elements of the scheme were funded in the coming financial years. The early win projects could largely be accommodated within the existing budget. The other, larger elements of the project delivery required an agreement to funding. It was envisaged that any design consultancy work and subsequent implementation would be tendered.

The alternative options that could be considered included:

1. do nothing: low initial costs but fails to invest to reduce repairs and revenue through poor quality and inefficient operations. Would have a high level of reputational damage given the awareness of the project. Fails to achieve the Council's strategic aim
2. do the minimum: invest only as items become critical. The reputational damage to the Council would be high as the perception of neglect and failure to address the key issues identified by the Working Party and the consultation process would be on-going for many years
3. invest in the wholesale improvement. Undertaking the master plan proposals over a short period of time may achieve a high quality end product much more quickly but would require significant investment from this Council. There may also be some loss of community support if too much happens too soon. The likelihood of securing external funding support is reduced as the more rapid programme would reduce the ability to develop and apply for a wide range of grants.
4. invest in a structured way over the 10-year period with an initial capital injection to assist with early wins that are well supported by the public, such as access to toilets and additional benches and bins, whilst a funding strategy is planned and implemented to maximise the Council's contribution as 'match funding'.

The Delivery Plan recommended that option 4 was adopted. Whilst this would see a slower rate of delivering the project, it brought with it a greater chance of securing other funding streams and of partnership working with key stakeholders and the wider community. In this respect option 4 was seen as a balance between managing risk, maintaining a sense of momentum and maximising the Council's finances.

The Executive took the opportunity to thank all the officers who had enabled this work to come forward and that it had come forward through partnership of all the interested parties.

Resolved that

(1) the work of the St Mary's Lands Working Party to date, be noted and the constituent members of the St Mary's Lands Working Party be thanked for their continued work;

(2) the results and recommendations of the public consultation process set out in Appendix 1 to the report be noted;

(3) the progress already being made in implementing proposals from previously agreed funding decisions, be noted;

(4) the Delivery Plan prepared by the Working Group as the mechanism to implement the Master Plan, as set out at Appendix 2 to the report, be noted;

(5) the following items within the Delivery Plan, be funded from the previously agreed budget of £50,000 for the financial year 2016/17:

- A review of the management and maintenance plan (MMP) at an estimated cost of £10,000 which will allow recommendations for improving landscape character and increasing biodiversity to be brought back to a future Executive;
- An ecological survey to support the review of the MMP at an estimated cost of £3,000 will be funded by volunteer time;
- Match funding of £5,000 to support Hill Close Gardens to improve the setting of the gardens, including new paving at the main entrance and vegetation management;
- The seeking of quotations to allow the Council to commission an assessment of hotel provision/bed space capacity in Warwick and the immediate surroundings and an economic impact assessment of a hotel in the proposed location, as per the brief set out at Appendix 3, to inform the future consideration of a hotel development at St. Mary's Lands, at an estimated cost of £12,500;
- A contribution of £10,000 towards pedestrian access improvements, including improvements at Hampton Road/Gog Brook as part of a package whose overall costs would be in the order of £25,000 with the balance being funded through small grant schemes or community payback labour;

(6) the Chief Executive, is delegated authority, in consultation with the Business Portfolio Holder, to determine how the remainder of the existing budget, estimated to be £12,500

if the above proposals are approved, is used, either as a contingency for the proposals above or to support other projects forming part of the masterplan, so long as any exercise of this delegated authority would be reported to a subsequent Executive;

(7) the progress made on agreeing a permissive cycle link from Hampton Street to Saltisford Brook to complete this section of the Sustran's National Cycle Route number 41, be noted along with that Warwickshire County Council, in association with Sustran's, are considering the funding of signage, lighting and markings of the new route.

(8) the following provisions within the Delivery Plan be considered as part of the 2017/18 budget setting process an, where appropriate, recommendations will be included within the February 2017 report on the proposed 2017/18 General Fund Budget:

1. A potential match funding contribution (possibly as in kind) towards the cycleway improvements referred to in 2.7 above. The estimated costs of this project are £80,000 during 2017/18 and the allocation of funding is subject to receipt of a satisfactory safety audit by Sustran's technical engineers;

2. A potential allocation of £18,000 to modify the existing toilets and provide a new disabled toilet and baby change facility within the Golf Centre building in return for a management agreement to provide public access to the toilets;

3. A potential allocation of £110,000 to create an additional net 20 parking spaces at the Saltisford Brook car park, subject to consultation with residents of Bread and Meat Close, a satisfactory road safety audit of the proposals and further consideration of the emerging car parking strategy for Warwick;

4. A potential allocation of £60,000 for complementing landscape and public realm improvements, subject to the Jockey Club bringing forward proposals, at a cost in excess of £200,000, to

replace its existing turnstile building at the entrance to St. Mary's Lands and undertaking their own programme of planting and building works;

5. A potential allocation of £8,000 to Racing Club Warwick to support modifications of toilet facilities at the club to provide public facilities for users of the proposed play area;

(9) the following provisions within the Delivery Plan be considered as part of the 2018/19 General Fund budget setting process:

1. A potential allocation of £60,000 towards the total estimated costs of £95,000 to develop a new children's play area on surplus Council land adjacent to Racing Club Warwick, opposite the Forbes Estate;

2. The potential allocation of £280,000 for surfacing works to create a long stay car park at Hampton Street, subject to further consideration of the car parking strategy. The surfacing works could develop following completion of the proposed cycle track improvements and further investigations into park and cycle and park and ride options to the town centre. The cost and timing of these works is not included within the schedule below in (11);

3. The potential for an allocation of funding to be made for drainage improvement works for the St. Mary's Lands playing fields to support increased access to active sport and recreation, currently limited by the frequent waterlogging of the pitches. These works may attract external funding and these options will be explored in the first instance so it is not possible to estimate the cost of any such allocation at this stage.

(10) excluding the potential resurfacing works to provide long stay car parking, if all the potential allocations for 2017/18 (paragraph 2.8) and 2018/19 (9) were made, in addition to the budget expenditure set out in (5), the total estimated cost to the Council would be

£319,000, towards a total expenditure of £741,500, a circa 42% share of the costs;

(11) the proposed funding, to be scheduled across the financial years, as below, be noted with the funding for 2016-17 derived from the existing £50,000 allocation and subsequent years as part of the Council's process for setting its capital programme;

	2016 -17	2017 - 18	2018 -19	TOTALS
Total Cost Estimated WDC Contribution by year	£90,500 £50,000	£546,000 £196,000	£95,000 £60,000	£741,500 £319,000
WDC Contribution by project	£10,000 (1) £5,000 (3) £12,500 (4) £10,000 (6) £12,500 (2.6)	£18,000 (9) £110,000 (10) £60,000 (11) £8,000 (12)	£60,000 (13)	
WDC Total	**£50,000**	**£196,000**	**£60,000**	**£319,000**
Existing budget	**£50,000**			**£50,000**
To be approved		**£196,000**	**£60,000**	**£269,000**

(12) the Chief Executive, is delegated authority, in consultation with the Business Portfolio Holder, to seek any statutory and other consents and alterations to existing leases, necessary in order to implement the recommendations of this report.

(The Portfolio Holder for this item was Councillor Butler)
Forward Plan reference 821

66. **Development Brief for King's High Warwick**

The Executive considered a report from Development Services that sought endorsement for a Development Brief for sites totalling 1.1 hectares in Warwick town centre due to be vacated by King's High School (operated by Warwick Independent Schools Foundation); because the sites were visually prominent and included frontages onto parts of Smith Street, Chapel Street, The Butts, and Priory Road.

The Development Brief would set parameters for future development and provided a degree of certainty for any future applicants/developers on the quantum of development, land-uses, and the quality of design that would be expected as part of any redevelopment proposals.

Warwick Independent Schools Foundation (WISF) planned to move the King's High School for Girls (which had over 600 pupils) from its current location in Warwick town centre to the Foundation's main campus at Myton Road, approximately 1.2km away.

The endorsement of WDC Executive, (and that of Council's Planning Committee), was sought for a Development Brief produced for the King's High Sites, setting out parameters for development, so that the document would be given some weight as a material consideration for the determination of future planning applications.

The Development Brief had been developed following engagement with Council Planning Officers, its Conservation Officer, Historic England, and other key stakeholders including Warwickshire County Council's Archaeology and Highways Departments. Further engagement had occurred with Conservation Area Forum (CAF) and Warwick Town Council.

The King's High Development Brief was consistent with the objectives of both the current and emerging Warwick District Council Local Plan, and would compliment other projects and proposals for the enhancement of Warwick town centre, including those of the County Council, in collaboration with this Council, for the enhancement of the highways and public spaces within Warwick town centre.
The agreed objectives of the Development Brief were to:

- Provide a sustainable mix of land uses which might include provision for residential, employment, leisure, commercial and cultural space;
- Support this Council in meeting its housing requirements by making provision for additional residential development;
- Support the town centre in continuing to be an attractive and safe place to both live and work;
- Protect, support and contribute to the existing strong tourism sector;
- Protect and enhance the character of Warwick town centre conservation area;
- Continue to uphold and protect the amenity of nearby occupiers and other uses of the land.

The Development Brief stated that the District Council would be seeking a comprehensive approach to the redevelopment of the individual sites, and recognised that the urban grain of the Warwick Conservation Area suggested a finer, textured approach was required to ensure that new development was woven into the historic built environment.

Proposals in the Development Brief were not prescriptive in terms of the detailed design of new development (as required by the NPPF), but did seek high quality design, appropriate scale and massing, layout that included perimeter blocks with clearly defined frontages, and a palate of materials that respected the historic context of Warwick.

It was considered that the design approach set out in the Brief would provide a framework within which the re-use and redevelopment of the sites in question could be appropriately managed to protect and enhance the character of the town centre, Conservations Area and Listed Buildings.

The Development Brief included three masterplan options based upon different land uses. In all options, new buildings would be for residential use and one option included a new, large care home building.

The first option included all retained buildings, and all new buildings, being for residential use.

A second option proposed small business uses within the retained Old Borough School, on Chapel Row, and a hotel use in Landor House which was Grade II* listed.

A third option was the same as the first option (all residential), but included provision of a care home (adjacent to the existing sixth form building). This option would result in the highest quantum of new development and required a new building with a large footprint occupying the width of an urban block with frontages on both The Butts and Chapel Street.

At this stage, there were considered to be no grounds on which to rule out, in principle, any of the proposed options each of which could be considered in further detail as the proposals progressed.

Officers had not yet seen these capacity studies, or the assumptions made in reaching the density numbers (e.g. dwelling and room sizes) stated within the brief and, as such, it was recommended the text be amended to omit reference to specific numbers.

The Development Brief assessed the architectural merit of all of the existing buildings that would be vacated and established which should be retained, or retained but could be altered and which could be redeveloped because they had a negative impact upon the Conservation Area. This work had been undertaken by Robothams Architects following meetings with the Council and Historic England.

The Development Brief identified all heritage assets and clarified how their setting would be protected, (including the Grade II* listed Landor House, and the setting of two Schedule Ancient Monuments: Eastgate and the former College of Vicars Choral and St. Mary's College) an approach which was considered to provide an appropriate framework within which those key heritage assets would be secured.

The existing building heights in this part of the Conservation Area were generally two and three storey. The Development Brief did not explicitly propose new building heights although section drawings were included that showed no increase in building heights. For the avoidance of doubt, it was recommended that the text be amended to state that existing building heights would generally not be exceeded.

Existing vehicular access points into the site were proposed to be reused and would be adapted to accommodate new development; the final junction designs would need to be agreed with the Highway Authority through the planning process.

Replacing a town centre school site with over 600 pupils, with another land use was considered to be a positive benefit for the town centre in terms of future vehicle movements. An overall reduction in vehicle movements was considered to be highly likely.

On-site car parking provision was shown on the proposed masterplan options, but applying car parking standards appropriately to historic town centre sites was likely to be a key issue which would also be subject to detailed discussion through the planning process.

An alternative option would be for no Development Brief to be produced, or for WISF to produce a Development Brief unilaterally without seeking the support of the Council. That approach would not be in the spirit of the National Planning Policy Framework; the emerging Local Plan or the collaborative manner in which the Council wished to work. Neither would it assist in bringing forward the re-use and redevelopment of these key sites in an appropriate manner.

The desire of WISF to proceed in a collaborative manner with the support of the District Council as demonstrated by the production of the Development Brief was considered to be the most appropriate and effective way of doing so.

The Overview and Scrutiny Committee stressed that the Council should aim for 40% affordable housing. It would also like Sustainable Transport Options mentioned in the report.

The Executive were mindful of the concerns raised by the Overview & Scrutiny Committee and agreed that these points needed to be clarified in the new version. They considered this would be appropriate for the Head of Development Services to resolve, in consultation with the Portfolio Holder for Development. Therefore, while agreeing the recommendation in the report it was proposed to include specific reference to the concerns raised by the Overview & Scrutiny Committee as matters to be resolved before the final brief was approved. The recommendation in the report was approved subject to Executive outlining what they would expect the final wording of the document, to be agreed under delegated authority.

Resolved the Development Brief be endorsed and the Head of Development Services be authorised, in consultation with the Development Portfolio Holder, to finalise the development brief with the inclusion of the following;
(a) explicit reference that 40% affordable housing would be expected, in line with Council Policy; and

(b) reference to sustainable transport options for the development.

67. **Rural/Urban Capital Improvement Scheme (RUCIS) Application**

The Executive considered a report from Finance that sought approval of a Rural/Urban Capital Improvement Scheme grant application by Leamington Cricket Club to level the outfield on the junior / 3rd team pitch as this was not up to the required standard. The existing uneven outfield was creating health and safety issues for the junior teams and the Warwickshire blind and visually impaired team.
The Council operated a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended was in accordance with the Council's agreed scheme and would provide funding to help the project progress.

This project contributed to the Council's Sustainable Community Strategy as without the cricket club there would be fewer opportunities for the community to enjoy and participate in sporting activity which could potentially result in an increase in anti-social behaviour, an increase in obesity, particularly in children, and could disengage and weaken the community. The project would ensure that disabled access to this sporting activity was able to continue and in a safe manner.

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

Resolved that a Rural/Urban Capital Improvement Grant from the urban cost centre budget for Leamington Cricket Club of 80% of the total project costs to level the outfield on the junior / 3rd team pitch, up to a maximum of £7,977 including vat as supported by Appendix 1 to the report, be awarded subject to receipt of written confirmation from Leamington Town Council to approve a capital grant of £1,500 (if the application is declined or a reduced amount is offered the budget shortfall will be covered by the Club's cash reserves which have been evidenced through recent bank statements).

(The Portfolio Holder for this item was Councillor Whiting)
Forward Plan reference 778

68. **Notice of Motion**

The Executive considered the following Notice of Motion from Councillor Quinney that had been referred to the Executive by Council on 16 November 2016.

"Councillors are aware that over 60 of the 120 beds available in the area to providing transitional housing for the young and vulnerable homeless are in the process of closing. More closures may follow.

This net loss of capacity will make it more difficult and slower to place those individuals and effectively take capacity out of our own housing stock.

Officers are considering whether properties used for this purpose and already owned by the Council such as William Wallsgrove House could be kept open indefinitely - but that would still leave a significant and probably growing gap.

Councillors are also aware of the rise in homelessness claims in the locality in general, a larger proportion of which are now priority 1 where we have a statutory duty to house. As a result the number of those housed in temporary 'B&B' accommodation is rising sharply and is forecast to cost the Council £50k more than budgeted in the current financial year.

Both issues inevitably have a knock-on effect on how quickly we can meet the needs of lower priority residents, within the 3000+ Homechoice waiting list.

If the Council were to lease or acquire properties to meet both needs, such a project should at least cover lease/running costs through the rental income generated and may help reduce overspend on B&B.

Therefore it is proposed that Warwick District Council approves:
(1) Officers ensure current transitional housing in existing WDC properties is maintained until further notice;
(2) Officers urgently and proactively seek to build on that approach by leasing or acquiring sufficient suitable additional properties to offer as short-term accommodation. By doing so they should seek at least to fill the capacity gaps emerging in transitional housing; and
(3) Officers also investigate the opportunities to lease or acquire property suitable for temporary accommodation for priority 1 homeless with a view to capping and reversing the budget overspend"

The Overview & Scrutiny Committee noted the Notice of Motion.

The Executive highlighted that the closures referred to within the Motion were being made by Warwickshire County Council and not Warwick District Council; and that it was not the role of this Council to pick up the shortfall from other authorities. That said, work was being investigated in this area and information would come forward as part of the Housing Advisory Group in early 2017 and this Council had already put a further £100,000 into work on homelessness.

Resolved that

(1) the Notice of Motion be noted; and

(2) officers are asked to continue to bring forward reports, as appropriate, as part of their work on the Housing Advisory Group.

69. **Future Use of Council land Adjacent to 39 High Street, Kenilworth**

The Executive considered a report regarding the use of Warwick District Council (WDC) owned land adjoining 39 High Street, Kenilworth.

The owners of 39 High Street, Kenilworth had applied for planning permission in November 2015 for 'demolition of an existing dwelling in a Conservation Area and erection of [a] replacement dwelling and extension to the rear to form [a] single dwelling to Passivhaus standards'. Planning permission was granted by Planning Committee on 22 June 2016, subject to the conditions in the officer's report which was attached at Appendix One to the report.

In order to discharge the planning conditions and undertake the work, the owners of the property had approached the Council to discuss three interlinked issues:

- A suitable agreement in respect of the southern wall of The Pound that would allow it to be stabilised or reconstructed with deeper foundations, necessary to allow discharge of condition 6 of the planning permission;
- A proposal to relocate a public access path from High Street to Abbey Fields, which currently crossed land within the demise of 39 High Street, onto land owned by WDC; and
- A proposal to site a compound for the contractor's undertaking the work on WDC owned land.

Following lengthy negotiations with the owners of 39 High Street and their representatives, discussions with the relevant service areas within WDC and appropriate legal and valuation advice, a proposed agreement had been reached on each of these issues. The joint owner of the property was Councillor Whiting, Finance Portfolio Holder. As was normal in such commercial negotiations there had been no member involvement up to this point and Councillor Whiting, who had a Disclosable Pecuniary Interest in respect of the issues contained within this report, would play no part in the decision making process regarding the recommendations.

The Pound, shown in cross-hatching on the plan attached as Appendix Two to the report, dated back to the 16th Century, when it was created to hold stray sheep, pigs & cattle until they were claimed by the owners. WDC had granted a licence to the previous owners of 39 High Street for the area to be used as garden land for the property. This licence, which had been in place for c35 years, was terminated when the property was sold in 2014. Since that date, The Pound had been maintained by WDC as a landscaped public space, with an information board explaining The Pound's history and public seating.

The first element of the proposed agreement related to the southern wall of The Pound. It was recommended that WDC enter into a formal agreement with the owners of 39 High Street that allowed them to remove the wall (having labelled the stones), construct new foundations and rebuild the wall with 50% new stones and 50% of the saved stones so that the rebuilt wall matched its current appearance. This work would be undertaken entirely at the owner's expense to a specification agreed by WDC, in consultation with Historic England. The wall was not listed but was sited within a Conservation Area and the proposed works, necessary to discharge a condition of the extant planning permission would require a separate planning and conservation area consent, which would need to be obtained by the owners at their expense.
The proposed works had a significant advantage to WDC as the new foundations would guarantee the future stability of the wall. Although a recent visual inspection of the wall identified only minor repair needs to the existing coping stones, this was not a full structural survey and was it possible that further, more extensive, works might be required to this WDC owned asset at some point in the future. WDC would retain full maintenance responsibility for the wall prior to the works commencing and on completion of the works, hence the need for agreement of a detailed specification. An indication of the likely extent of the works to be undertaken was, however, set out in confidential Appendix Four detailed at item 14 of the agenda (Minute 72).

The second element of the proposed agreement related to a public access path running from 39 High Street to Abbey Fields. The current path, shown in hatching on the plan at Appendix Two to the report, crossed land that was part & parcel of the property. The area the path crossed was formerly used as a vehicle driveway but appeared not to have been used for this purpose for a number of years. The current muddy path crossed a poorly maintained area to the side of the building to be demolished before exiting the property at the bottom of its garden, via a metal 'kissing gate', onto a WDC owned grassed track that led into Abbey Fields.

The current owners of 39 High Street wished to close off this public access path across their land and restore the land it crossed to a vehicular drive serving the reconstructed property. They had proposed that the path be relocated onto the WDC owned land adjacent to theirs, on the western side of the boundary wall to their property. This would mean that the public path ran for its entirety, from its start on High Street, along the grassed access track that led into Abbey Fields. This grassed area was owned and maintained by WDC as a potential vehicular access track into Abbey Fields, although it had not been used for this purpose for many years as more suitable vehicular access points were available at a number of other locations.

The proposal would see the path shown as the hatched area on Appendix Two to the report removed and replaced by public access over the WDC owned grass track, as shown by the stippled area in Appendix Three to the report. The stippled area ran to the existing kissing gate which would be removed by the owners of 39 High Street allowing their boundary wall to be extended to block up this gap, again, entirely at their expense. It was understood that the owners would subsequently take appropriate legal measures to address any title issues affecting the proposal, with any professional costs arising from this also being borne at their expense.

The proposal had the advantage of creating an improved public pedestrian access into Abbey Fields. Were the path to remain in its existing location, the public would be sharing the access with a vehicular drive when walking to the existing kissing gate. If the path was moved they would be walking over the grass track that the kissing gate currently exited onto for the whole length of the path. To facilitate the relocation it was proposed that the existing, padlocked, wooden 'five-bar' gate at the north end of the grass track be replaced with a dual-purpose gate that allowed both pedestrian and vehicular access (in the event of an emergency) but which was secure and prevented unauthorised vehicular access to Abbey Fields. Other than the cost of the gate, there would be no additional costs to the Council in relation to moving the access path or in relation to its future maintenance, as the proposed new route was over a grass area that was already maintained by the Council.

The relocation of the access path would uplift the value of the property at 39 High Street. The value of this uplift had been calculated on the Council's behalf by the District Valuer and, in accordance with standard practice, it was proposed that the owners of 39 High Street would pay WDC a sum equivalent to the value of half of this uplift in return for the relocation of the path onto its land. The details of this proposed financial agreement were set out in confidential Appendix Five item 14 on the agenda (Minute 72).

The final element of the proposals related to the siting of a contractor's compound, on WDC land. The existing property at 39 High Street adjoined the public pavement along High Street and for the property to be demolished and rebuilt the contractor's compound could not be accommodated within the property's boundaries. One option would be to site the compound on the public highway but, given the adverse impact on pedestrian and traffic flows along High Street this would have, it had been accepted by both parties that the optimum site for the compound would be on the WDC owned grass track referred to above, which was directly adjacent to 39 High Street.

It was proposed that a licence be granted for the owners of 39 High Street to use this land as a temporary site for a secure contractor's compound for a period of 18 months, extendable on a rolling monthly basis if necessary. The financial terms for the granting of this licence were set out in confidential Appendix Five, Item 14 on the agenda (Minute 72). If the 18 month licence period needed to be extended, the financial terms would also be extended, on a pro-rate basis, as explained in the appendix.

During the period of the works, neither the existing public access path crossing the land within the demise of 39 High Street nor the proposed new access route along the WDC owned grass track would be available for public use. The former route would be within the construction site and the proposed new route would be blocked by the compound area. However, alternative public access points leading from High Street into Abbey Fields were available c100 metres down the street to the east or c150m up the road to the west which would be unaffected by any access restrictions during the construction period. As previously explained, alternative vehicular access points would also remain available throughout the construction period.

It was recommended that the finalisation of an appropriate specification for the works to the wall of The Pound and legal agreements relating to the public access path and site compound be completed under delegated authority, by the officers as set out in Recommendation 2.3 of the report, in consultation with the Portfolio Holder for Housing and Property Services.

A range of alternative options had been considered in respect of the three elements of the proposals but had been rejected on the basis that the recommendations provided the best commercial return for the Council while allowing the planning permission to be discharged, public access to Abbey Fields from High Street to be improved and a significant contribution to be made to assist with the future maintenance of a WDC owned asset.

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

The Executive asked for it to be recorded that although this matter related to Councillor Whiting's property, all discussions had taken place with officers and each time this report had been considered either at briefings, group meetings, scrutiny or Executive Councillor Whiting had left the room and played no part in those discussions. In addition to this, no member of the Executive had discussed this matter with Councillor Whiting while the negotiations were ongoing.

Resolved that:

(1) the following be approved
- The granting of permission to the owners of 39 High Street to undertake works to the southern wall of The Pound, owned by WDC, to allow suitable foundations to be created for an extension to their property, subject to the wall being rebuilt at the owner's expense to a standard and specification approved by the Council, in consultation with Historic England, and to the owners obtaining planning permission and conservation area consent;
- The incorporation of a public 'access path' from High Street to Abbey Fields

onto WDC land, as shown at Appendix Two to the report;

- The granting of a licence to the owners of 39 High Street to allow them to site a contractor's compound on WDC owned land to allow the proposed works to be undertaken to their property;

(2) the financial proposals relating to (1), as set out in Appendix Five, Item 14 (Minute 72) be approved;

(3) the Deputy Chief Executive (BH) and the Asset Manager be given delegated authority, in consultation with the Portfolio Holder for Housing & Property Services, to agree appropriate legal agreements and the detail of the specification for the works to the wall of The Pound; and

(4) the balance of the contributions received is allocated to the Capital Investment Reserve.

70. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute.	Para Nos.	Reason
71	1	Information relating to an Individual
71	2	Information which is likely to reveal the identity of an individual
71 & 72	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

71. **Minutes**

The confidential minutes of the meeting held on 28 September 2016 were taken as read and signed by the Chairman as a correct record.

72. **Confidential Appendix to Minute 69**

Resolved that the confidential appendix be noted.

(The meeting ended at 6.47pm)

Minute 64
Appendix 1

Part 3
Section 4 Scheme of Delegation

(Additional/new wording included in *italics,* deleted text ~~struck through~~)

DS (81)	*To enter into Agreements providing for the transfer of funds (for capital works or commuted sums for a limited period of maintenance) received as a result of planning obligations under Section 106 of the Town and Country Planning Act 1990 to a Parish or Town Council, where it is deemed appropriate for the Parish or Town Council to provide the infrastructure which is the subject of the planning obligation.*	
CE (16)	Approve severance payment which *either*:- (i) are, in their opinion, in the Council's interests; or (ii) result in savings which recoup all initial costs of severance, subsequent staff regradings and any other consequential cost increases, within a period of 12 months of the severance; or (iii) result in a post being deleted from the establishment though not necessarily the same post as the one from which the person was severed. *(NB the value of the payment must be agreed in line with the requirements of the Chief Executives delegated authority to determine urgent items between meetings CE(4))*	
A (7)	Authority to carry out the necessary procedure and make orders under Town Police Clauses Act 1847 for the temporary closure of roads.	*Head of Development Services,* Head of Neighbourhood Services and Head of Health and Community Protection, following consultation with a solicitor acting on behalf of the Council.

Executive

Minutes of the meeting held on Thursday 5 January 2017 at the Town Hall, Royal Leamington Spa, at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Butler, Coker, Grainger, Phillips and Whiting.

Also present: Councillors; Boad - Chair of Overview & Scrutiny Committee & Liberal Democrat Observer, Mrs Falp - Whitnash Residents Association (Independent) Observer, Quinney - Chair of Finance & Audit Scrutiny Committee and Weed – Labour Group Observer.

Apologies for absence were received from Councillors Cross and Shilton.

73. **Declarations of Interest**

Minute number 81 - Visitor Information Review

Councillor Grainger declared a Disclosable Pecuniary interest because she was a Warwick Town Councillor and left the room while this item was considered.

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

74. **Local Council Tax reduction scheme 2017**

The Executive considered a report from Finance that provided the results of the consultation in respect of the proposed changes to the Local Council Tax Reduction Scheme (LCTRS) that ended on the 6 November 2016 and recommended changes to be agreed by Council to be implemented from 1 April 2017.

The Government had made changes to other national welfare benefits, including housing benefit and to the pension age Council Tax Reduction Scheme. The changes proposed would ensure that Warwick District's Council Tax Reduction Scheme remained aligned with other means tested benefits. Failure to align with other Benefits would increase the amount a new claimant could receive in council tax reduction.

Universal Credit was gradually being introduced nationally and replaced a number of means tested benefits. The way that the reduction was currently calculated needed to be amended so that it remained fair to all working age claimants, and did not favour those claiming Universal Credit any more than those who were not. The majority of respondents to the consultation agreed to this proposal.

The family premium was removed from the calculation of other welfare benefits in May 2016, including council tax reduction for pensioners, however, the Council's local working age scheme had not changed. This proposed change ensured this Council's scheme remained aligned to other welfare benefits. The majority of respondents did not know whether this should be removed or not, however, this would only be applied to new claims made after 31 March 2017.

It was proposed that a person claiming welfare benefits, including pensioner council tax reduction, would no longer receive an increase in those benefits for any third or subsequent child born after 1 April 2017. This change would ensure the scheme remained aligned to other welfare benefits. There was a mixed response to this, but the majority of claimants agreed with the proposal.

The amounts used to calculate reduction for pensioners were prescribed annually by Government. It was proposed that in future, the applicable amounts, premiums, allowances and non-dependant deduction would be amended annually to align with those used in the Government pensioner council tax reductions scheme. This would ensure the Council's working age scheme remained aligned with the pensioner scheme. The majority of respondents agreed with this proposal.

The proposals suggested reducing the maximum period a claim could be backdated from three months to one month, however, the majority of respondents did not think the Council should reduce this. Consequently this original proposal was not being recommended as a change to the Council's LCTRS.

The Council could decide to reject the recommendations and retain the scheme in its current form.

Recommended that Council approves the following changes to the Council Tax Reduction scheme:

(1) to amend the rules which will ensure that people with the same level of income will be treated equally whether they receive Universal Credit or other means tested welfare benefits from 1 April 2017;

(2) to remove the family premium in the calculation of Council Tax Reduction for all new claims made from the 1 April 2017;

(3) to remove the child premium in the calculation of Council Tax reduction for any 3rd or subsequent child born on or after the 1 April 2017;

(4) to review the applicable amounts, premiums, allowances and non-dependant deductions annually so that they reflect those prescribed by the Government in the prescribed – pensioner scheme from 1 April 2017; and

(5) to maintain the maximum three month backdate period.

75. **Council Tax empty property exemption period**

The Executive considered a report from Finance that provided details of a proposal to remove the council tax one month exemption period in respect of empty properties that were unoccupied and unfurnished.

The proposed change, if approved, would take effect from 1 April 2017 and as a consequence would mean that council tax would be payable regardless of whether a property was occupied or empty. The liable person for the charge would be the person entitled to possession of the property which in many cases would be the owner/landlord but on occasions would be a tenant who had vacated or not yet taken up occupation but still held the tenancy.

The current policy which allowed a one month exemption period once a property was unoccupied and unfurnished led to confusion with taxpayers as the exemption related to the property and not the taxpayer. Inevitably, this could lead to repeated enquiries leading to disputes over occupation/vacation dates and often the Council could become involved in lengthy wrangling between landlords and tenants.

It would make it a lot simpler for the council tax payer to understand and would remove the number of enquiries about policy on this matter. It would also remove the many administrative difficulties in establishing exemption start and end dates and determining the person entitled to the exemption.

In addition, the removal of the exemption from empty properties provided an incentive to owners to reoccupy or bring properties back into use as quickly as possible and reduce the number of empty properties.

At any one time there were, on average, approximately 165 properties in receipt of the current exemption. Based on the assumption that they were band D properties, the Council could raise an additional £267,000 (of which an estimated £27,000 would be for WDC) in revenue from removing the exemption.

As an alternative, the Council had the discretion to award any exemption between 0 and 100% for any period up to 6 months. However, retaining an exemption period of any period of time would lead to the kind of administrative problems currently being experienced and whilst the existing period was only one month, it could be a factor in slowing down the turnover of property as well as lost opportunity to raise additional revenue.

The Finance & Audit Scrutiny Committee accepted the recommendations in the report and noted that there were appropriate exemptions in place for; reductions in Council Tax to enable major renovation works to be undertaken; or for second homes.

The Executive thanked the Scrutiny Committee for their comment and agreed that it was welcome that other appropriate exemptions were in place to enable major works/renovations to take place.

Recommended to Council that it approves the removal of the council tax one month empty property exemption period in respect of empty properties with effect from 1 April 2017.

(The Portfolio Holder for this item was Councillor Whiting)

76. **Pre-application charging regime for development proposals**

The Executive considered a report from Development Services that updated them on the introduction of the pre-application advice scheme which started in February 2016, and sought minor amendments to this.

The purpose of the trialling of the scheme for a period of a year was to monitor its effectiveness, particularly in terms of the income received relative to the costs of providing the service, in order to consider whether it could be operated on a permanent basis through the provision of an additional Planning Officer role within the Development Management team.

To enable the monitoring of the scheme during its trial period, an additional temporary Planning Officer post had been created within the Development Management team, recruited through a specialist agency.

Since February 2016, over 190 non-householder, pre application requests had been received, of which approximately 25% were exempt from the payment of a fee as per the exemptions set out in the current charging schedule.

Over that period, the cost of providing the service on a permanent basis, through the provision of a permanent member of staff rather than a temporary member of staff recruited through an agency, would be £37,215 whilst the income received was £42,725.

At this stage, whilst the income received on an on-going basis remained variable, the evidence was that it exceeded that required to fund a permanent Planning Officer post to provide an appropriate level of resource to deliver this service in an effective manner on a permanent basis.

The pre-application scheme had been designed to operate by making a charge for the provision of advice on a one-off basis by means of either a single meeting or a written response. Whilst at the outset, it was not possible to design a scheme to address all possible combinations of circumstances, officers had reflected on the experience of running the scheme to date, particularly in respect of the way in which the exemptions to the making of a charge had operated but also to other circumstances which had arisen.

Revisions to the way in which those exemptions were applied were set out within section 8 of the report.

It was considered that the operation of this aspect of the development management service in the manner prior to the introduction of a charging regime, did not provide an appropriate level of customer service or contribute as effectively as it could to the delivery of increasingly good development across the District. For that reason, in such circumstances, the only alternative to charging would be to cease providing any pre-application advice as there was no capacity to offer a free service. Offering lower charges was not appropriate either since it would not generate sufficient financial resource to cover the cost of providing the service.

The Finance & Audit Scrutiny Committee supported the recommendation in the report and noted that the wording would be revised so the exemptions were amended to apply to schemes of 90% affordable housing or greater.

The Overview & Scrutiny Committee felt that this was a good scheme and appeared to be well worth pursuing, provided that full cost recovery was achieved at a minimum.

The Executive thanked the Overview & Scrutiny Committee for their comment and agreed with the concerns of the Finance & Audit Scrutiny Committee.

It was for this reason that the proposed scheme, as set out at Appendix 1 should be amended so that only schemes that proposed 90% affordable housing or greater were exempt from pre-application charges.

Recommended that Council approves the introduction of the pre-application charging scheme as set out in Appendix 1 to the minutes, on a permanent basis from 1 February 2017.

(Councillor Phillips arrived during this item and while he asked a question about the scheme did not vote on this matter)

Part 2

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

77. **The Rental Exchange Project**

The Executive considered a report from Housing & Property Services which sought approval for the full implementation of the Rental Exchange Project.

In March 2016, the Executive approved stage one of the Rental Exchange project. The Rental Exchange was a national initiative developed by Big Issue Invest and Experian.

Following Executive approval for stage one, officers had passed information to Experian relating to Council tenants. Experian had then assessed the data sent and advised the Council of the results.

The Warwick District Stage One results were set out in detail at Appendix 1 to the report, but were very promising indicating that:

- *71% of WDC tenants would improve their credit score*
- *26% of WDC tenants would not be affected as they were in receipt of full housing benefit*
- *3% of WDC tenants would have their credit score reduced*
- *95% of WDC tenants would establish a satisfactory digital footprint*

These results indicated that a significant proportion of our tenants would be able to access cheaper forms of credit as a result of them paying their rent.

Following the approval to join the Rental Exchange scheme, tenants would be notified formally of the Council's intention to join the scheme. Tenants would be given clear information about the sharing of their information, how it complied with the Data Protection Act and how they could then opt out of the scheme should they wish.

There was currently no alternative to this scheme which could provide the same benefits to the Council's tenants. If the Council chose not to explore joining the Rental Exchange, it could miss out on an opportunity to help reduce the cost of credit and increase the payment options for services for its tenants.

The Overview & Scrutiny supported the scheme and looked forward to receiving information about the potential opportunity with Credit Union in the future.

The Executive thanked the Overview & Scrutiny Committee for their comments and welcomed their understanding of the need for a separate investigation into a potential opportunity with the credit union.

Resolved that

(1) the outcomes of Stage 1 of the Rental Exchange Project be noted; and

(2) the Council joins the Rental Exchange project and progresses to full implementation of the scheme.

78. **Consultation on the draft Community Infrastructure Levy (CIL) Charging Schedule**

The Executive considered a report from Development Services that sought approval of the refreshed Community Infrastructure Levy (CIL) Draft Charging Schedule prior to public consultation.

The Council was committed to introducing a CIL Charging Schedule which, in addition to other funding mechanisms such as Section 106, would support the delivery of the infrastructure required for the level of growth proposed in the Local Plan. It was intended to compliment rather than replace other funding streams and to promote development rather than hinder it.

The Council consulted on a Preliminary Draft Charging Schedule (PDCS) in June 2013. A summary of the consultation on the PDCS had been prepared, along with responses to the points made, and was brought before Council on 28 January, 2015. After the 2013 consultation was undertaken, the Council reviewed the CIL viability study to ensure the viability evidence was up to date (reflecting for instance increased residential sales values and increased build costs), concluding that the originally drafted rates were still applicable. This Draft Charging Schedule was subsequently consulted upon in January 2015, with the intention of bringing adoption forward in tandem with the Local Plan.

However, the progress of preparing the Council's finalised CIL submission was subsequently halted by delays in the Local Plan. As such, the Draft Charging Schedule had fallen out of date and a viability refresh was commissioned to ensure the evidence remained robust and up-to-date. This refreshed Draft Charging Schedule was detailed at Appendix 1 to the report. The charges within the draft schedule would be index linked, in accordance with regulation 40 of the 2010 CIL Regulations.

The Viability Refresh was prepared on behalf of the District Council by BNP Paribas. The refresh was conducted using the same industry-standard methodology as the original 2013 Viability Study; testing charging models against both hypothetical developments and a sample of live strategic sites, ensuring that the level of CIL proposed was demonstrably viable. The Key Findings of the report detailed the capacity to absorb CIL charges in the range of possible development types, and these findings were presented in table 1.6.1 of Appendix 1 to the report.

It should be noted that the proposed charges in the Draft Charging Schedule (DCS) were less than the maximum possible capacity for developments to absorb. It was important that the CIL rates were set at such a rate that they did not force developments to become unviable. The CIL regulations stated that in setting its CIL rate the Council must:

"… aim to strike what appears to the charging authority to be an appropriate balance between:

- *The desirability of funding CIL and the actual and expected costs of infrastructure required to support development and*
- *The potential effects of the imposition of CIL on the economic viability of development across its area."*

There were some changes to the proposed DCS when compared to the one consulted upon in 2015. Critically, the charge that was considered to be viable level to be levied on strategic sites had reduced. This was primarily due to an increase in assumed underlying development costs. For example, the viability model included contributions of £13,000 section 106 payments per dwelling and £12,000 on-site infrastructure costs per dwelling. As noted earlier, CIL was complementary to other funding streams such as s106 and the viability assessment was obliged to take these into account when assessing what might constitute a viable levy. It should be noted that by making an allowance for Section 106 contributions and onsite infrastructure provision, the Council could continue to use other forms of funding infrastructure alongside CIL. This enabled a flexible and pragmatic approach to be used to infrastructure funding and ensured that the approach was not over-reliant on CIL.

To adopt a CIL Charging Schedule, the Council had to demonstrate that there was a funding gap which exceeded the likely receipts from other sources. This would be set out in a live and evolving document called a Regulation 123 List. The list did not require consultation, and would be refined prior to submission to Council in April 2017. The Regulation 123 list was drawn from the Infrastructure Delivery Plan which was subject to the Local Plan Examination in Public that ended in December 2016.

Officers would consider the representations made in relation to the CIL Draft Charging Schedule consultation. As part of this, officers would consider whether any amendments were required to support the soundness of the Draft Charging Schedule.

A series of workshops would take place for Councillors in February that would explore the role of CIL, its relationship to other funding streams and its purpose in helping to deliver vital infrastructure.

Alternatively, the Executive could choose not to pursue a CIL Charging Schedule or could choose to delay the consultation process on the Draft Charging Schedule. The former course of action would undermine the options the Council had to provide the funding needed to deliver the Infrastructure Delivery Plan. This was particularly important in the context of the CIL regulations which prohibited the pooling of more than 5 Section 106 contributions after 1 April 2015.

The Finance and Audit Scrutiny Committee had concerns about the proposed document as it was a technical document that was complicated and wished to ensure that the message was understood by the general public during consultation. They welcomed a further briefing/training session on CIL and the IDP for Councillors in the near future.

The Committee were assured that, prior to consultation, the table in Paragraph 3.4 would be amended to reflect that it was a cost per square metre and would ensure that Whitnash was referenced as being included within Zones B&D, along with the inclusion of the appropriate map demonstrating the areas A-D.

The Committee recognised there would be Section 106 agreements contributions as well and hoped the impact of these on strategic residential developments in particular would be clear in the consultation document.

The Committee welcomed the proposal, therefore, to include examples and scenarios within the consultation to show the true contribution from each development.

The Committee sought assurance that the Executive understood that this was for both Brownfield and Greenfield sites and that this also should be made clearer in the consultation document.

However, the Committee at this time recognised that the important issue was to get this out for consultation to move the matter forward.

Appendix 2 to the report had been circulated at the Scrutiny Committee meetings on Wednesday 4 January 2017 and was also circulated to the Executive during this item.

The Executive welcomed the circulation of the maps and colour appendices at the meeting. They did, however, share the concerns of the Scrutiny Committee that the final document needed to be clear and tided up prior to consultation. The use of examples to illustrate points would be of value to all parties along with explanations as to why sites discounted within the local plan had been included in the revised assessment of CIL.

Resolved that

(1) the CIL Viability Refresh Report, prepared for the Council by BNP Paribas, attached as Appendix 1 to the report be noted;

(2) subject to officers ensuring the consultation document includes the suggestions from Finance & Audit Scrutiny Committee and that the relevant Portfolio Holder & Leader confirm the final consultation version before it is published the CIL Draft Charging Schedule, as set out at paragraph 3.4 of the report and shown in full in Appendix 1 to the report, be approved for publication under Regulation 16 of the CIL Regulations 2010 to enable a four week period of consultation to commence, no later than 13 January 2017;

(3) the Head of Development Services, is authorised, in consultation with the Development Portfolio Holder, to make minor changes to the CIL Draft Charging Schedule and associated documents following the consultation period, prior to submission to Council;

(4) after the consultation has taken place and any subsequent amendments have been made, the CIL Draft Charging Schedule will be brought before Council, prior to submission to the Secretary of State; and

(5) briefing sessions for Councillors will be offered during the consultation period to further explain the role of CIL alongside Section 106 agreements in providing funding for Infrastructure.

79. **Cloister Way Affordable Housing**

The Executive considered a report from Housing & Property Services that sought approval to purchase five affordable housing units on the Cloister Way development for retention as Housing Revenue Account assets.

The site of the former North Leamington School was partially developed a few years ago. A later phase of development was recently approved by Planning Committee on 13 September 2016.

The approval included an affordable housing requirement of five homes: two three-bedroom houses for social rent and three two-bedroom flats for shared ownership.

This was subsequently secured by a section 106 agreement, concluded on 8 November 2016, which also included "cascade provisions" setting out the process to be followed in the event of lack of interest from Registered Providers (RP aka housing associations).

Briefly, this required the developer to try to find an RP and to conclude negotiations within three months. If they could not do this, they had to serve a "First Affordable Housing Notice" (FAHN) on the Council, who could, within two months of receipt, nominate another RP. The developer then had a further three months to try to agree a deal with the nominated RP. If the Council did not nominate another RP, or if the developer could not conclude a deal with a nominated RP in the timescales, then the developer must offer the properties to the Council for the price of £776,501. The Council must then confirm within 14 days whether it wished to purchase them.

Negotiations over the reserved matters planning application and the subsequent section 106 agreement were lengthy and the developer was taking soundings from prospective social landlords while these were ongoing.

Consequently, very quickly after signing the section 106 agreement, the developer's agent contacted the Housing Strategy & Development Team to advise that none of the partner RPs were interested in taking the properties because of the relatively small numbers. They were, therefore, requesting that they be allowed to serve the FAHN early.

It would be difficult to find an alternative RP because of the small number of units involved. This would also be undesirable given that all the RPs with a current management presence in the District, had declined to buy them so any other RP would not have local facilities for the tenants and shared owners.

It was highly likely that the next stage of the cascade would be triggered and the dwellings offered to the Council. A decision in principle was therefore required so that the Council could respond quickly, at the time when such an offer was made.

The Council had the statutory power to buy housing for rent or sale under Section 17 Housing Act 1985.

However, there were two other options available. Firstly, the Council could seek to nominate another RP to take on the properties. Although, as detailed in the report, this was considered to be both difficult to achieve and in any event, undesirable.

The other alternative was for the Council to decide not to purchase the properties. This would then result in the Council receiving a financial contribution equal to the build costs of the five affordable housing units. This would be available to the Council for up to five years to spend on affordable housing elsewhere in the District. If it wasn't spent after five years it would be repayable to the developer. This was a less attractive option because of the difficulty in finding somewhere to spend the money: onsite provision was always preferable.

The Finance & Audit Scrutiny Committee welcomed the report and recommendations.

The Portfolio Holder for Housing & Property Services explained that officers had been emailed before 8.00am on 5 January 2017 to explain that three of the properties were leasehold and not freehold. The team had been surprised by this detail and that it had not been mentioned until this late stage. However, based on this it was necessary to propose amended recommendations so that it was clear the potential purchase was for freehold only and, if the properties remained as leasehold, a further report would be required back to the Executive.

Resolved that

(1) the position with regard to the affordable housing units on the site at Cloister Way; be noted;

(2) officers be given approval, in principle, to conclude negotiations with Spitfire Properties for the *freehold* purchase of five affordable housing units, two of which will be made available as social rent and three of which will be for shared ownership at a cost of £776,501 and stamp duty at 1% (£7,765);

(3) subject to resolution (2), the Head of Finance, in consultation with the Finance Portfolio Holder, be delegated authority to confirm financing arrangements for this purchase as part of reviewing the financing of the overall Housing Investment Programme; and

(4) in the event that a freehold purchase cannot be negotiated for the three flats, a further report be brought to Executive outlining the terms on offer for a leasehold purchase.

Recommends that subject to resolution (2) above, the Council approves:

(1) a budget of £784,266 be made available for the purchase, from Right To Buy receipts, HRA capital reserves and potentially section 106 affordable housing funding;

(2) a budget of £16,000 be allocated for administrative and legal costs for the administration of the purchase and the sale of the shared ownership dwellings; and

(3) a contingency budget of £5,000 per property, £25,000 in total, be set aside for any improvements that may be considered necessary over and above Spitfire Properties' house type specification.

80. **Significant Business Risk Register**

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

The report was to assist Members to fulfil their role in overseeing the organisation's risk management framework. In its management paper

"Worth the risk: improving risk management in local government", the Audit Commission set out clearly the responsibilities of Members and officers with regard to risk management:

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the chief executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

More than six months ago there were three risks in the "red zone" (Risks 4, 6 & 16). Since then, as advised previously, following the introduction of additional controls and mitigations, Risks 4 and 6 had come out of the red zone. On the other hand, Risk 2 (Risk of Sustained Quality Service Reduction') had moved into the red zone by virtue of the Likelihood of it occurring increasing. The other risk in the red zone was Risk 16: 'Risk of Local Plan being unsound'. Updates on these risks were set out within the report.

Finance & Audit Committee regretted that the Leader was not present for this item and asked for an explanation as to why the significant project that Members had been briefed on earlier in the week was not included in the Risk Register.

The Committee asked for a clear timescale as to when the review of Recruitment and Retention, as set out as the mitigation measures identified in Risk 2, would be brought to Members because this had now been raised for at least 11 months.

The Committee noted that the risk for the Local Plan was likely to reduce in light of the Planning Inspectors notification to the Council.

The Executive thanked the Scrutiny Committee for their comments and were reassured that the Chief Executive would write to them outlining the timetable for the review of recruitment and retention. They also recognised that, as a result of the letter from the Planning Inspector, the risks associated with the Local Plan were likely to have dropped significantly when this was next reviewed.

Resolved that

(1) the emerging risks within the report be noted and that no further actions should be taken at this time to manage the risks outlined in the Significant Business Risk Register; and

(2) the Chief Executive would write to the Finance & Audit Scrutiny Committee regarding the timescale as to when the review of Recruitment and Retention, as set out in the mitigation measures identified for Risk 2, would be brought to Members.

81. **Visitor Information Review**

The Executive considered a report from Development Services that set out the outcome of the review of Visitor Information and proposed improvements for this service.

In November 2012, Executive had agreed to develop the 'hub and spoke' model for service delivery of visitor information in the District, which resulted in the granting of £40,000 p.a. to Warwick Town Council for the provision of the management of both the Warwick and Leamington Visitor Information Centre's (VIC's) along with other tourism activities.

The agreement governing the 'hub and spoke' arrangement would end in March 2017, and so a comprehensive review of the future options of the Leamington VIC had taken place to ensure that the Council could continue to provide a cost-effective solution to visitor needs. These options had been discussed with partners and offered several ways forward that would deliver the current and aspired-to levels of service.

Following the Executive approval of the Tourism Review in June 2016, a variety of models were explored for the operation of the Leamington VIC. This review was based on seeking improvement for visitors, especially around the quality of service delivery and the length of opening hours. The VIC currently operated over fewer hours than the rest of the functions in the Royal Pump Rooms, meaning that the space was secured by a large security shutter, whilst the building was still in use, ergo deterring visitors to the Art Gallery and Museum and café, and creating a negative impression. Furthermore, there was a desire to improve the value of interactions with visitors, offering a greater depth of knowledge and service where possible.

In seeking alternative models for the operation of the VIC service, the starting point was that the face-to-face visitor information service in Leamington was valued, that we would like to see the service extended and improved, but that budgets were constrained and that no additional funding was available. As a result, two models were proposed; one involving merging with other similar WDC functions, outlined in Appendix 1, and another involving extended opening hours through increased use of volunteers managed through the existing 'hub and spoke model', detailed in Appendix 2 to the report.

Both models potentially provided an improved service to visitors by extending the current opening hours. This would be of benefit to those wishing to access the VIC service in the Pump Rooms as well as those visiting the Art Gallery & Museum who could be deterred by the metal shutters that were used to segregate the closed VIC when the Pump Rooms remained open.

Appendix 1 to the report, proposed a model that brought the VIC delivery in-house and, following a redesign consultation, integrated the staff with those providing a similar function in the Art Gallery & Museum with the Box Office, currently located in the Town Hall. By integrating the teams and co-locating the functions, synergies would be produced that would provide the customer with an improved, more comprehensive service at first point of contact and over the desired longer opening hours. Given the much higher footfall in the Royal Pump Rooms compared to the Town Hall, there was reasonable expectation of opportunities to generate additional income above the current level.

Once the staff transferred in-house, a focussed service redesign and consultation would be undertaken in order to integrate the teams, with the intention to present to Employment Committee in June 2017. Given the requirement to bring the VIC staff in-house prior to consultation and the creation of an integrated team, the extended opening hours sought for the VIC were unlikely to be able to be delivered until after the 15 June 2017 Employment Committee. However, once approved, the physical relocation of the box office and the amalgamation of the teams could take place. There would be the need to put training plans in place and ensure that the transition of the service was done as smoothly as possible and that staff were fully engaged throughout the whole process.

Appendix 2 to the report, detailed a proposed model that retained the current management arrangement of Warwick Town Council (WTC) managing the Leamington VIC, but utilising their established pool of volunteers to extend the opening hours without incurring additional costs. WTC had experience of successfully recruiting and managing volunteers having done so in the Warwick Visitor Hub. The model had the additional advantage of maintaining the existing and experienced management function, and would be able to deliver the extended opening hours immediately.

However on balance, the combination of increased opening hours, improved customer service and increased synergies between teams, the model proposed in Appendix 1and summarised in paragraphs 3.6 and 3.7 of the report was considered to offer the greatest benefits for both the Council and for the customer.

To relocate the Box Office and reception function, the communication infrastructure to both the customer facing and back office areas would require investment. Given that it would be inappropriate to award the VIC element of the Tourism Grant outside of the Council when the service was now being provided in-house, it was proposed to instead utilise this element of the grant to deliver the required improvements in 2017/18.

Warwick Town Council was currently in receipt of a Tourism Grant made up of two parts – a) £25,000 for tourism activities and b) £15,000 for the management of the Leamington VIC. Part b) of the grant would be repositioned as detailed in recommendation 2.5, and recommendation 2.6 allowed for the renegotiation and renewal of part a) of the grant to ensure future delivery of tourism activities in Warwick town.

Currently the visitor information was an unmanned stand in Kenilworth Library, Smalley Place. Officers would engage with stakeholders and end users to assess this provision and seek ways of improving its accessibility, relevance and prominence to the visitor within existing budgets. There had been a recent Visitor Audit for Kenilworth and associated action plan, attached as Appendix 3, and this would form the starting point of reviewing and improving the visitor information provision, with particular reference to Priority 4 – Optimising the Experience.

Alternatively, the Council could choose to shut the Leamington VIC without exploring alternative delivery models. This would offer up savings to the Council in the region of £45,000, or the money saved could be used elsewhere to support Tourism. Closure would, however, be detrimental to the visitor experience, be reputationally damaging both within the community and within the tourism industry and have a negative impact on the other functions within the Royal Pump Rooms.

The Council could also choose to adopt the proposal detailed in Appendix 2 to the report. This proposal would deliver longer opening hours which would benefit visitors to the VIC and to the Pump Rooms. However, this would not deliver the service benefits of co-location with other elements of service delivery such as the Box Office and Gallery Assistants, as made possible in the recommended option.

Resolved that:

(1) the proposed future model of service delivery as detailed in Appendix 1 and summarised in paragraphs 3.6-3.7 of the report, is endorsed;

(2) the principle of Warwick District Council taking over responsibility for the Leamington Visitor Information Centre (VIC) on 1 April 2017, or as soon as practicably possible thereafter, be approved with VIC staff being directly employed by Warwick District Council with transfers of current staff employed by Warwick Town Council under the TUPE regulations as applicable;

(3) the current grant arrangement with Warwick Town Council, for payment of £15,000 per annum, be ended in respect of the Leamington VIC on expiry of the current grant period on 31 March 2017;

(4) the Royal Spa Centre Box Office is relocated from the Town Hall and, together with the Art Gallery & Museum reception is co-located with the Leamington VIC in the Royal Pump Rooms;

(5) the Head of Development Services and the Head of Cultural Services are authorised, in consultation with the Business Portfolio Holder and the Culture Portfolio Holder, to utilise the £15,000 allocated for 2017/18 as grant to Warwick Town Council, to instead deliver ICT infrastructure upgrades to enable the Royal Spa Centre Box Office and Art Gallery & Museum reception to be co-located to the VIC area within the Royal Pump Rooms;

(6) the Head of Development Services, is authorised, in consultation with the Business Portfolio Holder, to re-negotiate and agree the payment of the Tourism Grant (additional to the £15,000 grant referred to above) to Warwick Town Council, up to a maximum value of £25,000; and

(7) an additional phase of the Review be undertaken to examine the provision of Visitor Information services in Kenilworth, involving engagement with stakeholders on

the recent Kenilworth Visitor Audit, with the intention of delivering improvements to the range and accessibility of information within existing budgets.

82. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute.	Para Nos.	Reason
83	1	Information relating to an Individual
83	2	Information which is likely to reveal the identity of an individual
83	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

83. **Decision Made Under Chief Executive's Emergency Powers CE(4)**

The Executive considered a report from the Chief Executive informing them of a decision that had been taken, in consultation with Group Leaders, under delegation CE(4).

Finance & Audit Scrutiny Committee supported the recommendations in the report. They raised two main questions and were assured that future proposals would address one and a robust process including Group leaders was in place for such situations which addressed the other.

Full details would be provided in the Confidential minutes of the meeting.

Resolved that the report be noted.

(The meeting ended at 6.41pm)

Minute 76
Appendix 1

Warwick District Council Pre-Application Service Charges

Tier 1: Self service advice via the WDC website: No charge.
Tier 2A: Request for a written response as to whether planning permission is required. Fee of £35 for a written response.
Tier 2B: Request for a written response as to the acceptability of a minor proposal: Fee of £50 for householders or £150 for other proposals.
Tier 2C: Provision of verbal advice at the Development Management/Building Control householder drop in session: free of charge.
Tier 3: Provision of pre-application advice for small scale non-householder proposals which do not fall within tiers 4 – 6: Fee of £150 per meeting or written response; or £300 for both.
Tier 4: Provision of pre-application advice for proposals which fall within the "minor" development category: i.e. residential proposals of 1-9 dwellings or involving a site area up to 0.5 ha; commercial proposals involving less than 1,000 sq m of floor space or a site area of less than 1 ha: Fee of £300 per meeting or written response; or £600 for both.
Tier 5: Provision of pre-application advice for proposals which fall within the "small scale major" development category: i.e. residential proposals of 10 – 199 dwellings or involving a site area of 0.5 - 4 ha; commercial proposals involving between 1000 and 9999 sq m of floor space or a site area of 1 -2 ha: Fee of £600 per meeting or written response; or £1200 for both.
Tier 6: Provision of pre-application advice for proposals which fall within the "large scale major" development category: i.e. residential proposals of 200 or more dwellings or involving a site area of 4 ha or more; commercial proposals involving 10000 sq m or more of floor space or a site area of 2 ha or more: Fee of £900 per meeting or written response; or £1800 for both.

1. All fees are exclusive of VAT and apply to all development proposals including those following both the grant of outline planning permission (i.e. prior to the submission of reserved matters applications) and the refusal of planning permission.

2. For any specific development proposal, a fee will not be charged for the first round of advice (provided by means of either a written response or meeting) relating to proposals which:-

- are brought forward by small charitable organisations that are based within Warwick District where the proposal either falls within tiers 2 to 3 or where larger schemes falling within tiers 4 to 6 are proposed to directly benefit the users of the charity;
- schemes that include at least 90% affordable housing within the District.
- assist disabled people: for example, proposals involving modifications to make a house more accessible or user friendly.
- require Listed Building consent (not including redevelopment schemes where the work to a Listed Building is part of a wider proposal).
- are for employment development falling within the B use class.

WARWICK DISTRICT COUNCIL	**Executive 8 February 2017** **Council 22 February 2017**	**Agenda Item No.** **4**

Title	Budget 2017/18 and Council Tax – General Fund Revenue and Capital
For further information about this report please contact	Mike Snow (01926 456800) Jenny Clayton (01926 456013)
Wards of the District directly affected	N/A
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	
Background Papers	Report to Executive 30 November 2016: Approval of General Fund Base Budgets 2017/18 Report to Executive 28 September 2016: Proposed Fees and Charges for 2017/18

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

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	27/1/17	Chris Elliot
CMT	27/1/17	Chris Elliott Bill Hunt Andrew Jones
Section 151 Officer	27/1/17	Mike Snow
Monitoring Officer	27/1/17	Andy Jones
Finance	27/1/17	Jenny Clayton
Portfolio Holder(s)	27/1/17	Peter Whiting
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. Summary

1.1 This Report informs Members on the Council's financial position, bringing together the latest and original Budgets for 2016/17 and 2017/18, plus the Medium Term Forecasts until 2021/22. In doing so it advises upon the net deficit from 2021/22 and the savings required to balance future years' Budgets.

1.2 The report seeks Members approval of the following-
- Latest Budget 2016/17
- Original 2017/18 Budget
- This Council's Band D Council Tax charge for 2017/18
- 5 Year Capital Programme
- Prudential Indicators for 2017/18.
- To note the latest Reserves and Schedules, approving the relevant transfers.
- Financial Strategy
- Equipment Renewal Reserve and ICT Replacement Schedules
- Ear Marked Reserve Requests for slippage to 2017/18 Budgets

1.3 This report will be presented to Full Council alongside a separate Report recommending the overall Council Tax Charges 2017/18 for Warwick District Council.

1.4 Despite significant cuts in Government Funding, this Council has been able to set a balanced Budget for 2017/18 without having to reduce the services it provides. This has been the case for many years as a result of the Fit for the Future Programme it has adopted. It has not had to rely on New Homes Bonus to support core revenue spending and has been able to allocate this funding to project work, replenish reserves and make a contribution to provide a 2017/18 Contingency Budget. Alongside this the Council has achieved a modest surplus on its 2016/17 Budget. However, the Council financial projections show that further savings need to be secured from 2018/19 onwards.

2. Recommendation

The Executive recommend to Council to approve or to note:

2.1 The proposed changes to 2016/17 Budgets detailed in Section 3.2.

2.2 The Revised 2016/17 Budget of Net Expenditure of £11,969,306 (Appendix 1) after allocating a surplus of £96,200 (paragraphs 3.2.2 and 3.2.4).

2.3 The proposed changes to 2017/18 Base Budgets detailed in Section 3.3.

2.4 The proposed Budget for 2017/18 with Net Expenditure of £14,858,673 taking into account the changes detailed in section 3.3 and which is summarised in Appendix 1.

2.5 The use of the Leisure Options Reserve is agreed by the Heads of Finance and Cultural Services in consultation with the respective Portfolio Holders towards the upfront investment costs that will be incurred by the new leisure centre operator (paragraph 3.3.8).

2.6 The Grant Settlement for 2017/18 as discussed in paragraph 3.4.1. Should there be any changes between the indicative Revenue Support Grant and the final amount, the changes will be managed through the Service Transformation

Reserve (para 3.4.6), and any change in the Business Rate Retention figures is reflected in the use of the Business Rate Retention Volatility Reserve (para 3.5.7).

2.7 The Council Tax of a Band D property for Warwick District Council for 2017/18 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts is agreed at £156.86 representing a £5 increase on 2016/17.(paragraph 3.6.7).

2.8 Subject to approval of the above Budget 2017/18, the Council Tax charges for Warwick District Council for 2017/18 before the addition of Parish/Town Councils, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band is agreed by Council as follows:

Band	£ Charge
Band A	104.57
Band B	122.00
Band C	139.43
Band D	156.86
Band E	191.72
Band F	226.58
Band G	261.43
Band H	313.72

2.9 That the Council should continue to pay the National Living Wage to its employees, with the rate increased to £8.45 (as determined by the Living Wage Foundation) from April 2017 (paragraph 3.8.1).

2.10 The Medium Term financial projections as shown in the Strategy at Appendices 2. Members note the underlying deficit of some £830,000 unless this can be addressed by savings of the same magnitude delivered by 2021/22 (para 3.9.5). In June 2017, Members will be updated with how this may be resolved in a Fit for the Future Report.

2.11 Note the Reserves Schedule as at 1st April 2017 and projected balances at Appendix 3 (section 3.10).

2.12 Establish a new Community Projects Reserve, with the Executive to agree allocations from this reserve. (paragraphs 3.10.3.xiii and 3.13.3)

2.13 Approve the Equipment Renewal Schedule (Appendix 4) and ICT Schedule (Appendix 5) be financed by the respective reserves and note that neither reserve is fully funded in the long term unless further sources of finance in addition to the recurrent allocations as approved in the September 2015 Fit for the Future Report (paragraphs 3.10.3 v and ii) can be found.

2.14 Note the funding shortfall for future Pre-Planned Maintenance work, and how this will be considered further within the forth-coming March Executive Report on the Corporate Property Planned Preventative Maintenance Programme (para 3.10.3 ix).

2.15 Approve the General Fund Capital and Housing Investment Programmes as detailed in Appendices 6 parts 1 and 2, together with the funding of both programmes as detailed in Appendices 6 parts 3 and 4and the changes described in the tables in paragraph 3.11 and Appendix 7.

2.16 Recognises that it is not restricted in the use of Right to Buy Capital Receipts for the Housing Investment Programme, agree that £1.9m of these be utilised to part fund the 2016/17, 2017/18 and 2018/19 General Fund Capital Programmes, and that this policy will be subject to further consideration within the June Fit For the Future Executive report (paragraph 3.11.11).

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

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

2.19. The 2017/18 proposed New Homes Bonus of £1,938,358 and Members approve the allocation of this as follows, as detailed in paragraph 3.13.6:

New Homes Bonus - 2017/18 Allocation	**1,938,358**
Waterloo	-178,525
Early Retirement Reserve	-150,000
Contingency	-104,500
Kenilworth (Leisure Ph2)	-100,000
Digital Transformation	-200,000
OSS Digital Investment	-50,000
Linen Street re-provision	-250,000
Private Sector Housing Resources	-37,500
Community Projects Reserve	-867,833
Total Allocated	**-1,938,358**

2.20 The 2016/17 General Fund budgeted surplus of £50,500 be incorporated into a 2017/18 Contingency Budget. In total the 2017/18 contingency budget will be £200,700 when some of the New Homes Bonus (£104,500) and balances on various Contingencies Budgets from 2016/17 (£45,700) are also included. (paragraph 3.13.6)

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

2.22 Approve requests for revenue slippage to 2017/18, where it is not possible to complete projects by 2016/17 (Appendix 10).

2.23 That the Executive agrees to adopt the discretionary measure of doubling rural rate relief to 100% from 01 April 2017, funded by Government Grant following the announcement in the December Autumn Statement (paragraph 3.14) .

3. **Reasons for the Recommendation**

3.1 Mandatory Obligations

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

3.1.2 It is prudent to consider the medium term rather than just the next financial year, taking into account the longer term implications of decisions in respect of 2017/18. Hence, Members receive a 5 year Financial Strategy, Capital Programme and Reserves Schedule.

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

3.1.4 The Chief Financial Officer is required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. (This statement is made at Appendix 12.

3.2 2016/17 Revenue Budget

3.2.1 Appendix 1 summarises the latest 2016/17 Budgets. These were reported to the Executive in November 2016 showing net expenditure of £11.8m and a surplus of £169,300.

3.2.2 The following changes are now proposed to the 2016/17 Budget:-

	2016/17 £
Surplus per November Report	**-169,300**
Additional Legal Costs	49,000
Additional Housing Benefits costs	47,000
Social Mobility grant slippage	20,400
Reduced rental income	14,200
Diverted Footpath contribution	-22,500
Increased Better Care Funding Grant (DFG)	-311,000
Refuse Bins delivery costs declassified capital	40,000
Other small changes	-4,100
Change in Service Expenditure / Income	**-167,000**
Reduced Interest Payments / Receipts	25,800
Footpath contribution to reserves	22,500
Change in Reserves Contributions	-30,500
Better Care Funding Grant (DFG) RCCO	311,000
Declassified Refuse container delivery costs	-40,000
Change in Financing and Reserves	**288,800**
Additional Grants	-3,000
Latest position 2016/17	**-50,500**

3.2.3 It was originally anticipated that the PA system in the Council Chamber would last until the Office Relocation, when this facility would be incorporated into the new Offices. However, this is no longer the case. It urgently needs replacing and it is now proposed to purchase a new system £45,000 from the 2016/17 Contingency Budget. This would leave £8,600 in the Contingency Budget.

3.2.4 Following on from the proposal in paragraph 3.2.3, the 2016/17 Budget also included the following unallocated contingency budgets totalling £45,700:

- General Contingency Budget £8,600 (after allocating £45,000 for the new PA system)
- Office Cleaning Contract £12,600
- Price Inflation £24,500;

These budgets are not likely to be used within 2016/17 and so would increase the surplus for the year by a further £45,700.

3.2.4 The treatment of the resultant net surplus of £96,200 is considered later in this report, in Section 3.13.6, when other funding proposals are considered.

3.2.5 Earmarked Reserve Requests. In reviewing the 2016/17 budgets, revenue "slippage" has been identified on projects originally scheduled for 2016/17. A list of Earmarked Reserve requests for Member approval is attached at Appendix 10. Due to the early closure of the 2016/17 Accounts, the Head of Finance in conjunction with the Finance Portfolio Holder have been given delegated authority to consider any further earmarked reserve requests that are apparent when the Accounts are closed, with these being reported retrospectively to members.

3.3 2017/18 Revenue Budget

3.3.1 Since Members agreed the 2017/18 Base Budgets in November, further changes have been identified. Inclusion in next year's Budgets at this point ensures both the 2017/18 Budget and Financial Projections will contain the most realistic figures as currently available. These changes are:

	2017/18 £
Surplus per November Report	**-97,196**
Contingency Budget 2017/18	96,200
Additional staffing	48,500
Additional Housing Benefits costs	72,400
Private Sector Housing surveys	15,000
Pension Fund contributions	-18,000
Increased rental income	-19,600
Other small changes	-8,300
Change in Service Expenditure / Income	**186,200**
Change in Reserves Contributions	-240,904
Contribution from Leisure Options Reserve	-300,000
Interest Paid & MRP - Leisure Centres	499,400
Collection Fund Deficit	20,000
Investment Interest	-67,500
Change in Financing and Reserves	**-89,004**
Latest position 2017/18	**0**

New Homes Bonus Allocation 2017/18	**-1,938,358**
<u>Allocated to Services:</u>	
Waterloo Housing Association	178,525
Contingency Budget 2017/18	104,500
Kenilworth (Leisure Ph2)	100,000
Digital Transformation	200,000
OSS Digital Investment	50,000
Linen Street re-provision	250,000
Private Sector Housing Resources	37,500
Allocated to Services	**920,525**
<u>Allocated to Reserves:</u>	
Early Retirement Reserve	150,000
Community Projects Reserve	867,833
Allocated to Reserves	**1,017,833**
TOTAL NEW HOMES BONUS ALLOCATED	**1,938,358**

3.3.2 Additional staffing includes:

- £32,000 for an additional Revenues Officer in response to the continued growth in new properties in the district and resultant Council Tax correspondence to be processed.

- Arts Programme Support Officer £10,600.

3.3.3 The 2017/18 Budget proposed also allows for the creation of a Contingency Budget to the total of £200,700. In recent years the use of a Contingency Budget has been invaluable to allow the Council to deal with un-budgeted demands. These demands are agreed by the Executive or delegations as allowed for within the Code of Financial Practice. Full details of the use of the Contingency are reported to members.

3.3.4 The projected Collection Fund Balance as at 31 March 2017 has been calculated to be a deficit of £182,801. Warwickshire County Council and the Warwickshire Police and Crime Commissioner were duly notified of their shares on the 15th January 2017. This Council's share is £20,000. This has been factored into the 2017/18 Budget.

3.3.5 The Base Budget for 2017/18 included an estimated £300,000 (part year) concession payment from the new operator being procured to run the Council's leisure centres from the planned date of 1 June 2017. Within the Medium Term Financial Strategy this figure increases to £600,000 per annum from 2018/19. In discussions with tenderers they have emphasised how they will incur substantial losses in the early years of the contract. This reflects the upfront capital investment required from the operator to fit out the facilities, the only partial completion of NCLC and SNPLC from the start of the contract to late 2017, and the time taken to build up the customer base. Consequently, they do not favour the "flat line" concession fee being sought in the original tender documents. If there were to be no concession payable in the early years, the operators suggest that they will be able to present far more favourable bids.

3.3.6 By agreeing to a "concession holiday" in the early years of the contract, it results in in an increased concession in subsequent years this will present the following advantages to the Council:-

- This will assist the Council's Medium Term Financial Strategy as discussed in paragraph 3.9.5 where savings of £0.83m are still to be sought.
- The contract is for 10 years, at the end of which it is possible to negotiate to extend the contract for a further 5 years, or to re-procure. Having a higher concession price in these later years should present a better negotiating stance for considering an extension of the contract.

The disadvantage of a concession holiday is the impact that this has on the proposed 2017/18 Budget and the early years of the Medium Term Financial Strategy. This will leave a funding gap which has to be closed.

3.3.7 The new operator will need to make significant upfront investment in the leisure centres. This will notably include the gym equipment and general equipment, and in total is likely to be in excess of £1m. The operators are likely to look to lease much of this equipment Gym equipment. Consideration has been given to the Council arranging the leases for this equipment on the basis that it can secure more favourable leasing rates than the operators will be able to. The Council does hold significant balances, which, with current investment rates, investment returns are not great (averaging around 0.57% assumed for 2017/18). Consequently, consideration is being given to the Council advancing a sum of up to £1m to the operators on the basis that this will result in significantly favourable concession payments in subsequent years.

3.3.8 To close the funding gap referred to pin paragraph 3.3.6, the following changes have been made to the financial arrangements that support the proposed Budget:-

- The funding of the Capital Programme from the Capital Investment Reserve is reduced by £1.9m.

- £1.9m Right to Buy Capital Receipts are utilised to replace the Capital Investment Reserve funding. As discussed in paragraph 3.11.11, the Council does legally have the ability to use these receipts for any capital funding.

- The Capital Investment Reserve makes an appropriation of £1.9m to the Leisure Options Reserve profiled £1.5m in 2016/17 and £400k in 2017/18.

- The Leisure Options Reserve releases £300k to the General Fund Budget in 2017/18 and £600k 2018/19 to make up for the concession holiday. The balance on this reserve is proposed to be available to advance to the selected operator for upfront costs, assuming that this presents a sound investment decision and good value for money for the Council in respect of the future concessions payable. It is proposed that the use of this funding will be agreed by the Heads of Finance and Cultural Services in consultation with the respective Portfolio Holders. The use of this reserve will be subsequently reported to members.

3.3.9 On the basis of the fore-going, as part of the negotiation stage for the operation of the leisure centres, tenderers are being asked to submit updated bids based a re-profiled concession payment, with the option of no payment for 2017/18 and 2018/19, and bids if the Council is prepared to advance them up front funding.

3.4 Government Grant

3.4.1 As part of the 2016/17 Provisional Funding Settlement in December 2015, the Government proposed a four year settlement for the period 2016/17 to 2019/20. The future years' settlement figures are shown below, alongside the Revenue Support Grant for recent years:

	£000
2013/14	4,552
2014/15	3,515
2015/16	2,500
2016/17	1,587
2017/18	794
2018/19	307
2019/20	0

3.4.2 As part of the 2016/17 Settlement, the Government proposed that if authorities were to submit an Efficiency Statement and so accept the proposed figures, it would agree not to subsequently alter these figures except in certain extreme circumstances. In common with the vast majority of local authorities, the Council submitted its efficiency statement which was subsequently accepted by the Government.

3.4.3 As anticipated, the RSG within the 2017/18 provisional settlement is unchanged for each year. It is worth noting that the figures for those few authorities not submitting an efficiency statement have also not been changed.

3.4.4 In presenting the RSG figures, the Government makes the following assumptions which all serve to mitigate the overall reduction in Core Spending Power.

- The Government projections assume local authorities will increase council tax by the referendum limit (£5 for Warwick District Council). It will be noted that this is a major departure from previous Government policy whereby local authorities were under pressure to freeze the council tax.

- Assumptions of growth in the council tax base to continue at current levels

- The Government makes assumptions of future New Homes Bonus payments to local authorities. Members will be aware that, given the uncertainty over New Homes Bonus (as vindicated in the reductions seen in the sums awarded for 2017/18), the Council's policy has been to exclude this from core funding and this continues to be reflected in the projections within the Council's Medium Term Financial Strategy where future NHB payments are excluded.

Taking the above assumptions, the Government's figures suggest that over the period 2015/16 to 2019/20, the Council's overall Core Spending Power will have reduced by £0.9m or 6.3%. However, members will note, that when the reductions in Revenue Support Grant in recent years, the Council's reduction in spending power since 2013/14 will be far greater.

3.4.5 Within the December 2015/16 Provisional Settlement the Government included "Tariff Adjustments" to the Business Rate figures in future years following on from where the RSG had reduced to zero. These adjustments were widely recognised as being negative RSG. In the Final 2016/17 Settlement, these adjustments in future years had been removed partly on the basis that by 2019/20 the figures would all change due to the introduction of 100% Business Rate Retention. However, within the 2017/18 Provisional Settlement, Tariff Adjustments have been re-introduced. For Warwick this amounts to £240,000 from 2019/20. As members will appreciate there is continued substantial lobbying against this from local government. As yet this Tariff Adjustment has not been factored in to the Council's Medium Term Financial Strategy.

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

3.5 Business Rates

3.5.1 Projecting the Council's element of Business Rate Retention continues to present difficulties. The current problems for this include:-

3.5.2 Appeals – there are still many appeals awaiting determination by the Valuation Office. An assessment of the success of these needs to be made and suitable provision has been allowed for within the estimated figures. Whilst it is hoped that this figure is suitably prudent, given the size and nature of some of the appeals, there remains a risk here.

3.5.3 2017 Revaluation. All businesses have had their rateable valuation reassessed for April 2017. This will result in new appeals being submitted against the new valuations. There is to be in place a new "Check, Challenge, Appeal" regime seeking to expedite appeals and deter speculative appeals. However, appeal process is still expected to be protracted, meaning that it may be some years until the success of future appeals are lodged and settled. However, it is necessary for an estimate of these future appeals to be allowed for in the 2017/18 Estimates.

3.5.4 Tariff/Top-Up Adjustments. These exist in the system so as to redistribute business rates income between local authorities. With the revaluations, it is necessary for each local authority's tariff or top-up to be re-based. The re-basing is intended to protect any growth that had accrued in the local business rates bases since the commencements of business rates revaluation in April 2013. The Government has made an assessment of the adjustments necessary for the 2017/18 figures. However this will be reviewed following the closure of the 2017/18 accounts, meaning that further adjustments (positive or negative) are likely into 2018/19 or possibly beyond.

3.5.5 100% Business Rates Retention – this is expected to come in from 2020/21. There are significant uncertainties how this will work in practice, with functions having to transfer from central to local government.

3.5.6 Volatility. Largely due to the regulations governing the accounting arrangements for business rates retention, there can be substantial volatility between years in the amount of retained business rates credited to the General Fund. Consequently it is necessary to maintain a Volatility Reserve to "smooth" the year on year sums received.

3.5.7 Business Rates Estimates. The NNDR1 form which estimates the business rates for 2017/18 is still being finalised as this report is being written ahead of its deadline of 31 January 2017. This will produce some of the final figures that feed into the Business Rates Retention for the Council for the year. It is not expected that there will be much variation in the NNDR1 and what has been allowed in the proposed Budget. However, should there be any variation, this will be accommodated within the Business Rate Volatility Reserve.

3.5.8 Medium Term Financial Strategy – the Business Rates retention within the MTFS are believed to be reasonably prudent taking into account all the above factors. These figures will continue to be reviewed and members will be informed of changes as the Medium Term Financial Strategy is presented in future reports.

3.6 Council Tax

3.6.1 As announced within the Provisional Local Government Finance Settlement, District Councils may increase their share of the Council Tax by the greater of up to 2% and £5 without triggering a referendum. For 2017/18 there are no restrictions on Town and Parish Councils, however, the Government will again continue to closely monitor increases by the larger town and parish councils. In light of this, the previous decisions to reduce the Concurrent and Council Tax Support funding to parish and town councils still hold.

3.6.2 This Council's Council Tax Charge for 2016/17 is £151.86. This is well below the national average. Excluding Parish Precepts, this Council is in the 2nd lowest quartile and when Town and Parish Precepts are included it falls within the lowest quartile. It remains the lowest of the 5 Warwickshire District and Borough Councils, when Parish Precepts are included. The average Band D council tax excluding parish/town council in 2016/17 is £174.99 and £211.70 when they ae included.

3.6.3 The Council Tax Base was calculated in November of last year, with the Council's preceptors being notified accordingly. The Tax Base for 2017/18 is 52,710 Band D Equivalents. This is an increase of 310 Band D Equivalents above that projected in the Strategy when 2016/17 Budgets were set in February 2016. With the increased tax base, the £5 proposed increase in council tax will generate an additional £390,000 per annum in 2017/18.

3.6.6 The Council's element of the Council Tax is calculated by taking its total budget requirement, subtracting the total funding from Central Government in respect of Revenue Support Grant (RSG) and Retained Business Rates (Section 3.4 and 3.5 above) and the addition of the collection fund balance of £20,000 deficit. This figure is divided by the 2017/18 tax base to derive the District Council Band D Council Tax Charge.

3.6.7 The recommendations within this report produce a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2017/18 of £156.86, this being a £5 increase on that of 2016/17. Based on this increase the Council Tax levels for each of the respective bands will be:

Band	£ Charge
Band A	104.57
Band B	122.00
Band C	139.43
Band D	156.86
Band E	191.72
Band F	226.58

Band G	261.43
Band H	313.72

3.6.8 Parish and town councils throughout the district were asked to submit their precepts for 2017/18 when informed of their Tax Bases. At the time of writing this report, not all precepts have been confirmed. It is estimated that the precepts will total around £1,300,000 based on prior years. This figure does not take into account the grants that this Council will continue to award in respect of the Council Tax Support adjustments to the Tax Base and concurrent services, which the Council has agreed to phase out.

3.6.9 At the time of writing this report, neither the County Council nor the Police and Crime Commissioner have set their 2017/18 budgets and element of the Council Tax. The meeting of the County Council is scheduled for the 2nd February 2017 and the Police & Crime Commissioner is due to seek approval from their Panel on the morning of 3rd February.

3.6.10 The Council Tax is set by aggregating the council tax levels calculated by the major precepting authorities (the County Council and the Police and Crime Commissioner) and the parish/town councils for their purposes with those for this Council. The report to the Council Meeting on the 22 February, 2017 will provide all the required details. This will be e-mailed to all Members as soon as possible following the Police and Crime Commissioner Meeting on the 3rd February. The Council will then be in a position to:

(a) consider the recommendations from the Executive as to the Council Tax for district purposes; and

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

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

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

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

3.7 New Homes Bonus

3.7.1 This Council's New Homes Bonus (NHB) for 2017/18 is £1,938,358. Members will note this is a reduction from the £2,257,564 awarded for 2016/17. There was a consultation about the New Homes Bonus allocations in December 2015.

3.7.2 Following the consultation, the Government have made the following changes to the New Homes Bonus:-

- Funding has been reduced from the previous 6 year's retrospective years to 5 years for 2017/18. Had the 6 years been maintained, this would have presented the Council with an additional £500,000 New Homes Bonus in 2017/18.

- From 2018/19 allocations will be on the basis of only 4 years.

- A introduction of a baseline of 0.4% has been included from 2017/18. New Homes Bonus is only awarded on growth above this level. For Warwick District Council, for 2017/18 the 0.4% baseline represents 247 dwellings. With the total growth of 622 Band D properties, the 2017/18 allocation is based on 375 properties. The new baseline is reducing the New Homes Bonus by £300,000 compared to the previous regime.

- The proposals to withhold payments for areas without a local plan are not being implemented for 2017/18, but will be revisited for 2018/19.

- The Government is still to consider withholding payments for homes that are built following an appeal in the future. This is due to be subject to further consultation. At this stage it is not at all clear how this proposal would work in practice.

3.7.3 The December 2015 Consultation was issued because the original scheme was not affordable within the Government's projections. This was widely acknowledged, and hence there has always been caution in relying on future years' allocations. With these reductions to the overall sums being awarded, the scheme should now be more affordable for the Government and present local authorities with more certainty over the future allocations.

3.7.4 Further work is on-going looking at housing building projections used in the Council's Local Plan to see how these will impact upon future New Homes Bonus allocations.

3.7.5 Taking into account the fore-going, future years allocations are likely to be in the £1.5m-£2.0m range.

3.7.2 To date this Council has used the money to fund various schemes and initiatives and replenish some of its Reserves, and unlike many local authorities, has not used NHB to support core services. It continues to be the Council's policy to exclude new Homes Bonus in projecting future funding.

3.7.3 As in previous years, Waterloo Housing will receive part of this allocation from their agreement with the Council to deliver affordable Housing in the District. £178,525 is due to be paid to Waterloo in 2017/18. Section 3.13 details how it is proposed to allocate the Residual Balance for 2017/18.

3.8 Other 2017/18 Budget Matters

3.8.1 National Living Wage
The Council currently pays all its employees the Living Wage as determined by the Living Wage Foundation (LWF). This was agreed for 2016/17 at £8.25 and is due to increase for 2017 to £8.45. This is more than the Living Wage as set by the Government, this being currently £7.20, increasing to £7.50 from April 2017. With the increase in the LWF rate, this will continue to apply to employees up to Spinal Column 12 and so should be able to be accommodated within the proposed Budget. The Council should continue to review its commitment to paying the LWF rate annually.

3.9 Medium Term Financial Strategy

3.9.1 The Strategy presented to Members in February 2016, when the 2016/17 Budgets were approved, forecast that there would be a £240,000 deficit by 2020/21 unless ongoing savings were identified and delivered within the same period.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Cumulative Deficit-Savings Required(+)/Surplus(-) future years	75	103	253	240
Change of Previous Year	75	28	150	-13

3.9.2 Members were informed on the latest position of the Strategy when the Base Budget was approved in November 2016. At that point, there was a forecast deficit of £132,000 by 2021/22 unless savings to the same magnitude could be identified and delivered.

3.9.3 Since then there have been further changes.

- Notably, the impact of the Major Contract Renewal in 2021/22. RPI is now increasing at a higher rate that that built into the Financial Strategy. By 2021/22 it is now expected to be 3.2%, 1.2% more than in the Strategy. (The RPI factor in the next 4 years has also been updated). When the current contract was re-let, recycling income tonnage prices were much higher than they are now. Now the contractor retains all of this income, it is anticipated that this shortfall will be built into the tender prices. Alongside that a provision has been made for the National Living Wage. There is now a further increase of some £550,000 above the £600,000 originally forecast when the Strategy was updated to reflect 2021/22 (as reported in the June 2016 Fit for the Future Report).

- The full estimated financial implications from the decision in November to invest in the two leisure centres have been factored into the Medium Term Financial Strategy. These include the cost of borrowing, all direct costs of operating the centres removed, inclusion of the estimated concession, and anticipated savings in support costs of the service. Estimated. These changes are in addition to the savings that have already been made to the leisure centre budgets in recent years.

- Various smaller changes, the most significant being costs of Benefits E Forms on the CIVICA system £52,000.

- Investment Interest forecasts have been updated to reflect the Council's Treasury Management Consultant's latest interest rate forecasts and also the revised forecast balances. The November Base Budget Report reflected a reduction in income of some £345,000. However, this has now improved by some £121,000. An overall change of a £224,000 shortfall on the assumptions in February 2016.

- Office Relocation and Town Hall Transfer have both now been re-profiled to April 2019/20. This does not impact on the overall savings requirement in the Medium Term Financial Strategy, but does increase the savings to be found for 2018/19.

- Council Tax – Extending the £5 future annual increases to 2020/21 and 2021/22, this yields additional recurrent income of some £180,000.

3.9.4 Taking all of these changes and those reported previously in June and November 2016, plus many minor ones into account, the Medium Term Financial Strategy now indicates that £830,000 of recurrent savings still need to be found outside of those already built into the Strategy. This is replicated in the table below:

	£'000
February 2016 Executive	**240**
Roll Forward 2021/22	49
Major Contracts	1,151
Fit for the Future Programme as amended	-684
Council Tax Increases of £5 up to and including 2021/22	-507
Fees and Charges including Planning and Car Parking income	-316
Electricity costs	335
Pension changes	230
Increased Tax Base (reported November 2017)	-48
CIVICA Costs	72
HEART	50
Business Rates Retention	-210
Investment Interest	224
Other Changes (less than £50,000)	244
February 2017 Executive	**830**

3.9.5 The Table below breaks down these savings into financial years:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Deficit-Savings Required(+)/Surplus(-) future years		412	201	-202	830
Change on previous year		412	-211	-403	1,032

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

3.9.7 Of particular note is the shortfall of £412k for 2018/19. Additional savings of this magnitude need to be found before this time next year to ensure that a balanced budget can be set for 2018/19. Further proposals are due to be presented to members in June 2017 as part of the forthcoming Fit For the Future report.

3.9.8 Members are reminded that within the Medium Term Financial Strategy savings from several significant projects have been included. If these savings are not made, the Council will need to agree how other savings may be made. The saving from projects currently included in the Medium Term Financial Strategy are:-

- Office relocation
- Town Hall Transfer
- Changes to Members Allowances
- Senior Management Review
- Further reductions in Discretionary Spend
- A review of Community Partnership spending
- Increased recycling credits

3.9.10 Officers will continue to monitor and update the 5 year forecast during 2017/18, with Members regularly updated as part of the Budget Review process.

3.10 Reserves and Balances

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

3.10.2 The General Fund has many specific Earmarked Reserves. These are attached at Appendix 3 showing the actual and projected balances from April 2016, along with the purposes for which each reserve is held. Finance and Audit Scrutiny Committee is especially asked to scrutinise this element and pass comment to Executive.

3.10.3 Those reserves which show a significant change in the overall balance in the period 1st April 2016 to 31st March 2021 are detailed below and also shown in Appendix 3:-

i. Capital Investment Reserve – reduction of £1,655k to £1,392k due to financing of General Fund Capital Programme. The Council’s policy is for this reserve to maintain a balance in excess of £1m to fund any unavoidable and unpredicted capital liabilities. As discussed in paragraph 3.3.8, it is proposed to reduce the use of this reserve to fund the General Fund Capital Programme by £1.5m in 2016/17, £323k in 2017/18 and £77k in 2018/19 , and for £1.5m and £400k to be appropriated to the Leisure Options Reserve in 2016/17 and 2017/18 respectively.

ii. ICT Replacement Reserve – reduction of £723k due to financing of ICT revenue and capital expenditure. The reserve is due to get a further top up of £250k in 2021/22 but will require significant further top ups if it is to continue to finance the Council's ICT requirements beyond 31st March 2022.

iii. Gym Equipment Reserve – following the decision to externalise the Leisure Centre operations this reserve is no longer required and £123k has been returned to the General Fund.

iv. General Fund Early Retirements Reserve – an overall net increase of £193k from 2016/17 & 2017/18 New Homes Bonus.

v. Equipment Renewal Reserve – based on all of the items included in the schedule in Appendix 5 to this report actually being acquired the reserve will be overdrawn by the end of 2018/19 and despite further top ups of £100k in each of 2019/20 and 2020/21will still be overdrawn to the tune of £210k at the end of 2020/21.

vi. Service Transformation Reserve – reduction of £1,183k to £234k at 31st March 2021 due to projects approved under the Council's Fit for the Future programme and other initiatives.

vii. Public Open Spaces Planning Gain Reserve – this reserve contains S106 contributions received in respect of open space improvements and is currently forecast to reduce by £317k as a result of financing capital expenditure on play areas etc.

viii. Public Amenity Reserve – this reserve provides finance for the Council's Play Area capital programme and will be virtually extinguished by the end of 2017/18 based on the current spend profile.

ix. Corporate Assets Reserve – a reduction of £465k to £1,377k at the end of 2016/17 due to part financing the Council's Corporate Property R & M revenue programme in that year. This reserve contains sufficient funding to support the pre-planned maintenance programme up to 2019/20. Pre-Planned Maintenance over the next three years is estimated to cost £2.4m with a further approximately £25m in the following 25 years. The recurring revenue budget includes £420,000 per annum towards this work. However further sources of funding need to be sought if the Council is to continue to properly maintain its assets. A report on Asset Maintenance, including the use of this reserve, is due to be presented to members in March.

x. Community Forums Reserve – this reserve will be extinguished at the end of 2018/19 as result of financing revenue expenditure on the forums.

xi. Business Rates Retention Volatility Reserve – this reserve received a top up of £750k in 2016/17 from that years New Homes Bonus and will make contributions of £3,207k to the General Fund in respect of NDR appeals etc. leaving a balance of £880k for future years. This balance will be subject to change as the Council's element of Business Rates Retention alters from the figures currently included within the Medium Term Financial Strategy.

xii. Leisure Options Reserve – this reserve received £625k from the 2016/17 New Homes Bonus and will make a contribution to the General Fund of £484k in 2016/17 in order to compensate for the lost income as a result of the closure of St Nicholas Park and Newbold Comyn Leisure Centres for refurbishment. It will also make a contribution of £141k in 2017/18 to partly cover the first year's debt servicing costs in respect of the borrowing taken out to finance the refurbishments. As discussed in paragraph 3.3.7, this reserve will by increased by £1.5m in 2016/17 and £400k in 2017/18 . This will then be used to fund the 2017/18 Budget by £300k in 2017/18 and the 2018/19 of the Medium Term Financial Strategy by £600k to compensate for the "concession holiday". The further use of this reserve is discussed further in paragraph 3.3.8.

xiii. Community Projects Reserve – a new reserve to be established in 2017/18 from that year's New Homes Bonus to provide finance for various identified community projects. It's opening balance will be £868k. The use of this reserve will be subject to requests being agreed by the Executive.

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

3.11 General Fund and Housing Capital Programmes.

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

It is proposed to add the following into the current 5 year General Fund capital programme :-

Scheme	**Year**	**Amount**	**Financed From**
Colour Copier – replacement for current obsolete machine	2016/17	£74,200	Finance Lease
Replacement Printers and PC's – extension of current programme	2020/21	£27,000	ICT Replacement Reserve
Infrastructure Replacement	2020/21	£35,000	ICT Replacement Reserve
Infrastructure General	2020/21	£13,500	ICT Replacement Reserve
VOIP Telephone System	2020/21	£75,000	ICT Replacement Reserve
Rural & Urban Initiatives Grants – extension of	2020/21	£150,000	Capital Investment Reserve

Scheme	Year	Amount	Financed From
current programme			
Recycling & Refuse Containers – extension of current programme	2020/21	£125,000	Capital Investment Reserve

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

- Investment in replacement multi storey car parks
- Office relocation
- Europa Way

3.11.5 Slippage to 2017/18 in the General Fund Programme has been incorporated into the proposed Capital Programme in respect of two Paly Area Improvement Schemes totalling £109,500.

3.11.6 In addition the following table shows changes to current schemes that are required to be reported to Members:-

Scheme	Year	Amount	Comments
Leisure Options	2016/17	-£26,000	Transfer to revenue to part fund Programme Managers salary
Green Farm Play Area	2016/17	-£26,800	S106 contribution funding this scheme returned to Developer as Developer now providing play area
Rural & Urban Initiatives Grants	2016/17	-£60,000	2016/17 Underspend
Cubbington Flood Alleviation Scheme	2016/17	-£17,200	Transferred to revenue to meet ongoing maintenance costs
Royal Spa Centre Operational Works	2016/17	-£48,000	Scheme completed under budget
Recycling and Refuse Containers	2016/17 – 2019/20	-£40,000 per year	Transferred to revenue to fund bin delivery costs

3.11.7 Appendix 6 Part 5 shows the General Fund unallocated capital resources. These total £2.866m. The Capital Investment Reserve represents the largest share of this at £1.392m, for which the Council has agreed the minimum balance should be £1m. Whilst the Council does hold other reserves to fund capital projects, it will be noted that these are limited and have been reserved for specific purposes. The Capital Receipts shown relate to the funding originally allocated to Kenilworth Public Service Centre. With this scheme no longer within the Capital Programme, this funding should now be available to fund other capital projects that may come forward.

3.11.8The latest Housing Investment Programme (HIP) is shown at Appendix6 part 2.

3.11.9Slippage to 2017/18 in the Housing Investment Programme since last reported to Members is shown in the table below:-

Scheme	Amount
Environmental Works - General	£87,000
Electrical Fitments/Rewiring	£500,000

3.11.10In addition the following tables show new schemes and changes to current schemes that are required to be reported to Members:-

New schemes:-

Scheme	Year	Amount	Financed from
Cloister Way House Purchases	2017/18	£825,300	1 for 1 capital receipts

Changes to current schemes:-

Scheme	Year	Amount	Comments
Improved Ventilation	2016/17	£5,000	Saving
Environmental Works – Tenant Participation Projects	2016/17	£46,000	Saving
Mandatory Disabled Facilities Grants	2016/17	£132,100	Saving

3.11.11Appendix 6 Part 4 shows the funding of the Housing Investment Programme and the funding available. The total funding accruing over the period to 2020/21 that has not currently been allocated to funding the HIP is as follows:-

	£000
Capital Receipts	9,614
Capital Receipts: One for One replacement	8,375
HRA Capital Investment Reserve	38,315
Major Repairs Reserve	13,848
S 106	1,002
Decent Homes Grant	138
Total	**71,292**

- The Capital Receipts primarily relate to Right to Buy Sales. The Council does have freedom over how these are utilised, being able to fund General Fund or Housing capital schemes. The Council's policy has been for these to be retained for housing purposes, and currently primarily assisting to fund the Disabled Facilities Grants. As the Council does legally have scope to use these receipts for any capital funding, it has been proposed to use £1.5m in 2016/17, £323,000 in 2017/18 and £77k in 2018/19to fund the General Fund Capital Programme, as discussed in paragraph 3.3.7. In addition, given the Council's current financial position the Council should review its policy for the future use of this funding. It is proposed that this should be further considered as part of the forth-coming Fit For the Future report in June.

- Capital Receipts: One to One. These are an element of the receipts from Right to Buy Sales that would otherwise be paid to Central Government. The Council needs to use this funding towards new additional dwellings. If this funding is not used within a three year period from the date of receipt, this funding will be repayable to the Government, along with interest.

- HRA Capital Investment Reserve. This reserve is funded by the surpluses generated on the Housing Revenue Account. The HRA Business Plan assumes that this funding will primarily be used for the provision of new HRA stock. However with details of the high value voids levy proposed by the Government still awaited, the funding may not be available to invest in new dwellings and may be needed to fund housing association Right to Buy.

- Major Repairs Reserve. This reserve is used to fund capital repairs of the HRA stock. The contributions to this reserve are based on depreciation calculations.

- Section 106. These payments are received from developers in lieu of them providing new on site affordable homes, enabling the Council to increase the HRA stock or assisting housing associations to provide new dwellings. These S106 payments usually have a time limit attached to them by which time they need to be utilised or they may need to be repaid to the developers.

  It will be noted that the Council is predicted to accrue substantial resources in future years to fund the Housing Investment Programme.

3.12 Prudential Indicators

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

3.12.2 The Indicators are shown at Appendix 8. Further indicators are included within the Treasury Management Strategy Report.

3.13 Appropriation of funding and balances

3.13.1 Based on the details presented in this report, the Council has the following one off funding and balances over which it has discretion over its utilisation:-

- New Homes bonus (£1,759,833 net of payment to Waterloo Housing Association)

- 2016/17 Surpluses, totalling £96,200.

3.13.2 The following demands on this funding proposed to be specifically resourced are:-

  - The Early Retirement Reserve has a forecast balance of £143,000 at 31st March 2017. There are various initiatives and staffing reviews underway and to be undertaken during 2017/18. It is therefore considered prudent to maintain a healthy balance in this reserve.

  - In previous years, the Council has had a Contingency Budget (approx. £200,000) to allow for unforeseen events which cannot be met from other funding sources. Where these are unavoidable, the Contingency Budget has been utilised.

- Future reports will consider funding requests in respect of Digital Transformation and One Stop Shop Digital Investment.

- Members will be aware that Newbold Comyn and St Nicholas Park Leisure Centres are undergoing refurbishment ahead of the Centres being outsourced. In December 2017 Members were again reminded that Phase 2 of the refurbishments at Kenilworth had still to be done. A report will be forthcoming to members ahead of feasibility work for this project commencing.

- Linen Street Car Park is in need of refurbishment or demolition and rebuilding. Monies are needed to undertake feasibility works prior a business case being brought to Members with proposals for a way forward. A more detailed report will be presented outlining the business case for parking in Warwick

- Public Sector Housing. As a result of a peak of additional work for the private sector housing team, with 164 HMO licenses due for renewal in September as part of the 5 year licensing cycle, and an estimated 200 new properties likely to be licensable under the new regulations that it is anticipated will be introduced by Government in October, additional staffing resource is required. Budget provision has been made available to recruit 1x F grade officer and 1x H grade admin assistant from the start of the second quarter. The need for any additional resource will be considered 'in-year' when the date of implementation of the new licensing regime is confirmed and addressed through the contingency budget if appropriate.

3.13.3 Community Projects Reserves

Alongside the projects detailed in 13.3.2, there will be other projects which will benefit the community in Warwick District. It is therefore proposed that after allocating monies to the Contingency Budget, Early Retirement Reserve and projects above, the residual £867,833 be allocated to a new Community Projects Reserve. When monies are ready to be spent on one of these projects a separate Report will be brought to the Executive prior to it being drawn down.

3.13.4 Some of the projects that for which funding is likely to be sought in from Members include the following:-

- Members have already received Reports on St Mary's Lands. The last one being in November 2016. The Executive has agreed a Delivery plan of proposals amounting to £256,000 over 2 years (£196,000 and £60,000 respectively) be considered as part of the budget process for 2017/18 and 2018/19. It is now proposed that the sum is re scheduled to £86,000 and £170,000 respectively to allow for the proper planning of the car parking element (£110,000).

- A report is due to come to the Council which considers the purchase of land off Europa Way to facilitate the relocation of Leamington Football Club and in turn for its current site to be used as a Gypsy and Traveller site. It is proposed that the land purchase and associated costs be funded by borrowing incurring approximately £325,000 debt servicing costs per annum, the first 4 years of which would be proposed to be funded from the Community Fund Reserve, so giving time to provide for its ongoing funding to be sourced within the General Fund. The scheme as a whole will allow for the construction costs of a stadium to be sourced from commercial and other enabling development. To facilitate the 1st stage of that process £100,000 is proposed to be used to undertake a detailed development appraisal and to cover project management costs. This is also proposed to be funded from the Community Fund Reserve.

- Abbey Fields Parks for People, - Funding is needed to undertake preliminary investigation and consultation to enable an evidence-based assessment of the likelihood of achieving Parks for People funding from the Heritage Lottery Fund.

- Abbey Fields Footpath, - Funding is needed to improve and repair a major footpath running through Abbey Fields.

13.3.5.1 Further funding requests

- It is anticipated that a small amount of funding, possibly 'match-funding', will be required during the financial year to enhance the external communal areas, street scene, car parking area and signposting within the Spencer Yard complex to complement the development of the Creative Quarter initiative.

- It is anticipated that a small amount of funding will be required during the financial year to develop a partnership project to investigate the deployment of digital screens at selected council buildings to promote the town centre and Council activities and to allow the commercial potential of the project to be investigated.

- It is anticipated that the Leamington Town Centre Vision will be presented to Council for WDC endorsement during the financial year, in addition to it being presented to the other organisations represented in the partnership developing the Vision for their endorsement, and that some 'seed-funding' will be required for initial priority work, for example, improvements to the routes from the station to the town centre, to deliver the Vision.

- This approach also gives the Council the opportunity to consider during the year community based schemes that may not otherwise qualify for the Council's RUCIS scheme.

3.13.6The following uses of these balances/funding shown in paragraph 3.13.1 is now proposed:-

	2017/18 New Homes Bonus	**2016/17 Surplus**	**Unspent Contingency Budgets 2016/17**	**Total**
	£	**£**	**£**	**£**
Waterloo Housing Association	178,525			**178,525**
Early Retirement Reserve	150,000			**150,000**
Contingency Budget 2017/18	104,500	50,500	45,700	**200,700**
Kenilworth (Leisure Ph2)	100,000			**100,000**
Digital Transformation	200,000			**200,000**

	2017/18	2016/17 Surplus	Unspent Contingency Budgets 2016/17	Total
OSS Digital Investment	50,000			**50,000**
Linen Street re-provision	250,000			**250,000**
Private Sector Housing Resources	37,500			**37,500**
Community Projects Reserve	867,833			**867,833**
Total	**1,938,358**	**50,500**	**45,700**	**2,034,558**

3.14 Rural Rate Relief

In the December Autumn Statement the Government announced a package of business rates measures including the Government doubling rural rate relief to 100% from 01 April 2017.

The Government intends to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief. However before legislation is amended the Government expect local authorities to use their local powers (under section 47 of the Local Government Finance Act 1988) to grant 100% rural rate relief to eligible ratepayers from 01 April 2017.

It is for individual local authorities to decide to award relief but if the local authority chooses to support the Autumn Statement initiative then Central Government will fully reimburse the cost of the local share of awarding the relief by means of a section 31 Grant. Consequently the Council will be no worse off under the business rates retention scheme if they adopt the scheme.

4. Policy Framework

4.1 Policy Framework

This Report does not contradict the Council's Policies and Strategies. –

4.2 Fit for the Future

The Budget underpins the Sustainable Community Strategy and the vision of making Warwick District a great place to live work and visit. It provides one of the Council's 3 key strands, "Money" of the Fit for the Future Programme. In achieving this it also helps to achieve the "Service" strand – maintaining or improving services. The Fit for Future Programme savings have been built into budgets and the Strategy. However, further savings are still needed and the Fit for the Future Programme is an integral part of achieving them.

5. Budgetary Framework

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

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

Contingency Budget, alongside the latest predictions in the Medium Term Financial Strategy.

6. Risks

6.1 Business Rates Retention

As detailed in section 3.5, there are still substantial risks around Business Rates Retention. Also, as detailed in paragraph 3.4.5, the potential "Tariff Adjustment" of £240k from 2019/20 has not been factored into the Council's projections. It is uncertain whether this will be funded by the Government or will be accommodated within the 100% Business Rate Retention system.

6.2 The Strategy now assumes that £5 increases in Council Tax in 2020/21 and 2021/22 will not be subject to a referendum. This is beyond the term of the current Provisional Finance Settlement. There is therefore a degree of risk as to whether this level of Council Tax increase will be able to be continued.

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

6.4 Whilst the country is now seeing an upturn in the economy with interest rates expected to increase, it is still susceptible to changes in the world economic and political environment which could reverse the trend. A return to recession would see the projected rise in interest rates delay further and increased unemployment would in turn impact on the Council's finances by increasing the level of Council Tax Reduction claimants and reduce customers' discretionary spending in the Council's income generating areas, to give but one example. Inflation rates are influenced by the economy. High inflation rates restrict the Council's own purchasing powers and also impact on its Contractors whose annual contract uplifts may have been based on a lower RPI period.

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

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

6.7 The ICT Replacement Schedule at Appendix 5 has been costed on existing intelligence. However the ICT Manager advises

- It is likely that changes to Microsoft licensing may mean that the Council needs to convert from a device licence model to a user model. It is unclear what impact this will have on licence costs going forward until retendered.
- Due to 'Brexit', and the impact on the dollar exchange rate, Microsoft has announced that it intends to increase its prices by a further 22%. Again it is unclear what the impact will be on prices at renewal because the Council purchase through a government negotiated framework. The

Revenue Support and Maintenance Contracts are also quoted in dollars prior to conversion.

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

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

- The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current and future years, along with any possible issues that may impact upon their budgets. As part of this process, Budget Review reports are issued to the Executive and Senior Management Team.

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

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

- Project Management and associated controls.

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

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

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

- Within the proposed 2017/18 there is a Contingency Budget of £200,700 for any unplanned unavoidable expenditure.

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

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

- The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register. Each Service Area's Risk Register is presented to Finance and Audit Committee bi-annually on a rolling basis for scrutiny.

7. Alternative Option(s) considered

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

WARWICK DISTRICT COUNCIL

GENERAL FUND SUMMARY

	NET EXPENDITURE			
	Actual 2015/16 £	Original Budget 2016/17 £	Latest Budget 2016/17 £	Original Budget 2017/18 £
Portfolio Service Expenditure:				
Cultural Services	5,682,140	3,240,200	4,347,800	3,300,200
Development Services & Business	1,902,706	1,938,400	2,839,800	1,598,100
Finance	2,010,981	2,352,300	2,133,600	2,461,200
Health & Community Protection	3,001,272	2,510,800	2,910,500	2,520,500
Housing & Property Services - General Fund	454,815	2,190,000	2,344,600	2,246,300
Neighbourhood Services	4,513,824	4,757,600	4,910,400	4,336,800
Strategic Leadership	1,602,189	1,175,400	1,317,300	1,451,600
NET COST OF GENERAL FUND SERVICES	**19,167,927**	**18,164,700**	**20,804,000**	**17,914,700**
Replacement of Notional with Actual Cost of Capital				
- Deduct Notional Capital Financing Charges in Estimates	(5,185,150)	(3,629,700)	(4,634,300)	(3,374,500)
- Add Cost of Loan Repayments, Revenue Contributions and Interest Paid	34,904	4,000	8,100	502,200
Revenue Contributions to Capital	1,830,203	466,100	817,000	498,100
Contributions to / (from) Reserves	1,259,670	(846,294)	(3,950,200)	282,633
Net External Investment Interest Received	(329,436)	(368,200)	(299,100)	(261,700)
IAS19 Adjustments	(988,535)	(1,011,400)	(565,300)	(602,900)
Accumulated Absences Account	6,891	-	-	-
Contributions to / (from) General Fund Balance	(293,724)	(75,400)	(210,894)	(99,860)
NET EXPENDITURE FOR DISTRICT PURPOSES	**15,502,750**	**12,703,806**	**11,969,306**	**14,858,673**
Less: Revenue Support Grant	(2,499,485)	(1,586,731)	(1,586,731)	(793,675)
Less Business Rates	(3,718,387)	(876,500)	(139,000)	(3,829,000)
Less: General Grants	(1,818,996)	(2,307,200)	(2,310,200)	(1,987,958)
Collection Fund (Surplus) / Deficit	-	(55,000)	(55,000)	20,000
EXPENDITURE BORNE BY COUNCIL TAX - WARWICK DISTRICT COUNCIL	**7,465,882**	**7,878,375**	**7,878,375**	**8,268,040**
Aggregate Parish Council Expenditure	1,233,065	1,305,773	1,305,773	To Follow
COMBINED DISTRICT AND PARISH EXPENDITURE BORNE BY COUNCIL TAX	**8,698,947**	**9,184,148**	**9,184,148**	**8,268,040**
Warwickshire County Council Expenditure	61,062,030	64,798,158	64,798,158	To follow
Warwickshire Police and Crime Commissioner	9,569,197	9,959,757	9,959,757	To follow
TOTAL EXPENDITURE BORNE BY COUNCIL TAX	**79,330,174**	**83,942,063**	**83,942,063**	**8,268,040**

BAND D EQUIVALENT COUNCIL TAX:				
Warwick District Council	146.86	151.86	151.86	156.86
Parish and Town Councils (Average)	24.26	25.17	25.17	To Follow
DISTRICT & PARISH BAND D EQUIVALENT COUNCIL TAX	**171.12**	**177.03**	**177.03**	**156.86**
Warwickshire County Council	1,201.14	1,249.02	1,249.02	To Follow
Warwickshire Police Authority	188.23	191.98	191.98	To Follow
TOTAL BAND D EQUIVALENT COUNCIL TAX	**1,560.49**	**1,618.03**	**1,618.03**	**156.86**
Council Tax Base (Band D Equivalents)	50,836.73	51,879.20	51,879.20	52,709.68

ANDREW MOBBS
Leader of the Executive

MIKE SNOW
Responsible Financial Officer

Warwick District Council Financial Strategy **Appendix 2a**

	2016/17 Original £'000	2016/17 Latest £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Net Cost Of General Fund Services	18,167	20,805	17,914	16,930	16,005	16,137	17,620
Investment Interest	-368	-299	-262	-267	-438	-535	-535
New Homes Bonus-unallocated Balance							
Other Financing Adjusments	-4,955	-8,536	-2,793	-3,522	-2,649	-2,657	-2,673
Net Expenditure after adjustments	**12,844**	**11,970**	**14,859**	**13,141**	**12,918**	**12,945**	**14,412**
Revenue Support Grant	-1,597	-1,597	-804	-311			
NNDR (Business Rate Retention, including SBR grant)	-876	-139	-3,829	-3,808	-3,757	-3,832	-3,908
Collection Fund Balance	-55	-55	20				
New Homes Bonus	-2,258	-2,258	-1,938				
Other Grants and Government Funding	-40	-43	-40				
Amount being from Council Tax	**-8,018**	**-7,878**	**-8,268**	**-8,610**	**-8,960**	**-9,315**	**-9,674**
Band D Equivalent	£151.86	£151.86	£156.86	£161.86	£166.86	£171.86	£176.86
% increase on previous year	3.40%	3.40%	3.31%	3.18%	3.09%	3.00%	2.90%
Net Expenditure after adjustments	12,844	11,970	14,859	13,141	12,918	12,945	14,412
Total Grant and Council Tax Income	-12,844	-11,970	-14,859	-12,729	-12,717	-13,147	-13,582
Deficit-Savings Required(+)/Surplus(-) future years		0		412	201	-202	830
Change on previous year				412	-211	-403	1,032
Current Year Surplus(-) Defict (+)		0					

	2016/17 Original £'000	2016/17 Latest £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Base Cost of General Fund Services	22,933	18,167	20,805	17,914	16,518	15,804	16,339
Inflation on Controllable Expenditure	0	0	0	0	251	239	252
Recurring Growth	-1,091	-199	111	-475	-899	439	213
Items funded from Reserves	794	2,882	520	245	237	150	150
Total New time limited growth/savings	21	-1,050	385	-261	-319	-375	-389
Less previous year 1 Off/Time Limited Grow	-2,556	0	-2,647	-905	16	82	225
Changes in Capital Charges	-1,934	1,005	-1,260	0	0	0	0
Net Cost of General Fund Services	**18,167**	**20,805**	**17,914**	**16,518**	**15,804**	**16,339**	**16,790**
Less:Capital Financing Charges	-3,630	-4,634	-3,374	-3,374	-3,374	-3,374	-3,374
Less IAS19 included above	-1,011	-565	-603	-603	-603	-603	-603
add:Government Grants Deferred W/Out	0	0	0	0	0	0	0
Controllable Expenditure	**13,526**	**15,606**	**13,937**	**12,541**	**11,827**	**12,362**	**12,813**
Financing Charges etc.							
Loan repayments etc	4	8	502	502	502	502	502
Revenue Contributions to Capital	466	817	498	498	498	373	373
Contributions to/from reserves	-924	-4,162	184	-545	328	445	429
External investment interest	-368	-299	-262	-267	-438	-535	-535
Total Financing Charges etc	**-822**	**-3,636**	**922**	**188**	**890**	**785**	**769**
Contribution from GF Balance							
Increased Council Tax Freeze Grant							
New Homes Bonus							
Use of new Homes Bonus				0	0	0	0
(Deficit)/Surplus		**-0**					
(Deficit)/Surplus from SBR Grant							
Net Expenditure	**12,704**	**11,970**	**14,859**	**12,729**	**12,717**	**13,147**	**13,582**
Revenue Support Grant	-1,587	-1,587	-794	-307	0	0	0
Transition Grant	-40	-40	-40				
New Homes Bonus returned	-10	-10	-10	-4			
NNDR redistributed	-876	-139	-3,829	-3,808	-3,757	-3,832	-3,908
NNDR Top Up/Tariff Adjustment					0	0	0
NNDR Business Rate Retention Provision for Appeals/BDP Adjustment (due to 2% RPI Cap)							
Small Business Rates Grant							
Reduced Ctax on Family Anexes Compenation		-3					
New Homes Bonus	-2,258	-2,258	-1,938	0	0	0	0
Collection Fund Balance	-55	-55	20				
Total AEF/Collection Fund	**-4,825**	**-4,091**	**-6,591**	**-4,119**	**-3,757**	**-3,832**	**-3,908**
Council Tax borne expenditure	**7,878**	**7,878**	**8,268**	**8,610**	**8,960**	**9,315**	**9,674**
Equivalent to Band D Council Tax	**151.86**	**151.86**	**156.86**	**161.86**	**166.86**	**171.86**	**176.86**
% increase on previous year	3.40%	3.40%	3.31%	3.18%	3.09%	3.00%	2.90%
Council Tax Base	51,879	51,879	52,710	53,200	53,700	54,200	54,700

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Above inflation growth	to allow for staff increments			40,000	50,000	50,000	50,000	50,000	Corporate
Fees and Charges		-223,430		-139,458	-139,458				Corporate
Business Rates	Base Budget Setting process			21,300					Corporate
inflation provision	reflection of volatility of the economy			50,000	50,000				Corporate
Deflation on Non contractual Spend		-347,300							Corporate
Salaries	Pay Award	141,000		144,400	141,000	-141,000			Corporate
Pension fund Increases		57,620							Corporate
National Employment Savings Trust (NEST)				63,750	63,750				Corporate
Additional costs of one state pension (NI contributions)		214,000							Corporate
Terms and Conditions changes		-100,000		-45,000					Corporate
Terms and Conditions changes	Revised forecast October 2016			2,250					Corporate
Riverside House Relocation						-300,000			Corporate
New Living Wage						50,000			Corporate
Cleaning Contract		101,400							Corporate
NNDR - New Liability / RV Reduction		-32,500							Corporate
Fees and Charges 30th September Extra Income	F&C 30 Sept £67k cr extra income recurring 16/17	-67,000							Corporate
Support service Review	Appendix I Items 2 to 18	-50,000		-50,000					Corporate
Review transport arrangements	Appendix I Items 2 to 18	-40,000							Corporate
Change Energy supply process	Appendix I Items 2 to 18			-207,000					Corporate
Amendments to Energy Projected Savings	January 2016	-136,200							Corporate
Inflation/ Training Contingency Review	Appendix I Items 2 to 18	-50,000							Corporate
Non Distributed Costs - Gratuities/Actuarial Strain		-6,100							Corporate
£20k recurring from 16/17contribution to LEP		20,000							Corporate
Apprenticeship Levy				42,372					Corporate
Increase in Electricity costs arising from new contract			207,000	113,400	15,000				Corporate
Other Corporate employee savings from Leisure Centre	FFF Programme - June 16 Exec				-152,000				Corporate
Other Corporate employee savings from Leisure Centre	Media & HR over-estimated				28,000				Corporate
Other Corporate employee savings from Leisure Centre	Media & HR over-estimated				4,500				Corporate
Senior Management Review	FFF Programme - June 16 Exec					-200,000			Corporate
Reduction in Council Discretionary spend	FFF Programme - June 16 Exec			-25,000	-25,000	-25,000	-25,000		Corporate
Pension fund Increases 2017-18				103,000	103,000	103,000			Corporate
Pension Fund Increases	42705			-17,970	58,415	142,415			Corporate
Fees and charges 2017-18	28/09/16 Exec			-89,500					Corporate
Crematorium salaries				1,200					Corporate
Cleaning Contract - Contigency no longer required for 2016/17			-80,000						Corporate

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Apprenticeship Levy	Per revised calculation			-2,661					Corporate
Minor Budget Changes				28,954					Corporate
IAS 19 changes		-2,700	-446,100	37,600					Corporate
Insurance Costs increased			30,000						Corporate
Catering Contract	July/August Executive	-17,700		-13,100					Culture
Restructure Arts and Entertainments	Appendix I Items 2 to 18			-40,000					Culture
Leisure Options	Concessio Contract Starts June 2017					-612,000			Culture
Town Hall Transfer	Appendix I Items 2 to 18					-85,000			Culture
Adjustment to balance service charges expenditure/income									
Pump Room catering		-100							Culture
Rent Review ST Nix cafeteria from 1/8/15		-700							Culture
Regrades Fitness Instructors - Sept 14 not previously added			20,000						Culture
Town Hall Metered water - insufficient budget			2,000						Culture
New NNDR bill Office-Bowls England Archery Road (not rechargeable)			3,300						Culture
Town Hall offices vacated by Bromford 30/6/16 - lease income	Culture		9,800	3,200					Culture
Leisure Centre Business Support Team Staff Review- Cultural Services	FFF Programme - June 16 Exec, Incorporated into 2017/18 Base Budgets								Culture
Other Corporate employee savings from Leisure Centre operation outsourcing - Other	Leisure Centre Business Support Non Pay Costs savings built into 2017/18 Budgets				72,500				Culture
Arts Development salaries			300						Culture
RSC salaries				2,600					Culture
update RSC Non-WDC commission budget - inc. activity in recent years not being reflected			-6,300						Culture
MTFS Adjustment 2015/2016 re Car Parking at the Bowls Championships not needed			-8,700						Culture
Reduced net exp LC budgets				28,600	-271,500				Culture
Arts Programme Support Officer - transferring from Cultural Services Technical Support Team but virement ommitted from Budget report				10,600					Culture
Incorrect NI calculation Client monitoring budgets	Culture Leisure Options			-900					Culture
Cleaning materials Art Gallery budget consistently insufficient over several years			2,000						Culture
Recharges to Town Hall Hirers			-2,100						Culture
Hill Close Gardens funding	April 2004 Executive	-2,500							Development
Developer Commuted Sums Reserve reducing		12,730		22,798	5,605				Development
Development Services Restructure	3 Year Protection	-2,100							Development
Netvisibility Lease of Jubilee House		-2,300							Development
Estates Management - High Value Lease Income		500							Development
Enterprise Development Schemes - Budget Manager Changes to Income and Expenditure		-1,000							Development

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
26 Hamilton Terrace - Income and Expenditure		-18,600	-7,200						Development
Development Services Redesign Recurrent costs from 2017/18 (16/17 funded from Contingency Budget)				33,160					Development
Assistant Conservation Officer Post	Development		-13,800						Development
Anticipated increase in planning income			-100,000						Development
Land Charges Photocopying Charges Removed in 2016/2017 Fees and Charges Report but Income Budget not removed			600						Development
Development Services Technical support team	FFF Programme - June 16 Exec			-15,000	-15,000				Development
Ordnance Survey Sale				700					Development
Planning - Viability Appraisals				10,000					Development
Changes to Development Services Salaries 2017/2018				57,100					Development
award				-1,400					Development
from 2017/18 (16/17 funded from Contingency Budget)				-33,160					Development
Jubilee House - Rents Other, Service Charges Reduced as Tenants now pay NNDR directly				5,000					Development
Heritage Open Days	Previously Funded from Capital Investment Reserve							4,000	Development
Loss of Rent, Land at Station Approach (Previously Chiltern Railways) £11K and Telecommunications Aerial Sublet (Warwick Racecourse) £4.2K			15,200						Development
Open Space Events			2,500	-700					Development
Reduction in HB/CTB Admin Subsidy							226		Finance
Corporate Fraud Shared Legal Service Saving, Benefits Fraud now the responsibility of the DWP.		-26,500							Finance
Recurrent Saving on Council Tax Support		-5,000							Finance
Council Tax Single Occupancy Penalty Income - Trial Period Only		10,000							Finance
Bank Charges Estimates		3,800							Finance
Benefits - 2016/2017 Subsidy & Transfer Payments		-17,100							Finance
Benefits - 2016/2017 HB Admin Grant and LCTS Grant		200							Finance
Analyse Local costs £25k 2015/6 then £20k recurrent 2016/17		20,000							Finance
Local Council Tax Support Subsidy Grant , actual £16k less than budgeted			16,000						Finance
Review of Concurrent Services and Parish support	FFF Programme - June 16 Exec			-58,300	-58,300	-31,600			Finance
Other Corporate employee savings from Leisure Centre operation outsourcing - Finance	FFF Programme - June 16 Exec				-28,000				Finance
Payments processing transaction charges and loss of credit card surcharge income			15,000	20,000					Finance
Benefits LCTS Reduction			500						Finance

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Increased Insurance Premium Tax	Autumn Statement 2016			5,500					Finance
Additional CIVICA costs on Benefits	E Forms and Risk Based Verification Annual Maintenance			46,000					Finance
Benefits Feb 2016 Budget Increase re E Forms and RBV should have been Recurring & not One-Off			26,400						Finance
Revenues additional resources	Officer & Maintenance support			32,000					Finance
CCTV Revenue Savings from new tender	lower annual maintenance, no inflation					-1,160	-1,160		Health & Community Protection
Community Forums	Reserve Funding 4 years from 2014-15, & slippage 2019/20				14,417	25,583			Health & Community Protection
10% Discretionary Budgets offered up- Corporate and Community	7.5% additional income in 2014-15	163		163					Health & Community Protection
Contingency 15/16 and recurring development thereafter.	April Full Council	2,500							Health & Community Protection
Staffing review - H&CP	Appendix I Items 2 to 18	-70,000							Health & Community Protection
Statutory collection/incineration illegal substance		500							Health & Community Protection
Community Partnership Team telephone budget insufficient	Health & Community Protection		500						Health & Community Protection
CCTV Staff Overlap Period Review	FFF Programme - June 16 Exec								Health & Community Protection
Review of Community Partnership arrangements	FFF Programme - June 16 Exec					-42,000			Health & Community Protection
Public Places and Project Team Leader regraded			2,500	5,400					Health & Community Protection
CCTV Salaries (scale increment)				1,300					Health & Community Protection
Environment salaries			500	200					Health & Community Protection
EH Food and Occupational Safety (FOSH) salaries - (Reduce hours and new starter at bottom of grade)				-7,100					Health & Community Protection
Licensing Salaries (increment)				800					Health & Community Protection
Occupation of 2nd Floor Offices Riverside House from 11/4/16 CWS			-26,300	-700					Health & Community Protection
Cessation of Housing Advice contracts	Appendix I Items 2 to 18	-20,000							Housing & Property Services
Housing Standards Officer posts omitted from original estimates per VARF			28,900						Housing & Property Services
Other Corporate employee savings from Leisure Centre operation outsourcing - Housing & Property Services	FFF Programme - June 16 Exec				-66,000				Housing & Property Services
HEART project - increase in funding requirements				48,500					Housing & Property Services
Bed & Breakfast	Costs above subsidy		50,000						Housing & Property Services
WDC Not Liable for NNDR in respect of 1 Market Street, Warwick			-7,800						Housing & Property Services
Major Contract Renewals & Inflation at -1% RPI	GM and Waste Management	4,700		32,100	100,807	24,000	4,901	1,182,220	Neighbourhood
Grounds Maintenance	profiling of additional/expired funding	12,730		22,798	5,605				Neighbourhood
Car Parking	Repairs and Maintenance Budget	5,000			10,000	5,000			Neighbourhood

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Waste Management	New Properties			13,000	13,000	13,000	13,000	13,000	Neighbourhood
Street Cleaning	New Adopted roads to be cleansed			10,000	10,000	10,000	10,000	10,000	Neighbourhood
Park/increased usage	August Executive			-1,200	-3,600				Neighbourhood
Fees and Charges 30th September Extra Income	Car Parking reduced after Sept Exec FFF report	-40,000							Neighbourhood
Digital by Default	Updated December 2015 Executive(Total less CSC/OSS)	-84,000		60,000					Neighbourhood
CSC/OSS Review	Appendix I Items 2 to 18	-70,000		-100,000					Neighbourhood
CSC/OSS Review	Actual 2016/17 savings	-76,000							Neighbourhood
Increase car park charges	Appendix I Items 2 to 18	-50,000							Neighbourhood
Additional Bin Income		-78,000							Neighbourhood
Firmstep contract OSS			7,000						Neighbourhood
Contract Services Officer	budget omitted in error		26,400						Neighbourhood
In NS restructure - Community Ranger regraded Employment Committee Report 25th March 2015 (omitted from original Budget in error)	Neighbourhood		26,900						Neighbourhood
Recyling Credits			-20,000						Neighbourhood
Review of One Stop Shop service	FFF Programme - June 16 Exec			-50,000					Neighbourhood
Review of Ranger Service	FFF Programme - June 16 Exec			-20,000					Neighbourhood
Additional car park income	Neighbourhood			-90,000					Neighbourhood
Head of Neighbourhood Services salaries - 2016/17 pay award			2,500	2,500					Neighbourhood
Green Space Development salaries (scale increment)				2,000					Neighbourhood
Waste Management salaries			2,400	-1,600					Neighbourhood
Ranger Services salaries (opted out of pension, new starter on bottom of grade)			-4,300	700					Neighbourhood
recycling credits	from new developments			-10,356	-14,008	-15,562	-15,498	-14,216	Neighbourhood
Payroll Review		-32,000							Strategic Leadership
Chief Executive salaries post deleted & budget vired to committee services		-14,300							Strategic Leadership
Electoral registration salaries post part funded from old post in Chief Exec		5,200							Strategic Leadership
HR salaries		-300							Strategic Leadership
Restructure of land charges delivery	Appendix I Items 2 to 18	-20,000							Strategic Leadership
Member Allowances	Appendix I Items 2 to 18					-80,000			Strategic Leadership
ICT salaries	vacancy adj not taken out		22,100						Strategic Leadership
Other Corporate employee savings from Leisure Centre operation outsourcing - HR Media and staff review	FFF Programme - June 16 Exec				-35,000				Strategic Leadership
Chair of the council salaries	per salary estimates		400						Strategic Leadership
ICT salaries	per salary estimates			3,300					Strategic Leadership
ICT salaries Hay regrade			2,700	3,200					Strategic Leadership

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Savings required	Total Surplus/(Deficit)				-412,403	211,483	402,779	-1,031,668	
Total Recurring Developments		**-1,091,217**	**-199,200**	**111,294**	**-474,670**	**-898,841**	**439,248**	**213,335**	

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Budget Consultation Process	Simalto/Residents Surveys to replace Citizens Panel	-5,800		-15,800	11,700	-15,800	-5,800	-15,800	Corporate
Waterloo NHB Payment		178,500		178,525					Corporate
Minor Budget Changes		10,000	300	-3,000					Corporate
Digital Transformation of Council Services	C/F Salary Savings	-20,900							Corporate
Contingency Budget		240,000	-53,600	200,700					Corporate
Legal Services - shared			40,000						Corporate
Legal Fees			1,500						Corporate
Income Contingency Budget			0						Corporate
Digital Transformation				200,000					Corporate
New PA System			45,000						Corporate
Price Inflation			-24,500						Corporate
Cleaning Contingency			-12,600						Corporate
AED defibrillators at Abbey Fields and Castle Farm in 2016/17 (total £2k non-recurrent)		2,000							Culture
RSC Bar salaries			800	1,600					Culture
Fees & Charges RSC			-3,200	-4,200					Culture
Fees & Charges Pump Rooms			-300	-300					Culture
Fees & Charges Bowls			1,200	800					Culture
Fees & Charges - Pitches			2,500	2,200					Culture
Fees & Charges - Track			-200	-400					Culture
Leisure Options Project Manager	Shortfall on Reserve Funding			3,421					Culture
Racing Club Warwick	Budget Review Executive Q2		25,000						Culture
Kenilworth Leisure Phase 2				100,000					Culture
Estates Management reduced Rental Income - Vacant Offices Pageant House/10 Hamilton Terrace.		27,300							Development
32 Hamilton Terrace - Lower Rental income in year			14,000						Development
Planning - increase in income			-293,000	-298,000					Development
Jubilee House - Rents/Svs Charges WAS vacated			10,300						Development
Althorpe Enterprise Hob Rents Service Charges large office vacated			9,500						Development
Leyes Lane Tree Compensation Provsion not required. Provision given back to the General Fund			-62,300						Development
decrease in overall NNDR budget (mainly due to Liability changes in Jubilee Centre)	NNDR revised budget (mainly Liability changes - Jubilee Hse)		-11,600						Development
Development Control - Consultants Fees			49,400						Development
Development Control - Compensation Payments			700						Development
Ordnance Survey Sale			700						Development
Planning - Viability Appraisals			10,000						Development
Planning - Consultancy Fees				27,400					Development
Planning Gain Contribution	October 2016		-86,032						Development
Development Services Vacancies			-41,600						Development
Open Spaces Events - Rent Houses			700						Development

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Payment for movement of Public Footpath	transferred to CIR		-22,500						Development
Estates Management - Electricity			8,000						Development
Costs of Collection reduced £100 2016/17		-100							Finance
Internal Audit Review	Every 5 years						3,500		Finance
Revenue Officer Post Funded from Council Tax Single Occupancy Penalty Income. £20K Penalty Income was included in the budget but no expenditure budget was included in salaries	Finance		18,300						Finance
Financial Services Salaries			-57,200	-30,700					Finance
Degree Course Fees Funded from Revenue Grants and Contributions in Advance Reserve			3,000						Finance
Degree Course Fees Funded from Revenue Grants and Contributions in Advance Reserve			-3,000						Finance
Analyse Local RV Fees Funded from Business Rates Volatility Reserve			15,000						Finance
Analyse Local RV Fees Funded from Business Rates Volatility Reserve			-15,000						Finance
Benefits Transfer Payments 2016/17			-982,300						Finance
Benefits Subsidy 2016/17			964,800						Finance
Benefits Transfer Payments 2017/18				-979,700					Finance
Benefits Subsidy 2017/18				964,800					Finance
Additional One-Off Housing Benefits New Burdens Payments 2016/2017			-400						Finance
Benefits Salaries	Budget Setting		5,300						Finance
Finance	Non recurrent Salaries		0						Finance
New Burdens Grant	Housing Benefit		-16,900						Finance
Benefits - Additional Cost of CIVICA Software Maintenance E Forms & RBV (Risk Based			20,600						Finance
Fees & Charges Dog Warden			-400	-400					Health & Community Protection
Fees & Charges Rodent Control			-300	-400					Health & Community Protection
Shared legal services budget increased			7,000						Health & Community Protection
Shared legal services budget increased Office			9,400						Health & Community Protection
Private Sector Stock Condition Survey	from Equipment Renewal Schedule (Sept 2011 Executive)			75,000	0				Housing & Property Services
Housing Market Assessment	from Equipment Renewal Schedule (Sept 2011 Executive)			0	60,000				Housing & Property Services
RCCO (DCLG Disabled Facilities Grant towards Private Sector Housing (rec'd in year only)		-373,058	-311,000	-373,058	-373,058	-373,058	-373,058	-373,058	Housing & Property Services
Recharge HRA share of temporary posts approved by September 2015 Executive		-59,200							Housing & Property Services
2016	Chief Executive		5,000						Housing & Property Services
Shared legal services budget increased			21,100						Housing & Property Services
Shared legal services disbursements			11,500						Housing & Property Services
Loss of Rent 8 Clarensdon Avenue (Previously Cartridge World), Lease ceased 7/11/16			7,400						Housing & Property Services
Loss of Rent 32 Hamilton Terrace (Previously			17,900						Housing & Property Services
NNDR refunds received as WDC not liable for 1 Market Street, Warwick			-15,600						Housing & Property Services
Private Sector Housing additional Resources	Funded from New Homes Bonus,net of HIMO			37,500	0	0	0		Housing & Property Services
Warwick Direct salaries bottom of scp	per salary estimates		-8,100	-7,700					Neighbourhood
Reception salaries	per salary estimates		-3,200	-3,100					Neighbourhood
Town Hall salaries			1,100	1,800					Neighbourhood
Fees & Charges Bereavement Cemeteries			-20,500	-19,700					Neighbourhood

Description	Narrative	2016/17 Original £	2016/17 Latest £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Car Parking additional Income	Executive Q2 Budget Review 2/11/16 Commuted Sum Received		-176,000						Neighbourhood
Millpool Meadows			-107,344						Neighbourhood
One Stop Shop/Reception Salaries			-54,200						Neighbourhood
One Stop Shop Digital Investment				50,000					Neighbourhood
Linen Street Reprovision (Feasibility work)				250,000					Neighbourhood
Refuse Containers Delivery (declassified Capital)			40,000	40,000	40,000	40,000			Neighbourhood
Organisational Development Post Extensions	2 years net of Savings	20,686							Strategic Leadership
Election Costs in year	net of those built into Reserve Funding					30,000			Strategic Leadership
South West Warwick community Centre Infrastructure	March 2012 Executive 4 years only	1,500							Strategic Leadership
Street Name & Numbering			-10,000						Strategic Leadership
Chief Executive salaries	per salary estimates		100	-700					Strategic Leadership
Electoral registration salaries	per salary estimates		-1,100	-300					Strategic Leadership
Committee Services salaries bottom of scp	per salary estimates		-5,800	-2,800					Strategic Leadership
Media room salaries bottom of scp	per salary estimates		-3,400	-5,200					Strategic Leadership
Web Service Salaries	per salary estimates			-100					Strategic Leadership
HR salaries	per salary estimates		-6,200						Strategic Leadership
CST salaries	per salary estimates		-8,200	-3,100					Strategic Leadership
Local Elections cost of by election			.						Strategic Leadership
Total Non-Recurrent Developments		**20,928**	**-1,050,476**	**385,088**	**-261,358**	**-318,858**	**-375,358**	**-388,858**	

Warwick District Council Financial Strategy **Reserve Funded Items** **Appendix 2e**

Development Description	Narrative	2016/17 Original £	2016/17 Latest £ CHANGES ONLY	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Riverside House 2 years backlog maintenance	2016/17 Reserve funded	30,000							Corporate
New offices project STR slippage	Service Transformation Reserve		87,072						Corporate
Earmarked Reserves - 2015/16 Requests carried forward to 2016/17	Earmarked Reserves		313,800						Corporate
Transfer from Service Transformation Reserve re Additional temporary staffing resource	Service Transformation Reserve								Corporate
Car Mileage Lump Sum Buy out - Service Trans Reserve	Service Transformation Reserve		93,000	82,900					Corporate
Scanning	Building Control Reserve		4,995						Corporate
Adjustment to Business rate retention per NNDR1	Business Rate Retention Reserve		0						Corporate
Project Officer Nov-16 to Oct-17 part-funding	STR		1,900	18,100					Corporate
Security Improvements	Insurance Reserve		30,513						Corporate
Scanning	Service Transformation Reserve		20,000						Corporate
Increased Contingency Budget	Surplus from 2015/16 Accounts		231,700						Corporate
ICT Microsoft renewal costs from ICT reserve			1,000						Corporate
Leisure Options Approved November 2014 Executive	Funding from Service Transformation Reserve	44,700	-44,700	9,179					Culture
Arts and Entertainment Redesign Transformation Reserve Funding			12,000						Culture
Temporary staffing arrangement RSC from STR	Service Transformation Reserve		12,000						Culture
Transfer from Revenue Grants In Advance Reserve re Exhibition Funding	Revenue Grants and Contributions in Advance		32,015						Culture
Transfer from Revenue Grants In Advance Reserve re Arts Development Programme	Revenue Grants and Contributions in Advance		11,115						Culture
Kenilworth School Grant Funded from Local Plan Delivery Reserve	Local Plan Delivery Reserve		5,253						Culture
Leisure Options Project Manager	EMR, STR and CIR		-15,900	51,079					Culture
Comyn Leisure Centre	Closure for refurbishment		392,100						Culture
St Nicholas Park Leisure Centre Reduced Income			92,500						Culture
Major Sites Monitoring Officers funded from Planning Reserve	September Executive 2013	41,200	-41,200						Development
Building Control Reserve - Building Control Staff Changes		61,500	-61,500						Development
Local Plan	Planning Reserve		95,000						Development
Hill Close Gardens	5 year agreement (2015/16 funded from Revenue non, rec)	20,000		20,000	20,000	20,000			Development
Heritage Open Days	From CIR, then Revenue future years		4,000	4,000	4,000	4,000	4,000		Development
Prosperity Agenda - Research Resource Slippage from 2015/16 funded from Transformation Reserve	Service Transformation Reserve		27,000						Development
Redundancy Funded from GF Early Retirement Reserve	Early Retirement Reserve		38,400						Development
Redundancy Funded from GF Early Retirement Reserve (Correction to Line 63)	Early Retirement Reserve		3,653						Development
Building Control Marketing Consultant Funded from Building Control Reserve	Building Control Reserve		40,000						Development
Planning Gain Reserve	Contributions to other Councils		67,256						Development
Housing Benefits - Staff Changes (Funded by Additional Specific Admin Grant)	Revenue Grants and Contributions in Advance	2,200	19,858						Finance
Priority Families	From Service Transformation Reserve	15,000	-15,000						Finance

Development Description	Narrative	2016/17 Original £	2016/17 Latest £ CHANGES ONLY	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Temporary Posts Funded from Service Transformation Reserve	Finance	31,800	-27,553	10,263					Finance
Revenues Officer Employment Committee January 2015	Service Transformation Reserve		8,461						Finance
Revised Additional Benefits Admin Staff Funded From Revenue Grants and Contributions in Advance	Revenue Grants and Contributions in Advance		9,000						Finance
Analyse Local	Business Rate Volatility Reserve		15,000						Finance
Community Forums	4 years Reserve Funded	40,000		40,000	25,583				Health & Community Protection
CPT Community Forums balances carried forward funded from Community Forum reserve			13,400						Health & Community Protection
Sustainability Officer post extension	Earmarked Reserves	37,200							Health & Community Protection
Social Mobility Grant slippage	Earmarked Reserves	34,400	2,600						Health & Community Protection
Regulatory team Licenses	Service Transformation Reserve		6,144						Health & Community Protection
Housing and Property Temporary Posts funded from STR		40,500	-40,500						Houing and Property Services
Temporary Project Manager and Property Maintenance Officer - GF Share		16,100	4,423	9,476					Houing and Property Services
PPM	Part of Base Budget Setting Oct 2016		951,000						Houing and Property Services
Social Mobility Grant slippage			20,399						Housing and Property
Grounds Maintenance	Commuted Sums Reserve	33,086		10,288	4,683	4,683	3,539	3,539	Neighbourhood
Millpool Meadows	Commuted Sums Reserve		5,945	5,945	5,945	5,945	5,945	5,945	Neighbourhood
3 year Fixed Term Green Space development Officer from Commuted sums Reserve	April 2015 Executive	38,100	39	38,778	17,783	0	0		Neighbourhood
Grounds Maintenance (Gog Brook Farm) from Commuted sums Reserve		18,515		18,515	18,515	18,515	18,515	18,515	Neighbourhood
Multi-Storey Car Parks R&M		120,000	-120,000						Neighbourhood
Linen Street Surveys	Car Parks R&M	20,000							Neighbourhood
CSC project STR slippage	Service Transformation Reserve		18,900						Neighbourhood
Covent Garden MSCP essential R & M - railings etc	Car Parks Repairs & Maintenance Reserve		300,000						Neighbourhood
Temporary Car Parks Projects Manager - 2 years fixed contract	Service Transformation Reserve		16,800	42,200	46,000				Neighbourhood
Linen St MSCP imporvements - slippage from 15/16	Capital Investment Reserve slippage (£4,300) and Car Park R&M Reserve (£17,900)		22,200						Neighbourhood
July Executive Customer Service Centre	Early Retirement Reserve		24,612						Neighbourhood
Linen Street	Car Parks Repairs & Maintenance Reserve		17,918						Neighbourhood

Development Description	Narrative	2016/17 Original £	2016/17 Latest £ CHANGES ONLY	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Portfolio
Customer Service Centre Project	STR		7,000						Neighbourhood
St Nicholas Park Works			3,300						Neighbourhood
Election costs	Elections Reserve					80,000			Strategic Leadership
Interim HR/Payroll Project manager and Interim Senior HR Officer Service Transformation Reserve		23,800	19,500						Strategic Leadership
ICT equipment reserve funded	Revised ICT Replacement Reserve Schedule from	72,971	6,630	102,282	102,282	103,500	118,115	121,921	Strategic Leadership
HR resources review from STR	December 2015 Executive	32,300		56,700					Strategic Leadership
Customer contact manager slippage from underspend on OD budget		20,900							Strategic Leadership
Customer Contact Manager end of Fixed Term Contract 30/6/16 from Early Retirement Reserve	Early Retirement Reserve		40,507						Strategic Leadership
Web services STR slippage	Service Transformation Reserve		40,000						Strategic Leadership
Staff engagement STR slippage	Service Transformation Reserve		4,700						Strategic Leadership
IER costs STR slippage	Service Transformation Reserve		28,200						Strategic Leadership
ICT defra funded EU inspire revenue grant received in advance	Revenue Grants and Contributions in Advance		7,100						Strategic Leadership
slippage on STR funded scanning pay costs CST	Service Transformation Reserve		2,500						Strategic Leadership
ICT equipment reserve funded	ICT replacement reserve								Strategic Leadership
St Michaels Leper Hospital Corp projects	Revenue Grants and Contributions in Advance		9,200						Strategic Leadership
St Mary's Lands Masterplan Slippage from 2015/16 funded from STR			6,765						Strategic Leadership
Total for Year		**794,272**	**2,882,020**	**519,705**	**244,791**	**236,643**	**150,114**	**149,920**	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Management and Control	**Review Mechanism**

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

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

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

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
General Fund Reserves			
Art Fund Reserve To fund major art purchases for the Art Gallery and Museum	Items to be financed from this reserve are charged to the Art Gallery and Museum Account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process. The reserve is "topped up" from public donations and any unspent balance on the Art Gallery and Museum purchases budget.	The Head of Cultural Services has delegated authority to make such purchases as necessary from the reserve subject to reporting the purchases retrospectively to the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure
Art Gallery Gift Reserve To provide finance for major Art Gallery and Museum purchases linked to the specific conditions imposed by the original gift of the money to the Council	Items to be financed from this reserve are charged to the Art Gallery and Museum Account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	The Head of Cultural Services has delegated authority to make such purchases as necessary from this reserve subject to reporting retrospectively to the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	This reserve is reviewed during the final accounts process but as the reserve was created by a private donation and has conditions of use attached to it, levels and potential closure are not applicable
Biodiversity Reserve	Reserve established to hold developers contributions resulting from loss of habitat arising from their developments. These contributions are then used for biodiversity improvements offsite	The Head of Neighbourhood Services, in agreement with the Head of Finance, has delegated authority to spend from this reserve.	This reserve is reviewed during the final accounts process but as the reserve was created from S106 contributions which generally have conditions of use attached to them, levels and potential closure are not applicable
Building Control Reserve The fee earning part of the Building Control service should not make a loss over a rolling three year period. This reserve has been created to assist in this with annual surpluses being paid into it and any annual losses being funded from it. It also funds any improvements required in the service.	Annual surpluses/deficits are credited/debited to this reserve as necessary. If funding improvements e.g. IT, reserve makes the necessary contribution to either the General Fund or Capital Financing as appropriate.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Business Rate Retention Volatility Reserve	Reserve established to provide finance for "smoothing out" future retained Business Rate revenues.	Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Capital Investment Reserve To provide finance for the Council's General Fund capital programme not met by other resources e.g. capital receipts, RCCO, external contributions, other reserves.	This reserve provides the balancing figure for financing the Council's General Fund capital programme and the relevant amount is transferred to the Capital Adjustment Account as part of the final accounts process. Annual "repayments" in respect of recently financed schemes are made to the reserve from the General Fund.	The General Fund capital programme and its financing is approved by the Executive. This sets the contribution from this reserve. Any variation to this figure will be formally agreed by the Executive either as part of the final accounts process or as part of the normal process of revising the General Fund Capital Programme. In addition the reserve is monitored by Finance on a regular basis to provide information for reviews of capital programme resources.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the Estimates and Final Accounts processes where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. In addition the adequacy of the reserve is reviewed as part of the financial strategy and capital programme setting processes. Normal practice is to keep the level at around £1,000,000.
Car Parks Repairs and Maintenance Reserve	Reserve created from Car Parks revenue repairs and maintenance budget in order to provide resources for future years.	Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final Accounts processes.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Cemetery Land Purchase Reserve	To purchase land for cemetery extensions	The General Fund capital programme and its financing is approved by the Executive. This sets the contribution from this reserve. Any variation to this figure will be formally agreed by the Executive either as part of the final accounts process or as part of the normal process of revising the General Fund Capital Programme. In addition the reserve is monitored by Finance on a regular basis to provide information for reviews of capital programme resources.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Community Forums Reserve	To provide finance for the annual programme of Community Forum Grants	February 2013 Executive approved 4 year programme 2014/15 to 2017/18.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Community Projects Reserve	Reserve created from 2017/18 New Homes Bonus to provide finance for various District wide community projects.	Approval for project spend will be way of reports to the Executive.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Commuted Sums Reserve Commuted Sums are received from developers in respect of the adoption of public open space or other facilities to be maintained at the Council's expense.	Credits are made annually to the General Fund based on (usually) 1/13 of the capital sum starting from the year in which the maintenance of the facility begins. This date notified by the relevant Service Area.	The General Fund Estimates and its financing is approved by the Executive. This sets the contribution to/from this reserve. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The balance on this reserve is dictated by receipts from developers.
Corporate Assets Reserve(name change from Sports & Culture Facility Reserve)	To provide finance for refurbishment of facilities following the Stock Condition Survey	Approvals from the reserve have been delegated to SAG and the Section 151 Officer in consultation with the portfolio holders for Housing & Property Services and Finance	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Covent Garden Multi Storey Reserve	To provide finance to cover lost income and 1st years debt charges when the car park is redeveloped	Authority to spend is delegated to the Head of Finance in line with the actual lost net income and debt charges. Executive to be informed upon the use of the reserve and balance thereof.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Election Expenses Reserve To provide finance to fund the expense incurred in holding the District Council elections every four years.	The cost of the election is charged to a service account and a contribution from this reserve is credited to the General Fund from this reserve as part of the final accounts process. In the years where no election is held an annual contribution of £30,000 is made to the reserve..	The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Energy Management Reserve To provide finance for the Council's energy saving schemes within its General Fund and Housing Revenue Account properties	Energy Management Schemes undertaken by Property are charged to the relevant service account during the year. The total cost is notified to Finance and the comparable amount is credited to the General Fund or Housing Revenue Account from this reserve as part of the final accounts process. Annual contributions are made into the Reserve as repayments for schemes previously financed.	The Head of Housing and Property Services has delegated authority to spend up to £50,000 on any one scheme from this reserve. Schemes above this level require the approval of the Executive. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Enterprise Projects Reserve	Reserve is used to smooth surpluses/deficits	Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final Accounts processes.	Reserve reviewed by Finance as part of Estimates and closedown procedures.
Equipment Renewal Reserve To finance a rolling programme of equipment and property replacement and renewal.	Revenue Items to be financed from this reserve are charged to the Service Accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Items proposed to be financed from this reserve should first be approved by Executive to be included within the ERR Schedule. Use of reserve is subsequently controlled by SMT who consider the Business Case seeking release of funding from the reserve, and may approve if appropriate followed by approval from Chief Executive and relevant portfolio holders. The standard Business case template to be used for SMT's consideration was presented and approved by the September 2011 Executive.	Reserve reviewed as part of Estimates and closedown procedures. Balance increased on basis of Executive approval. Based on the current programme It is anticipated that the reserve will be extinguished by the end of 2018/19.
General Fund Early Retirement Reserve To provide finance to cover the one off pension costs to the General Fund as a result of the early retirement of Officers and to provide finance to cover redundancy costs to the General Fund.	Items to be financed from this reserve are charged to the Service Accounts during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Gym Equipment Reserve To provide finance for the replacement of the Gym Equipment within the Council's Leisure Centres	Suitable schemes are identified and included within the capital programme. The relevant amount from this reserve is then utilised to finance them. Current practice is to credit the reserve with £30,000 per annum. However, as a result of the Leisure Centres Options project this will cease from 2016/17 onwards.	The Head of Cultural Services, in conjunction with the S151 Officer and Cultural Services Portfolio Holder, has delegated authority to approve future expenditure from this reserve. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer essentially three times a year a) when the Financial Strategy is updated b) at budget setting and c) final accounts where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. In addition the adequacy of the reserve is taken into account when revising the capital programme.
Hill Close Gardens Reserve	This reserve will be used to help fund maintenance of Hill Close Gardens.	£20,000 per annum will be credited to the Income & Expenditure account as part of the Council's budget setting process.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure
ICT Replacement Reserve To provide finance for the Council's ICT Replacement programme	This reserve has been established in order to provide certainty of finance for the Councils ICT replacement programme.	The ICT Services Manager has delegated authority to spend from this reserve in consultation with the Head of Finance and relevant Portfolio Holders	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer and ICT Manager essentially three times a year a) when the Financial Strategy is updated b) at budget setting and c) final accounts where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. In addition the adequacy of the reserve is taken into account when revising the capital programme.
Insurance Reserve To provide finance to cover the Council's self insurance against potential claims and to pay for security improvements to the Council's General Fund properties. The reserve also holds sufficient funds to cover any potential claim with regard to the Municipal Mutual Insurance "clawback" re previous claims settled.	Self insurance claims and Security Improvements are charged to the service accounts and the comparable amount is credited to the General Fund from this reserve as part of the final accounts process.	The Insurance Officer has authority to spend up to £15,000 (£1,000 per project) in any one year on security improvements. Items above these thresholds have to be authorised by the Head of Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Leisure Options Reserve	This reserve has been established to cover such items as the reduction in income whilst the Leisure Centre refurbishment programme is under way and also the first year and a half's debt charges arising from the prudential borrowing for this project. The reserve will also fund the re-profiling of the contractor concessions arising from the outsourcing of the Leisure Centres operation.	Authority to spend from this reserve is delegated to the Head of Finance in line with the actual lost income and debt charges incurred..	The continuing need for the reserve will be reviewed by Finance in conjunction with the S151 Officer and Head of Cultural Services, and depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Local Plan Delivery Reserve	The reserve is used for items of work required to help the implementation of the Local Plan. This would include detailed work on a specific proposal to help turn it from a proposal to reality.	Approval to spend from this reserve is delegated to the Chief Executive, Head of Finance and Head of Development Services in consultation with the Deputy Leader (Responsible for the Local Plan) and all group leaders.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Planning Reserve Originally created to provide finance to cover the costs incurred by the Council with regard to appeals against its planning decisions. The Reserve also now pays for issues relating to planning policy, for example the costs associated with the Local Plan, and associated research.	Items to be financed from this reserve are charged to the Planning Service Account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Public Amenity Reserve	To provide finance for play area and public open space improvements	The General Fund capital programme and its financing is approved by the Executive. This sets the contribution from this reserve. Any further upward variation in the contribution would have to be approved by the Executive either as part of a report on the particular scheme in question or as part of a revision of the capital programme during the budget monitoring process. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Public Open Spaces Planning Gain Reserve	Expenditure from this reserve will be charged to Service Accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	The Head of Neighbourhood Services, in agreement with the Head of Finance, has delegated authority to spend from this reserve.	This reserve is reviewed during the final accounts process but as the reserve was created from S106 contributions which generally have conditions of use attached to them, levels and potential closure are not applicable
Rent Bond Scheme Reserve	Reserve established to assist households who are homeless, threatened with homelessness or in housing need by guaranteeing one month’s rent to the landlord.	Authority to spend from this reserve is delegated to the Head of Housing and Property Services.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Right to Bid Reserve	To provide finance to help meet compensation claims arising from the Council listing properties as Community Assets.	Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Right to Challenge Reserve	To provide finance to assist in dealing with bids from local communities etc. to take over running services from the Council.	Executive to approve usage.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.

Name of Reserve & Purpose	Use of Reserve/Balance	Management and Control	Review Mechanism
Riverside House Maintenance Reserve	This reserve will be used to fund backlog maintenance on Riverside House.	Approval to spend from this reserve is delegated to the Heads of Housing and Property and Finance in consultation with the relevant portfolio holders.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure. It is expected that this reserve will be liquidated during 2016/17.
Services Transformation Reserve	Reserve created to enable services to continue to be provided pending delivery of required savings and to finance "Fit for the Future" schemes so as to help the Council secure the savings needed in its medium term financial strategy.	The responsibility for the authorisation of expenditure from this reserve up to a maximum cost of £20,000 for any individual item of expenditure is delegated to the Change Programme's Senior Responsible Officer (the Chief Executive) in consultation with the S.151 Officer. Expenditure above £20,000 will be approved by the Executive.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Tourism Reserve To provide finance for initiatives relating to the Council's on-going promotion of tourism	Items to be financed from this reserve are charged to the Service Accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Authority to spend delegated to Deputy Chief Executive in consultation with the Development Services Portfolio Holder, Finance Portfolio Holder and S 151 Officer.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure.
Housing Revenue Account			
Housing Revenue Account To provide a contingency reserve to protect the Housing Revenue Account against any unexpected, adverse, revenue or capital cash flows arising during the year.	The balance will be applied as necessary to finance housing landlord revenue or capital budget variations.	The budgets which affect the balance are monitored during the year by Finance and Housing with the effect on the balance being taken into account in future years' projections to ensure the balance conforms to minimum acceptable requirements within the Self Financing Business Plan.	The adequacy of the balance is assessed as part of reviewing the Self Financing Business Plan . The Self Financing Business Plan is based on maintaining a minimum £1.25m balance.
HRA Early Retirement Reserve To provide finance to cover the pension one off costs to the Housing Revenue Account as a result of the early retirement of Housing Service Officers and to provide finance to cover redundancy costs properly chargeable to the Housing Revenue Account.	Items to be financed from this reserve are charged to the Housing Revenue Account during the year and notified to Finance. An appropriate amount is then transferred to the Housing Revenue Account as part of the final accounts process.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing/decreasing the balance or complete closure
Housing Capital Investment Reserve To provide finance for new build projects.	To provide finance for new build projects.	The budgets which affect the balance are monitored during the year by Finance and Housing with the effect on the balance being taken into account in future years' projections to ensure the balance conforms to minimum acceptable requirements within the Self Financing Business Plan in order to achieve the required number of new build homes.	The adequacy of the balance is assessed as part of reviewing the Self Financing Business Plan .
Major Repairs Reserve To provide funding for major capital works to the Council's housing stock	The relevant amount required to finance the Housing Revenue Account capital programme is transferred to the Capital Adjustment Account as part of the final accounts process.	The contribution made from this reserve towards capital expenditure is dictated by the developing needs of the HRA Self Financing Business Plan and will be reviewed as part of the formal Business Plan governance process.	The operation of this reserve will be reviewed as part of the ongoing monitoring of the Self Financing Business Plan..

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 3b

Reserve	Use of Reserve 2016/17 to 2020/21	Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000
EARMARKED RESERVES							
Art Fund Reserve	No expenditure is currently projected from this reserve and it is estimated that £1k in public donations will be received in each year.	67	68	69	70	71	72
Art Gallery Gift Reserve	Currently there is no expenditure to be met from this reserve.	57	57	57	57	57	57
Building Control Reserve	In 2016/17 , a £40k contribution will be made from this reserve to finance marketing consultancy costs and a further £5k contribution from the reserve will be made in respect of scanning paper files.	249	204	204	204	204	204
Business Rate Retention Volatility Reserve	Reserve will receive a top up of £750k from the 16/17 New Homes Bonus and will make contributions of £3,223k to the General Fund in respect of appeals and consultancy costs.	3,353	880	880	880	880	880
Capital Investment Reserve	Contributions to the reserve re past capital programme financing will be made amounting to £268k in 16/17, £143k in 17/18, £81k in 18/19,£26k in 19/20 and 20/21. In addition the Reserve will receive top ups of £150k in each of 18/19, 19/20 & 20/21 to fund the extension of the RUCIS capital programme.Currently the reserve will make contributions of £28k in 16/17, £391k in 18/19, £150k in 19/20 and £150k in 20/21 towards capital programme financing. In addition £1,900k in total will be transferred to the Leisure Options reserve in 2016/17 and 2017/18 to cover the re-profiling of the Contractor concessions arising from the outsourcing of the Leisure Centres operation	3,047	1,799	1,512	1,348	1,370	1,392
Car Parking Repairs and Maintenance Reserve	Reserve created in order to provide resources for future years repairs and maintenance programmes. Contributions of £214k in 16/17 and £38k per annum thereafter will be credited to the Reserve. £440k will be contributed from the reserve in 16/17 in respect of works carried out at Covent Garden, St Peters and Linen Street Multi Storey Car Parks.	506	242	280	318	356	394
Cemetery Land Purchase Reserve	Reserve established to provide finance for the purchase of land for cemetery extensions. Currently no such purchases are included in the General Fund Capital Programme. Contributions to the reserve will be provided for by a surcharge imposed on out of area burial fees.	0	0	0	0	0	0
Community Forums Reserve	Reserve created from 2013/14 New Homes Bonus to provide finance for the Community Forum Grants from 2014/15 to 2017/18.	119	66	26	0	0	0
Community Projects Reserve	Reserve created from 2017/18 New Homes Bonus to provide finance for various District wide community projects.	0	0	868	868	868	868
Corporate Assets Reserve	Reserve created from 2012/13 budget surplus to provide finance for refurbishing facilities following the Stock Condition Survey. The reserve will receive a top up of £486k from the 16/17 New Homes Bonus and will also make a contribution of £951k to the General Fund in 16/17.	1,842	1,377	1,377	1,377	1,377	1,377

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 3b

Reserve	Use of Reserve 2016/17 to 2020/21	Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000
Covent Garden Multi Storey Reserve	Reserve created from 2015/16 budget surplus to subsidise the lost car park income from Covent Garden MSCP until rebuilt following expected demolition as part of the New Offices project. The reserve will also cover the initial debt financing costs on borrowing to be taken out to finance the rebuild.	900	900	900	900	900	900

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

Reserve	Use of Reserve 2016/17 to 2020/21	Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000
Election Expenses Reserve	£30k per annum will be credited to the Reserve to help defray the May 2019 election.Then, in 2019/20, A £80k contribution will be paid out to the General Fund to help defray the costs of that election.	15	45	75	105	25	55
Energy Management Reserve	The final contributions back to the reserve in respect of Linen Street MSCP lighting improvements will be made in 2017/18 when the scheme will be fully paid back.	103	109	112	112	112	112
Enterprise Projects Reserve	Reserve set up to "smooth" future years surplus/deficits	59	59	59	59	59	59
Equipment Renewal Reserve	Projects as detailed in Appendix **6** will be approved by SMT, Chief Executive and relevant Portfolio Holders prior to going ahead. The reserve will receive top ups of £100k per annum in 2019/20 & 2020/21. However, based on the schedule in Appendix 6, if all the projects are approved then the Reserve will be exhausted during 2018/19.	830	687	311	-311	-249	-210
General Fund Early Retirements Reserve	In 2016/17, the reserve will fund redundancy & early retirement costs relating to the WCC Customer Service Centre staff. Economic Development and Regeneration Manager and Customer Contact Manager. The reserve will receive a top up of £147k from the 16/17 New Homes Bonus and a further top up of £150k from the 17/18 New Homes Bonus.	103	143	293	293	293	293
Gym Equipment Reserve	Following the decision to appoint an external contractor to run the Leisure Centres, this reserve is to be closed and the balance returned to the General Fund	123	0	0	0	0	0
Hill Close Gardens Reserve	Reserve created from 15/16 New Homes Bonus and will be used to make payments to the Hill Close Gardens Trust for ongoing expenditure	80	60	40	20	0	0
ICT Replacement Reserve	This reserve was established in 2014/15 in order to provide for planned ICT replacements . Currently the reserve will make contributions of £376k in 16/17, £178k in 17/18, £220k in 18/19, £179k in 19/20 and £269k in 20/21 towards revenue and capital programme financing. It will receive top ups of £250k in each of 2019/20 and 2020/21.	865	489	311	91	162	143
Insurance Reserve	This reserve will be used to cover self insurance against claims and to provide finance for security improvements as and when they arise. In 2016/17, the reserve will fund a £31k levy in respect of the MMI Scheme of Arrangement.	322	292	292	292	292	292

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES

APPENDIX 3b

Reserve	Use of Reserve 2016/17 to 2020/21	Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000
Leisure Options Reserve	This reserve will receive £625k from the 16/17 New Homes Bonus and which will be used to cover the lost income and make a contribution towards the initial debt charges arising from the Leisure Centre refurbishment programme. In addition £1,900k in total will be transferred from the Capital Investment Reserve in 2016/17 and 2017/18 to cover the re-profiling of the Contractor concessions arising from the outsourcing of the Leisure Centres operation. Arising from this, contributions from the reserve of £300k and £600k will be made in 17/18 & 18/19 respectively.	0	1,641	1,600	1,000	1,000	1,000

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

Reserve	Use of Reserve 2016/17 to 2020/21	Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000
Local Plan Delivery Reserve	Reserve will make a contribution of £5k to the General Fund in 2016/17.	154	148	149	149	149	149
Other Commuted Sums Reserve	Contributions of between £28k and £58k approx. will be made to the General Fund each year to fund maintenance of adopted land.In addition, the reserve will fund the costs of the 3 year fixed term Green Spaces Development Officer.	538	550	476	429	400	372
Planning Appeal Reserve	The reserve will contribute £103k in respect of Local Plan costs in 16/17 and £4k re HS2.	564	457	457	457	457	457
Public Amenity Reserve	This reserve will provide the finance for the Play Equipment capital programme.	747	374	34	34	34	34
Public Open Spaces Planning Gain Reserve	Reserve receives S106 Planning Development contributions for one -off improvement of Public Open Spaces both revenue and capital.	926	661	609	609	609	609
Rent Bond Scheme Reserve	Reserve created from General Fund Housing budget to provide finance for guaranteeing 1 month's rent in order to assist households who are homeless, threatened with homelessness or in housing need.	22	22	22	22	22	22
Right to Bid Reserve	The 2011 Localism Act introduced a requirement for the Council to list community assets. Using grants provided by the DCLG, this reserve has been established to assist with any compensation claims arising from listing.	20	20	20	20	20	20
Right to Challenge Reserve	Reserve created from central government grant received to assist in dealing with applications from local communities etc. to take over the running of Council services.	26	26	26	26	26	26
Riverside House Maintenance Reserve	Reserve created from 15/16 New Homes Bonus and will be used to fund backlog maintenance on Riverside House in 2016/17.	30	0	0	0	0	0
Services Transformation Reserve	Various approvals for Fit for the Future experiments have been agreed from this reserve.Other approvals include £100k towards the New Offices project costs, £50k contribution towards the cost of a new hut for Warwick Sea Scouts, £50K for consultants fees relating to the feasibility of creating a Council Housing Company, £50k funding for a research souce concerning the prosperity agenda, £350k funding for the Sports & Leisure options appraisal, £158k in respect of the Digital Transformation of the Council's Services and £185k in respect of the "buy out"of the essential car user car allowances as part of the Conditions of Service review. The reserve will receive a top up of £131k in 16/17 . Other approvals from this reserve not yet reflected in the Council's budgets mean that the unallocated balance on this reserve is £234k.	1,385	958	616	570	570	570
Tourism Reserve	Reserve established to help fund tourism initiatives within the District e.g. Bowls Championships advertising.	39	39	39	39	39	39
GENERAL FUND TOTAL		17,091	12,373	11,714	10,038	10,103	10,186

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

Reserve	Use of Reserve 2016/17 to 2020/21	Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000

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

Reserve	Use of Reserve 2016/17 to 2020/21	Balance 1/4/2016 £000	Estimated Balance 1/4/2017 £000	Estimated Balance 1/4/2018 £000	Estimated Balance 1/4/2019 £000	Estimated Balance 1/4/2020 £000	Estimated Balance 1/4/2021 £000
BALANCES							
General Fund	A core balance of around £1.5m will be maintained as a contingency reserve.	1,810	1,599	1,499	1,499	1,499	1,499
HOUSING REVENUE ACCOUNT							
Housing Capital Investment Reserve	Under self financing, this reserve provides the finance for investment in new housing stock and is providing the major part of the finance for the Sayer Court Redevelopment	20,725	20,568	25,145	29,535	33,925	38,315
Housing Early Retirements Reserve	Contributions of £8k in each year will be made.	114	122	130	138	146	154
Housing Revenue Account	To provide a contingency reserve to protect the Housing Revenue Account against adverse in year revenue or capital cash flows arising from unexpected major repairs etc.	1,386	1,430	1,479	1,526	1,575	1,625
Major Repairs Reserve	Under Self Financing this reserve provides the major element of funding for capital maintenance works to the Council's housing stock.	4,611	6,244	7,632	9,610	11,681	13,848
HOUSING REVENUE ACCOUNT TOTAL		26,836	28,364	34,386	40,809	47,327	53,942

Equipment Renewal Schedule, by year of estimated replacement **Appendix 4a**

Portfolio	£'000s 2016/17	£'000s 2017/18	£'000s 2018/19	£'000s 2019/20	£'000s 2020/21	£'000s 2021/22	£'000s 2022/23	£'000s 2023/24	£'000s 2024/25	£'000s 2025/26	£'000s 2026/27	£'000s Grand Total
Chief Exec - Media Team		178										178
Culture	85	155	547		40		110					937
Development Services	5				5							10
Environment and Community Protection - Environment	16	20		10			10	6		10	5	77
Housing (GF) & Property Services		7										7
Strategic Leadership - CST							5					5
Strategic Leadership - DMC			10			5						15
Strategic Leadership - Member Services			49	11					40			100
Grand Total	**106**	**360**	**606**	**21**	**45**	**5**	**125**	**6**	**40**	**10**	**5**	**1,329**

Equipment Renewal Schedule, by year of estimated replacement **Appendix 4b**

Years and Description	Equipment Reserve £'000s
2016/17	
1 Monitor Labs Nox Monitor - Mn9841 With Floppy Drive	8
1 Monitor Labs Nox Monitor - Mn9841A	8
1 x Fujitsu fi-5750C scanner	5
Refurbishments of Abbey Fields Tennis Courts	60
RSC foyer and bar furniture	15
Update flood barrier protection	10
2016/17 Total	**106**
2017/18	
B&K 2250 sound Level Meter/ Matron & calibrator(yellow)	10
Beachamp Gardens Tennis Courts	55
Cad System	7
MFDs (Multi Functional Devices)	100
Multi Colour Printer	78
Noise Equipment 2250 (Green) SLM	10
RSC till system replacement	10
Sound System at Leisure Centres	20
Stage speaker system	70
2017/18 Total	**360**
2018/19	
3 Sacnners for Individual electoral registration forms and postal vote application forms.	24
Chairman's Civic Car	25
Fujitsu fi-5750C scanner	10
R.P.R. Ag&M - Local History Gallery Refurbishment (WDC assumed external match funding)	100
R.P.R. Maintenance Equipment- Mobile Hydraulic Lift	7
Replacement Carpet - St Nicholas Park LC All Weather Pitch	350
Town Hall chairs	40
Victoria Park Tennis Courts resurfacing	50
2018/19 Total	**606**
2019/20	
250 ballot boxes	11
Cad System	10
2019/20 Total	**21**
2020/21	
1 x Fujitsu fi-5750C scanner	5
digital projector	40
2020/21 total	**45**
2021/22	
Fujitsu fi-5750C scanner	5
2021/22 total	**5**
2022/23	
B&K 2250 sound Level Meter/ Matron & calibrator(red)	10
Fujitsu fi-5750C scanner	5
Replacement sound desk and lighting - Spa Centre	110
2022/23 total	**125**

Equipment Renewal Schedule, by year of estimated replacement **Appendix 4b**

Years and Description	Equipment Reserve £'000s
2023/24	
1 Monitor Labs 03 Monitor - Ml9812	6
2023/24 Total	**6**
2024/25	
150 packflat polling screens	40
2024/25 Total	**40**
2025/26	
B&K 2250 sound Level Meter/ Matron & calibrator(blue)	10
2025/26 Total	**10**
2026/27	
Portable Weather Station	5
2026/27 Total	**5**
Grand Total	**1,329**

ICT Asset Replacement Schedule **Appendix 5**

	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's
Microsoft Licences													
Microsoft Desktop Licences	61	75	75	75	88	88	88	104	104	104	122	122	122
MS SQL Server (SA)	6	17	17	17	17	17	17	18	18	18	19	19	19
MS Exchange Server Licences	1	0	0	1			1			1			2
SCCM	12	14	14	14	16	16	16	19	19	19	22	22	22
DataCentre													
ESX Servers (x 5)					35					40			
Storage Area Network (SAN)	110					120							
Backup Solution			80						80				
Infrastructure (General)		13	13	14	14	14	14	15	15	15			
Network													
Fibre Switches (Fabric)	30					30				35			
Network Devices LAN (Core)	95						100						
Network Devices WAN (Remote Sites)	30						35						
Telephony													
VoIP Telephony		34			75								
Desktop													
PC Replacements	30	30	25	27	27	30	30	30	30	30			
View Servers (x 5)				35					40				
Totals	**375**	**182**	**223**	**182**	**272**	**315**	**302**	**186**	**306**	**262**	**164**	**164**	**165**

	Capital / Revenue	2015/16	2016/17	2017/18
Microsoft Licences				
MS Windows Server DataCenter (SA)	Capital	*£9,500*		
MS SQL Server (SA)	Capital	£16,980		
MS Exchange Server Licences	Capital	£1,117		
Additional SQL Licences	Capital			£15,000
DataCentre				
ESX Servers	Capital	£19,500		
Storage Area Network (SAN)	Capital		£110,000	
Backup Solution	Capital			
Infrastructure (General)	Capital	£12,500	£12,500	£12,500
Network				
Fibre Switches (Fabric)	Capital			£30,000
Network Devices LAN (Core)	Capital			£70,000
Network Devices WAN (Remote Sites)	Capital			£20,000
Telephony				
VoIP Telephony	Capital			£75,000
Desktop				
PC Replacements	Capital	£35,000	£35,000	£35,000
View Servers	Capital	£13,000		£7,000
Totals		**£107,597**	**£157,500**	**£264,500**
Reserve Capital Split		£149,573	£161,500	£267,500
Re Profile Difference		**-£41,976**	**-£4,000**	**-£3,000**

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
£10,355			*£11,287*			*£12,303*	
£27,762			£30,261			£32,984	
£1,218			£1,327			£1,447	
£13,500		£21,000			£12,500		
			£120,000				
£80,000						£80,000	
£12,500	£13,500	£13,500	£13,500	£13,500	£14,500	£14,500	£14,500
		£30,000					£35,000
					£75,000		
					£25,000		
			£75,000				
£35,000	£37,000	£37,000	£35,000	£40,000	£40,000	£40,000	£40,000
£20,000		£13,500		£6,250	£18,750		
£200,335	**£50,500**	**£115,000**	**£286,375**	**£59,750**	**£185,750**	**£181,234**	**£89,500**
£102,256							
£98,079							

Total
£1,698,041

General Fund Capital Programme

Appendix 6 Part 1

	Latest Budget 2016/17 £'000's	Proposed Expend. 2017/18 £'000's	Proposed Expend. 2018/19 £'000's	Proposed Expend. 2019/20 £'000's	Proposed Expend. 2020/21 £'000's	TOTAL 2016/17 to 2020/21 £'000's
CAPITAL PROGRAMME SUMMARY						
Strategic Leadership & CWLEP	443.5	139.4	117.5	75.5	150.5	926.4
Health & Community Protection	2.4	100.0				102.4
Culture Portfolio	4,071.9	11,272.0	181.0			15,524.9
Finance Portfolio	90.0	150.0	150.0	150.0	150.0	690.0
Neighbourhood Portfolio	2,153.5	517.1	125.0	125.0	125.0	3,045.6
Development Portfolio	1,523.7	49.8	318.2			1,891.7
TOTAL GENERAL FUND CAPITAL PROGRAMME	**8,285.0**	**12,228.3**	**891.7**	**350.5**	**425.5**	**22,181.0**
STRATEGIC LEADERSHIP & CWLEP						
Replacement PCs and Printers	26.3	30.0	25.0	62.0	27.0	170.3
Infrastructure Replacement					35.0	35.0
Infrastructure General		12.5	12.5	13.5	13.5	52.0
Backup Solution			80.0			80.0
Storage Area Network (SAN)	141.4					141.4
Network Devices LAN & WAN	128.7					128.7
Voice of IP Telephone System		33.6			75.0	108.6
Public Services Network Changes	3.0					3.0
Broadband UK	70.0	63.3				133.3
Photocopier Finance Lease	74.1					74.1
TOTAL STRATEGIC LEADERSHIP & CWLEP PORTFOLIO	**443.5**	**139.4**	**117.5**	**75.5**	**150.5**	**926.4**
HEALTH & COMMUNITY PROTECTION						
St John's Flood Alleviation		100.0				100.0
Cubbington Flood Alleviation Partnership	2.4					2.4
TOTAL HEALTH & COMMUNITY PROTECTION PORTFOLIO	**2.4**	**100.0**				**102.4**
CULTURE PORTFOLIO						
Castle Farm Sports Pitch Drainage		73.0				73.0
Leisure Options to RIBA 4	875.8					875.8
Leisure Refurbishments	2,700.2	11,199.0	181.0			14,080.2
Spa Centre Operational Works	462.0					462.0
Edmondscote Track Athletics Equipment	10.9					10.9
St Nicholas Park Tennis Courts	23.0					23.0
TOTAL CULTURE PORTFOLIO	**4,071.9**	**11,272.0**	**181.0**			**15,524.9**
FINANCE PORTFOLIO						
Rural & Urban Initiatives	90.0	150.0	150.0	150.0	150.0	690.0
TOTAL FINANCE PORTFOLIO	**90.0**	**150.0**	**150.0**	**150.0**	**150.0**	**690.0**
NEIGHBOURHOOD PORTFOLIO						
St Nicholas Park Warwick Improvements	11.0					11.0
St Peter's Multi-storey car park structural work	120.0					120.0
Recycling & Refuse Containers	133.0	125.0	125.0	125.0	125.0	633.0
Play Area Improvement Programme	475.6	392.1				867.7
Crematorium Improvements	7.7					7.7
Pump Rooms Gardens Restoration	1,298.6					1,298.6
Victoria Skate Park	107.6					107.6
TOTAL NEIGHBOURHOOD PORTFOLIO	**2,153.5**	**517.1**	**125.0**	**125.0**	**125.0**	**3,045.6**
DEVELOPMENT PORTFOLIO						
Conservation Action Programme	15.0					15.0
Wall Repairs Barford	134.0					134.0
2nd Warwick Sea Scouts' Headquarters		49.8				49.8
Bishops Tachbrook Community Centre (St Chad's)	315.7					315.7
Leamington Spa One Stop Shop			318.2			318.2
West Midlands Reserve & Cadet Force - New Building	100.0					100.0
Racing Club Warwick	50.0					50.0
Acquisition of Spencer Yard premises	300.0					300.0
St Mary's Lands Business Strategy	50.0					50.0
Fen End - City Deal	559.0					559.0
TOTAL DEVELOPMENT PORTFOLIO	**1,523.7**	**49.8**	**318.2**			**1,891.7**

Housing Investment Programme (HIP) 2016/17 to 2020/21

	Proposed Expend. 2016/17 £'000's	Proposed Expend. 2017/18 £'000's	Proposed Expend. 2018/19 £'000's	Proposed Expend. 2019/20 £'000's	Proposed Expend. 2020/21 £'000's
Housing Revenue Account (HRA) Related HIP Expenditure:					
Construction / Acquisition of Housing	7,571.7	825.3			
Improvement / Renewal Works	4,871.1	5,192.5	4,605.5	4,605.5	4,605.5
Total Housing Revenue Account Related HIP	**12,442.8**	**6,017.8**	**4,605.5**	**4,605.5**	**4,605.5**
Housing General Fund Related HIP Expenditure:					
Improvement Schemes (Private Sector Housing)	787.2	610.2	610.2	610.2	610.2
Total Housing General Fund Related HIP	**787.2**	**610.2**	**610.2**	**610.2**	**610.2**
Total Housing Investment Programme (HIP)	**13,230.0**	**6,628.0**	**5,215.7**	**5,215.7**	**5,215.7**

Housing Revenue Account Related HIP Expenditure:

	2016/17	2017/18	2018/19	2019/20	2020/21
Construction / Acquisition of Housing:					
Redevelopment of Sayer Court site	7,571.7				
Cloister Way House Purchases		825.3			
Total Construction / Acquisition of Housing	**7,571.7**	**825.3**			
Improvement / Renewal Works:					
Aids & Adaptations	626.7	647.1	647.1	647.1	647.1
Roof Coverings	156.7	147.7	147.7	147.7	147.7
Defective Flooring	60.0	56.6	56.6	56.6	56.6
Door Entry/Security/Safety Systems	190.0	141.4	141.4	141.4	141.4
Window/Door Replacement	396.1	373.4	373.4	373.4	373.4
Kitchen Fittings / Sanitaryware Replacement	920.7	808.1	808.1	808.1	808.1
Electrical Fitments / Rewiring	823.5	1,112.4	612.4	612.4	612.4
Central Heating Replacement	1,338.5	1,239.8	1,239.8	1,239.8	1,239.8
Water Services	5.0	9.1	9.1	9.1	9.1
Structural Improvements	20.9	19.7	19.7	19.7	19.7
Improved Ventilation		4.7	4.7	4.7	4.7
Thermal Improvement Works		141.3	141.3	141.3	141.3
Major Garage Works	26.1	24.6	24.6	24.6	24.6
Environmental Works	36.7	162.0	75.0	75.0	75.0
Environmental Works: Tenant Participation Projects	59.8	37.7	37.7	37.7	37.7
HRA DA Extensions	210.4				
Capital Salaries for Improvement / Renewal Works		266.9	266.9	266.9	266.9
Total Improvement / Renewal Works	**4,871.1**	**5,192.5**	**4,605.5**	**4,605.5**	**4,605.5**
Total Housing Revenue Account Related HIP	**12,442.8**	**6,017.8**	**4,605.5**	**4,605.5**	**4,605.5**

Housing General Fund Related HIP Expenditure:

	2016/17	2017/18	2018/19	2019/20	2020/21
Private Sector Housing:					
Administered by Housing & Property Services:					
Private Sector Housing Grants & Loans:					
Discretionary Grants	50.0	50.0	50.0	50.0	50.0
Discretionary Loans	5.7	5.7	5.7	5.7	5.7
Minor Works:					
Care & Repair	10.0	10.0	10.0	10.0	10.0
Disabled Facilities Grants and Loans:					
Mandatory Disabled Facilities Grants	693.3	516.9	516.9	516.9	516.9
Discretionary Disabled Facilities Loans	11.4	11.4	11.4	11.4	11.4
Discretionary Disabled Facilities Grants	11.8	11.2	11.2	11.2	11.2
Administered by Health & Community Protection:					
Energy Efficiency Grants	5.0	5.0	5.0	5.0	5.0
Total Private Sector Housing	**787.2**	**610.2**	**610.2**	**610.2**	**610.2**
Total Housing General Fund Related HIP	**787.2**	**610.2**	**610.2**	**610.2**	**610.2**
Total Housing Investment Programme	**13,230.0**	**6,628.0**	**5,215.7**	**5,215.7**	**5,215.7**

Appendix 6 Part 3

General Fund Capital Programme Financing 2016/17 to 2020/21.

Method	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	TOTAL £'000's
Borrowing Re Leisure Centres Redevelopment	3,467.0	8,996.0	152.0			12,615.0
Leasing	74.1					74.1
Capital Receipts	1,500.0	323.0	77.0			1,900.0
External Contributions	1,873.5	2,203.0	29.0			4,105.5
Revenue Contributions to Capital Outlay	133.0	125.0	125.0	125.0	125.0	633.0
Service Transformation Reserve	135.0	113.2				248.2
Equipment Renewal Reserve	36.9					36.9
Public Amenity Reserve	373.0	340.0				713.0
Planning Public Open Space Reserve	247.8	52.0				299.8
Car Parks R & M Reserve	120.0					120.0
ICT Replacement Reserve	296.4	76.1	117.5	75.5	150.5	716.0
Capital Investment Reserve	28.3		391.2	150.0	150.0	719.5
Total General Fund Capital Funding	**8,285.0**	**12,228.3**	**891.7**	**350.5**	**425.5**	**22,181.0**

Appendix 6 Part 4

Housing Investment Programme (HIP) Financing 2016/17 to 2020/21

	Proposed Expend. 2016/17 £'000's	Proposed Expend. 2017/18 £'000's	Proposed Expend. 2018/19 £'000's	Proposed Expend. 2019/20 £'000's	Proposed Expend. 2020/21 £'000's	Total £'000's
Housing Revenue Account (HRA) Related HIP:						
Capital Receipts: One for One replacement	3,418.0	825.3				4,243.3
Major Repairs Reserve	4,564.2	4,986.6	4,485.9	4,485.9	4,485.9	23,008.5
HRA Capital Investment Reserve	4,153.7					4,153.7
Housing Revenue Account (RCCO)	306.9	205.9	119.6	119.6	119.6	871.6
Housing Revenue Account Related HIP Financing	**12,442.8**	**6,017.8**	**4,605.5**	**4,605.5**	**4,605.5**	**32,277.1**
Housing General Fund Related HIP:						
Capital Receipts	53.2	187.1	187.1	187.9	237.1	852.4
Capital Grant	734.0	423.1	423.1	422.3	373.1	2,375.6
Housing General Fund Related HIP Financing	**787.2**	**610.2**	**610.2**	**610.2**	**610.2**	**3,228.0**
Overall Housing Investment Programme (HIP) Financing:						
Capital Receipts	53.2	187.1	187.1	187.9	237.1	852.4
Capital Receipts: One for One replacement	3,418.0	825.3				4,243.3
Major Repairs Reserve	4,564.2	4,986.6	4,485.9	4,485.9	4,485.9	23,008.5
Capital Grant	734.0	423.1	423.1	422.3	373.1	2,375.6
HRA Capital Investment Reserve	4,153.7					4,153.7
Housing Revenue Account (RCCO)	306.9	205.9	119.6	119.6	119.6	871.6
Total Housing Investment Programme Financing	**13,230.0**	**6,628.0**	**5,215.7**	**5,215.7**	**5,215.7**	**35,505.1**

Estimated Housing Investment Programme Resources at:-	**31/3/2016 £'000's**	**31/3/2017 £'000's**	**31/3/2018 £'000's**	**31/3/2019 £'000's**	**31/3/2020 £'000's**	**31/3/2021 £'000's**
Any Purpose Capital Receipts	5,610.4	6,110.4	6,763.3	7,662.2	8,638.1	9,614.0
Capital Receipts: One for One replacement	1,118.0		1,474.7	3,774.7	6.074.7	8,374.7
HRA Capital Investment Reserve	20,725.0	20,568.2	25,145.1	29,535.2	33,925.3	38,315.4
Major Repairs Reserve	4,611.0	6,243.8	7,632.3	9,609.7	11,681.1	13,848.1
S 106	962.0	1,002.0	1,002.0	1,002.0	1,002.0	1,002.0
Decent Homes Grant	363.0	313.0	263.0	213.0	163.0	138.0
Total	**33,389.4**	**34,237.4**	**42,280.4**	**51,796.8**	**55,409.5**	**71,292.2**

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

Capital Programme 2016/17 to 2020/21

	Proposed Expend. 2016/17 £'000's	Proposed Expend. 2017/18 £'000's	Proposed Expend. 2018/19 £'000's	Proposed Expend. 2019/20 £'000's	Proposed Expend. 2020/21 £'000's	TOTAL 2016/17 to 2020/21 £'000's
Capital Summary						
Strategic Leadership & CWLEP Portfolio	443.5	139.4	117.5	75.5	150.5	926.4
Health & Community Protection Portfolic	2.4	100.0				102.4
Culture Portfolio	4,071.9	11,272.0	181.0			15,524.9
Finance Portfolio	90.0	150.0	150.0	150.0	150.0	690.0
Neighbourhood Portfolio	2,153.5	517.1	125.0	125.0	125.0	3,045.6
Development Portfolio	1,523.7	49.8	318.2			1,891.7
Total Capital Programme	**8,285.0**	**12,228.3**	**891.7**	**350.5**	**425.5**	**22,181.0**
Capital Resources Brought Forward						
Usable Capital receipts	338.0	338.0	415.0	338.0	338.0	
External Contributions Account	613.0	54.0	54.0	54.0	54.0	
Energy Management Reserve	103.4	108.5	112.3	112.3	112.3	
Capital Investment Reserve	3,047.0	1,798.8	1,512.2	1,348.0	1,369.8	
Public Amenity Reserve	747.2	374.2	34.2	34.2	34.2	
Equipment Renewal Reserve	830.4	793.5	793.5	793.5	793.5	
ICT Replacement Reserve	865.0	488.0	309.6	89.8	160.8	
	6,544.0	**3,955.0**	**3,230.8**	**2,769.8**	**2,862.6**	**6,544.0**
Additions in Year to Resources						
Borrowing/Leasing	3,541.2	8,996.0	152.0			12,689.2
Capital Receipts	1,500.0	400.0				1,900.0
External Contributions	1,314.5	2,203.0	29.0			3,546.5
Revenue Contributions to Capital Outlay	133.0	125.0	125.0	125.0	125.0	633.0
Capital Investment Reserve - Net increase	-1,220.0	-286.5	227.0	171.8	171.8	-935.9
Other Reserves used for Capital Financing	427.3	66.6	-102.3	146.5	131.9	670.0
Total Additions to Capital Resources in Year	**5,696.0**	**11,504.1**	**430.7**	**443.3**	**428.7**	**18,502.8**
Total Available Capital Resources	**12,240.0**	**15,459.1**	**3,661.5**	**3,213.1**	**3,291.3**	**25,046.8**
Less Capital Programme Expenditure as above	**8,285.0**	**12,228.3**	**891.7**	**350.5**	**425.5**	**22,181.0**
Capital Resources Carried Forward	**3,955.0**	**3,230.8**	**2,769.8**	**2,862.6**	**2,865.8**	**2,865.8**

Nb It should be noted that the Equipment Reserve balance does not include potential funding of identified calls upon the reserve but which have yet to be approved. After these are taken into account there is a negative balance at the end of 2020/21 of circa £210k

Capital Investment Reserve	1,391.6
Capital Receipts	338.0
Energy Management Reserve	112.3
Equipment Renewal Reserve	793.5
Public Amenity Reserve	34.2
External Contributions	54.0
ICT Replacement Reserve	142.2
Balance Carried Forward 2019/2	**2,865.8**

CAPITAL VARIATIONS

Appendix 7

	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	TOTAL £'000's
ORIGINAL BUDGETS PER 2016/17 BUDGET BOOK:						
Original General Fund Capital Budgets	2,747.9	574.5	808.0	381.2	**Not**	**4,511.6**
Original Housing Investment Programme	8,970.6	5,315.7	5,315.7	5,315.7	**Published**	**24,917.7**
TOTAL	**11,718.5**	**5,890.2**	**6,123.7**	**5,696.9**		**29,429.3**
ORIGINAL GENERAL FUND CAPITAL BUDGETS PER 2016/17 BUDGET BOOK	**2,747.9**	**574.5**	**808.0**	**381.2**	**Not Published**	**4,511.6**
Items slipped from 2015/16 and added to 2016/17 Budgets (see Final Accounts Report 2015/16 for detail on individual schemes - Approved by Executive 02/06/16)	998.6	N/A	N/A	N/A	N/A	**998.6**
Items brought forward from 2016/17 to 2015/16 (see Final Accounts Report 2015/16 for detail on individual schemes- Approved by Executive 02/06/16)	-309.6	N/A	N/A	N/A	N/A	**-309.6**
TOTAL adjustments arising from Final Accounts Report:	**689.0**	**N/A**	**N/A**	**N/A**	**N/A**	**689.0**
INCREASES TO SCHEMES:						
Desktop Infrastructure-budget reprofiled				25.0	27.0	**52.0**
Leisure Options	635.9					**635.9**
Play Area Improvement Programme-approved Nov	195.8					**195.8**
TOTAL Increase to Schemes:	**831.7**			**25.0**	**27.0**	**883.7**
NEW APPROVALS:						
Photocopier Finance Lease	74.2					**74.2**
Infrastructure Replacement-2020/21 budget					35.0	**35.0**
Infrastructure General- from ICT Reserve		12.5	12.5	13.5	13.5	**52.0**
Backup Solution- from ICT Reserve			80.0			**80.0**
Voice of IP telephone system 2020/21 budget					75.0	**75.0**
Rural & Urban Initiatives- 2020/21 budget					150.0	**150.0**
Leisure Refurbishments- November Exec.	2,700.2	11,199.0	181.0			**14,080.2**
Spa Centre Operational Works- April Exec.	160.0					**160.0**
Edmondscote Track Athletics Equipment funded from equipment Renewal Reserve	10.9					**10.9**
St Nicholas Park Tennis Courts funded from equipment Renewal Reserve	23.0					**23.0**
St Peter's Multi-storey car park structural work-Feb 2016 Exec.	120.0					**120.0**
Recycling & Refuse Containers- 2020/21 budget					125.0	**125.0**
Play Area Inprovement Programme		282.6				**282.6**
Pump Room Gardens Restoration- March 2016 Exec	1,298.6					**1,298.6**
Victoria Skate Park-externally funded	117.3					**117.3**
Wall Repairs-June Exec.	64.0					**64.0**
Acquisition of Spencer Yard premises-approved September Exec.	300.0					**300.0**
TOTAL New Approvals:	**4,868.2**	**11,494.1**	**273.5**	**13.5**	**398.5**	**17,047.8**
TOTAL General Fund New/Increases to Capital Approvals during 2016/17:	**5,699.9**	**11,494.1**	**273.5**	**38.5**	**425.5**	**17,931.5**

CAPITAL VARIATIONS

Appendix 7

	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	TOTAL £'000's
SLIPPAGE - Changes to start dates or delays on projects mean that it is proposed to slip resources into future years - identified as part of budget review process.						
2nd Warwick Sea Scouts' Headquarters	-49.8	49.8				-
Play Area Improvement Programme- two schemes delayed	-109.5	109.5				
Castle Farm Sports Pitch Drainage	-73.0	73.0				-
TOTAL General Fund Capital Slippage identified during 2016/17:	**-232.3**	**232.3**	**-**	**-**	**-**	**-**
Virements: Movements between budgets determined by Responsible Budget Manager.						
Infrastructure Replacement-	-125.0					**-125.0**
Network Devices LAN & WAN- New code raised	125.0					**125.0**
Infrastructure Replacement-	-141.4					**-141.4**
Storage Area Network (SAN)- New code raised	141.4					**141.4**
Desktop Infrastructure	-3.7					**-3.7**
Network Devices LAN & WAN- New code raised	3.7					**3.7**
Conservation Action Programme- vired to Wall	-70.0					**-70.0**
Wall Repairs- vired from Conservation Action	70.0					**70.0**
Total General Fund Capital Virements 2016/17	**-**	**-**	**-**	**-**	**-**	**-**
SCHEMES DELETED / REDUCED /SAVINGS:						
Infrastructure Replacement- budget reprofiled	-16.6	-25.7	-119.8	-29.2		**-191.3**
Desktop Infrastructure- slippage from 2015/16 not required	-1.4	-7.0	-30.0			**-38.4**
Voice of IP telephone system- slippage from 2015/16 not required	-1.9					**-1.9**
New Gym Equipment- no longer required.	-29.4					**-29.4**
Leisure Options- transfer to revenue for project manager's salary	-26.0					**-26.0**
Green Farm	-26.8					**-26.8**
Rural & Urban Initiatives	-60.0					**-60.0**
Cubbington Flood Alleviation- transferred to revenue	-17.2					**-17.2**
Spa Centre Operational Works- saving as complete	-48.0					**-48.0**
Recycling & Refuse Containers	-40.0	-40.0	-40.0	-40.0		**-160.0**
Oakley Wood Crematorium saving as complete	-0.5					**-0.5**
Conservation Action Programme-transferred to revenue for future years.	-20.0					**-20.0**
Jubilee House Phase 2	-331.6					**-331.6**
TOTAL General Fund Reductions / Savings:	**-619.4**	**-72.7**	**-189.8**	**-69.2**	**-**	**-951.1**
PROPOSED GENERAL FUND CAPITAL PROGRAMME FOR 2017/18 BUDGET BOOK:	**8,285.0**	**12,228.3**	**891.7**	**350.5**	**425.5**	**22,181.0**

CAPITAL VARIATIONS **Appendix 7**

	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	TOTAL £'000's
Original Housing Investment Programme (HIP) Budgets Per 2016/17 Budget Book	**8,970.6**	**5,315.7**	**5,315.7**	**5,315.7**	**Not Published**	**24,917.7**
Items slipped from 2015/16 and added to 2016/17 Budgets						
(Final Accounts Report 2015/16 for detail on individual schemes - Approved by Executive	5,054.6					**5,054.6**
Total HIP Slippage Final Accounts 2016/17	**5,054.6**					**5,054.6**
NEW APPROVALS:						
Cloister Way House Purchases		825.3				**825.3**
Increases To Schemes:						
HRA Improvement/Renewal Works:						
Environmental Works: Tenant Participation Projects- payment received from Severn Trent Water	1.0					**1.0**
Total HIP Increases 2016/17	**1.0**	**825.3**				**826.3**
Slippage						
HRA Improvement/Renewal Works:						
Environmental Works: General	-87	87.0				
Electrical Fitments / Rewiring	-500.0	500.0				
Total HIP Slippage 2016/17	**-587.0**	**587.0**				
Virements: Movements between budgets determined by Responsible Budget Manager.						
HRA related - Improvement/Renewal Works:						
Thermal Improvements	-40.0					**-40.0**
Door Entry/Security/Safety Systems	40.0					**40.0**
Total HIP Virements 2016/17						
Schemes Deleted / Reduced / Savings:						
HRA related - Improvement/Renewal Works:					4,605.5	
Improved Ventilation- not required	-5.0					**-5.0**
Thermal Improvement Works-not required	-109.9					**-109.9**
Water Services-not required	-9.7					**-9.7**
Environmental Works: Tenant Participation Projects	-46.0					**-46.0**
Lettings Incentive Scheme- now revenue	-170.7	-100.0	-100.0	-100.0		**-470.7**
Private Sector Housing- 2020/21 budgets added					610.2	**610.2**
Mandatory Disabled Facilities Grants- saving	132.1					**132.1**
Total HIP Reductions / Savings	**-209.2**	**-100.0**	**-100.0**	**-100.0**	**5,215.7**	**101.0**
Proposed Housing Investment Programme Budgets For 2017/18 Budget Book	**13,230.0**	**6,628.0**	**5,215.7**	**5,215.7**	**5,215.7**	**35,505.1**

APPENDIX 8

PRUDENTIAL INDICATORS FOR 2017/2018 ONWARDS

1. INTRODUCTION

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

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

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

1.4 The Prudential Indicators are divided into groups covering Affordability, Prudence, Capital Expenditure, External Debt and Treasury Management. This appendix explains what the Prudential Indicators are as well as revising them for 2016/17 where appropriate and setting them for 2017/18 and, if required, subsequent financial years. Certain indicators are required to be completed separately for the General Fund (GF) and Housing Revenue Account (HRA) whilst others relate to the whole authority only.

2. THE INDICATORS

2.0 Affordability - Ratio of financing costs to net revenue stream

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

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

Year	General Fund	Housing Revenue Account	Overall
2016/17 Revised	-1.00% to -6.00%	38.00% to 43.00%	24.00% to 29.00%
2017/18	-1.00% to 4.00%	38.00% to 43.00%	24.00% to 29.00%
2018/19	-1.00% to 4.00%	38.00% to 43.00%	26.50% to 31.50%
2019/20	-1.00% to 4.00%	38.00% to 43.00%	26.50% to 31.50%

For information :-			
Year	General Fund	Housing Revenue Account	Overall
2015/16 Actual	-1.90%	37.90%	23.58%
2016/17 Orig.	-1.00% to -6.00%	36.00% to 41.00%	23.00% to 28.00%

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

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

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

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

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

Year	Council Tax	Housing Rent
2017/18	£7.40	£0.28
2018/19	-£3.59	£0.29
2019/20	-£2.45	£0.47

3.2 The significant impact on the Council Tax in 2017/18 is mainly due to the debt servicing costs related to the borrowing to be incurred for the Leisure Centres refurbishment project. This is reversed in future years as anticipated savings relating to this project materialise. The impact also includes the revenue effects of both old and new capital as well as an estimate of the lost investment interest on the resources used to finance the capital programme.

3.3 The Housing Rent figures in the table in 3.1 above reflect the cumulative effect of the investment interest foregone as a result of utilising Housing Capital Investment Reserve balances and 1 for 1 capital receipts to finance the Sayer Court development. Although the HRA Self Financing debt counts as capital expenditure it is not "new" capital expenditure rather it is a transfer of existing debt between central and local government and is already fully resourced by the current rents being charged, hence its effects are excluded from this indicator.

4.0 Prudence - Gross Borrowing and the Capital Financing Requirement

4.1 This indicator requires that gross debt, except in the short term, is to be kept below the CFR for the same period. Currently it is estimated that gross external borrowing for this purpose at the end of 2018/19 could amount to £208,012,000 and the total CFR for the same period is estimated to be £206,862,000. Comparison of the two figures shows that in theory the Council is "over borrowed "to the tune of £1.150m. However, this is not the case as the Capital Financing Requirement previous to the self financing borrowing of £136.157m was negative by £1.697m and this negativity has been carried forward into the CFR calculation for this indicator. Therefore, it is likely that in the future the CFR will always be less than our external gross borrowing but this is not viewed as an issue and is a position faced by any Council which has or has had a negative CFR.

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

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

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

Year	General Fund	HRA	Overall
2017/18	£13,034,400	£6,017,800	£19,052,200
2018/19	£1,841,900	£4,605,500	£6,447,400
2019/20	£960,700	£4,605,500	£5,566,200
2020/21	£1,035,700	£4,605,500	£5,641,200

6.0 Capital Expenditure - Estimates of Capital Financing Requirement

6.1 This is a key measure in that it measures the underlying need for an authority to borrow for capital purposes. Either external or internal borrowing (where an authority utilises cash backing investments rather than externally borrowing) creates a cost to the Council in terms of having to pay interest on and provide for repayment of external loans or lost investment interest. The Capital Financing Requirement provides the starting point for calculating this cost and the results feed into the ratio of financing costs to net revenue stream indicator and also the incremental impact on the council tax / housing rents indicator.

6.2 The estimated Capital Financing Requirements (CFR) at the end of 2016/17 and each of the next three years are as follows and are based on the Council's capital programmes as outlined in paragraph 5.2 above and also include both the HRA Self Financing debt settlement itself and the effects of the debt repayment strategy contained within the latest version of the HRA Self Financing Business Plan. The GF CFR also includes the impact of the internal borrowing incurred in 2015/16 and 2016/17 as well as the external borrowing to be taken in 2017/18 to part fund the Leisure Centres refurbishment programme.

Year	General Fund	HRA	Overall
2016/17 Revised	£2,398,137	£135,786,796	£138,184,933
2017/18	£11,248,319	£135,786,796	£147,035,115
2018/19	£11,232,079	£135,786,796	£147,018,875
2019/20	£11,040,460	£135,786,796	£146,827,256
For Information :-			
2015/16 Actual	-£1,215,451	£135,786,796	£134,571,345
2016/17 Estimate	-£949,510	£135,786,796	£134,837,286

6.3 With regard to the HRA the Capital Financing Requirement reflects the HRA Self Financing debt settlement of £136.157m. The CFR is slightly below the borrowing figure due to the £0.370m negative capital financing requirement at the commencement of 2011/12.The Council is also limited to a maximum HRA CFR which currently is £150 million for each of 2016/17, 2017/18 and 2018/19.

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

7.0 External Debt - Authorised Limit

7.1 The Council is required to set for the forthcoming year and the following two financial years an Authorised Limit for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. The Authorised Limit equates to the maximum external debt at any one time which the Council is allowed to have outstanding.

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

Year	Authorised Limit for Borrowing	Authorised Limit for Other Long Term Liabilities	Authorised Limit for external debt
2016/17 Revised	£172,050,000	£2,078,700	£174,128,700
2017/18	£206,050,000	£2,063,200	£208,113,200
2018/19	£216,050,000	£2,047,000	£218,097,000
2019/20	£216,050,000	£2,030,000	£218,080,000

7.3 The limits above take into account the HRA Self Financing debt settlement and Leisure Centre Refurbishment borrowing. They also include an allowance for any potential prudential borrowing on future capital projects both GF and HRA.

8.0 External Debt - Operational Boundary

8.1 The Council is also required to set an operational boundary for external debt. Again this is for three years and gross of investments. The Operational Boundary which is less than the Authorised Limit is effectively the day to day working limit for cash flow purposes. This indicator is sensitive to additional borrowing and to debt restructuring so will need to be set at an appropriate level at the outset of each financial year to cater for any forecast activity in these areas during the coming year. Occasional breach of the Operational Boundary is not seen as a cause for concern (so long as the Authorised Limit is not breached as well) but a sustained breach could mean that there are problems with the Councils cash flow therefore there will be a need to monitor this indicator during the year and , if necessary, to take remedial action.

8.2 The recommended Operational Boundaries are as shown in the table below:-

Year	Operational Boundary for Borrowing	Operational Boundary for Other Long Term Liabilities	Operational Boundary for external debt
2016/17 Revised	£163,050,000	£1,078,700	£164,128,700
2017/18	£163,050,000	£1,063,200	£164,113,200
2018/19	£163,050,000	£1,047,000	£164,097,000
2019/20	£163,050,000	£1,030,000	£164,080,000

9.0 Treasury Management - Adoption of the CIPFA Treasury Management Code of Practice

9.1 It is a requirement of the Prudential Code that the Council states that it has adopted the 2009 Revised CIPFA Treasury Management Code of Practice. The Council has adopted the code.

Appendix 9

Warwick District Council Financial Strategy 2017/18-2021/22

1 INTRODUCTION

"Money" is one of 3 keys strands of the Council's Fit for the Future Programme. The others are People and Services. This document supports the delivery of the Council's services and the projects within the Programme, as well as supporting all Council Strategies to deliver its aims and objectives.

It considers the major funding issues facing the Council in the Medium Term (the next 5 years). Extending the Strategy beyond this period would rely on broad estimates and many uncertainties. It would not be prudent to base the Strategy a shorter period as risks and significant issues arising in the medium term could arise before the Council has developed means of managing these. Forecast future levels of Funding are projected alongside other known constraints and opportunities.
In drawing up a Medium Term Plan, the Strategy considers the constraints and opportunities facing the Council. The Council has a Code of Financial Practice and Code of Procurement Practice which underpin the Strategy.

Monthly Budget Review Reports are considered by the Senior Management Team, with Members of the Executive being updated on a quarterly basis. Alongside this, regular updated 5 year Financial Projections are included. Full Council receive the latest 5 Year Forecast alongside this Strategy within the Budget and Council Tax Reports presented in February of each year.

2. BACKGROUND

2.1 The Economic Background, as provided by Treasury Advisors, Capita Asset Services – Their Report is reproduced as Annex 1.

2.2 Recent years have seen many changes to the nature of Funding Local Authorities receive from Central Government. The new Business Rate Retention Scheme was introduced from 1st April 2013. Whilst setting the NNDR Baseline, Government then allowed Council to retain a share of any growth above this Baseline. Similarly, should actual income received be below Baseline , there was a safety net whereby the Authority would receive a top up payment should actual Business Rates collected fall more than 7.5% below their Baseline. Alongside this, the proportion of Business Rates to revenue Support Grant has increased. The 4 year settlement announced in December 2015 and January 2016 show that by 2019/20 Revenue Support Grant will be zero, having reduced significantly over the next 3 years.(The Council's other main income source is its local Council Tax Payers)

	2016/17 £'000'	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	2020/21 £'000's	2021/22 £'000's
Revenue Support Grant	1,597	804	311	0	0	0
Business Rate Retention	877	3,829	3,808	3,757	3,832	3,908
Total	2,473	4,633	4,119	3,757	3,832	3,908
Revenue Support Grant %	64.56%	17.35%	7.54%	0.00%	0.00%	0.00%
Business Rates %	35.44%	82.65%	92.46%	100.00%	100.00%	100.00%

2.3 The Government still propose to introduce a scheme to enable authorities to retain all the Business Rate Income they collect, as announced in the Autumn Statement of 2015. However, full details of the new proposals have yet to be published. The assumptions in the table above (2.2) are based upon existing arrangements until such information becomes available.

2.4 The Financial Strategy and projections have been updated in line with the 2017/18 Government Settlement Figures announced in December/January 2016/2017. The Council's Financial Strategy is based upon the 4 year Revenue Support Grant announced by the Government and its own Business Rates forecasts using the NNDR1 and NNDR3 returns and local intelligence, including support from "Analyse Local" independent Business Rates Consultants.

2.4 As referred to above, from 2013/14, the District Council retains 20% of any growth in business rates above the pre-determined Baseline. The Council's Baseline for 2017/18 is £3.219m.This is the amount the Council retains. If the actual amount collected varies to the Baseline, the Council will retain more or less income, working out at the Council retaining 20% of any increased revenues. Conversely, if there is any reduction in the new business rate receipts, the Council will bear 20% of this cost. There is a Safety Net whereby the Council will not be able to receive less than £2.978m, this being within 7.5% of the Baseline retained income figure. However, this Authority has entered into Pooling arrangements. This means the Safety Net payment would be paid to the Pool rather than the actual authority falling into the Safety Net.

The Baseline is due to continue to be inflated annually originally until 2020 when there was due to be a "reset" of the system. However, in light of proposals for Authorities to retain all Business Rates collected, this may no longer be the case

The Council entered into a "pooling" arrangement with the other Warwickshire Councils and Coventry City Council. Under this arrangement the amounts due to be paid to Central Government under the Levy should greatly reduce, meaning more income will be retained locally. Whilst there are risks attached to pooling, especially if income should substantially decline, however, based on the latest projections, the Council should benefit from remaining in the pool in 2017/18.

2.5 The Council also receives Government Support by way of New Homes Bonus (NHB) for 2017/18 this is £1.938million. A proportion of this is allocated to the Waterloo Housing Association as part of the WC Housing Joint Venture. NHB was previously funded on a 6 year rolling time limited basis. After Consultation the government has reduced this to 5 years for 2017/18. Subsequent years will reduce again to a 4 year rolling basis. To date the Council has not to relied upon it for revenue support and has not had to use it to support recurring expenditure on core service provision. This prudence has proved wise so far, whilst allowing the Council to support new schemes and replenish its Reserves.

2.6 In total, the District had a 2016/17 Council Tax at Band D of £1,618.03. However, the District element (including parish precepts) is only £177.03. This Council's own Band D charge had been frozen since 2010/11, before 2016/17 saw the first year of an increase to £151.86. This increase was in line with the £5.00 referendum limit announced by the Government in February 2016. A further £5.00 increase is proposed for 2017/18. The District element is just outside the lowest quarter nationally, with the District and Parish charge being well within the lowest national Quartile. The District and Parish charge is still the lowest of the 5 Warwickshire Authorities.

2.7 In March 2012 the Housing Revenue Account (HRA) borrowed £136.2m to make a one off 'buy out' payment when the Housing Subsidy system was replaced by 'Self Financing'. This debt is serviced from HRA rental income, in place of the payments previously made to the National Housing Rent Pool under the Housing Subsidy system. A 50 year Business Plan is maintained to demonstrate the viability of the HRA and the capacity to invest in the service and provide new homes.

2.8 A 'Prudential Framework' for borrowing was introduced from 2004/05. Local authorities no longer have to obtain Government approval before borrowing. Control is by prudential limits based on the authority's revenue resources. The Council can borrow if it can afford the revenue consequences.

2.9 The Council reviews its budgets on a monthly basis, amending these as changes are identified, rather than reporting upon variations and updating its current year's budgets once at part of the following year's budget setting process. The process will be constantly reviewed to identify further efficiencies so that data can be produced in the most timely and accurate manner.

3. CORPORATE STRATEGY AND FIT FOR THE FUTURE PROGRAMME

3.1 The Council’s Organisational Purpose being:

“**Warwick District: a great place to live, work and visit”.**

3.2 During 2010, the Council adopted its Fit For the Future programme as its Corporate Strategy to provide an organisation framework to progress these objectives. As well as focusing on delivering quality services that its customers’ need, the programme and subsequent updates have set challenging savings targets to be delivered. Achieving these will assist the Council in delivering its services in the future in light of uncertainty surrounding the economic climate, and future reductions in Central Government Support.

This programme needs to stay up to date and relevant in providing the strategic framework for the Council to meet the challenges it faces. Projects within the programme will be adjusted to reflect opportunities and challenges arising from Government initiatives and legislation as well as the Council’s own Local Priorities.

These include-

In June 2018 Universal Credit will be rolled out to this Council. This Authority will retain responsibility for pensioners. New working age customers will be dealt with by the DWP. Existing working age customers will transfer as and when there are changes to their circumstances

The Chancellor indicated in his Autumn Statement that local Authorities would at a point in the future be able to retain 100% Business Rates locally. However, more details on how the scheme would be implemented have yet to be issued.

The impact of Brexit on the economy and changes in legislation as Britain leaves the European Union.

In his Autumn Statement 2016, the Chancellor announced that the National Living Wage would rise to £8.45 in April 2017.

3.3 As well as these initiatives, other major issues that will affect the Council’s finances over this period are:

(i) Monitoring the medium term financial forecast and this Council’s progress in meeting it’s various savings initiatives.
(ii) The impact of pressures to improve environmental sustainability. Alongside this, CO^2 emissions need to be reduced to meet the climate change agenda.
(iii) Energy costs are extremely volatile.
(iv) Major developments that may occur, such as, Chandos Street, Office (H.Q) Relocation and other potential strategic opportunities.

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

(vii) The Council completed condition surveys on its Corporate Assets. The Council continues to strive to ensure its Corporate Asset properties are maintained at a reasonable standard. So far it has been able to resources these costs. Funding for the full liabilities for the next five years of the plan have yet to be found.

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

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

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

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

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

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

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

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

(xvi) Superannuation Fund and pensions changes further to the changes to the Local Government Pension Scheme introduced in April 2014.The pensions fund, in common with most others, continues to carry a projected deficit, although plans are in place to seek to ensure the fund is in surplus.

(xvii) In June 2016, the country voted to leave the European Union. The initial impact saw a reduction in interest rates and a drop in the pound against other currencies. The market has still not recovered from this initial reaction. The Council continues to monitor this situation and will amend its medium term financial forecasts to incorporate future changes including changes in legislation, such as VAT.

(xviii) 2016 also saw the election of the American Republican President, Donald Trump. The new President did not take office until January 2017. This may see changes in the relationship between the United States and the rest of the world.

3.4 The Council will plan replacements and renewals of equipment (including ICT Resources), and repair and maintenance in a careful manner concentrating on the sustainability of services as a first priority. In addition the Council needs to continually review its reserves in the light of a very ambitious programme of change, and constant uncertain external pressures on the planning regime.

3.5 The Council continues to promote agile working, and this links to the asset management plan strategy of reducing office space needs.

3.6 On 18 November 2015 Members approved funding for work to progress to develop a £12 million investment plan for Newbold Comyn and St Nicholas Park Leisure Centres. From June 2017, the Council will outsource the management of it’s Leisure Centres. A private contractor will be able to operate in a more cost efficient way, benefitting from Mandatory Rate Relief and achieving economies of scale from operating many Leisure Centres across the country.

4. FINANCIAL PRINCIPLES

4.1 The following are the principles (for both the General Fund and the Housing Revenue Account) that underpin the Financial Strategy:

(i) Savings and developments will be based upon corporate priorities as set out in the Council’s Fit for the Future programme.

(ii) In order to achieve further savings the Council continues to explore all avenues including

- Shared services and joint working
- Outsourcing where other providers can deliver a minimum of the same standard of service more efficiently
- Efficient Procurement
- Benchmarking costs and understanding differences
- Increasing fees and paying customers where there is spare capacity and Looking for opportunities to maximize income
- Accessing grants to assist with corporate priorities
- Controlling costs
- Workforce planning
- Improved more efficient technology

(iii) The Council has ambitions to effectively manage its resources. In setting both its Council Tax and Housing Rents, the Council takes account of its budget requirement, the support it receives from Central Government, inflation and the affordability of its local tax-payers.

(iv) The Council’s base policy for Council house rent increases is currently to follow Central Government guidance. Any diversion from this policy will be requested in the annual Rent Setting report to Council, and reflected in the HRA Business Plan.

(v) Whilst the Council will aim for Fees and Charges to be increased so that income is at least maintained in real terms, it will be mindful of the reality of the current economic conditions and its competitors. The Council is committed to making good use of the ability to raise funds through charges and put them to good use for the community.

(vi) The Council still needs to develop its ability to benchmark all services across the Council.

(vii) This Council takes a positive approach to partnership working, realising the following benefits: -

a) Levering in additional external funding.
b) Ensuring improved use of sites, whether or not in the ownership of the Council.
c) Ensuring the future sustainability of projects.
d) Sharing/Reducing costs
e) Strengthening the Resilience of the Service

(viii) The Financial Strategy takes account of all revenue effects of the capital programme to ensure that the decisions taken are sustainable into the future.

(ix) The Council will hold reserves for specific purposes, as to be agreed by Executive.

(x) The Capital Investment Reserve shall be maintained with a minimum uncommitted balance of £1m.

(xi) Any unplanned windfalls of income, whether service specific or more general, will be reported to the Executive who will prioritise how such income is used as part of setting future balanced budgets and meeting the Council's priorities.

5. PROCESS & MONITORING

Preparing budgets

5.1 The budget setting process is consistent with the service area planning process and the Fit for the Future Programme with recent years focusing on reductions in budgets and efficiencies.

5.2 When the Capital Programme is approved by Council the capital schemes will still be subject to individual approval on the basis of an evaluation and Business Case that needs to be agreed by Executive. .

Monitoring and managing budgets

5.4 Under the monthly "Budget Review" Process, Budgets are amended as soon as changes are identified. The Financial Code of Practice is regularly updated to incorporate any changes. The Financial Code of Practice was reviewed and updated in 2015 to reflect changes in this process and procurement practices.

5.5 Accountants work with Service Areas to identify budget variances and changes, these are reported to the Senior Management Team on a monthly basis. A minimum of quarterly reports are submitted for consideration by the Executive and Scrutiny Committees. The Council continues to review and refine its current processes, putting tighter controls in place to improve the quality and accuracy of the review process.

Consultation

5.6 The Council has a track record of consulting both partner organisations and the public this is an important contribution to assist identifying options and in learning lessons.

5.7 There is extensive consultation with partners on Fit For the Future, and the Sustainable Community Strategy.

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

5.9 The Council has a record of consulting where appropriate on the development of individual schemes.

6 ASSUMPTIONS

6.1 The following assumptions will be used in bringing forward proposals on the budget

(i) Whilst The Council has built the indicative RSG settlements, announced as part of the four year settlement announced in January 2016, into its financial forecasts, its Business Rates forecasts are based upon its own local forecasts and out-turns.

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

(iii) No allowance for inflation has been applied to most budgets from 2017/18 until 2019/20 which then incorporate a 2% increase. Where the Council is contractually bound to increase costs and uplifted fees and charges budgets will be increased.

7. HOUSING REVENUE ACCOUNT (HRA)

7.1 Housing Self Financing was implemented on 1st April 2012. A 50 year HRA Business Plan has been developed to ensure sufficient funds will be available to service the £136.2m debt taken out with the PWLB in order to 'buy' the Council out of the existing Housing Subsidy system, provide the necessary funding to maintain the stock and enable the building of new homes over the life of the Business Plan.

7.2 The Council has freedom over setting its rents as long it acts 'reasonably'. There is no requirement to follow Central Government rent guidelines. Consequently the Council has the freedom to set dwelling rents, garage rents, Warwick Response charges or rents for HRA owned shops and commercial properties.

7.3 The Housing and Planning Act received Royal Assent in May 2016. It includes a number of policy changes that will impact on the HRA Business Plan and potentially adversely affect its financial viability. The Act will extend the Right-to-Buy policy to Housing Association properties, with the Local Housing Authority funding the discount. The expectation is that this will be achieved through the sale of 'high value' properties as they become vacant, at the discretion of the Council. It is no longer proposed to be introduced during 2017/18, and potentially introduced after being piloted in certain areas.

7.4 From April 2018, the amount of Local Housing Allowance paid to those of working age below 35 will be restricted to the cost of single room in a shared household. This Council will consider its policy, and the financial impact on the HRA Business Plan

8. REVENUE FORECASTS

8.1 Revenue forecasts will be drawn up in line with this strategy, and the strategy itself will be reviewed every year when the budget is set. The current forecasts are set out in the February 2017 Budget Report, which reported savings required as follows in order to keep future Council Tax increases to £5.00. (before the use of any one-off reserves or balances)

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Deficit-Savings Required(+)/Surplus(-) future years	412	201	-202	830
Change on previous year	412	-211	-403	1,032

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

9. ASSET RESOURCE BACKGROUND

9.1 Set out below is a summary of the Council's assets and its existing plans to use its resources to invest for the future.

9.2 The Council's assets as shown in the balance sheet as at 31st March 2016 are summarised below: -

	No	Value £'000
Operational Assets		
HRA		
Operational Land and Buildings	7,473	289,549
Surplus Assets/Work in Progress	3	6,967
Vehicles, Plant, Furniture and Equipment	-	55
General Fund		
Operational Land and Buildings	111	62,181
Surplus Assets/Work In Progress	5	614
Vehicles, Plant, Furniture and Equipment		1,735
Community Assets	-	6,653
Infrastructure	-	2,150
Heritage Assets	-	8,255
Total	**7,592**	**378,159**
Investment Properties	**138**	**11,477**

9.3 A summary of the proposed capital programme for the period to March 2021 is given below. This programme gives an indication of the level of the Council's available capital resources that are to be devoted to capital expenditure during this period.

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Strategic Leadership	444	139	117	75	150
Culture Portfolio	4,072	11,272	181	0	0
Finance Portfolio	90	150	150	150	150
Neighbourhood Portfolio	2,153	517	125	125	125
Health & Community Protection Portfolio	2	100	0	0	0
Development Portfolio	1,524	50	318	0	0
Housing Investment Programme	13,230	6,628	5,216	5,216	5,216
TOTAL	21,515	18,856	6,107	5,566	5,641
ESTIMATED RESOURCES	62,030	67,548	64,092	73,428	83,341

10. CAPITAL PRIORITIES

10.1 The main focus of the programme is:

- Realising local aspirations as expressed within the Corporate Strategy (which incorporates the Community Plan and the Council's Resource Strategies) and it's Fit for the Future Programme;

- Maintaining, and where possible enhancing, the condition of the Council's existing assets so as to reduce future maintenance liabilities and to encourage their effective use. Where appropriate this will include working in partnership with others such as the County Council on the customer Access Project.

- Supporting capital schemes that provide revenue savings to the Council, in particular supporting investment in Information and Communication Technology so as to modernise activities and release resources for other purposes.

- Achieving regeneration and economic vitality in our main population centres.

10.2 Key particular projects that link to the corporate strategy are: -

- Enabling developments across the district that improve the environment such as Europa Way, and the improvement of Leamington Old Town.

- To continue to maintain the Government's "decent homes" standard.

- To increase the number of affordable houses in the district.

- Relocation of the Council's main office to a more efficient and cost effective building

11. FINANCING THE CAPITAL STRATEGY

11.1 The Capital Strategy needs to have regard to the financial resources available to fund it. The main sources of funding are detailed below: -

- Capital Receipts – primarily resulting from the sale of the Council's assets. This income is lumpy and limited, although there are still schemes being considered that could realise further capital receipts.

  - The Council is required to sell homes to eligible tenants at a significant discount under the right-to buy (RTB). The proportion of such receipts are taken by the Treasury; with the balance retained by the Council, some having to be to provide for new dwellings and the remainder the Council having flexibility over its use.

- Capital Contributions – including contributions from developers (often under Section 106 Planning Agreements and in the future, from the Community Infrastructure Levy as well) and grants towards specific schemes.

- Use of Council's own resources – either by revenue contributions to capital, or use of earmarked reserves.

- Borrowing – the Council has freedom to borrow under the Prudential System provided it can demonstrate that it has the resource to service the debt.

- Leasing – the Council now requires that, where appropriate, an options appraisal is undertaken in order to identify the most efficient source of financing capital purchases. In certain cases this may take the form of either a finance or operating lease.

12. REVIEW

12.1 This strategy will be subject to annual review to ensure that changes are included and that development issues have been implemented. It has been reviewed in the light of the Fit for the Future programme.

13. RISKS

13.1 Previous years have demonstrated that the Council needs to consider the risk in setting and managing its budgets.

13.2 The key risks that could arise and ways in which they should be managed are set out in the main February Budget report and associated appendix.

13.3 The Council maintains a Significant Business Risk Register which is reviewed bi-annually by the Executive and quarterly by the Senior Management Team. Each Service Area has its own Service Risk Register. These are presented for the consideration of the Finance and Audit Scrutiny Committee on a quarterly rotating basis.

13.4 All major projects the Council undertakes have their own separate Risk Register.

ANNEX 1

Capita Asset Services' View of the Economic Background

1. United Kingdom.

1.1 GDP growth rates in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

1.2 The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

1.3 The Monetary Policy Committee, (MPC), meeting of 4th August was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

1.4 The MPC meeting of 3 November left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.

1.5 The latest MPC decision included a forward view that Bank Rate could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

1.6 The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

1.7 The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, consumers have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015 and were again strong in November. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, in November it fell to -8 indicating a return to pessimism about future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.

1.8 Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.
Capital Economics' GDP forecasts are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

1.9 The Chancellor has said he will do 'whatever is needed' i.e. to promote growth; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.

1.10 The other key factor in forecasts for Bank Rate is inflation where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16).This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

1.11 What is clear is that consumer disposable income will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.2% in November. However, prices paid by factories for inputs rose to 13.2% though producer output prices were still lagging behind at 2.3% and core inflation was 1.4%, confirming the likely future upwards path.

1.12 Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and

GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

1.13 Employment had been growing steadily during 2016 but encountered a first fall in over a year, of 6,000, over the three months to October.The latest employment data in December, (for November), was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. House prices have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

2. United States of America.

2.1 The American economy had a patchy 2015 with sharp swings in the quarterly growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene, and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came, as expected, in December 2016 to a range of 0.50% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed. therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.

2.2 The result of the presidential election in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

2.3 Trump's election has had a profound effect on the bond market and bond yields rose sharply in the week after his election. Time will tell if this is a a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

2.4 In the first week since the US election, there was a a major shift in investor sentiment away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which could be reversed. Other commentators take the view that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

3. Eurozone.

3.1 In the Eurozone, the ECB commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.

3.2 EZ GDP growth in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.7% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

3.3 There are also significant specific political and other risks within the EZ: -

- Greece continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.
- Spain has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of Italian banks poses a major risk. Some German banks are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.
- 4 December Italian constitutional referendum on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.

- Dutch general election 15.3.17; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.
- French presidential election**;** first round 13 April; second round 7 May 2017.
- French National Assembly election June 2017.
- German Federal election August – 22 October 2017. This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU, (note, not just the Eurozone currency area), principle of free movement of people within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

3.4 Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

4. Asia.

4.1 Economic growth in China has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

4.2 Economic growth in Japan is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

5. Emerging countries.

5.1 There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that $340bn of emerging market corporate debt will fall due for repayment in the final two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

5.2 Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

EARMARKED RESERVE REQUESTS

	£
GENERAL FUND	
CULTURE	
Strategic Arts Programme Delays in receipt of match funding	5,500
TOTAL CULTURE	**5,500**
DEVELOPMENT SERVICES	
St Marys Lands Masterplan Work ongoing	55,900
TOTAL DEVELOPMENT SERVICES	**55,900**
HEALTH & COMMUNITY PROTECTION	
Electric Pool Vehicles Procurement process delayed and lease costs will be paid on a quarterly basis. Vehicles received later than expected.	6,200
Heat Distribution Network Part of the Climate Control Strategy / Sustainability Action Plan. Staff vacancies and delays in the tendering process.	17,200
TOTAL HEALTH & COMMUNITY PROTECTION	**23,400**
HOUSING & PROPERTY SERVICES	
Lillington Regeneration Work delayed whilst co-operation of third party landowner sought.	26,000
Europa Way Strategic Opportunity Proposal Delays in information provision by external organisations and time required to assess the impact of new legislation.	26,200
TOTAL HOUSING & PROPERTY SERVICES	**52,200**
NEIGHBOURHOOD SERVICES	
Open Spaces Legal fees and disbursements required to potentially lift restricted land covenants.	104,000
Crematorium Rebranding of Crematorium, including new signage, etc. delayed due to delays in the capital works. Re-branding delayed as resources might be needed for additional drainage works.	24,000
TOTAL NEIGHBOURHOOD SERVICES	**128,000**

EARMARKED RESERVE REQUESTS

	£
STRATEGIC LEADERSHIP	
HQ Relocation Project Manager	
The contract overlaps 2016/17 and 2017/18 - need to carry forward the 2017/18 element	9,000
Coventry & Warwickshire LEP Growth Hub	
Three contribution funded from contingency budget. Years 2 and 3 Funding carried forward.	22,500
Website	
Development of web services delayed due to software issues	6,000
Digital transformation work delayed due to delay in appointment od a social media officer	9,000
Human Resources	
Relocation plan changed causing delays in workplace transformation	9,200
TOTAL STRATEGIC LEADERSHIP	**55,700**
TOTAL GENERAL FUND SERVICES	**320,700**
HOUSING REVENUE ACCOUNT	
New Carpeting for Chandos Court	
Carpeting delayed whilst redecorations and re-wiring works completed.	10,700
Independent Satisfaction Survey for Tenants and Leaseholders	
Survey undertaken every 2 years and is currently going through the procurement process	6,000
Chandos Court Scooter Store	
Work on converting a former warden's flat to the new store has been delayed due to a change in contractor	33,000
New Fire Panels for Sheltered Schemes	
Work delayed due to contractor staffing changes	157,000
TOTAL HOUSING REVENUE ACCOUNT	**206,700**

APPENDIX 11

Risks Influencing the Level of General Fund Balance

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

STATEMENT BY THE CHIEF FINANCIAL OFFICER

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

Robustness of Budgets

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

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

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

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

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

Adequacy of Reserves

There has been much discussion over what the appropriate levels of reserves are for a local authority to hold, with various papers being issued on this subject. However, it is for each authority to determine the right level of reserves, reflecting its individual circumstances and risk appetite.

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

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

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

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

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

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

Budget assumptions	**Financial standing and management**
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates).
Estimates of the level and timing of capital receipts	The authority's track record in budget and financial management.
The treatment of demand led pressures	The authority's capacity to manage in-year budget pressures.
The treatment of efficiency savings/productivity gains	The strength of financial information and reporting arrangements.
The financial risks inherent in	The authority's virement and end of year procedures

Budget assumptions	Financial standing and management
any significant new funding partnerships, major outsourcing deals or major capital developments	in relation to budget under/overspends at authority and departmental level.
The availability of other funds to deal with major contingencies	The adequacy of the authority's insurance arrangements to cover major unforeseen risks.

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

In making this assessment I have taken into account the contingency budget of £200,000 for 2017/18. The contingency provision reduces the possibility of the Council calling upon its General Fund balances

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

The medium term financial strategy has been prepared on a prudent basis given the uncertainties that face local government finance into the future. Whilst the 2017/18 budget has been prepared prudently, there are undoubtedly risks associated with it. However, with the level of reserves, the Council should be able to manage any risks throughout the year.

Members will need to address the underlying budget deficit in future years, and will need to ensure that proposals are brought forward in good time to balance the budget for 2018/19. Within the proposed Budget there are projects as part of Fit For the Future aimed at reducing costs and ensuring service provision meets customer expectations, further projects need to be agreed by members during 2017 that will make further savings. Members need to be mindful of the underlying budget situation throughout their decision-making and ensure that the savings requirement is given due priority.

Mike Snow

Head of Finance

January 2016

Executive – 8 February 2017 Council	Agenda Item No. **5**

Title	Housing Revenue Account (HRA) Budget 2017/18 and Housing Rents
For further information about this report please contact	Bill Hunt bill.hunt@warwickdc.gov.uk 01926 456403 Andrew Rollins andrew.rollins@warwickdc.gov.uk 01926 456803
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	Reports to Executive November 2016: • Housing Revenue Account base budgets latest 2016/17 and original 2017/18.
Background Papers	None

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes (Ref 808)
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	20/01/2017	Bill Hunt
Heads of Service	20/01/2017	Bill Hunt (Housing and Property Services) & Mike Snow (Finance)
CMT	20/01/2017	
Section 151 Officer	20/01/2017	Mike Snow
Monitoring Officer	20/01/2017	Andrew Jones
Finance	20/01/2017	Andrew Rollins
Portfolio Holder	20/01/2017	Councillor Phillips
Consultation & Community Engagement		
None		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. Summary

1.1 This report presents to Members the latest Housing Revenue Account (HRA) budgets in respect of 2016/17 and 2017/18.

1.2 The information contained within this report supports the recommendations to Council in respect of setting next year's budgets, the proposed changes to council tenant housing rents, garage rents and other charges for 2017/18.

2. Recommendations

The Executive is asked to recommend to Council:

2.1 That housing dwelling rents for 2017/18 be reduced by 1% for existing HRA dwelling tenants.

2.2 That the rents for Designated, Sheltered and Very Sheltered dwellings for 2017/18 is reduced by 1%.

2.3 That HRA dwelling rents for 2017/18 onwards for new tenancies are set at Target Social Rent, except for Sayer Court, which are to be set at Warwick Affordable Rent levels.

2.4 That shared ownership properties rents will increase by RPI + 0.5% in accordance with the terms of the lease.

2.5 That garage rents for 2017/18 be increased by an average of £4 per month (excluding VAT where applicable).

2.6 That the latest 2016/17 and 2017/18 Housing Revenue Account (HRA) budgets be agreed (Appendix 3).

2.7 The 2017/18 Budget to incorporate an additional £545,900 to fund Housing Related Support Services in 2017/18, pending a review of service (as outlined in the HRS Committee Report – February 2017).

3. Reasons for the Recommendations

3.1 National Housing Rent Policy – 2017/18 Annual decrease

3.1.1 In July 2015 the Government announced that with effect from April 2016, the rents charged for existing tenants by local authority housing landlords should be reduced by 1% per year, for four years.

3.1.2 In March 2016, a one year deferral was introduced for supported housing from the reduction of social rents in England of 1%, allowing the Council to continue to apply a CPI (at September) + 1% rent increase in 2016/17.

3.2 As planned, the rent reduction will now apply to supporting housing, with rents in these properties decreasing by 1% a year for 3 years, up to and including 2019/20.

3.2.1 The existing exemption for specialised supporting housing will remain in place and be extended over the remaining 3 years of the policy for mutual / cooperatives, alms houses and Community Land Trusts and refuges. However this Council does not currently have any housing which would meet these criteria.

3.2.2 For void properties, the Council is able to set the base rent as the Target Social Rent (also known as Formula Rent). This represents a small increase over the social rent charged by the Council to tenanted properties and will increase projected rental income by around £5,000 in 2017/18. However, this rent has to be subsequently reduced by 1% at the next annual rent review when the property is re-let to comply with the July 2015 policy announcement included in Welfare Reform and Work Bill 2015/16.

3.2.3 Details of the current rents and those proposed as a result of this recommendation are set out at Appendix 1. A comparison of the Council's social rents with affordable and market rents is set out at Appendix 2.

3.2.4 The only exception would be in respect of properties at Sayer Court, Leamington where the Council has previously decided that tenancies within the new development will be let at Warwick Affordable Rent Levels. Whilst the 1% rent decrease will apply to existing tenants, new tenancies established during 2017/18 would be charged at the current full level of rent.

3.2.5 The report recommends compliance with national policy and guidance on the setting of rents for General Needs and Supported Housing properties.

3.2.6 The shared ownership properties rent increases are not governed by the national Policy. Schedule 4 of the lease agreement allows the council to increase rents for shared ownership properties by RPI + 0.5% in April 2017.

3.3 Garage Rents

3.3.1 Garage rent increases are not governed by national guidance. Any increase that reflects costs of the service, demand, market conditions and the potential for income generation can be considered. The HRA Business Plan base assumption is that garage rents will increase in line with inflation. However, the Council does not have in place a formal policy for the setting of rents for garages.

3.3.2 There are waiting lists for a number of garage sites, whilst other sites have far lower demand; where appropriate these sites are being considered for future redevelopment as part of the overall garage strategy for the future. To date 88 garages have been demolished or disposed of to provide land for new affordable housing.

3.3.3 Market Research shows that in the private sector, garages are being marketed for around £80 per month (as at January 2016). The average monthly rent for a Council garage rent is currently £26.

3.3.4 With regard to these factors an average increase of £4 per month has been recommended as the most appropriate increase. The additional income generated for the service will help to alleviate the loss of rental income from dwellings and ensure funding is available for responsive repairs and modernisation of the whole HRA stock.

3.3.5 This increases projected income for 2017/18 by £100,000 compared to 2016/17.

3.3.6 For tenants, most garage rents will increase by 77p per week, from £6.11 to £6.88. Non-tenants also pay VAT on the charge, so it will increase by £1.14 per week, from £7.33 to £8.47.

3.4 **Shared Ownership**

3.4.1 During 2015, the council took ownership of 15 shared ownership dwellings at Great Field Drive in Southwest Warwick.

3.4.2 Shared owners are required to pay rent on the proportion of their home which they do not own.

3.4.3 The Council adopted the Homes and Communities Agency (HCA) template lease agreement which includes a schedule on rent review. The lease determines that the rent will be reviewed in April 2017 and will be increased by RPI + 0.5%.

3.5 **Housing Revenue Account (HRA) budgets**

3.5.1 The Council is required to set a budget for the HRA each year, approving the level of rents and other charges that are levied. The Executive makes recommendations to Council that take into account the base budgets for the HRA and current Government guidance on national rent policy.

3.5.2 In addition to the changes identified in the report, the HRA will be budgeting to provide an additional £545,900 to fund Housing Related Support Services in 2017/18, pending a review of service (as outlined in the HRS Committee Report – February 2017). Any surplus would be returned to the Capital Investment Reserve following the review, due in July.

3.5.3 The dwelling rents have been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers for 2016/17 and 2017/18. This includes additional rental income from the 81 new build properties at Sayer Court which were completed Q3 2016 and are in the process of being let to tenants.

3.5.4 The garages rental income has been increased to take into account the £4 per month average increase in charges for 2017/18.

3.5.5 The bad debt provision has been reduced by £56,800 to 1.5% of gross rents (down from 1.71%) for 2017/18. This is to reflect a reduction in the value of rent arrears over the past 2 years. The introduction of Universal credit was expected to result in an increase in the levels of rent arrears. However, this is now not expected to be fully implemented until summer 2018.

3.5.6 Full details of the Budget will be included within the Budget Book which will be available to members ahead of Budget/Rents Setting by Council (a summary is provided in appendix 3).

3.5.7 The Housing Investment Programme is presented as part of the separate February 2017 report 'General Fund Budget'.

3.5.8 The recommendations will enable the proposed latest Housing Investment Programme to be carried out and contribute available resources to the HRA Capital Investment Reserve for future development whilst maintaining a minimum working balance on the HRA of at least £1.4m in line with Council policy.

4. Policy Framework

4.1 The Housing Revenue Account (HRA) budget is a financial expression of the Council's housing policies, having regard to the available resources and rent setting consequences. This report is in accordance with the Council's Financial Strategy.

4.2 Rents Policy

4.2.1 This report recommends following the latest Central Government rent guidance. This is also the rent policy assumed in the current HRA Business Plan.

4.2.2 As agreed in June 2014, void homes are re-let at Target Social Rent, in line with the latest Central Government rent guidance.

4.3 Fit for the Future

4.3.1 A key element of Fit for the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. The HRA is subject to the same regime to ensure efficiency within the service.

5. Budgetary Framework

5.1 The HRA is a key component of the Council's budget framework and the budgets proposed are in accordance with the long term HRA Business Plan.

5.2 The HRA Business Plan approved in March 2016 had assumed social rents would continue to decrease by 1% annually for another 3 years, and that supported housing would also decrease by 1% following a one year deferral. The assumptions underpinning the HRA Business Plan are currently being reviewed and a revised Plan will be reported to the March 2017 Executive as part of the Council's Housing Futures project. .

5.3 The recommended budgets maintain the minimum working balance on the HRA expected under current Council policy, increasing by inflation each year.

5.4 The HRA Business Plan will, as part of Housing Futures, continue to be reviewed throughout 2017/18 to take account of:

- An assessment of the implications of the outcomes of the stock condition survey, completed in October 2016, which is currently underway.
- Further review of the delivery of the repairs and maintenance services, following last year's cessation of the 'Open Book' system and re-introduction of a 'Schedule of rates' system, with the aim of increasing cost control and reducing the resources needed to manage the administration of contracts.

6. Risks

6.1 The risks, and appropriate control mechanisms, for the 2017/18 HRA Budget and the rent increase process are considered below.

6.2 When setting the HRA budget for 2017/18, a sensitivity analysis of assumptions relating to these risks and their potential impact on the budget is as follows:-

- Loss of Supporting People Grant income = £463,700. It was agreed in the 2015 HRA BP that Housing Related Support would be funded for one year, up to 31 July 2018.

- 0.5% change in void rent loss = £129,000 increase or decrease to rental income.

- Currently only the element of anticipated capital receipts from Right to Buy (RTB) sales specifically reserved for provision of affordable housing has been included for HRA usage in future years. It is assumed that the remainder of receipts will continue to be used to fund General Fund housing. Each sale currently generates an average 'usable capital receipt' for the Council of around £35,500, the remainder being paid to the Treasury under capital receipt 'pooling' regulations.

- On average the loss of rental income due to RTB sales is £4,700 per property for a full year; so in the year of sale the initial losses will be approximately half of this, £2,350, for each home sold, assuming RTB sales are spread fairly evenly throughout the year.

6.3 Were any, or all, of these possibilities to arise the impact could be accommodated within the proposed HRA budget for 2017/18 and overall HRA Business Plan.

6.4 The Housing Revenue Account faces a number of financial pressures arising from changes to national policy and legislation, including the Housing and Planning Bill.

§ The 1% reduction in income will reduce the income to the HRA from £25.8m in 2015-2016 to circa £24.7m after 4 years.

§ The implication of the cessation of funding for the housing related support services for older persons from Warwickshire County Council in July 2016. Proposals to reduce the level of draw down from the contingency provision, as set out in paragraph 3.5.2 are contained with the Housing Related Support Services report elsewhere on this agenda.

§ The introduction of Universal Credit and of Local Housing Allowance caps for Housing Benefit paid to low income tenants below the age 35 may lead to additional challenges in recovering rent due as residents adjust to the new systems.

§ A levy is expected to be imposed on the Council to provide the Government with the funds needed to compensate housing associations for the extension of Right–to-Buy to their tenants. It is not yet clear how much this levy will be. However, it may be possible that some of the levy may be able to be funded from the sale of higher value properties as they become void. An expanded regional pilot of the 'right to buy' for housing association tenants will continue during 2017/18. The Government have confirmed they will fund this, and therefore will not be requiring Higher Value Asset payments in 2017/18.

- The introduction of the mandatory use fixed term tenancies for future lettings, following the decision to not proceed with 'Pay to Stay'. This will in time add additional management costs to the HRA and may increase the number of void properties.

6.5 Officers will closely monitor the changes discussed in Section 6.4 above. As more details become available, Budgets and the Business Plan will be updated to reflect this, with Members being notified accordingly.

7 Alternative Options

7.1 Garage Rents

7.1.1 The Council has discretion over the setting of Garage rents.

7.1.2 Each 1% change in garage rents results in an increase or decrease of potential income of around £5,200 per year.

7.1.3 It would be possible to set Garage rents higher than those proposed to maximise income; however significantly higher rents may make Garages harder to let and so reduce income. Similarly, rents could also be reduced but this would reduce income to the HRA Budget when it is needed.

7.1.4 The review of the HRA Business Plan during 2017/18 will consider options for increasing the financial viability of providing garages.

7.2 Dwellings

7.2.1 The Council does have the discretion to decrease rents for existing tenants by more than the 1% prescribed.

8 Background

8.1 The Executive received a report on the background to setting the HRA budget and 2017/18 at its meeting in November 2016.

8.2 However, garage rents, heating lighting and water charges, and supporting people charges for 2017/18 need to be considered and agreed before the final budgets can be set. The background to each of these items is summarised below.

8.3 These rents and charges, along with any other changes that have arisen since the previous report, impact on the setting of the final HRA budget.

8.4 **Housing Rents and Government Policy**

8.4.1 In July 2015 the Government announced that with effect from April 2016, the rent charged by local authorities should be reduced by 1% per year for four years. The Government does however expect void properties to be re-let at Target Social Rent so in time bringing all social housing rents into line with the original aims of the 2002 convergence policy.

8.4.2 A summary of average target rents compared to the 2017/18 rents for current tenants recommended in this report are included in Appendix 1.

8.4.3 A comparison with market rents currently charged for properties with 1 to 4 bedrooms in the WDC area has been included at Appendix 2. For example, the current average weekly market rent for a 3 bedroom home in the area is £245, whilst the proposed average 2017/18 rent for current WDC tenants living in a 3 bedroom home is £98.01. On average proposed 2017/18 rents are approximately half of current market rents. This means that the Council's housing service reduces the cost of living for tenants, allowing more money to be spent in the wider economy and reducing the social security costs of helping lower income tenants afford their rent.

8.5 **Housing Revenue Account (HRA)**

8.5.1 Councils with housing stock are required to maintain a separate 'ring-fenced' Housing Revenue Account (HRA) for all expenditure and income related to council housing. By law councils cannot approve a budget that would lead to a deficit HRA balance.

8.5.2 2016/17 and 2017/18 budgets were last considered in the November 2016 report 'Housing Revenue Account base budgets latest 2016/17 and original 2017/18', which detailed the latest 2016/17 revised budget and base 2017/18 budget and identified the changes from the initial 2016/17 budget.

8.5.3 A summary of the latest 2016/17 and 2017/18 budgets can be found in Appendix 3.

8.5.4 The Capital works in the Housing Investment Programme are presented as part of the separate February 2016 report 'General Fund Budget'.

Appendix 1

Average Weekly Rents - Formula, Current and Proposed Social Rents

Number of Bedrooms	Current Number of WDC Homes (Target Formula Applicable)	2015/16		2016/17		2017/18		2017/18 Average Difference between 'Target' (Formula) Rent (F) and Proposed Rent (A)		2017/18 Proposed Average Decrease in Weekly Rent	
		F Average 'Target' (Formula) Rent	A Average Weekly Rent	F Average 'Target' (Formula) Rent	A Average Weekly Rent	F Average 'Target' (Formula) Rent	A Proposed Average Weekly Rent				
0 Bedroom	**57**	£67.19	**£63.73**	£66.51	**£63.09**	£65.84	**£62.46**	£3.38	5.42%	**-£0.63**	**-1.0%**
1 Bedroom	**1,456**	£85.72	**£80.33**	£84.87	**£79.53**	£84.02	**£78.73**	£5.29	6.72%	**-£0.80**	**-1.0%**
2 Bedroom	**1,938**	£94.05	**£88.34**	£93.12	**£87.46**	£92.19	**£86.58**	£5.61	6.48%	**-£0.87**	**-1.0%**
3 Bedroom	**1,910**	£107.72	**£100.00**	£106.65	**£99.00**	£105.58	**£98.01**	£7.57	7.73%	**-£0.99**	**-1.0%**
4 Bedroom	**56**	£120.29	**£109.09**	£119.10	**£108.00**	£117.91	**£106.92**	£10.99	10.28%	**-£1.08**	**-1.0%**
5 Bedroom	**4**	£167.36	**£123.12**	£165.68	**£121.89**	£164.02	**£120.67**	£43.35	35.93%	**-£1.22**	**-1.0%**
Average	**5,421**	**£96.78**	**£90.37**	**£95.81**	**£89.87**	**£94.85**	**£88.97**	**£5.94**	**6.61%**	**-£0.90**	**-1.0%**

Warwick Affordable Rent (Sayer Court)

Number of Bedrooms Beds	Type	No of Properties	2016/17 Rent Per Week				2017/18 Rent Per Week				
			Average Target Social Rent	Average Market Rent	Average Affordable Rent**	Average Warwick Affordable Rent***	Average Target Social Rent	Average Market Rent	Average Affordable Rent**	Average Warwick Affordable Rent (tenancies prior to 1/4/17)	Average Warwick Affordable Rent (new tenancies from 1/4/17)
1	Apartment	33	£90.90	£150.00	£120.00	£105.45	£89.99	£150.00	£120.00	£104.40	£105.00
2	Apartment	43	£101.95	£192.27	£153.82	£127.89	£100.93	£192.27	£153.82	£126.61	£127.38
2	Bungalow	3	£106.87	£214.84	£171.87	£139.37	£105.80	£214.84	£171.87	£137.98	£138.84
3	Bungalow	2	£130.97	£245.00	£196.00	£163.49	£129.66	£245.00	£196.00	£161.85	£162.83
		81									

* In line with the Business Plan assumptions, 0.7% void level has been used in the calculation
** Affordable rent is 80% of the market rent
*** Warwick affordable rent is the midpoint of affordable rent and target social Rent

Appendix 2

Comparison to Local Market Rents

Number of Bedrooms	2016/17 WDC Current Average Weekly Rent	2017/18 WDC Proposed Average Weekly Rent	Current Local Average Weekly Market Rent*	Difference between Proposed WDC Rent and Market Rent	Proposed 2017/18 WDC Rent as a % of Market Rent	2016/17 WDC Average Formula (Target) Rent	2017/18 WDC Average Formula (Target) Rent	Difference 2017/18 WDC Formula Rent to Market Rent	2017/18 WDC Formula Rent as a % of Market Rent	Affordable Rents at 80% of Market Rent	LHA Local Housing Allowance Limit# (Jan 2017)
1 Bedroom	£79.53	**£78.73**	£150	£71	52%	£84.87	**£84.02**	£66	56%	£120	£119.09
2 Bedroom	£87.46	**£86.58**	£190	£103	46%	£93.12	**£92.19**	£98	49%	£152	£150.36
3 Bedroom	£99.00	**£98.01**	£245	£147	40%	£106.65	**£105.58**	£139	43%	£196	£181.80
4 Bedroom	£108.00	**£106.92**	£313	£206	34%	£119.10	**£117.91**	£195	38%	£250	£246.50

* Median local average private market rents (December 2014 to November 2015) from Hometrack

LHA (Local Housing Allowance) is the cap for housing benefit for those who rent privately, subject to other eligibility criteria.
Rates shown are for the Warwickshire South Broad Rental Market Area, January 2016.
LHA does not apply to council tenants; it is shown to illustrate the highest rents that can be supported by housing benefit in the private rented sector.

Appendix 3
HRA 2016/17 Latest Budget and 2017/18 Base Budget

	ACTUAL 2015/16 £	ORIGINAL BUDGET 2016/17 £	LATEST BUDGET 2016/17 £	BUDGET 2017/18 £	Variance 2016/17 £	Variance 2017/18 £
HOUSING REVENUE ACCOUNT						
EXPENDITURE						
Housing Repairs Supervision	781,758	682,300	682,300	682,300	-	-
HRA Repairs and Maintenance	5,832,110	5,617,100	5,927,900	5,267,200	310,800	(349,900)
Electricity	-	300	400	400	100	100
Rates	(2,089)	1,400	2,000	2,100	600	700
Hsg Rates-Other Prop	19,675	19,700	19,700	19,700	-	-
Water Charges-Metered	35,759	32,600	32,600	32,600	-	-
Premises	**6,667,213**	**6,353,400**	**6,664,900**	**6,004,300**	311,500	(349,100)
						-
Debt Recovery Agency Costs	-	3,900	3,900	3,900	-	-
Contributions To Provisions	55,639	15,000	15,000	15,000	-	-
Bad Debts Provision	215,124	437,000	437,000	380,200	-	(56,800)
Supplies and Services	**270,763**	**455,900**	**455,900**	**399,100**	-	(56,800)
Housing Services	-	-	-	-	-	-
Supervision & Management - General	2,443,765	2,698,500	2,848,600	2,826,400	150,100	127,900
Supervision & Management - Special	2,083,475	2,251,900	2,222,100	2,216,700	(29,800)	(35,200)
Support Services	**4,527,240**	**4,950,400**	**5,070,700**	**5,043,100**	120,300	92,700
Loss / (Gain) On Impairment Of Assets	(18,747,431)	-	-	-	-	-
REFCUS	48,817	100,000	-	-	(100,000)	(100,000)
Depreciation on Council Dwellings	2,638,776	2,698,700	2,913,400	2,913,400	214,700	214,700
Depreciation on Other HRA Properties	349,262	362,100	541,800	541,800	179,700	179,700
Depreciation on Equipment	24,570	10,700	10,700	10,700	-	-
Capital Charges	**(15,686,006)**	**3,171,500**	**3,465,900**	**3,465,900**	294,400	294,400
TOTAL EXPENDITURE	**(4,220,790)**	**14,931,200**	**15,657,400**	**14,942,400**	726,200	11,200
INCOME						
Other Income	(2,950)	-	-	-	-	-
Other Licences	(4,007)	(4,100)	(4,100)	(4,100)	-	-
Heating Charges	(118,298)	(102,900)	(102,900)	(102,900)	-	-
Service Charges	(131,157)	(131,200)	(131,200)	(131,200)	-	-
Service Charges Supporting People	(155,259)	(147,500)	(147,500)	(147,500)	-	-
Water Charges	(32,004)	(31,100)	(31,100)	(31,100)	-	-
Service Charges Leasehold	(1,154)	-	-	-	-	-
Rents-Houses	(25,751,983)	(25,603,000)	(25,603,000)	(25,347,000)	-	256,000
Rents-Shared Ownership	(22,174)	-	-	-	-	-
Rents-Garages	(501,216)	(520,000)	(520,000)	(620,000)	-	(100,000)
Rents-Others	(320,458)	(320,000)	(320,000)	(320,000)	-	-
General Fund	(37,900)	(37,900)	(37,900)	(37,900)	-	-
General Fund- SP	(463,739)	(154,600)	(155,000)	-	(400)	154,600
TOTAL INCOME	**(27,542,299)**	**(27,052,300)**	**(27,052,700)**	**(26,741,700)**	(400)	310,600
NET INCOME FROM SERVICES	**(31,763,089)**	**(12,121,100)**	**(11,395,300)**	**(11,799,300)**	725,800	321,800
					-	-
Interest Payable	4,765,564	4,765,600	4,765,600	4,765,600	-	-
Interest-Balances	(198,600)	(253,300)	(253,300)	(253,300)	-	-
Capital Charges - Adj	(48,817)	(100,000)	(100,000)	(100,000)	-	-
Depreciation Adj - Other HRA Property	386,653	-	-	-	-	-
NET OPERATIONAL INCOME	**(26,858,289)**	**(7,708,800)**	**(6,983,000)**	**(7,387,000)**	725,800	321,800
APPROPRIATIONS:						
Appropriation Re Depn + MRA	2,486,755	3,103,100	2,730,800	2,887,900	(372,300)	(215,200)
Cap Fin-Rev Contr to Cap Outlay(GF+HIP)	357,199	219,500	439,900	119,600	220,400	(99,900)
Cont from Reserves	8,000	8,000	8,000	8,000	-	-
Contrib HRA Capital Invest Reserve (Dr)	5,388,163	4,525,800	3,987,000	4,576,900	(538,800)	51,100
fixed assets impairment charged to rev	19,498,794	-	-	-	-	-
Cont from Reserves	(3,076)	-	(100,000)	(100,000)	(100,000)	(100,000)

Appendix 3

HRA 2016/17 Latest Budget and 2017/18 Base Budget

	ACTUAL 2015/16 £	ORIGINAL BUDGET 2016/17 £	LATEST BUDGET 2016/17 £	BUDGET 2017/18 £	Variance 2016/17 £	Variance 2017/18 £
fixed assets impairment charged to rev	(751,363)	-	-	-	-	-
employee benefits accruals (cr)	(8,218)	-	-	-	-	-
Net IAS19 Charges for Retirement Benefits	(510,290)	(612,100)	(510,700)	(535,000)	101,400	77,100
Employers Contribs payable to Pension Fd	186,125	248,200	239,400	261,900	(8,800)	13,700
Pensions Interest+Rate of Return Assets	173,700	202,400	174,700	172,500	(27,700)	(29,900)
TAKEN From / (To) BALANCES	**(32,500)**	**(13,900)**	**(13,900)**	**(25,200)**	-	(11,300)
					-	-
HRA Balance Brought Forward	(1,353,400)	(1,385,900)	(1,385,900)	(1,399,800)	-	(13,900)
HRA BALANCE CARRIED FORWARD	**(1,385,900)**	**(1,399,800)**	**(1,399,800)**	**(1,425,000)**	-	(25,200)

WARWICK DISTRICT COUNCIL	**Executive 8 February 2017** **Council**	**Agenda Item No.** **6**

Title	Heating, Lighting and Water Charges 2017/18 – Council Tenants
For further information about this report please contact	Bill Hunt bill.hunt@warwickdc.gov.uk 01926 456403 Andrew Rollins andrew.rollins@warwickdc.gov.uk 01926 456803
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	
Background Papers	Previous annual 'Approval of Heating, Lighting and Water Charges' reports, every February

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes (ref 809)
Equality & Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	20/01/2017	Bill Hunt
Head of Service	20/01/2017	Bill Hunt (Housing and Property Services) & Mike Snow (Finance)
CMT	20/01/2017	
Section 151 Officer	20/01/2017	Mike Snow
Monitoring Officer	20/01/2017	
Finance	20/01/2017	Andrew Rollins
Portfolio Holder(s)	20/01/2017	Councillor Phillips
Consultation Undertaken		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

1.1 This report sets out the proposed recharges to Council housing tenants for the provision of communal heating, lighting and water supply during 2017/18.

2. Recommendation

2.1 To recommend to Council to agree the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the rent year commencing 4th April 2017, as set out in Appendix 1 & Appendix 2.

3. Reasons for the Recommendation

3.1 Recharges are levied to recover costs of electricity, gas and water supply usage to individual properties within one of the sheltered and the 5 very sheltered housing schemes, which are provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities are also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.

3.2 The charges necessary to fully recover costs are calculated annually from average consumption over the past three years, updated for current costs and adjusted for one third of any over-recover or under-recovery in previous years. The charges for 2017/18 are calculated on the basis of average consumption for 2013/14, 2014/15 and 2015/16. The use of an average ensures that seasonal and yearly variations are reflected in the calculation.

3.3 For reference, in February 2013 the increase required to meet projected Heating & Lighting costs was deemed unaffordable for tenants, so it was agreed to implement a lower increase and aim to fully recover costs within a 5 year period. In 2015/2016 it was recommended that where the increase to fully recover costs was higher than 95p per week, the increases be constrained to 95p to ensure the increase is affordable for tenants and continue to move towards full recovery over future years.

3.4 From 2016/17, the council moved towards a policy of full recovery of costs and to achieve this it adopted a policy whereby the charges be increased by the lower of, the full amount to achieve full cost recovery or an amount equal to 1% of the rent due for the property. This approach enables full costs recovery to be phased in gradually and ensures that no excessive increases to the charges are made in one year.

3.5 The proposed increase in weekly charges is equivalent to the 1% decrease in average rent to tenants. This is a fair approach as it facilitates the council implementation of full costs recovery and it doesn't make tenants worse off (Appendix 1).

3.6 The Gas and Electricity contracts for the authority have been renegotiated in 2016/17, with savings achieved on the gas contract and an increase agreed on the electricity contract. Any savings / increases will be passed on to tenants in future years.

4. Policy Framework

4.1 Policy Framework

4.1.1 The Heating, Lighting and Water Charges Report forms part of the Budgetary Framework, which is the resource strategy for implementing Fit for the Future.

4.1.2 Until 2013/14, it was the policy of this council to set recharges to tenants for the electricity, gas and water supplied to certain properties at the level that will fully recover these costs without 'rent pooling', that is without subsidising from other HRA income.

4.1.3 As described in paragraph 3.3, from 2013/14 when increases were deemed unaffordable lower charges have been set to mitigate the immediate cost to tenants, recovering these costs gradually over subsequent years.

4.2 Fit for the Future

A key element of Fit for the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. The Housing Revenue Account is subject to the same regime to ensure efficiency within the service.

5. Budgetary Framework

5.1 Recharges to tenants for the provision of communal heating, lighting and water form part of the Housing Revenue Account (HRA), which is a key component of the Council's budgetary framework.

5.2 If charges are set so as not to fully recover costs, this will present an additional cost to all housing tenants by way of the rent they are charged, unless costs are recouped in future years.

6. Risks

6.1 It would be impossible to predict fuel and water costs over the next year completely accurately. Therefore the charges tenants pay in a year will either over-recover or under-recover the costs.

6.2 This is mitigated by adjusting charges for one third of any over-recover or under-recovery in previous years. This ensures that over time what tenants pay will meet the costs of heating, water and lighting.

7. Alternative Options Considered

7.1 If any proposed charges are thought to be unaffordable for tenants, charges could be set at any level between no increase and the proposed charges, with the understanding that this means that the shortfall will either be funded from the rents of all tenants, the majority of whom will also be paying their own electricity and gas costs directly, or recovered from charges in future years when some flats may be occupied by new tenants who have not benefited from the reduced charges.

7.2 For those Heating/Lighting charges which have been set below the level necessary to recover the full cost, a higher charge could be set to better reflect the costs. This will mean a number of tenants will be paying an increase in charges of up £3.40 per week (£176.8 per year), while other tenants will see a reduction in the charges they pay by up to 80 pence per week (£41 per Year).

7.3 Charges could be set above the real costs of recovery. This would mean tenants of these schemes would have no choice but to pay above the real cost of these utilities, as the communal nature of these services means they cannot choose their own energy suppliers. This would not be fair.

8. Background

8.1 Costs for electricity, gas, water and laundry facilities provided at some housing schemes are recovered as a weekly charge.

8.2 These utility charges are not eligible for Housing Benefit.

8.3 Tenants are notified of these charges at the same time as the annual rent increase.

8.4 The gas and electricity used to deliver communal heating and lighting is supplied under the provisions of the Council's energy supply contracts.

8.5 Photovoltaic cells (solar panels) were installed on James Court, Tannery Court and Yeomanry Court in April 2012. The electricity generated reduces consumption from the national grid.

8.6 A biomass heating system has been installed in Tannery Court. In addition to the environmental benefits of using a more sustainable fuel, the capital cost of installation will be partly repaid over time by the Government's Renewable Heat Incentive scheme. Charges are currently based on historical costs, pending current data.

Appendix 1

Heating, Lighting and Miscellaneous Charges

It is recommended that from 6th April 2017 charges covering heating, lighting and miscellaneous charges Should be varied as follows:

Heating, Lighting and Miscellaneous Charges	Current Charge per Week 2016/17 £	Charge To Fully Recover Costs 2017/18 £	Proposed Charge per Week 2017/18 £	Proposed Increase/ (Decrease) per Week 2017/18 £	Proposed Change 2017/18 %
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa					
Nos. 1 - 12, 14 – 41	£11.35	£11.60	**£11.60**	+£0.25	+2.2%
Nos. 43, 44, 46 and 47 (Misc. Charge only)	£0.60	£0.60	**£0.60**	+£0.00	+0.0%
Tannery Court, Bertie Road, Kenilworth					
Nos. 1, 2, 4 – 6, 7a, 8 - 12, 22a, 14 - 40	£8.35	£8.35	**£8.35**	+£0.00	+0.0%
No. 3	£12.25	£12.25	**£12.25**	+£0.00	+0.0%
Yeomanry Close, Priory Road, Warwick					
Nos. 1 - 12, 14 – 32	£8.38	£10.10	**£9.15**	+£0.77	+9.2%
James Court, Weston Close, Warwick					
Nos. 1 - 12, 14 – 26	£10.13	£10.35	**£10.35**	+£0.22	+2.2%
Chandos Court, Chandos Street, Royal Leamington Spa					
Nos. 1 - 12, 11a, 25a, 14 – 46	£11.49	£11.20	**£11.20**	- £0.29	-2.5%
Radcliffe Gardens, Brunswick Street, Royal Leamington Spa					
Bedsits and 1 bedroom flats	£7.13	£8.40	**£7.80**	+£0.67	+9.4%
2 bedroom flats	£10.84	£13.45	**£11.62**	+£0.78	+7.2%

Appendix 2

Water Charges

It is recommended that from 4th April 2017 water charges should be varied as follows:

Water Charges	Current Charge per Week 2016/17 £	Proposed Charge per Week 2017/18 £	Proposed Increase/ (Decrease) per Week 2017/18 £	Proposed Change 2017/18 %
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa				
Nos. 1 - 12, 14 - 41, 43 – 47	£3.70	**£3.95**	+£0.25	+6.8%
Tannery Court, Bertie Road, Kenilworth				
Nos. 1, 2, 3, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£4.10	**£4.20**	+£0.10	+2.3%
Yeomanry Close, Priory Road, Warwick				
Nos. 1 - 12, 14 - 32, 33 and 34	£2.65	**£2.65**	+£0.00	+0.0%
James Court, Weston Close, Warwick				
Nos. 1 - 12, 14 – 28	£2.90	**£2.90**	+£0.00	+0.0%
Chandos Court, Chandos Street, Royal Leamington Spa				
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£3.20	**£3.30**	+£0.10	+3.1%

WARWICK DISTRICT COUNCIL	Executive – 8th February 2017	Agenda Item No. 7

Title:	Treasury Management Strategy Plan for 2017/2018
For further information about this report please contact	Roger Wyton 01926 456801 roger.wyton@warwickdc.gov.uk Karen Allison 01926 456334 karen.allison@warwickdc.gov.uk
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	Treasury Management in the Public Services – A Code of Practice and associated guidance notes– CIPFA The Prudential Code for Capital Finance in Local Authorities - CIPFA Treasury Management file L1/9 Treasury Management information via External Advisors, Brokers etc.

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes - 810
Equality & Sustainability Impact Assessment Undertaken	No – not relevant

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	10/1/2017	Andy Jones
Head of Service	11/1/2017	Mike Snow
CMT	17/1/2017	N/A
Section 151 Officer	11/1/2017	Mike Snow
Monitoring Officer	10/1/2017	N/A

Finance	11/1/2017	Roger Wyton
Portfolio Holder(s)	17/1/2017	Cllr. Peter Whiting

Consultation & Community Engagement	
None	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below) N/A	

1. SUMMARY

1.1 This report details the strategy for 2017/18 that the Council will follow in carrying out its Treasury Management activities including the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy Statement.

1.2 The report consists of a number of Appendices:-

Appendix A - Annual Treasury Management Strategy Plan 2017/18
Appendix B – 2017/18 Annual Investment Strategy Including Annex 1
Appendix C – Minimum Revenue Provision Policy Statement
Appendix D – An Explanation of Credit Rating Terms
Appendix E – Economic Background
Appendix F – Glossary of Terms

2. RECOMMENDATIONS

2.1 That the Executive notes:-

The changes to the various Treasury Management Practices as detailed in paragraph 3.2 below.

2.2 That the Executive recommends to Council:-

a) The Treasury Management Strategy for 2017/18 as outlined in paragraph 3.1 below and detailed in Appendix A,

b) The 2017/18 Annual Investment Strategy as outlined in paragraph 3.3 below and detailed in Appendix B together with Annex 1 including the following changes:-

1. That as per the table in paragraph 2.2 of Appendix B, the current counterparty limits in relation to the appropriate long term credit rating are increased to those shown in the table.

2. That as per paragraph 2.5 of Appendix B, in relation to Corporate Equity Funds the current risk categories of low, medium and high and individual fund limits of £3m, £2m and £1m respectively are replaced by low and medium risk with fund limits of £4m and £2m respectively. In each case the limit to be subject to a 10% allowance for capital growth. These changes to take immediate effect.

3. That as per paragraph 2.6 of Appendix B, the policy on the use of Financial Derivatives is approved.

c) The Minimum Revenue Provision Policy Statement as outlined in paragraph 3.4 below and contained in paragraphs 4.1 to 4.4 of Appendix C.

d) The Prudential Indicators as outlined paragraph 3.5 below and contained in paragraphs 5.1 to 5.5 of Appendix A.

3. REASONS FOR RECOMMENDATIONS

3.1 The Council is required to have an approved Treasury Management Strategy, including an Annual Investment Strategy and Minimum Revenue Provision Policy within which its Treasury Management operations can be carried out. The Council will be investing approximately £18.86 million in new capital schemes in 2017/18 and will have average investments of £75 million (2016/17 latest £72m). The Council is running out of suitable counterparties with which to invest thus requiring changes to counterparty limits in 2017/18 in order to create headroom to absorb the predicted increase in investment balances from 2017/18 onwards. The level of cash available to invest arises from the Council's reserves and provisions, the General Fund (GF) and Housing Revenue Account (HRA) balances, and accumulated capital receipts as well as working capital cashflow.

3.2 The Council's treasury management operations are also governed by various Treasury Management Practices (TMP's), the production of which is a requirement of the CIPFA code and which must be explicitly followed by officers engaged in treasury management. These have previously been reported to the Executive. There have been the following changes to various Treasury Management Practices (TMP's) and these changes are outlined below

TMP 1 Risk Management.

Paragraph 2.2 – Revision of counterparty limits to reflect the increases as per recommendation 2.2.b.1 above.

Paragraph 2.2 – Revision of Corporate Equity Fund limits and amended definition of risk as per recommendation 2.2.b.2 above.

TMP5 Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements.

Paragraph 4.1 – amended to include use of other on-line portals as well as that provided by Sungard.

Paragraph 5.1 – amended to include e mailing as a means of communicating instructions to Santander, Lloyds Banking Group and Svenska Handelsbanken investment counterparties.

3.3 This Council has regard to the Governments Guidance on Local Government Investments and CIPFA's updated Treasury Management in Public Services Code of Practice. The guidance states that an Annual Investment Strategy must be produced in advance of the year to which it relates and must be approved by the full Council. The Strategy can be amended at any time and it must be made available to the public. The Annual Investment Strategy for 2017/18 is contained within Appendix B and its Annex.

3.4 The Council has to make provision for the repayment of its outstanding long term debt and other forms of long term borrowing such as Finance Leases. Statutory guidance issued by CLG requires that a statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which it relates and this is contained in Appendix C.

3.5 The Prudential Code for Capital Finance in local authorities which was revised in 2011 introduced new requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of an integrated treasury management strategy. The Prudential Code requires the Council to set a number of Prudential Indicators and this report does therefore incorporate within section 5 of Appendix A the indicators to which regard should be given when determining the Council's treasury management strategy for the next 3 financial years.

4. POLICY FRAMEWORK

4.1 **Policy Framework** - This report is in accordance with the Council's established Treasury Management Policies, Code of Financial Practice and provides a framework within which it will conduct its Treasury Management Operations in 2017/18.

4.2 **Fit for the Future** – The Treasury Management function enables the Council to manage its resources appropriately to balance its budget. In respect of the Fit For the Future, the Strategy greatly assists the Money strand by helping to ensure the best turn on investments and so in turn will help the Service strand by ensuring finance is available to maintain or improve services which in turn will help the People strand by maintaining employment and the appropriate support.

4.3 **Impact Assessments** – No impacts of new or significant policy changes proposed in respect of Equalities.

5. BUDGETARY FRAMEWORK

5.1 The Treasury Management Strategy has a potentially significant impact on the Council's budget through its ability to maximise its investment interest income whilst minimising the risk of the loss of the Council's funds and minimise its borrowing interest payable which is of particular importance to the HRA under the Self Financing regime and also the General Fund in respect of borrowing on projects such as leisure centre and multi-storey car parks refurbishments as well as any future capital projects. This also helps to underpin the Council's Corporate Objectives and delivery of its Fit For The Future projects. The performance of the Treasury Management function is reported half-yearly to the Finance & Audit Scrutiny Committee which is the body charged by the Council with overseeing the treasury management activities of the council. Also an annual report for the Finance & Audit Scrutiny Committee is prepared at the end of the financial year on Treasury Management and compliance with the strategy and the Treasury Management Practices are reviewed as part of the annual Treasury Management audit.

5.2 Treasury Management is an evolving process and whilst it is not easy to compare investment returns from year to year due to complications arising from economic conditions, the previous year's performance together with feedback on our current performance from the Council's involvement in Capita Asset Services' Treasury Management Benchmarking Club is reviewed to see what lessons can be learnt that would help improve the current and future years investment returns and/or the security of the investments. For instance, this may take the form of revising the Council's counterparty limits to allow for a tiered approach according to the Fitch Long Term credit rating assigned to individual counterparties.

6. RISKS

6.1 Treasury Management is essentially about the management of risk, e.g. the risk to the security of the Council's investments should a counterparty fail, liquidity risk in that there is a need to ensure that there is sufficient cash available to meet debts as and when they become due and interest rate risk in that the Council may be "locked" into low interest yielding investments at the time that interest rates are rising and therefore missing out on opportunities to maximise interest receipts. These risks are mitigated by the use of different investment vehicles, credit rating criteria and market intelligence in order to ensure the Council invests with only the best quality counterparties, good cash flow forecasting both short and long term and the use of interest rate forecasts published by the Council's treasury consultants.

6.2 The use of different investment vehicles also has its risks, for instance the introduction of Corporate Bonds in 2015/16 and in 2016/17 Corporate Equity Funds has potentially increased capital risk. This is through potential capital loss due to market price fluctuations, for instance if investments have to be withdrawn early. This is mitigated by good cash flow management ensuring that investments are available for the necessary length of time to ensure that there is no negative impact on the capital value of the fund. In addition, in the cases of Equity and Bond funds mitigation is achieved by having a spread of funds with differing risk appetites rather than concentrating all investments in one fund. The introduction of a "stop loss" limit in the case of Bond/Equity Funds whereby if the value in the fund(s) goes below a defined limit, the holdings in that fund will be sold thus limiting further losses will also reduce risk as will the use of a "volatility" reserve as a certain proportion of the annual return on the fund will be credited to the reserve and then when required released to revenue to either cover or at least mitigate the impact of any deficits. The risk of capital loss is not new to the Council, some years ago the Council had a cash fund managed by Invesco which incurred capital losses on the Gilt investments within the portfolio.

6.3 The risk involved in not adopting the recommendations is outlined in paragraph 7.2.

6.4 By engaging Treasury Management Consultants, the Council is able to mitigate the risks described in paragraphs 6.1 and 6.2. These Consultants provide regular briefings, alerts and advice in respect of the Council's portfolio. The contract also includes training both in-house and by way of seminars so officers responsible for the Council's Treasury Management Function are fully competent. Adequate cover (fully trained) is provided within the Finance Department should there be a risk of staff shortages and all involved in the Treasury function have access to comprehensive procedure notes.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 The approval of an annual Treasury Management Strategy is a requirement of the CIPFA Treasury Management in the Public Services Code of Practice, the latest version of which was adopted by the Council in 2011/12.

7.2 An alternative to the strategy being proposed for 2017/18 would be to not alter the current counterparty limits but this would risk the Council running out of acceptably credit rated counterparties and possibly having to lower its minimum credit ratings below that which it feels comfortable with.

APPENDIX A ANNUAL TREASURY MANAGEMENT STRATEGY PLAN 2017/18

1. GENERAL

1.1 This part of the report outlines the strategy that the Council will follow during 2017/18. Its production and submission to the Council is a requirement of the CIPFA Code of Practice on Treasury Management in the Public Services.

1.2 The suggested strategy for 2017/18 in respect of the treasury management function is based upon the officer's view on interest rates supplemented with forecasts provided by Capita Asset Services – Treasury Solutions who are the Council's treasury advisers.

1.3 It is also a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from a) increases in interest charges caused by increased borrowing to finance additional capital expenditure b) any increases in running costs from new capital projects and c) the loss of interest on balances or reserves arising from their use in financing the capital expenditure are limited to a level which is affordable within the projected income of the council for the foreseeable future. This is covered by the Prudential Indicator calculating the Incremental Impact on the Council Tax or Housing Rent in paragraph 5.3 below.

1.4 A Glossary of Terms is included as Appendix F in order to aid Member's understanding of technical terms used in the field of Treasury Management.

2 INTEREST RATE FORECASTS FOR 2017/18

2.1 The ability to forecast the movement of interest rates is fundamental to successful investment and borrowing strategies. The Council employs Capita Asset Services – Treasury Solutions to provide interest rate forecasts and their latest view on both short and long term rates is shown in 2.2 overleaf. Their view on Bank Rate has been used to formulate the investment interest estimates for 2017/18 and future years and the PWLB rates are of particular interest in respect of the £136.157m PWLB debt taken out in late 2011/12 to finance the HRA Self Financing debt settlement as they will form the basis for any debt restructuring decisions relating to this debt that may be taken during 2017/18 although none are currently planned. The PWLB rates are also germane to any take up of the £13.843m borrowing headroom that the HRA has under the Self Financing regime and also to the £10.196m relating to the Leisure Centres refurbishment project recently approved by the Council. It is currently anticipated that most, if not all of the borrowing for the Leisure Centres will be taken in early April 2017.

2.2 The PWLB forecasts below, provided by Capita Asset Services, are based on the PWLB Certainty Rate.

Quarter	Bank Rate	5 yr PWLB Rate	10 yr PWLB Rate	25 yr PWLB Rate	50 yr PWLB Rate
Dec 2016	0.25%	1.60%	2.30%	2.90%	2.70%
Mar 2017	0.25%	1.60%	2.30%	2.90%	2.70%
Jun 2017	0.25%	1.60%	2.30%	2.90%	2.70%
Sep 2017	0.25%	1.60%	2.30%	2.90%	2.70%
Dec 2017	0.25%	1.60%	2.30%	3.00%	2.80%
Mar 2018	0.25%	1.70%	2.30%	3.00%	2.80%
Jun 2018	0.25%	1.70%	2.40%	3.00%	2.80%
Sep 2018	0.25%	1.70%	2.40%	3.10%	2.90%
Dec 2018	0.25%	1.80%	2.40%	3.10%	2.90%
Mar 2019	0.25%	1.80%	2.50%	3.20%	3.00%
Jun 2019	0.50%	1.90%	2.50%	3.20%	3.00%
Sep 2019	0.50%	1.90%	2.60%	3.30%	3.10%
Dec 2019	0.75%	2.00%	2.60%	3.30%	3.10%
Mar 2020	0.75%	2.00%	2.70%	3.40%	3.20%

2.3 The Monetary Policy Committee (MPC) utilises Bank Rate as one of its tools to control inflation in the economy and meet its target rate of 2% Consumer Prices Inflation (CPI).

2.4 Recent changes in market sentiment and outlook has led to Capita Asset Services revising their view of when Bank Rate might start to rise with the first rise now being predicted for the June quarter of 2019.The background to these changes is reflected in Appendix E which contains Capita's view of the economic background.

CAPITAL BORROWING AND CAPITAL PROGRAMME FINANCING STRATEGY

3.1 The Council is able to finance its capital programmes in the following ways:-

a) By the use of Prudential Borrowing. Currently it is anticipated that there will be a need to use £8.996m of the external borrowing referred to in paragraph 2.1 in order to part finance the Council's General Fund 2017/18 capital programme. This relates to the Leisure Centres refurbishment programme.

b) From Usable capital receipts. Currently it is not intended to utilise capital receipts in funding the 2017/18 General Fund Capital Programme. The Housing Investment Programme anticipates significant council house sales during 2017/18 resulting in £5.719m being available to part finance current and future expenditure alongside receipts in hand from previous years.

c) From revenue or reserves.

d) From external contributions and grants. With regard to the General Fund Capital Programme, it is anticipated that external contributions amounting to £2.203m will be used to part finance the 2017/18 expenditure on the Leisure Centre refurbishment programme. With regard to the Housing Investment Programme it is expected that grants amounting to £423,100 will be utilised to finance General Fund Housing Improvement Grants.

e) From Leasing or other similar means of capital finance.

3.2 With the exception of dedicated external grants and contributions, before deciding which of the above means of capital financing will be utilised to finance capital expenditure, the Council will conduct an options appraisal exercise where appropriate.

3.3 The financing of the Council's proposed 2017/18 capital programmes (at January 2017) is shown in the table below:-

Financing Method	**General Fund £**	**Housing Investment Programme £**
Prudential/Internal Borrowing	8,996,000	0
Leasing	0	0
Capital Receipts	0	1,012,400
External Contributions	2,203,000	423,100
Revenue Contributions	125,000	205.900
Reserve Contributions	904,300	4,986,600
TOTAL	**12,228,300**	**6,628,000**

4. LONG TERM AND TEMPORARY BORROWING

4.1 The Council's current long term borrowing portfolio consists of £136.157m PWLB debt. These loans were taken out to finance the HRA Self Financing settlement and the interest paid on this debt is entirely borne by the Housing Revenue Account and is provided for as part of the HRA Business Plan.
The first of these loans is scheduled to be repaid on 28th March 2053 with the

final loan being repaid on 28th March 2062.

4.2 As part of their ongoing services, Capita Asset Services will monitor the HRA debt portfolio during 2016/17 identifying, where appropriate, any opportunities for debt restructuring although these are expected to be minimal, if at all.

4.3 With regard to the long term borrowing in respect of the Leisure Centre refurbishments it can be seen from the table in 2.2 above that PWLB rates are expected to remain stable until around September 2017 when they are forecast to begin to rise slowly. Therefore in order to take advantage of the current low point in the yield curve it is intended to take out the borrowing early in April 2017. Based on the latest project spend profile, it is likely that Annuity loans of £3,678,000 and £6,518,000 for 25 and 40 years respectively equating to the expected life of the assets financed will be taken. This will result in interest and Minimum Revenue Provision charges of c£483k being charged to the General Fund. £8.996m and £0.152m of the capital expenditure financed by this borrowing will be incurred in 2017/18 and 2018/19 respectively with the balance of the borrowing going to replace the internal borrowing incurred in financing capital expenditure incurred in 2015/16 and 2016/17. In this way, the cost of carry i.e. the difference between the annual borrowing costs and the amount received by investing the loan capital temporarily until utilised will be minimised.

4.4 Should the Council identify any further long term borrowing needs during 2017/18, if deemed to be advantageous due to the expected path of interest rates, the Council may borrow in advance of need subject to prior appraisal of the risk and the borrowing must not take place in excess of 18 months before the anticipated need.

4.5 The major source of long term borrowing for local authorities is the Public Works Loans Board (PWLB) which is part of HM Treasury. However, the Local Government Association is in the process of creating an alternative called the Municipal Bond Agency. It is possible that this agency will be offering loans to local authorities during 2017/18 and it is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). Although unlikely to be available for when the Leisure Centre borrowing is taken, should this Council consider any further long term borrowing in 2017/18 or future years then it will make use of this new source of borrowing as and when appropriate.

4.6 The Council will continue to engage in short term borrowing (up to 364 days) when necessary in order to finance temporary cash deficits, however by managing the Council's cash flow effectively these will be kept to a minimum. In each case, wherever possible, the loan will be taken out for periods of less than 7 days in order to minimise the interest payable. To date in 2016/17 the Council has not incurred any short term borrowing and is not expected to do so in 2017/18 either.

5. TREASURY LIMITS AND PRUDENTIAL INDICATORS FOR 2017/18 TO 2019/20

5.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Authorised Limit". The Council must have regard to the Prudential Code when setting its Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax / rent levels is acceptable. Whilst termed an Authorised Limit, the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements e.g. finance leases. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. The limits shown in the table in paragraph 5.2 include the impact of the HRA Self Financing debt settlement which took place on the 28th March 2012. It also includes the HRA "Headroom" which is the amount that the HRA can borrow between the debt settlement and the Debt Cap set under the Self Financing regime and also the £10.196m borrowing for the Leisure Centre refurbishment project. On top of this an allowance has been made for potential new capital projects such as car parks refurbishments etc.

5.2 The Authorised Limits to be recommended to Council by the Executive were included in the Budget report presented to the Executive on 8th February and need to be ratified by the Council at its meeting on 22nd February. They are also displayed in the table below:-

Authorised Limit	**2016/17 (For Comparison) £,000**	**2017/18 Estimate £'000**	**2018/19 Estimate £'000**	**2019/20 Estimate £'000**
Debt	22,050	56,050	66,050	66,050
Add HRA Settlement	136,157	136,157	136,157	136,157
HRA Head Room	13,843	13,843	13,843	13,843
Other Long Term Liabilities	2,079	2,063	2,047	2,012
Total	**174,129**	**208,113**	**218,097**	**218,062**

5.3 The Prudential Indicators required by the code are explained in more detail in the report on the budget and those relevant to an integrated treasury management strategy are reproduced overleaf:-

a) **Operational Boundary for External Debt**

Operational Boundary	2016/17 (For Comparison) £,000	2017/18 Estimate £,000	2018/19 Estimate £,000	2019/20 Estimate £,000
Debt	13,050	13,050	13,050	13,050
Add HRA Settlement	136,157	136,157	136,157	136,157
HRA Head Room	13,843	13,843	13,843	13,843
Other Long Term Liabilities	1,079	1,063	1,047	1,030
Total	164,129	164,113	164,097	164,080

The Council is required to set an Operational Boundary for external debt which itself forms part of the Authorised Limit. The Operational Boundary is effectively the day to day working limit for cash flow purposes.

b) That the Council has adopted the revised CIPFA Treasury Management Code of Practice which it did in February 2011.

c) **Capital Financing Requirement**

Year	General Fund (inc. GF HIP element)	HRA	Overall
2016/17 (for comparison)	£2,398,137	£135,786,796	£138,184,933
2017/18	£11,248,319	£135,786,796	£147,035,115
2018/19	£11,232,079	£135,786,796	£147,018,875
2019/20	£11,040,460	£135,786,796	£146,827,256

The Capital Financing Requirement (CFR) as shown in the table above is a measure of the Council's underlying need to borrow in order to meet past capital expenditure. It will be noted that the 2017/18 General Fund CFR has increased when compared to the 2016/17 figure and also the 2015/16 actual which was -£1,215,451. This is due to the borrowing required to finance the Leisure Options project capital expenditure in the current General Fund capital programme. The CFR is reduced by any provision for the repayment of debt each year. In the case of the General Fund CFR this is the principal element of the PWLB Annuity loans expected to finance the Leisure Centre borrowing and the principal element of the Dog Van and Colour Copier leases. In the case of the HRA debt redemption is not scheduled to start until year 41 (2052/53) of the current Business Plan.

d) **Incremental Impact on Council Tax / Housing Rents**

Year	Council Tax	Housing Rent
2016/17 (for comparison)	£1.47	£0.33
2017/18	£7.40	£0.28
2018/19	-£3.59	£0.29
2019/20	-£2.45	£0.47

The significant increase in the Council tax in 2017/18 is due to the debt servicing costs in relation to the Leisure Centre borrowing. This is negated in future years as savings arising from the project materialise.

e) As a result of HRA Self Financing, the Council is also limited to a maximum HRA CFR. This limit is currently:-

HRA Debt Limit	2016/17 (for comparison)	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Total	150.00	150.00	150.00	150.00

5.4 In addition certain indicators that used to be part of the Prudential Code are now part of the Treasury Management Code of Practice and are shown overleaf :-

Upper limits to fixed interest rate and variable interest rate exposures on borrowing

Year	Upper Limit - Fixed Rate	Upper Limit - Variable Rate
2017/18	100%	30%
2018/19	100%	30%
2019/20	100%	30%

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

Period	Upper	Lower
Under 12 months	4%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and above	96%	0%

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

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

5.5 **Principal sums invested for periods longer than 364 days**

The total maximum sum that can be invested for more than 364 days is 70% of the core investment portfolio subject to a maximum of £20 million at any one time. However, where investments which originally were for periods of more than 364 days have 364 days or less to maturity at the 1st April each year they shall be classed from that date as short term i.e. less than 364 day investments and will not count against the 70% or £20 million limit.

6. BEST VALUE

6.1 The Council participates in Capita Asset Services' investment risk management benchmarking service in order to provide benchmarks against which the in house function could monitor its performance. The Council is part of a local group comprising both District and County Councils and our investment rate of return is benchmarked on a weighted average basis against the Capita Asset Services Model Portfolio and the returns experienced by the other club members. In 2017/18, other than for investments in Corporate Bond or Equity Funds the Council will seek to achieve a weighted average rate of return in line with the Capita Asset Services Model Portfolio which is based upon the best possible return whilst providing the maximum security for the capital invested.

6.2 The internal treasury function will also seek to achieve an average rate of return on its Money Market investments of 0.0625% over the LIBID (London Inter Bank Bid Rate) average for comparable investment periods (e.g. up to 7 day, 1 to 3 months, 3 to 6 months and over 6 months).

6.3 Should the Council employ external cash fund investment agents during 2017/18 suitable performance indicators will be agreed with the agents similar to that which operated under the previous Invesco agreement e.g. the fund will be required to outperform the Financial Times 7 day LIBID rate compounded weekly with a target return of 110% of the benchmark over a 3 year rolling period. Suitable benchmarks will also be agreed with Corporate Bond/Equity Fund managers in respect of the funds opened with them.

6.4 The Council's performance is reported half-yearly to the Finance and Audit Scrutiny Committee.

7. EXTERNAL TREASURY MANAGEMENT ADVISERS

7.1 In order to access specialist skills and resources such as credit rating information, the Council employs Capita Asset Services – Treasury Solutions as its Treasury Management advisers. Following a procurement exercise they were re-appointed for another three years with effect from 5th January 2015 with an option to extend the contract for a further two years.

8. BANKING SERVICES

8.1 The Council currently employs HSBC Bank to provide its banking services and. the current contract runs for 5 years from 1st March 2015 with the option to extend the contract for a further 5 years.

9. TRAINING

9.1 The CIPFA Code requires that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Following the 2015 Council elections, our treasury consultants delivered in house training on 29th October 2015 to a number of Members. Further training will be provided as and when required.

9.2 Those officers currently involved in treasury management have received training from the Council's treasury consultants and this has been and will be kept up to date by regular attendance at seminars held by our consultants and also through other sources such as CIPFA publications and market intelligence.

10. OTHER

10.1 Although though not currently included in the Council's General Fund capital programme there are potential schemes in future years which may require the Council to significantly increase its external long term borrowing for instance the refurbishing of certain multi-storey car parks. This will have a significant effect on both the Council's treasury management operations and also its revenue budgets and the Treasury Management function will advise on the implications accordingly.

APPENDIX B 2017/18 ANNUAL INVESTMENT STRATEGY

1. BACKGROUND

1.1 This Council has regard to the Governments Guidance on Local Government Investments and CIPFA's updated Treasury Management in Public Services Code of Practice. Section 15(1) of the 2003 Local Government Act requires councils to have regard to such guidance as the Secretary of State may issue. Guidance was issued in 2004 and has subsequently been updated (April 2010) with the last major change being that Local Authorities who invest in Corporate Bonds no longer need to account for these as capital transactions i.e. capital expenditure. The general policy objective is that local authorities should invest prudently the temporarily surplus funds held on behalf of their communities. The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity. The guidance states that an Annual Investment Strategy must be produced in advance of the year to which it relates and must be approved by the full Council. The Strategy can be amended at any time and it must be made available to the public.

2. INVESTMENT VEHICLES AND CREDITWORTHINESS POLICY

2.1 In line with the guidance, this Annual Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the headings of Specified and Non Specified Investments. These are listed in paragraph 2.8 and detailed in Annex 1.

2.2 Specified investments are defined as those with a high credit rating. Currently for deposits with Banks this is a Fitch (or Moody's and Standard & Poor's equivalents) sovereign rating at least equal to that of the United Kingdom at the point at which the investment was taken out, at least F1 short term and A long term. However, mindful of the increasing balances available for investment and the need to maximise investment interest in the current low interest rate environment without significantly weakening the security of the investments a restructuring of both long term counterparty ratings and limits relating to both Specified and Non Specified Instruments is proposed. The changes are reflected in Appendix B Annex 1 and summarised in the table overleaf:-

Counterparty Type	Investment Vehicles	long term rating	Current Limit ex. Repo addition	New limit ex. Repo addition
Private banks	**Fixed term deposits** **Certs of Deposits** **FRN's (category 1)** **Corp Bonds (category 1)** **Covered Bonds (category 1)**	**A** **A+** **AA- and above**	**£3m** **£5m** **£5m**	**£4m** **£6m** **£7m**
Other Private Sector Financial Institutions	**FRN's (category 1)** **Corp Bonds (category 1)** **Covered Bonds (category 1)**	**A** **A+** **AA- and above**	**£3m** **£5m** **£5m**	**£4m** **£6m** **£7m**
Corporates	**FRN's (category 3)** **Corp Bonds (category 3)** **Covered Bonds (category 3)**	**A** **A+** **AA- and above**	**£3m** **£3m** **£3m**	**£4m** **£5m** **£6m**

2.3 Over the period 2017/18 to 2020/21 the average balances available to invest are currently predicted to rise from £75m to £104m mainly as a result of surpluses arising from the Housing Revenue Account under the Self Financing Regime and increasing capital receipts arising from Right to Buy council house sales. In order to be able to invest these increased balances as securely as possible whilst obtaining a reasonable rate of return will require the Council to add new institutions to its investment counterparties list, increase the limits for current counterparties or a combination of both. The changes recommended in the table above should go some way towards ameliorating this issue. A forthcoming report on Housing Futures will consider the potential use of the forecast increased Housing balances.

2.4 With the objective of meeting the Council's previously stated wish to achieve an additional £50,000 per annum investment income, at the time of writing this report the Council is in the process of appointing Corporate Equity Fund managers with the aid of its Treasury Advisers. It is anticipated that the successful managers will be appointed during the latter part of February with the funds being open for business by the new financial year. Initial investments will be £4m into an UK Equity Income fund and £2m into an UK Capital Growth fund with the objectives of the Equity Income fund providing annual investment income through dividend distributions with the Capital Growth fund being allowed to provide long term (up to 5 years) income through increased capital value. As with all investments of this nature there is potential for the value of the Capital Growth fund to go down as well as up and it is intended to establish a "Volatility" reserve whereby a certain amount of the annual interest received from the Equity Income fund will be diverted to this reserve in order to obviate the impact on the General Fund of any capital losses. Depending on how these initial investments perform it may be possible to invest more in them or open up additional funds which will further enhance the Council's investment income.

2.5 The current Annual Investment Strategy has Corporate Equity Funds divided into three categories of risk based on the risk and rewards profile within an individual funds Key Investor Information Document or KIID. These categories are low, medium and high with individual counterparty limits of £3m, £2m and £1m respectively. Research has shown that this arbitrary interpretation of risk is not appropriate and therefore it is proposed to alter the risk definitions to low and medium and the individual fund limits to £4m and £2m respectively although it may be necessary to revise these limits in the light of initial performance particularly for future years given the predicted increase in balances. Low risk will be defined as investments into UK Equity Income funds as these funds typically invest in well established institutions and companies which are well run and which pay regular dividends. Medium risk will be defined as investments into UK Capital Growth funds. Due to the long term nature of these funds, investments within them are exposed to more risk such as duration i.e. the longer the investment runs for the more risk there is that the value of the investment will go down rather than up, hence the categorisation of these funds as medium.

2.6 Some Corporate Equity Funds use embedded financial derivatives (interest rate swaps, forward deals etc.) in order to enhance the performance of the fund and in such circumstances the CIPFA Treasury Management code of practice requires authorities to clearly detail their policy on the use of derivatives in the Annual Investment Strategy. There are two forms of financial derivatives, standalone and embedded and the council will only use standalone financial derivatives such as swaps, forwards, futures and options where they can clearly be demonstrated to reduce the overall level of financial risks that the Council is exposed to. Embedded derivatives such as those found within Corporate Equity Funds will not be subject to this policy although the risks they present will be managed in line with the overall treasury risk management strategy.

2.7 In addition to credit ratings themselves, the Council will also have regard to any ratings watch notices issued by the 3 agencies as well as articles in the Financial press and market data. In addition to credit ratings the Council will also use Credit Default Swap data as supplied by Capita Asset Services – Treasury Solutions to determine the suitability of investing with counterparties. Credit Default Swaps (CDS) are a form of "insurance premium" against defaulting taken out by investors when making investments and if the Market perceives problems with the counterparty then the margin on the CDS will widen (i.e. the insurance premium will increase) thus providing warnings for future investors with that counterparty that it might have problems repaying their investment. The Council will monitor the CDS's on the counterparties within its lending list and if there are significant movements on a counterparty such as it moves out of a pre-determined range which will be determined with the aid of the Council's Treasury Consultants then that counterparty will be removed from the list until such time as it moves back within range.

2.8 The types of investment that the council can use are listed below and described in more detail in Annex 1. These are split under the headings of specified and non-specified in accordance with statutory guidance.

Specified Instruments (maximum period 364 Days)

Deposits with banks and building societies
Deposits with UK Government, Nationalised Industries, Public Corporations, UK Housing Associations and UK Local Authorities
UK Government Gilts with less than one year to maturity
Debt Management Agency Deposit Facility (DMADF)
Constant Net Asset Value Money Market Funds (AAA rated)
Variable Net Asset Value Money Market Funds (AAAf rated)
Certificates of deposits issued by banks and building societies
Corporate Bonds issued by private sector financial institutions
Corporate Bonds issued by financial institutions partly or wholly owned by the UK Government
Corporate Bonds issued by corporates
Covered Bonds issued by private sector financial institutions
Covered Bonds issued by financial institutions partly or wholly owned by the UK Government

Covered Bonds issued by corporates
Supranational Bonds issued by Supranational Institutions or Multi Lateral Development Banks
Floating Rate Notes issued by private sector financial institutions
Floating Rate Notes issued by financial institutions partly or wholly owned by the UK Government
Floating Rate Notes issued by corporates
Eligible Bank Bills
Sterling Securities guaranteed by HM Government
Repo's

Non Specified Investments

Deposits with unrated building societies
Deposits with banks and building societies greater than 364 days
Deposits with UK Housing Associations and UK Local Authorities greater than 364 days
Certificates of deposits issued by banks and building societies greater than 364 days
Corporate Bonds issued by private sector financial institutions greater than 364 days
Corporate Bonds issued by financial institutions partly or wholly owned by the UK Government greater than 364 days
Corporate Bonds issued by corporates greater than 364 days
Covered Bonds issued by private sector financial institutions greater than 364 days
Covered Bonds issued by financial institutions partly or wholly owned by the UK Government greater than 364 days
Covered Bonds issued by corporates greater than 364 days
Corporate Bond Funds
Regulated Property Funds including Real Estate Investment Trusts
CCLA Property Fund
Day to Day balances where Council's bankers do not meet the minimum bank credit rating criteria
UK Government Gilts with over 364 days to maturity
Supranational Bonds issued by Supranational Institutions or Multi Lateral Development with over 364 days to maturity
Corporate Equity Funds

2.9 It is necessary to outline the reasons why the Council would use non specified investments and also the risks involved. The use of unrated building societies alongside Business Reserve and Call Accounts and Money Market Funds forms a useful tool for investing relatively small amounts of money for short periods of time (up to 3 months) and obtaining a decent return on the investment. There is of course a risk that the Building Society may fail during the maximum 3 month duration of an investment but this is not considered likely. As an additional safeguard, the Council will only invest in Category C i.e. unrated Building Societies with an asset value of £500m and over. In addition, investments in category C building societies are restricted to a group limit of £8m.With regard to deposits for more than one year, the advantage from a treasury management point of view is that there is a known rate of return over the period that the monies are invested which aids forward planning. There is however the increased risk due to the longer time span that a) the institution fails or b) interest rates rise in the meantime. The current limit for investments longer than 364 days is 70% of the core investment portfolio subject to a maximum of £20 million at any one time with a maximum of £15m invested in Corporate Bond/Equity/Property Funds and a maximum duration of 10 years for Property, Corporate Bond and Corporate Equity Funds, 5 years for investments with other Local Authorities and 2 years for all other counterparties. It is not proposed to alter these parameters for 2017/18.

2.10 No investments for more than 364 days excluding any forward deal periods will be made without the advice of our Treasury Consultants on the likely movement of interest rates over the period of the proposed investment and any investments over 364 days with building societies will be limited to £1m per counterparty**.** In the case of Property, Corporate Bond and Corporate Equity Funds, decisions to invest will be taken in conjunction with our Treasury Consultants and the respective Fund Managers.

2.11 As a means of further diversifying risk whilst obtaining a reasonable return for cash flow derived investments, the Council uses the SunGard Money Market Funds Portal which will enable it to open further Money Market Funds as necessary and to be able to see on a daily basis before deciding with whom to invest, which funds are offering the best rates.

3. INVESTMENT OBJECTIVES

3.1 All investments will be in sterling. The Council's investment priorities are the security and liquidity of its investments. The Council's objective will be to maximise the return whilst safeguarding as much as possible the capital sum and avoiding cash flow problems. The Council will not engage in borrowing for purely investment purposes.

4. SECURITY OF CAPITAL

4.1 The Council relies on credit ratings published by the three main Credit Rating agencies , Fitch Ratings, Moody's Investor Services and Standard & Poor's which are supplied to it by its Treasury Advisers. These ratings are used to establish the credit quality of counterparties and investment schemes. These institutions also issue regular ratings watch bulletins and where these are negative and affect one of our counterparties this will be taken into account when deciding whether or not to place future investments with them. The Council has also determined the minimum long term (365 days or more), short term (364 days or less) and other credit ratings it deems to be high for each category of investment and these are as shown in paragraph 2.2 above.

4.2 Individual credit ratings will be revised as and when changes are notified to the Council by its Treasury Advisers. If a counterparty or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria then the counterparty/investment vehicle will no longer be used with immediate effect. This also applies to investments placed by fund managers. Similarly if a counterparty is upgraded so that it meets the

Council’s minimum credit rating requirements then it will be added to the Council’s counterparty list.

4.3 The Council will also use the Credit Default Swap (CDS) information supplied by its Treasury Consultants to determine levels of investments with its counterparties once they have been selected using the criteria set out in 2.2 above. Counterparties with an in range CDS (as determined by our consultants) will be invested in as per the limits defined for that particular category of counterparty. Those counterparties with either a monitoring or an out of range status will not be invested in until their CDS returns to within range.

4.4 The Council’s revised Investment Strategy will include the use of Corporate Equity Funds and risk definitions in the fund KIID (Key Investment Information Document) documents have been used to select suitable funds. This approach and how the risk score is used to deal with security of capital is covered in paragraph 2.5 above.

5. INVESTMENT BALANCES / LIQUIDITY OF INVESTMENTS

5.1 Based on its cash flow forecasts, the Council anticipates that its investments in 2017/18 on average will be in the region of £75m of which £44m will be “core” investments i.e. made up of reserves and balances which are not required in the short term**.**

5.2 The maximum percentage of its core investments that the Council will hold in long term investments (365 days or over) is 70%. It follows therefore that the minimum percentage of its overall investments that the Council will hold in short term investments (364 days or less) is 30%. Having regard to the Council’s likely cash flows and levels of funds available for investment the amount available for long term investment will be a maximum of 70% of the core investment portfolio subject to a total of £20 million at any one time in line with the proposed Prudential Indicator covering this issue. These limits will apply jointly to the in house team and any fund managers so that the overall ceilings of 70% and £20 million are not breached.

6. INVESTMENT STRATEGY

6.1 The Council will continue to make use of MoneyMarket Funds (MMF’s), Call bank accounts and the Money Markets to invest cash flow driven money to known dates where large debts such as precepts, NNDR etc. have to be paid out. Based on the cash flow experienced to date in 2016/17 it is unlikely that this will result in the average length of a cash flow investment being more than 3 months in 2017/18 and probably considerably less. Core investments (i.e. investments not needed for payment of debts) will continue to be invested either in our Corporate Equity Funds or in the best part of the market based on the advice issued by our Treasury Advisers.

6.2 The 2017/18 interest rate outlook is for Bank Rate to remain at 0.25% all year. Based on current investment policies and interest rate projections, it is currently estimated that the overall portfolio will achieve a 0.57% return for

2017/18. The income from the Corporate Equity Funds has been conservatively set at £50,000 which hopefully will be exceeded.

7. EXTERNAL FUND MANAGERS

7.1 The performance of our Corporate Equity Fund managers will be kept under review using the Council's Treasury Consultants. Should it be felt appropriate to do so then the Council may engage further fund managers in order to manage its investments in such vehicles as Cash Management, Corporate Bond and additional Corporate Equity Funds. The appointment process will be subject to the Council's procurement rules and handled in conjunction with our Treasury Consultants in order to ensure that the Council secures best value.

8. END OF YEAR INVESTMENT REPORT

8.1 In accordance with the requirements of the Treasury Management Code of Practice, the Treasury Management function reports on its in year activities to the Finance & Audit Scrutiny Committee twice a year i.e. at mid-year and at the end of the year.

APPENDIX C

MINIMUM REVENUE PROVISION POLICY STATEMENT

1. BACKGROUND

1.1 Capital expenditure can be financed in a number of ways, not least of which is through borrowing and credit arrangements such as finance leases. The use of these 2 methods involves the Council in setting aside resources each year in order to eventually pay off the liability for example a maturing PWLB loan. Until recently, this set aside was prescribed nationally through Statutory regulations and was set at 4% per annum of the General Fund Capital Financing requirement (CFR). There was no similar requirement within the Housing Revenue Account although Council's could make voluntary provision if they so wished. The statutory regulations were superseded by statutory guidance issued under Statutory Instrument 2008 no.414 which says that "A local authority shall determine for the current financial year an amount of minimum revenue provision (MRP) that it considers prudent". Where a Council's CFR at the end of the preceding year is nil or negative there is no requirement to charge MRP.

1.2 It is a requirement of the statutory guidance that a statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which it relates. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

2. THE FOUR MAIN OPTIONS

Option 1 – Regulatory Method

2.1 This option is the old statutory method of 4% of the CFR and which has to be used in order to calculate MRP on all debt still outstanding at 1/4/08 and it can also be used to calculate MRP on debt incurred under the new system but which is supported through the annual SCE (Supported Capital Expenditure) allocation from DCLG.

Option 2 – Capital Financing Requirement Method.

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

Option 3 – Asset Life Method.

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

2.4 There are 2 methods of calculating the annual charge under this option a) equal annual instalments or b) by the annuity method where annual payments gradually increase during the life of the asset.

Option 4 – Depreciation Method.

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

3. HRA MINIMUM REVENUE PROVISION.

3.1 Under the Self Financing regime, the HRA Business Plan has to provide resources for the repayment of the £136.157m borrowed from the PWLB on the 28th March 2012. Repayment of this debt is currently provided for commencing in year 41 (2052/53) and continuing through to year 50 year of the Business Plan. Provision will also have to be made for any use made of the £13.843m "headroom" between the Self Financing debt settlement i.e. the PWLB borrowing and the "Debt Cap" imposed by the Government.

4. RECOMMENDATION FOR 2017/2018.

4.1 It is recommended that for any long term borrowing on the General Fund e.g. Leisure Centre refurbishments which is incurred in 2017/2018, the following methods of Minimum Revenue Provision be adopted:-

For borrowing which cannot be linked to a particular asset – Option 2.
For borrowing linked to a particular asset – Option 3 based on the annuity method.

4.2 For any borrowing incurred through Finance Leases, the annual principal repayments in the lease are regarded as MRP.

4.3 Although not strictly part of Minimum Revenue Provision requirements, it is also recommended that for internal borrowing (i.e. capital expenditure financed from reserves) , where appropriate, Option 3 based on the annuity method be adopted as a means of replenishing those reserves which financed the capital expenditure.

4.4 With regard to the HRA, annual MRP to be equal to any amounts set aside for debt repayment within the Business Plan which currently is nil for 2017/18.

APPENDIX D

AN EXPLANATION OF CREDIT RATING TERMS

1. Sovereign Credit Rating

1.1 Fitch assigns a long term credit rating to the country in which the financial institution being rated is domiciled. This credit rating assesses the economic health of the country including its ability to service its debt and also its capacity to support the banking system in that country should financial support be required. The assessment follows the normal long term rating scale, the highest rating being AAA with anything below BBB being non investment grade i.e. "junk bond status". The UK has a AA Fitch rating and the Council's policy is to invest only in institutions where the state in which they are domiciled has at least the same sovereign rating as the UK at the point in time when the investment was placed.

2. International Long - Term Credit Ratings

2.1 Long - term credit ratings are an attempt to assess the ongoing stability of an institutions prospective financial condition given such factors as sensitivity to fluctuations in market conditions and the capacity for maintaining profitability or absorbing losses in a difficult operating environment. Traditionally they look beyond a 12 month horizon. Investment grade ratings range from BBB to AAA.

2.2 The minimum rating that WDC will use is A which is mid range in the ratings referred to above. A ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong.

3. International Short - Term Credit Ratings

3.1 A short - term rating has a timescale of less than 12 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

3.2 The minimum rating that WDC will use is F1. This indicates the strongest capacity for timely payment of financial commitments. It may have a + added to it to denote any exceptionally strong credit feature.

APPENDIX E

Capita Asset Services' View of the Economic Background

1. United Kingdom.

1.1 GDP growth rates in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

1.2 The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

1.3 The Monetary Policy Committee, (MPC), meeting of 4th August was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

1.4 The MPC meeting of 3 November left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.

1.5 The latest MPC decision included a forward view that Bank Rate could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

1.6 The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

1.7 The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, consumers have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015 and were again strong in November. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, in November it fell to -8 indicating a return to pessimism about future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.

1.8 Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit. Capital Economics' GDP forecasts are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

1.9 The Chancellor has said he will do 'whatever is needed' i.e. to promote growth; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.

1.10 The other key factor in forecasts for Bank Rate is inflation where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16).This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

1.11 What is clear is that consumer disposable income will come under pressure, as the latest employers’ survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.2% in November. However, prices paid by factories for inputs rose to 13.2% though producer output prices were still lagging behind at 2.3% and core inflation was 1.4%, confirming the likely future upwards path.

1.12 Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

1.13 Employment had been growing steadily during 2016 but encountered a first fall in over a year, of 6,000, over the three months to October.The latest employment data in December, (for November), was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. House prices have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

2. United States of America.

2.1 The American economy had a patchy 2015 with sharp swings in the quarterly growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene, and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came, as expected, in December 2016 to a range of 0.50% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed. therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.

2.2 The result of the presidential election in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

2.3 Trump's election has had a profound effect on the bond market and bond yields rose sharply in the week after his election. Time will tell if this is a a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

2.4 In the first week since the US election, there was a a major shift in investor sentiment away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which could be reversed. Other commentators take the view that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

3. Eurozone.

3.1 In the Eurozone, the ECB commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.

3.2 EZ GDP growth in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.7% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

3.3 There are also significant specific political and other risks within the EZ: -

- Greece continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.
- Spain has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of Italian banks poses a major risk. Some German banks are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their

vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.

- 4 December Italian constitutional referendum on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.
- Dutch general election 15.3.17; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.
- French presidential election**;** first round 13 April; second round 7 May 2017.
- French National Assembly election June 2017.
- German Federal election August – 22 October 2017. This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU, (note, not just the Eurozone currency area), principle of free movement of people within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

3.4 Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

4. Asia.

4.1 Economic growth in China has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

4.2 Economic growth in Japan is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

5. Emerging countries.

5.1 There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that $340bn of emerging market corporate debt will fall due for repayment in the final two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

5.2 Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

APPENDIX F

GLOSSARY OF TERMS

Basis Point (BP)	1/100th of 1%, i.e. 0.01%
Bank Rate	Minimum lending rate of a bank or financial institution in the UK.
Benchmark	A measure against which the investment policy or performance of a fund manager can be compared.
Bill of Exchange	A financial instrument financing trade.
Callable Deposit	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
Cash Fund Management	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
Certificate of Deposit (CD)	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
Corporate Bond	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

Corporate Equity Fund	A managed fund that invests in stocks, also called equities securities. The fund's assets are typically mainly in stock, with some amounts of cash and bonds. The objective is long term growth through capital gains as well as dividends on the stocks held within the fund.
Counterparty	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
CDS	Credit Default Swap – a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.
CFR	Capital Financing Requirement.
CIPFA	Chartered Institute of Public Finance and Accountancy.
CLG	Department for Communities and Local Government.
Derivative	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
DMADF	Deposit Account offered by the Debt Management Office, guaranteed by the UK government.
ECB	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is the keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
Equity	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital gain.
Forward Deal	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.

Forward Deposits	Same as forward dealing (above).
Fiscal Policy	The government policy on taxation and welfare payments.
GDP	Gross Domestic Product.
Gilt	Registered British government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2.5% in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Other Bond Funds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Repo's	Re-purchase agreement (Repo) to sell securities and buy them back at a later date at a specified price. The difference between the sale price and the re-purchase price represents the interest on the transaction.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
Sovereign Issues (Ex UK Gilts)	Bonds issued or guaranteed by nation states, but excluding UK government bonds.

Supranational Bonds	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield ("spread") given their relative illiquidity when compared with gilts.
Treasury Bill	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.

Table 2: Counterparty limits

APPENDIX B ANNEX 1

Investment / Counterparty type:	S/term	L/term	Viability / Support	Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Use	Notes ref:
Specified instrument: (repayable within 12 months)	(FITCH or equivalent)							
DMADF	n/a			UK Sovereign	£12m	364 days	In House & EFM*	
UK Govt., Local Authorities / Public Corporations /Nationalised Industries	n/a		High		£9m	364 days	In House & EFM*	11
Bank - part nationalised UK	F1	A		UK Sovereign	£9m	364 days	In House & EFM*	1 & 2
Bank - Private UK (includes Fixed Term Deposits,CD's, and Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1 & 2
	F1	A+		UK Sovereign	£6m	364 days	In House & EFM*	1 & 2
	F1	AA- & above		UK Sovereign	£7m	364 days	In House & EFM*	1 & 2
Other Private Sector Financial Institutions (includes Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1 & 2
	F1	A+		UK Sovereign	£6m	364 days	In House & EFM*	1 & 2
	F1	AA- & above		UK Sovereign	£7m	364 days	In House & EFM*	1 & 2
Corporates (Category 3 FRN'S, Bonds)	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1 & 2
	F1	A+		UK Sovereign	£5m	364 days	In House & EFM*	1 & 2
	F1	AA- & above		UK Sovereign	£6m	364 days	In House & EFM*	1 & 2
Bank subsidairies of UK Banks	Unrated			Explicit Parent Guarantee	£5m	3 months	In House & EFM*	1 & 3
Money Market Fund(CNAV)	AAAm / Aaa-mf/AAAmmf				£9m	liquid	In House & EFM*	
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1				£6m	liquid	In House & EFM*	4
Building Societies - category A	F1	A		UK Sovereign	£4m	364 days	In House & EFM*	1a.
Building Societies - category B	F1			UK Sovereign	£2m	364 days	In House & EFM*	1a.
Corporate bonds - category 2	A				£9m	364 days	In House & EFM*	5
Covered bonds - category 2	A				£9m	364 days	In House & EFM*	12
Bonds - Supranational / Multi Lateral Development Banks	AAA / Govt Guarantee				£5m	364 days	In House & EFM*	
Floating Rate Notes - category 2	A				£9m	364 days	In House & EFM*	6
Eligible Bank Bills	n/a			Determined by EFM	£5m	364 days	EFM*	
Sterling Securities guaranteed by HM Government	n/a			UK Sovereign	9m	not defined	EFM*	

Table 2: Counterparty limits **APPENDIX B ANNEX 1**

Investment / Counterparty type:	S/term	L/term	Viability / Support	Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Use	Notes ref:
Non-specified instruments	(FITCH or equivalent)							
Building societies - assets > £500m	unrated category C				£1m	3 months	In House	1b. & 9
Bank - part nationalised UK > 1 year	F1	A		UK Sovereign	£9m	2 years	In House +Advice & EFM*	1b.,2, & 10
Bank - Private UK (includes Fixed Term Deposits,CD's, and Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	A+		UK Sovereign	£6m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	AA- & above		UK Sovereign	£7m	2 years	In House +Advice & EFM*	1b.,2, & 10
Other Private Sector Financial Institutions (includes Category 1 FRN's & Bonds)	F1	A		UK Sovereign	£4m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	A+		UK Sovereign	£6m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	AA- & above		UK Sovereign	£7m	2 years	In House +Advice & EFM*	1b.,2, & 10
Corporates (Category 3 FRN'S, Bonds)	F1	A		UK Sovereign	£4m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	A+		UK Sovereign	£5m	2 years	In House +Advice & EFM*	1b.,2, & 10
	F1	AA- & above		UK Sovereign	£6m	2 years	In House +Advice & EFM*	1b.,2, & 10
Building societies - > 1 year	F1	A		UK Sovereign	£1m	2 years	In House +Advice & EFM*	1b. & 10
Local Authorities > 1 year	n/a		High		£9m	5 years	In House +Advice	10
Corporate bonds - category 2 > 1 year		A			£9m	2 years	In House & EFM*	5 & 10
Covered bonds - category 2 > 1 year		A			£9m	2 years	In House & EFM*	10 & 12
Corporate Equity Funds - low risk		N/A		See note 13	£4m	10 years	EFM*	13 & 14
Corporate Equity Funds - medium risk		N/A		See note 13	£2m	10 years	EFM*	13 & 14
Corporate Bond Funds		BBB			£5m	10 years	In House +Advice & EFM*	10
Pooled property fund eg: REITS				Authorised FS&MA	£5m	10 years	In House +Advice	10
CCLA property funds		n/a		see note 8	£5m	10 years	In House +Advice	7 & 10
Day to day balances		n/a			n/a	n/a	In House	8

Table 2: Counterparty limits **APPENDIX B ANNEX 1**

Notes:

* EFM = External Fund Manager

All maximum maturity periods include any forward deal period

1. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's except where the Repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £3m with a maximum in Repo's of £3m.

1a. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's except where the Repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £2m with a maximum in Repo's of £2m.

1b. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's

2. Counterparty Limit is also the Group Limit where investments are with different but related institutions.

3. Unrated but with explicit guarantee by parent + parent meets minimum ratings of : S/term F1 L/Term A
   Subject to group limit relating to parent bank e.g. £5m if private of £9m if part or wholly nationalised.

4. Subject to overall group limit of £6m - removed from 2016/17.

5. Corporate Bonds must be Senior Unsecured and above. Category types:
   Category 1: Issued by private sector Financial Institutions
   Category 2: Issued by Financial institutions wholly owned or part owned by the UK Govt
   Category 3: Issued by Corporates

6. Floating Rate Notes - categories as per note 5 above.

7. Security of Trustee of fund (LAMIT) controlled by LGA, COSLA who appoint the members and officers of LAMIT.

8. Minimum exposure to credit risk as overnight balances only.

9. Group limit of £8m

10. £15m overall limit for Corporate Bond/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 pr part owned by the UK Govt
   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

WARWICK DISTRICT COUNCIL	**Executive** **8 February 2017**	**Agenda Item No.** **8**

Title	Housing Related Support Services
For further information about this report please contact	Simon Brooke, Sustaining Tenancies Manager, Housing and Property Services 01926 456433 Simon.brooke@warwickdc.gov.uk
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	13 January 2016 Housing Related Support Services Minute No. 91
Background Papers	Consultation leaflets

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes 777
Equality and Fairness Impact Assessment (E&FIA) Undertaken	No
An E&FIA will be undertaken as part of the work to support final recommendations to Employment Committee and Executive in June 2017.	

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Deputy Chief Executive	06/01/17	Bill Hunt
Head of Service	06/01/17	Bill Hunt
CMT	10/01/17	Bill Hunt
Section 151 Officer	10/01/17	Mike Snow
Monitoring Officer	10/01/17	Andy Jones
Finance	11/01/17	Andrew Rollins
Portfolio Holder(s)	13/01/17	Councillor Peter Phillips
Consultation & Community Engagement		
An informal consultation was completed in early 2016, followed with formal consultation with all tenants who are currently provided with Housing Related Support, which ended on the 20 December 2016. A verbal update was provided to the Housing Advisory Group on the 17 January 2017.		
Final Decision?		No
Suggested next steps (if not final decision please set out below) Full Council to approve charges. Employment Committee March/June 2007 & Executive June 2017 for next steps in the review of these services.		

1. Summary

1.1 This report makes recommendations to ensure the future delivery of housing related support services to Warwick District Council tenants who live either in our sheltered schemes or in a property designated for older people. This follows the withdrawal of funding from Supporting People grant administered by Warwickshire County Council.

1.2 The recommendations follow a commitment by Warwick District Council to continue with support services to our tenants and to continue to offer Lifeline services to the wider public. The new charges recommended offer us a platform for further work to review our services and form part of an overall plan to continue to deliver good housing support services.

2. Recommendations

2.1 That Executive note that extensive consultation has taken place with residents of sheltered schemes and tenants of designated properties for older residents.

2.2 That Executive recommend to Council a service charge from 3 April 2017 for our sheltered schemes of £8.40 per week for intensive housing management services, and a service charge of £3.60 per week for the Lifeline service. These charges replace the £29.12 per week Supporting People Charges for the tenants of the five sheltered schemes: Acorn Court, Chandos Court, James Court, Tannery Court and Yeomanry Close. These charges will be charged to all residents of the schemes as part of their tenancy agreement obligations.

2.3 That Executive recommend to Council a service charge from 3 April 2017 for our designated properties of £3.60 per week for a Lifeline alarm service, or £7.56 for Lifeline Plus services (£3.60 plus £3.96 intensive housing management charge). These charges replace the existing Supporting People charge of £11.50 or £6.52 per week.

2.4 That Executive recommend to Council that the charges set out in 2.3 above will no longer be obligatory, as part of the tenancy agreement, with charges only being levied where agreed with the tenant that they require these services.

2.5 That Executive note that proposals for new management arrangements for housing support services will be reported to the March 2017 Employment Committee and that a full redesign of the teams delivering these services will be presented for consideration at the Employment Committee in June 2017, with any cost implications, including potential redundancy costs, also reported to Executive in June 2017.

2.6 That Executive agree to begin a consultation with tenants on the removal/changes of age restrictions on 42 properties in mixed age blocks and a further 200 properties where there is a specific access to the property rather than a communal block entrance, with the outcomes of the consultation and any subsequent proposals on the removal or alteration of age designations being reported back to a future Executive.

3. Reasons for the Recommendations

3.1 Supporting People funding of £463,700 per annum was previously contributing towards the cost of the provision of services to tenants in sheltered and designated properties but this funding, paid to the Council by the County Council, ceased on 31 July 2016.

3.2 In anticipation of this cessation of funding, the Executive agreed, on 13 January 2016, to approve the utilisation of additional budget provision, held within the HRA Business Plan, to maintain existing levels of Housing Related Support to tenants of the Council's sheltered schemes and properties designated for older people. This provision was made available until July 2017, allowing services to be maintained for the remainder of the financial year 2016/17 and the start of the financial year 2017/18 while new proposals for funding the service were developed and brought forward for approval.

3.3 The recommendations set out proposals for new charges, as part of our response to the loss of grant. Other proposals relate to a full review of the staffing of the service and active management steps to market the services and hence increase income. These proposals will be reported to Employment Committee and a further report will come to Executive in June 2017 to show how the current funding gap, set out in section 5, will be addressed as a result.

3.4 As part of the review, extensive consultation has taken place with tenants. Informal consultation was undertaken in early 2016. In October 2016, formal consultations started with proposals sent out to all the 1,300 tenants affected. In addition, nine public meetings were held, having advertised them in the consultation documents. These were a useful opportunity to explain the proposals and discuss any concerns. The deadline for comments from the consultation was the 20 December 2016.

3.5 The consultations for the sheltered schemes and the designated properties were separate. The proposal put forward to sheltered residents was that:

> "We will continue to provide a service similar to the one we provide now. There will be an officer on duty at each scheme Monday to Friday, and an officer to visit each scheme on Saturday and Sunday. Daily welfare checks will be made as required.
> There will be a 24/7 Lifeline and emergency response service.
> It will be a condition of your tenancy that you receive this service (you will not be able to opt out of this service).
> You will be required to pay for this service (some of the cost may be met by housing benefit)."

3.6 Of the 186 tenants we received 70 forms back. The response to this was as follows:

	Number	Percentage
Agree with the proposal	59	84%
Do not agree with the proposal	11	16%
	70	100%

Tenants expressing views at the public meetings were generally pleased; we were able to reassure those present that the charges associated with this proposal would be in the region of £10 to £15 per week. As some residents are paying £29.12 per week, most residents were satisfied. We were also able to inform them that the charge for the Lifeline part that would not be eligible for housing benefit would be under £5 per week and those attending the meetings did not express any views that indicated they thought this was unreasonable.

A typical comment recorded from the consultation *"It is very comforting to know for myself and my family that I will have the Lifeline, best thing ever. Thank you and well done!"*

3.7 The tenants of our designated properties for the over 60s, were consulted on two different proposals, reflecting views expressed during the informal consultations already held. The two proposals are as follows:

Proposal 1: Lifeline service is a condition of your tenancy and you will be required to pay for the service.

Proposal 2: Lifeline service is not a condition of your tenancy and you will only pay for the service if you require it.

3.8 The results of the consultation were as follows:

Proposal	Number	Percentage
Option One	107	26%
Option Two	307	74%
Total	414	100%

Comments from the responses included the following comments. *"I found the consultation meeting very helpful. I have chosen proposal two as I feel I can have this service when I feel the need. Thank you for the continued help of my support officer".*
"I support proposal two as I believe tenants should have a choice to these services. I also think it is unfair for tenants to have to pay for services they don't use".
The tenants attending meetings also showed a clear preference for an opt-in service; with a number of tenants feeling they did not need this service at the moment and therefore feel that they should not have to pay for this service. The proposals set out for approval are, therefore, in line with the preferences expressed by the majority of tenants in the consultation exercise and thus can be expected to have support from most of the residents affected.

3.9 The proposed weekly charges, as referred to in 2.2 and 2.3, are set out below:

	Existing SP charge	New charges	Of which not eligible for HB
Sheltered schemes	£29.12	£12 (£8.40 intensive housing management+ £3.60 Lifeline service) Compulsory for all customers	£3.60
Designated properties	£11.50	£7.56 (£3.96 intensive housing management + £3.60 Lifeline service) Voluntary, tenants can opt out	£3.60
Designated properties	£6.52	£7.56 (£3.96 intensive housing management + £3.60 Lifeline service) Voluntary, tenants can opt out	£3.60

Discussions have taken place with the Housing Benefits team who have confirmed that the intensive housing management charges would be eligible for Housing Benefit and that the charges for Lifeline are not eligible for Housing Benefit.

3.10 Of the 84 residents of the sheltered schemes 39 will have to pay £3.60 per week where they are currently they not having to pay for this service. 45 residents will be better off as they are currently paying the full £29.12 per week charge.

3.11 Subject to approval of recommendations 2.2 and 2.3, residents will be informed of the results of the consultation and these charges as part of the new rent notification letters to be sent out at the end of February, with the new charges being implemented on the 3 April 2017.

3.12 This review has also highlighted that some properties that are currently designated as older person properties are perhaps not best suited to this categorisation. We are finding that some properties advertised to the over 60s are on many occasions receiving no or very few bids and then have to be re-advertised, with a reduced age restriction which delays re-letting. At the same time we have applicants with medical priority and other priorities that have to wait years for a reasonable offer of accommodation.

3.14 Two groups of properties have been identified for review:
a) 42 properties in mixed blocks, so some residents in the block are of a designated age and others are not; and
b) 200 properties in flats where access is not via a communal entrance.
If the recommendation is accepted consultation will begin in April 2017, consideration will be made on individual locations depending on the feedback and circumstances of each location. A report of any changes recommended will come back to Executive for approval.

3.15 Removal of the designated status will open up the properties upon re-letting to the Right to Buy. The designated properties are currently excluded from the Right to Buy. However, we do not believe we should keep the designated status just to preserve this restriction. It is more important that we are making the best use of our stock given the housing demands in the District.

4. Policy Framework

4.1 **Policy Framework** – As the Council is continuing to provide services for older people, there is no change to the policy framework.

4.2 **Fit for the Future** – The review of services for older people will take into account the principle of Fit for the Future.

4.3 **Impact Assessments** – An impact assessment in respect of equalities will be carried out as part of the review of the management and full redesign of the services to older people.

5. Budgetary Framework

5.1 The table below sets out the current funding arrangements for the housing related support services provided to older people in 2016/17:

		Total
Expenditure	Housing Support Team (Housing Support to sheltered and designated properties)	434,800
	Lifeline Services (Control, Lifeline, Warwick Response Team)	947,900
Expenditure Total		**£1,382,700**

Income	Lifeline charges (paying clients) Other Income Income from tenant charges	-244,700 -46,700 -166,400
Income Total		**£-457,800**
Total		**£924,900**

Funding	Supporting People Grant (from WCC until 31 July 2016) Housing Revenue Account (from WDC)	155,000 769,900
Funding Total		**£924,900**

5.2 The table shows that the Council's services for older people were financially dependent on the Supporting People Grant received from WCC.

5.3 The HRA Business Plan approved by members in March 2015, included provision for the HRA to fund the replacement of the grant received from WCC for one year after it ceases. This provision was made to ensure sufficient time for the Council to react in a measured and informed way to any reduction of Supporting People funding. In subsequent years the current Business Plan assumes a neutral effect as either the service would be significantly reconfigured or a new charging regime introduced to cover the costs in full.

5.4 When the HRA Business Plan was drawn up the reduction in Supporting People grant was expected to take effect in 2017/18. However, with the Supporting People income from WCC ceasing much earlier, from 31 July 2016, we were presented with an anticipated reduction in income of £309,000 against that budgeted in HRA Base Budget for 2016/17. Therefore the provision for the HRA to fund the replacement of the grant received has already started being used, and will cease on 31 July 2017.

5.5 The table below sets out the current funding arrangements for the housing related support services provided to older people in 2017/18:

		Total
Expenditure	Housing Support Team (Housing Support to sheltered and designated properties) Lifeline Services (Control, Lifeline, Warwick Response Team)	439,500 952,900
Expenditure Total		**£1,392,400**
Income	Lifeline charges (paying clients) Other Income Income from tenant charges	-244,700 -35,500 -293,367
Income Total		**£-573,567**
Total		**£818,833**

Funding	Housing Revenue Account (from WDC – agreed until 31 July 2017) Housing Revenue Account (additional contingency provision recommended in the HRA and Housing Rents paper elsewhere on this agenda)	272,944 545,889
Funding Total		**£818,833**

5.6 The table shows that changes have to be made to the service in order for it to remain financially viable. The proposed new charges for tenants are estimated to generate income of £293,367, based on an estimated 50% of existing tenants of designating dwellings opting out. Charges in 2016/17 were recovering annual income of £166,365 from self-payers.

5.7 The next steps of the review will focus on reducing the expenditure incurred by the service, as well as looking to generate further income from increased marketing of our services. However, in 2017/18 as shown in the table above, it is proposed that additional funding income of £545K will be provided, as set out in the HRA and Housing Rents report elsewhere on this agenda.

5.8 This additional provision is prudent and can be accommodated within the HRA Business Plan as a 'one-off' cost for 2017/18. However, it is anticipated that the next stages of the review, to reduce management costs and generate additional income, will significantly reduce the necessity to draw down the full amount of this this contingency provision. Nonetheless the contingency is required to reflect current costs based on existing structures. Proposals to changes these structures and reduce costs will be reported to Employment Committee and Executive in June 2017 with the latter report setting out the measures to be taken and the level of the additional contingency allocation actually required for the remainder of the financial year 2017/18.

6. Risks

6.1 Services in this area are providing support to many elderly and vulnerable customers. In many cases, our services are helping to sustain people living independently and prevent hospitalisation and or care home solutions. Changes to these services need to be carefully considered and demonstrate understanding of the vulnerabilities of many of our customers.

6.2 The full review of older person's services will address the risks associated with the loss of Supporting People funding. The first part of this is the new charges; a review of the management and staffing arrangements has already started and plans to expand the take up of Lifeline services to our own tenants as well as private customers are being developed.

6.3 Significant savings are being identified in the way that we are delivering services which will be reported to Employment Committee and Executive in June.

6.4 Consultation with the Council's tenants, legal advice we have already obtained, as well as work with our staff, are expected to ensure that the proposed charges and staffing arrangements can continue to deliver effective support services to older tenants and good value for money.

6.5 The proposal to allow tenants to opt out of services will mean that income will be reduced. The number of existing residents in designated properties taking up the new voluntary services, we have estimated at 50%, the dropout rate could be higher or lower. The number opting for the enhanced Lifeline Plus service is also unknown. The dropout rate will determine our income levels going forward and feed into the staffing review that is currently being progressed.

7. Alternative Option(s) considered

7.1 The Council could decide to no longer provide Lifeline Services or support services to older tenants. The proposed charges are considered reasonable and are part of our response to have properly funded and effective services.

7.2 The Council could continue to impose charges on tenants of our designated properties and not allow an opt-out. This would be unpopular but would better preserve income to pay for our services. It is expected that with the charges proposed, with savings that can be made, and the marketing to increase take up of Lifeline services, that the Council can continue to deliver effective services to older residents.

7.3 If the Council are unable to increase take up of Lifeline services within 2 years, a re-evaluation of the continuation of Lifeline services will take place.

8. Background

8.1 In October 2015, WCC agreed to the restructure of Housing Related Support as part of its One Organisation Plan Savings to achieve a cumulative savings target of £3.725 million by 2018.

8.2 To implement this decision, WCC decided to decommission many of the existing services that their Housing Related Support funding supported and to use revised eligibility criteria to recommission other services.

8.3 WCC is not now commissioning any services that are specifically for older people. WCC have commissioned floating support services and any older person who fulfils the eligibility criteria regardless of tenure can be referred for this service.

8.4 For clients wishing to benefit from those Housing Related Support services that are to be re-commissioned, WCC will introduce and use eligibility criteria based on either the definitions of need within the Care Act 2014 or a local definition of 'edge of care' based on national guidelines

Care Act 2014

The person will have eligible needs if they meet all of the following:

- They have care and support needs as a result of a physical or mental condition:
- Because of those needs, they cannot achieve two or more of the outcomes specified;
- As a result, there is significant impact on their well-being.

The outcomes are specified in the regulations, and include people's day to day outcomes such as dressing, maintaining personal relationships, and working and going to school.

Edge of Care

The definition of 'edge of care' is taken from No Secrets 2000 guidance and has been updated in line with the requirements of the Care Act 2014. This means the 'vulnerable adult' as now become a 'Priority Person.'

A 'Priority Person' on the 'edge of care' is defined as a person aged 16 years or over who is, or may be, in need of a Housing Related Support service to prevent, reduce and/or delay the need for longer term care and support; and/or protect well-being by reason of:
- Disability
- Age

- Illness
- Substance misuse
- Homelessness
- Experience of institutional living such as prison or long stay hospital or children's residential care service.

8.5 Housing Related Support services are designed to help people by providing the following services:
- Setting up and maintaining a home or tenancy
- Developing domestic and life skills
- Developing social skills
- Advice, advocacy and liaison with outside organisations
- Help in managing finances and benefit claims
- Supervision or monitoring medication
- Peer support and befriending
- Help in finding move-on accommodation
- Help in maintaining the safety and security of the dwelling
- Advice and support on repair work and/or home improvements
- Management of handyman services

8.6 The following are specific exclusions to Supporting People funding for Housing related Support services.
- Personal care
- General social care
- Dispensing of medicine
- Provision of meals

8.7 All tenants of the Council's Supported Housing schemes and dwellings designated for older people were required to pay the Supporting People Charge as a condition of their tenancy

8.8 A tenant who is not in receipt of Housing Benefit was expected to pay the Supporting People charges from their own resources. The Council expected these self-paying tenants to continue to pay for the service until any new service and associated charges are agreed and implemented.

8.9 A tenant in receipt of Housing Benefit did not pay Supporting People charges. This was paid to the Council by WCC. The grant funding the Council received from WCC was therefore only for those tenants in receipt of Housing Benefit. The Council will not make any recovery of these payments from these tenants when the WCC funding ends on the 31st July 2016 until any new service and associated charges are agreed and implemented. This is because the tenants by virtue of receiving Housing benefit are likely to have a low income and would find making payments difficult. The cost of this will be covered by the contingency allowance made in the HRA Business Plan to fund the transition period from the end of WCC funding to the introduction of new service and associated charges

8.10 The table below illustrates the levels of support that WDC is contracted by WCC to deliver to older people in its sheltered housing schemes and dwellings designated for older people.

Type of dwelling	Number of Tenancies	Weekly SP charge 2015/16	Number of tenants on HB	Number of tenants self-payers

Sheltered Schemes with staff on site – Acorn Court, James Court, Yeomanry Close, Tannery Court, Chandos Court	186	£29.12	143	43
Schemes (alarmed) with no staff on site but usually with a communal building near by – Tachbrook St, Beauchamp Rd, Charles Gardner Rd, Grandborough Ct, Marsham Close, Pickard St, Saltisford Gardens, Shuckborough Grove, St Michaels Rd, Stockton Grove, Waterloo St, Whitacre Rd, Antelope Gardens	274	£11.50	209	65
Designated dwellings – bungalows and specific ground floor flats	848	£6.52	664	184

8.11 The services that the Council currently provides for each weekly charge are detailed below.

Sheltered Schemes £29.12 a week

Provide and deliver a 24/7 housing support service to vulnerable and/or older tenants living in Warwick District Council Sheltered Housing Schemes (Acorn Court, Chandos Court, James Court, Tannery Court, Yeomanry Close), with the objective to enable people to live independently in their home for as long as possible and to provide peace of mind.

- To provide an emergency response 24 hours a day, seven days a week
- To contact emergency services or family/friends, or have a Warwick Response Officer attend.
- To provide regular support. A Housing Support Officer is allocated to each scheme and is 'on duty' at the scheme each morning, Monday to Friday. A member of the Warwick response team is on site each Saturday and Sunday. A daily welfare check is carried out on all residents (residents can opt out).
- To provide monitoring equipment and ensure it is maintained in good working order.

A total of 371.69 hours of housing related support is provided each week, this includes the monitoring call centre staff. The definition of support hours includes all ancillary tasks associated with providing housing related support, as well as the face to face support, e.g. travel to the service user. Administration of HRS, training specific to HRS tasks, annual leave and management of the HRS.

Alarm service – schemes with no staff - £11.50 a week

Provide and deliver 24/7 Housing Support Service to WDC tenants living in alarmed properties. This service is delivered to dispersed properties which are linked to the call centre which provides a daily call to service users (if required) and a regular visit from a Support Officer (if and when needed). Response officers are available at all times to attend emergency situations.

A total of £199.35 of housing related support is provided each week, this includes the monitoring call centre staff.

<u>Designated Dwellings £6.52 a week</u>

To provide and deliver a 24/7 housing support service to vulnerable and/or older people living in WDC stock of designated dwellings. The community alarm service is provided to all service users, with option of visit from Support Officer when required, Response Officer available at all times to attend emergency situations.

Warwick District Council	Executive Report 8th February 2017	Agenda Item No. **9**

Title	A new bridge over the River Avon at St. Nicholas' Park, Warwick, and improvements to the Myton Fields car park
For further information about this report please contact	Andrew Jones, Deputy Chief Executive Andrew.jones@warwickdc.gov.uk Nick Corbett, Principal Conservation and Design Officer Nick.corbett@warwickdc.gov.uk
Wards of the District directly affected	Myton & Heathcote
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes Ref 835
Equality & Sustainability Impact Assessment Undertaken	No

An equality and sustainability assessment will be produced as part of any design proposal.

Officer/ Councillor Approval	**Date**	**Name**
Deputy Chief Executive	17th January 2017	Andrew Jones
Head of Service	17th January 2017	Tracy Darke, Rob Hoof
CMT	17th January 2017	Chris Elliott Bill Hunt Andrew Jones
Section 151 Officer	17th January 2017	Mike Snow
Monitoring Officer	6th January 2017	Andrew Jones (co-author)
Portfolio Holder(s)	20th January 2017	Councillors Stephen Cross & David Shilton

Consultation & Community Engagement

The proposals have been discussed with the Portfolio Holders Councillor Stephen Cross and David Shilton; with officers of Historic England; Sustrans; Environment Agency; and officers of Warwickshire County Council.

Final Decision?	No

Suggested next steps (if not final decision please set out below).
Establish the political and financial viability of the proposals, including with key stakeholders.

1. **SUMMARY**

1.1 Officers have informally established with Warwickshire County Council and with Historic England that an appropriately designed bridge over the River Avon at St Nicholas' Park/ Myton Fields, Warwick, could potentially provide better connectivity for pedestrians and cyclists into Warwick town centre, including for pupils at schools located off the Myton Road, for current local residents and those residents who will be living in the 5000+ homes being built to the south of Warwick; it could also provide a better sense of arrival for visitors to historic Warwick, with improved car parking and heritage interpretation.

1.2 Historic England has informally suggested that a design competition could assist in attracting world-class design talent for the bridge and associated landscaping.

2. **RECOMMENDATIONS**

2.1 Executive authorises officers to work with all relevant parties to establish the cost and viability of building an appropriately designed pedestrian/cyclist bridge over the River Avon and a better landscaped and functional car park beside it at Myton Fields which addresses the less than ideal access arrangements off Myton Road.

2.2 Subject to agreeing recommendation 2.1, a sum of £60,000 is released from the Community Projects Reserve (see separate agenda item) to enable officers to undertake necessary feasibility and business case work including how a competition could secure the appointment of world-class design talent for the bridge and landscaping (including the car park).

2.3 Executive notes that Warwick District Council owns a large swathe of green space running along the River Avon and whilst the various land parcels are not contiguous the bridge would further enhance the links between open spaces running between Leamington and Warwick.

3. **REASONS FOR THE RECOMMENDATIONS**

3.1 Warwickshire County Council (WCC) recently undertook a major public consultation exercise in relation to its highway proposals for Warwick town centre. The proposals support delivery of the Warwick District Council (WDC) Publication Draft Local Plan. At the request of Historic England (HE) and others, a different approach has been applied to the highway proposals, with greater emphasis being given to improving air quality, improving connectivity for pedestrians and cyclists, improving the setting of heritage assets, introducing a 20 mph speed limit, and generally enhancing the visitor experience.

3.2 A new bridge over the River Avon and joining Myton Fields to St Nicholas Park could potentially help with this objective, and create a new sustainable travel link between Warwick town centre and the schools along the Myton Road, and with the housing area (current and emerging) south of Warwick. The bridge could also provide an opportunity for fresh interpretation of Warwick Castle, St Nicholas' Park, and the River Avon.

3.3 The Chief Executives of both the District Council and the County Council have agreed to officers working collaboratively to better integrate town planning (the responsibility of WDC) with highway issues (the responsibility of WCC), and the idea for a new pedestrian bridge has grown from this multidisciplinary approach.

3.4 Following initial discussions between officers of the two authorities, WCC commissioned work to estimate the cost of a bridge. A 'relatively standard' pedestrian/cyclist bridge is estimated to be around £2 million, but given the fact that the bridge will effect the setting of heritage assets of the highest significance it is unlikely that such a bridge would be acceptable; instead an exemplary design will be needed which may be closer to £4 million.

3.5 A bridge was proposed over the River Avon at Stratford-upon-Avon, where the river is wider than at Warwick, and WCC advise the cost of this bridge (not built) exceeded £3 million back in 2006. A comparable river bridge in Derby city centre built in 2007 cost £3.8 million. The cost of the bridge proposed at Tintagel Castle (a very different context) is estimated to be £4 million.

3.6 Given the uncertainty at the time of writing about the design and construction of the bridge, it is difficult to provide a precise cost range, but the above figures should help to give Members a feel for the scale of the project should they wish to proceed.

3.7 Along with investigating the feasibility of a bridge, it is also recommended that work is undertaken to explore improvements and enhancements to the car park at Myton Fields. This area is currently used for car parking on a seasonal basis but it is highly likely that a pedestrian/cyclist bridge would generate significant new footfall with visitors wanting to start their "experience" by parking in Myton Fields and not just in the spring and summer months. An improved year-round car park would also have the advantage of further mitigating the potential for parking issues generated by the enhanced leisure centre in St Nicholas Park.

3.8 Investigating car park improvement options at Myton Fields is also apposite in the context of the work ongoing on developing a car parking strategy for Warwick as it will help inform that work. Indeed, officers have already started work to understand the cost of all-weather surfacing at Myton Fields to provide a functional year-round car park.

3.9 To undertake this feasibility work it is considered that the following professional services will be required:

- Architects, engineers, surveyors, landscape architects
- Competition consultants / public relations
- Project management
- Cost consultants
- Ecologists
- Arboriculturalists

It is estimated that the cost of procuring these services will be in the region of £60,000. Consultation with all interested parties will be needed, including but not limited to Historic England, the Town Council, Chamber of Trade, Friends of St Nicholas Park, Warwick Society, Environment Agency, etc.

3.10 HE has (informally) made a positive response to the idea. It has advised that the bridge would need to be of a very high quality design given the sensitive location, and it would be worthy of a design competition to attract the best possible design talent.

3.11 HE has suggested the competition could be similar to the one they have run for a new bridge at Tintagel Castle, which required experienced architects and engineers to collaborate in delivering an appropriate design within a given budget (https://competitions.malcolmreading.co.uk/tintagel/shortlist). It would be possible to appoint consultants to run the competition, as with the Tintagel example.

3.12 The land either side of the River Avon between Leamington and Warwick is largely owned by WDC, interrupted by smallish parcels in private ownership. As a future consideration for Members they may wish to explore whether it would be possible to make the Council's land ownership wholly contiguous between the two towns thereby providing an attractive walk for residents and visitors alike. The bridge proposal would enhance the experience of walking between the two towns.

4. POLICY FRAMEWORK

4.1 The protection of the historic environment is highlighted in WDC's current and Publication Draft Local Plan and also forms part of the National Planning Policy Framework's sustainable development objectives.

4.2 St. Nicholas' Park is a locally listed historic park, it is within the Warwick Conservation Area, and it affects the setting of heritage assets of the highest significance, including Warwick Castle (Grade I listed and part Scheduled Monument); St. Nicholas' Church (Grade I listed); and Castle Bridge (Grade II* listed and a Scheduled Monument).

4.3 Local Plan Policy DAP4 seeks to protect listed buildings and their setting (HE1 in the Publication Draft Local Plan); policy DAP8 seeks to protect Conservation Areas (HE2 in the Publication Draft Local Plan); and policy DAP11 seeks to protect Historic Parks and Gardens (HE4 in the Publication Draft Local Plan).

4.4 St Nicholas' Park is a very sensitive site and that is why HE has informally recommended that a high profile design competition be held, similar to the one they held to appoint engineers and architects to design a major new bridge to improve access to Tintagel Castle (Scheduled Monument), Cornwall.

5. BUDGETARY FRAMEWORK

5.1 WCC engineers have estimated the cost of a "relatively standard" new bridge at £1.9m, however, the cost could be significantly greater than this. The feasibility work will enable a clearer picture to emerge both in terms of the cost of a bridge and the improvements/ enhancements required to the car park and potentially St Nicholas Park.

5.2 Potential funding sources include the Heritage Lottery Fund; LEP; Section 106 funding, including from the growth area south of Warwick; Warwickshire County Council; and WDC. Part of the viability assessment will be to calculate the potential funding contribution from improved car park usage at Myton Fields, however, there is no presumption at the time of writing this report that WDC should meet the full or part cost of the bridge's construction.

5.3 It is estimated that the feasibility work will cost £60,000 and therefore it is recommended that this sum should be appropriated from the Community Projects Reserve.

6. RISKS

6.1 Given the heritage sensitivity of the site, there is a risk that the public will not support the idea of a bridge or a landscaped car park and may actively oppose the proposals, which could potentially harm the reputation of WDC amongst some groups.

6.2 This risk may be countered by undertaking early engagement with the public and amenity groups, and by explaining the role the bridge will play in improving connectivity for pedestrians and cyclists, including for pupils attending schools off Myton Road, and for residents of the housing in the area; improving air quality; improving the interpretation of heritage assets; and improving the visitor experience to historic Warwick.

6.3 There is a risk that the bridge and landscaping for the car park will be unaffordable, potentially resulting in disappointment and reputation damage to WDC.

6.4 This risk can be countered by ensuring key partners are on board from the start, by establishing the available budget up front, and by ensuring that competition entries are properly costed. It also needs to be made clear that there can be no up-front commitment from WDC to fund a bridge.

6.5 The proposals / recommendations need to be checked in the context of any land title issues. The Council's solicitor has been requested to review the title and report any risks associated with the proposals/ recommendations.

7. ALTERNATIVE OPTION(S) CONSIDERED

7.1 Doing nothing is an option, but this will mean that walking and cycling are less attractive options, resulting in increased car use to the detriment of air quality, safety, and visitor's experience of historic Warwick. Walking and cycling may potentially become more dangerous for pupils attending schools off Myton Road, this is because Castle Bridge already accommodates heavy traffic and over 5000 new homes will be built to the south of Warwick, potentially increasing traffic on Castle Bridge.

8. BACKGROUND

8.1 The website created by WCC to consult on their initial proposals for Warwick town centre, (which do not include the specific proposal of a pedestrian/cyclist bridge over the Avon) can be seen here:
www.Warwickshire.gov.uk/warwicktowncentre

WARWICK DISTRICT COUNCIL	**Executive Meeting – 8 February 2017**	**Agenda Item No.** **10**

Title	Recommendations from the One Stop Shop (OSS) Review
For further information about this report please contact	Graham Folkes-Skinner Waste Policy and Performance Officer Graham.folkes-skinner@warwickdc.gov.uk 01926 456337
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	The proposal for a review of the OSS service was agreed as part of an Executive Report entitled "Review of WDC/WCC Customer Service Centre & Digital Transformation initiatives" on 30 September 2015
Background Papers	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes Ref No. 812
Equality Impact Assessment Undertaken	No (If No state why below)
Not in detail at this point	

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	20/01/2017	Andrew Jones
Head of Service	20/01/2017	Rob Hoof
CMT	17/01/2017	Chris Elliott Andrew Jones Bill Hunt
Section 151 Officer	17/01/2017	Mike Snow
Monitoring Officer	17/01/2017	Andrew Jones
Portfolio Holder(s)	20/01/2017	Dave Shilton
Consultation & Community Engagement		
There will be consultation with Warwickshire County Council.		
Final Decision?	No	
Suggested next steps (if not final decision please set out below)		

1. **Summary**

1.1 Warwick District Council (WDC) and Warwickshire County Council (WCC) work in partnership to deliver a "One Stop Shop (OSS)" Service across 5 sites in the District, at Riverside House, Leamington Spa; Shire Hall, Warwick; Kenilworth Library; Whitnash Library and Lillington Library.

1.2 This joint working arrangement has been in place since 2005.

1.3 This report provides the Executive with information gathered as part of this review and supplies an overview of the current OSS service. It suggests that a Business Case is put together to implement its findings, which can potentially deliver financial savings and a smarter way of working in line with Council Strategy and improve the service provided to customers.

1.4 A final report will be produced within 12 months and as part of that there will be an evaluation of the potential IT customer service options.

2. **Recommendations**

2.1 That the executive agrees that a business case for the change in approach to service delivery at the One Stop Shops is produced for its consideration based on the following principles:-

a) That customers are encouraged to access Council services digitally wherever practicable;
b) That a face-to-face service is removed and replaced at One Stop Shops by digital access where the current service is not providing value for money;
c) That the partnership arrangement between Warwick District Council and Warwickshire County Council is reviewed to ensure an effective employer/employee relationship is in place.

2.2 That subject to agreeing recommendation 2.1, the Executive agrees that officers consult with frontline staff and Warwickshire County Council in the production of the aforementioned business case.

2.3 Subject to agreeing recommendation 2.1, Ward Members will be consulted at appropriate points in the development of the business case.

3. **Reasons for the Recommendations**

3.1 The current cost for WDC face to face enquiries at the WCC owned sites is very high compared to the recognised national average. See Table 8.4, Para 8.7 and Appendix C. This needs to be looked at critically and ways of reducing that cost considered as below.

3.2 There are opportunities to improve the technology available at the OSS's that will enable a better service to be offered to customers alongside bringing the service in line with WDC's ICT & Digital Strategy (See Para 4.2 & 8.14). This will provide the opportunity to a) enhance and widen the service offered to customers and b) reduce the cost per enquiry.

3.3 Consideration needs to be given to the opening hours of the OSS sites to ensure value for money vs. the service demand. Particular attention needs to be given to Whitnash and Lillington where the WDC face to face service is only offered 1.5 days per week. (See Appendix A).

3.4 The majority of the present enquiries taken at the OSS sites are WCC related, (the exception being Riverside House).The number of WDC enquiries taken per day at the sites is also low. In relation to Para 3.3 above, the service provided needs to be critically reviewed to ensure that it offers value for money.

3.5 The present joint partnership with WCC needs to be formalised to ensure that the most efficient and effective employer/employee arrangements are in place. The current situation creates uncertainty for members of staff and managers around which employer terms and conditions and practices should be followed.

3.6 Consideration will be given to the different options within the current existing localities of the One Stop Shops that could potentially provide opportunities for the use of a building or office space that may improve the range and quality of services provided e.g. The Chain in Lillington. Officers will also ensure that the relevant ward Members are consulted.

4. Policy Framework

4.1 The pursuance of a business case to implement the findings of the OSS Review is in line with the three strands of **Fit for the Future**. It will ensure that the service is customer focused, (Service strand); and ensure that we are getting value for money from the service (Money strand). Finally the proposed communications with staff during this process covers the People strand.

4.2 Warwick District Council's (WDC) ICT & Digital Strategy 2015-19 highlights a number of priorities for the Council. The ones that are relevant to this report are Digital Customer and Digital Workforce. This aims to put the customer first "by knowing the customer's needs, anticipating their expectations with regards to excellent online customer care and developing universally acceptable and easy to use service offerings." To lower the cost of service provision there needs to be a shift towards a "digital by default" approach and the development of a business case for changes to the OSS will encompass this approach. Secondly any recommendations within the business case will look at the aspirations behind the Digital Workforce, ensuring that back office documents that are digitized and that the One Stop Shop service depends upon are fit for purpose. Further details on this strategy can be found in Para 8.14 below.

4.3 Impact Assessments

4.3.1 The business case will need to consider that part of the districts population that cannot or will not embrace the move towards the digital services. It needs to take account of the most vulnerable within the district.

4.3.2 The business case will potentially develop new ways of working and these will need to be taken into account.

5. Budgetary Framework

5.1 The current costs to WDC for the OSS service are approximately £474K per annum.

5.2 Following initial discussions with WCC over potential new ways of working and changes to opening hours at the OSS sites together with an estimate to the costs of introducing new technology, there is the potential to make savings, however this will require a major change to the way services are delivered at the One Stop Shops.

5.3 As part of the Business Case, further work will need to be done on the cost of the technology and what type of digital transformation is possible through the service. With this in mind there will potentially be some one-off costs for this technology.

6. Risks

6.1 The following highlights the potential risks to the initiative alongside the mitigation:-

i. *Technology not fit for purpose*
The introduction of technology within the OSS needs to be tried and tested and needs to be fully integrated into the Council's "back office" systems.

ii. *New way of working not accepted by OSS users or staff*
There needs to be timely and appropriate communication about any proposals, with the benefits highlighted and the support provided to users.

iii. *Savings not realised*
At this stage it is difficult to accurately estimate the savings and the next stage through the business case will need to more accurately pin down the costs and the potential savings however initial calculations indicate that savings can be made and access to Council services improved.

iv. *WCC and WDC priorities change*
The potential for savings and to follow the Digital agenda, which is a priority for both WDC and WCC, means that currently the review and the potential business case to implement any changes will be undertaken in partnership. A formalisation of the partnership in the future though a Service Level Agreement and a formalised way of working will protect both organisations from any priority changes directly affecting the service.

7. Alternative Option(s) considered

7.1 One option is to maintain the current way of working and realise the priorities of WDC's ICT & Digital Strategy. It is considered that to realize the priorities of this strategy the current way of working needs to change so they both need to be considered together.

7.2 Another option considered is for WDC to withdraw from the OSS service altogether. However, there will always be a proportion of users that will require assistance in using the digital services and those that cannot or will not engage with the technology.

8. Background

8.1 During 2003 links were made between WDC and WCC to explore the feasibility of establishing joint OSS's in libraries across the central area of Warwickshire and the decision had the strategic support of both WCC's "Customer Access Strategy" and WDC's "Best Value Review of Customer Access." In 2004 a joint Project Initiation Document (PID) was produced which identified implementation phases for the current sites with the last site to open being Lillington in early 2009. There was a joint interest in improving access to Council Services.

8.2 There are currently 5 One Stop Shop sites within Warwick District, namely, Kenilworth, Shire Hall, Warwick, Riverside House, Leamington, Whitnash and Lillington. Four out of the five locations are located within a WCC library building, the exception being Riverside House which is located within WDC's main office. A summary of these together with their current opening times can be found in Appendix A.

8.3 *Staffing*: A full complement of staff within the service consists of 22 Customer Service Advisors (CSA's) and 2 Team Leaders (TL's). The employment of the team is shared between WCC & WDC with 15 employed by WDC and 9 employed by WCC. The CSA's share a Warwickshire Direct job description but defer to the two different employers for their Terms and Conditions. There are joint team meetings and the Team Leaders liaise on a routine basis for day to day operational issues and sort out the rota systems for the CSA's to cover the 5 sites.

8.4 With technology becoming more widely and publicly available work has gone into reducing the processing costs of managing customer contact in front facing services. Saving figures are often based on the kind of figures set out in Table 8.4

Table 8.4

Source Channel	Socitm insight May 2012*	WDC enquiries – Kenilworth**	WDC enquiries – Whitnash**	WDC enquiries – Lillington**
Face-to-face	£8.62 per transaction	£39.00 per transaction	£71.00 per transaction	£36.00 per transaction
Phone	£2.83 per transaction			
Web	£0.15 per transaction			

Taken from "Transforming local public services – LGA"
*Socitm is a society for IT Practitioners in the Public Sector with the Insight service undertaking research into various issues
**Calculated from 2015/2016 WCC supplied statistics as part of the OSS Review

8.5 The main types of enquiry dealt with by the OSS can be seen in Appendix B.

8.6 The review highlighted the following aspects of the service that need consideration in order that the service meets the various aspirations and requirements of Council policies highlighted in Para 4.

8.7 *The cost per visit to each One Stop Shop*
The cost per enquiry varies dependant on the location and whether it is a WDC or WCC issue. It is more expensive to deal with a WCC enquiry at Riverside House whilst it costs more to deal with a WDC issue at Shire Hall for example. Full details can be seen in Appendix C.

8.8 Savings can be realised if there is a move from face to face interactions to dealing with issues via a digital platform following the principles of Warwick District Council's ICT & Digital Strategy (See Para 8.14) It is generally recognized that a face to face interaction is more expensive than the same issue being resolved via a digital route (See Para 8.4) and there needs to be a recognition of this and the current costs highlighted in Appendix C, through different ways of working within the OSS service.

8.9 *Volume of interactions handled by OSS Service*
Out of the 5 sites, Shire Hall, Warwick and Riverside House, have the majority of enquiries with the quietest being Whitnash and Lillington. The statistics can be seen in Appendix D, Figures 1 and 2. The lack of enquiries per person per day, (See Appendix C), account largely for the expensive cost per enquiry with WDC enquiries at Whitnash and Lillington only accounting for 28% and 30% of the total.

8.10 *Current ways of working – Digital transformation*
Both WDC and WCC have digital transformation agendas and OSS service needs to reflect that. Assisted digital options need to be considered at the sites to complement the face to face interaction which arguably is still required for those members of the community that cannot or will not embrace the digital options. The advisors role would potentially move more to a facilitator of the available technology. There needs to be good communication between the OSS service and the "back office" to ensure that any digital transformation is seamless and fit for purpose.

8.11 *Value for money for both WDC and WCC*
The current salary costs for WDC and WCC are approximately £346K and £193K respectively. Four out of the five sites are based around libraries and that is reflected in the fact that the majority of the issues dealt with by the OSS staff are library related which is a WCC function. Equally the number of WCC related issues dealt with at Riverside House are low compared to WDC ones such as Benefit and Council Tax issues. Finally 4 of the 5 sites are WCC owned with the associated building costs. The formal working relationship between WDC and WCC needs to be strengthened, there needs to be a written Service Level Agreement and a formalised way of working which currently does not exist.

8.12 Warwick District Council, alongside it's partner in the OSS shared service, WCC, are responsible for delivering the majority of public sector transactions in the area and have an obligation to design services in the most accessible, economic and "user-friendly" way and must ensure that these local services are built around the customer rather than the needs of service deliverers.

8.13 Considering Para 8.12 above there is an argument to say that business as usual is no longer an option. The rapidly changing technological and digital landscape offers opportunity to implement customer focused approaches that can deliver both improvement and efficiency. Although there is the opportunity to apply technological approaches to delivering the Council Services, it also needs to be remembered that there will still be a minority of people who cannot or do not wish to embrace technology and digital access to services and the Council cannot afford to neglect them, and "assisted digital" is possibly an option.

8.14 WDC's ICT & Digital Strategy 2015-19 states that:-
"A new model for digital customer service delivery needs to be developed that states, among other things that:
- *Services should be delivered through customer self-service*
- *Structured, intelligent web-forms should be used for requests ensuring the correct information is captured at the first point of contact.*
- *Service fulfilment should be completed on-line.*

Within the same document, one of its 5 strategic themes is called Digital Customer, this states:-

"For many customers face-to-face contact or the use of the telephone was the preferred channels when contacting the council. However, the council now believes that a tipping point has been reached and moving forward the web and digital services will be the preferred method for interacting and transacting with the council. Therefore after 15 years of investing in Customer Relationship Management (CRM) systems, the council will no longer support this technology but will focus on investing in digital self-service technologies. This change of approach will enhance the provision of council services, reduce costs and extend the availability of services beyond the time constraints that could be reasonably expected of a face-to-face or telephone service."

In Appendix 2 of the strategy - Customer Access Channels- it details the present arrangements and Digital optimisation for customers making service requests

Channel	**Present arrangements**	**Digital optimisation**
Face to face	Staff deal with issues on behalf of face-to-face customers	Staff will direct customers to the PCs available in Reception areas and libraries and, if necessary, take time to show them how to complete the task on the website (mediated digital) The PC, and other kiosk devices, will provide access to the standard WDC website – in order to encourage future self-service.

8.15 There needs to be consultation with WCC as it is a shared service and at the local level with the team. Any changes to the way that WDC services are undertaken at the OSS sites needs to be built into any initiatives that other Service Areas undertake, due to the large amount of interdependencies that the OSS service has with WDC. If the recommendations of this report are agreed, there will need to be consultation with the appropriate Services Areas that act as the "back office" to the procedures that the OSS follows i.e. Council Tax and Benefits; alongside ICT and the OSS Team itself. A Member Working Group will be established to assist in the way forward

Appendix A- Summary of One Stop Shop sites

1. **Kenilworth**

Address
Smalley Place
Kenilworth CV8 1QG
Email: wdirect-ken@warwickshire.gov.uk

Library and Warwickshire Direct availability
Monday: 9am – 5.30pm
Tuesday: 9am – 5.30pm
Wednesday: 10.30am – 5.30pm
Thursday: 9am – 5.30pm
Friday: 9am – 5.30pm
Saturday: 9am - 1pm

2. **Warwick**

Address
Shire Hall
Market Square
Warwick
CV34 4SA

Library and Warwickshire Direct availability
Monday - Thursday: 8.00am - 5.30pm
Friday: 8.00am - 5.00pm
Saturday: 9.00am - 4.00pm

3. **Riverside House**

Address
Riverside House
Milverton Hill
Leamington Spa
CV32 5HZ

Warwickshire Direct availability
Monday – 8.45am -5.15pm
Tuesday – 8.45am – 5.15pm
Wednesday – 8.45am – 5.15pm
Thursday – 8.45am – 5.15pm
Friday – 8.45am – 4.45pm

4. **Whitnash**

Address
Franklin Road
Whitnash
Leamington Spa
CV31 2JH

Library opening times (Warwickshire Direct advisor availability highlighted in bold italics.)
Monday - 10.30am - 5.00pm
Tuesday - 10.30am - 5.00pm
Wednesday - 1.30pm - 5.00pm
Thursday - Closed
Friday - 10.30am - 4.00pm
Saturday - 10.30am - 1.30pm

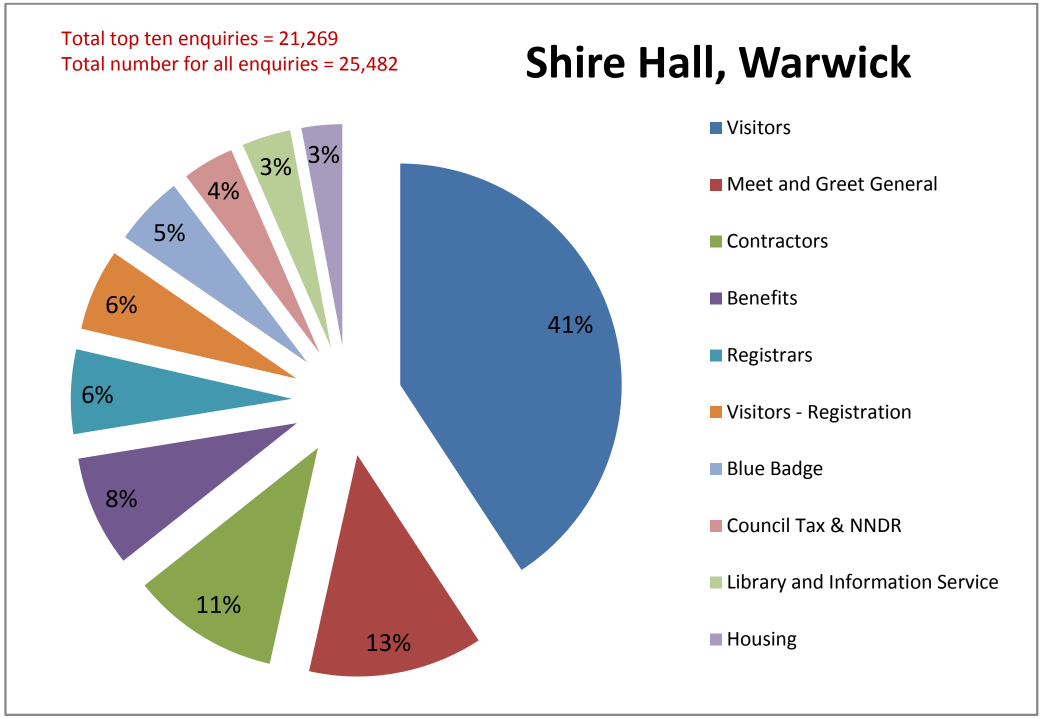
5. **Lillington**

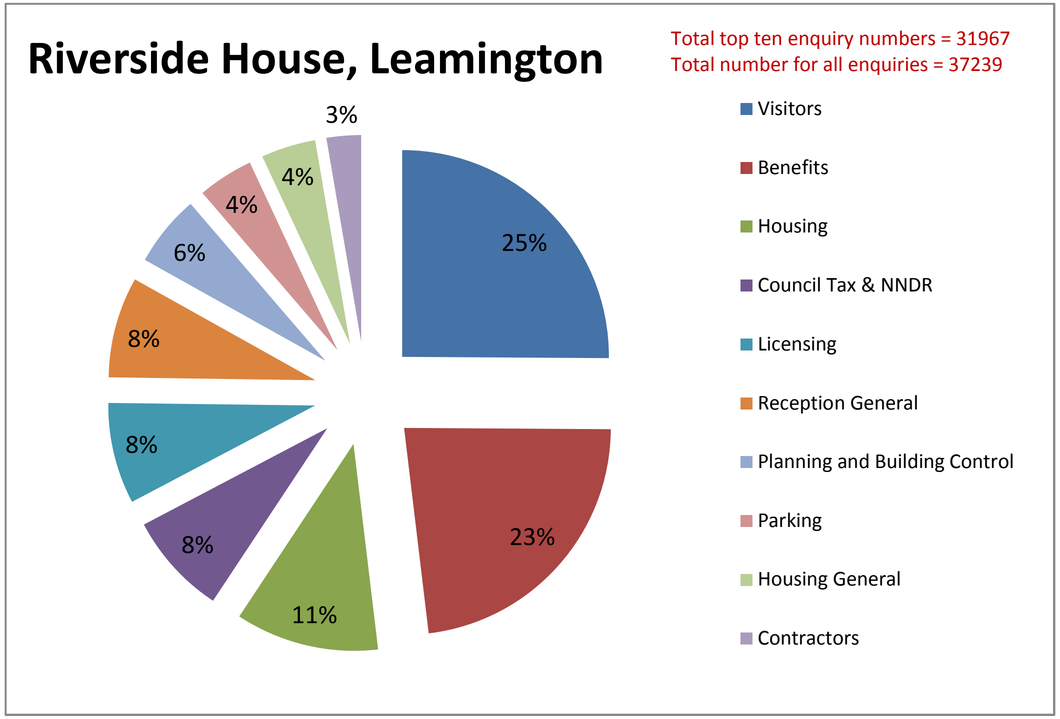
Address
Valley Road
Lillington
Leamington Spa
CV32 7SJ

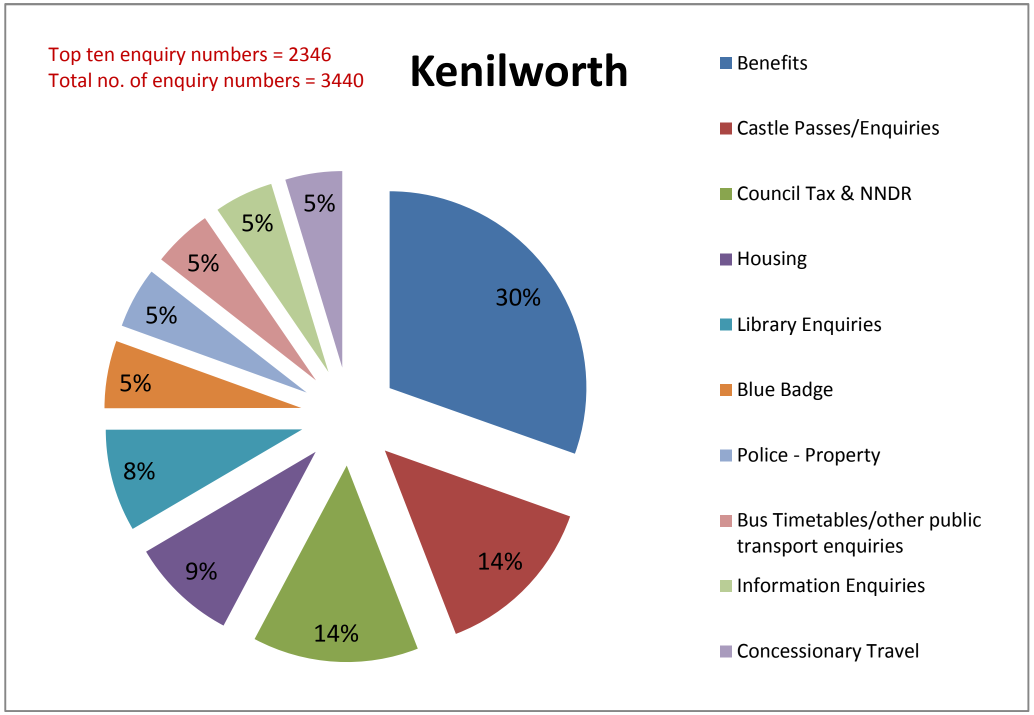
Library opening times (Warwickshire Direct advisor availability highlighted in bold italics.)
Monday – 9.30am – 12.30pm and 1.30pm – 6.00pm
Tuesday – 9.30am – 12.30pm and 1.30pm – 5.30pm
Wednesday – Closed
Thursday – ***9.30am – 12.30pm*** and 1.30pm – 6.00pm
Friday – 9.30am – 12.30pm and 1.30pm – 5.30pm
Saturday: 9.30am – 12.30pm
Sunday: Closed

Appendix B

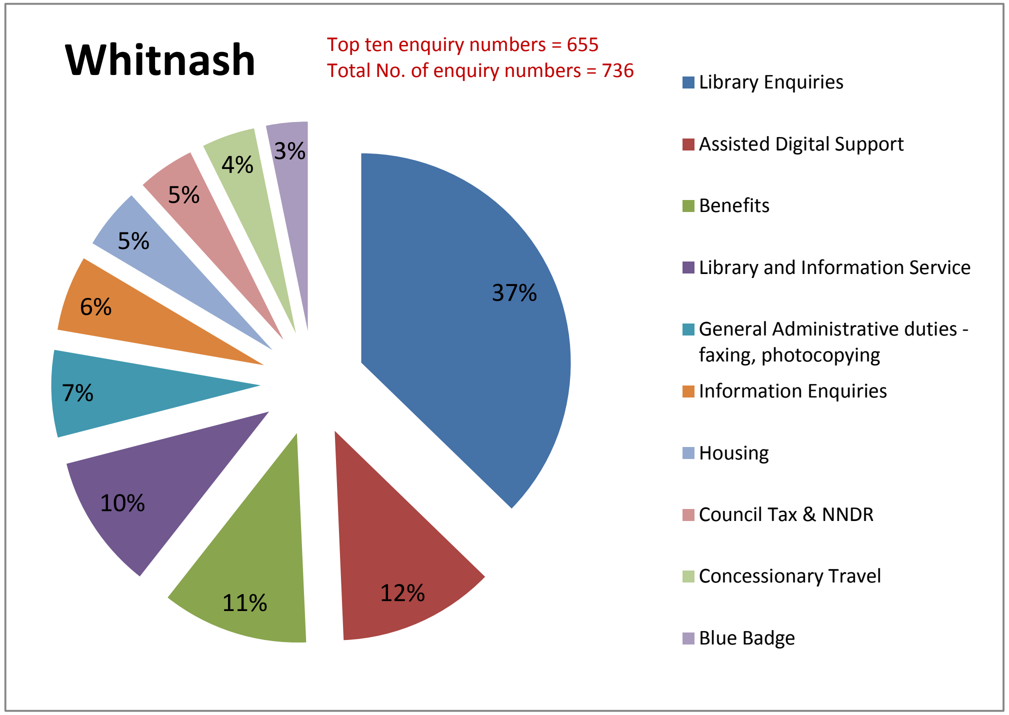
Top Ten Enquiry Types (as percentage of total) at OSS Sites – 2014/2015



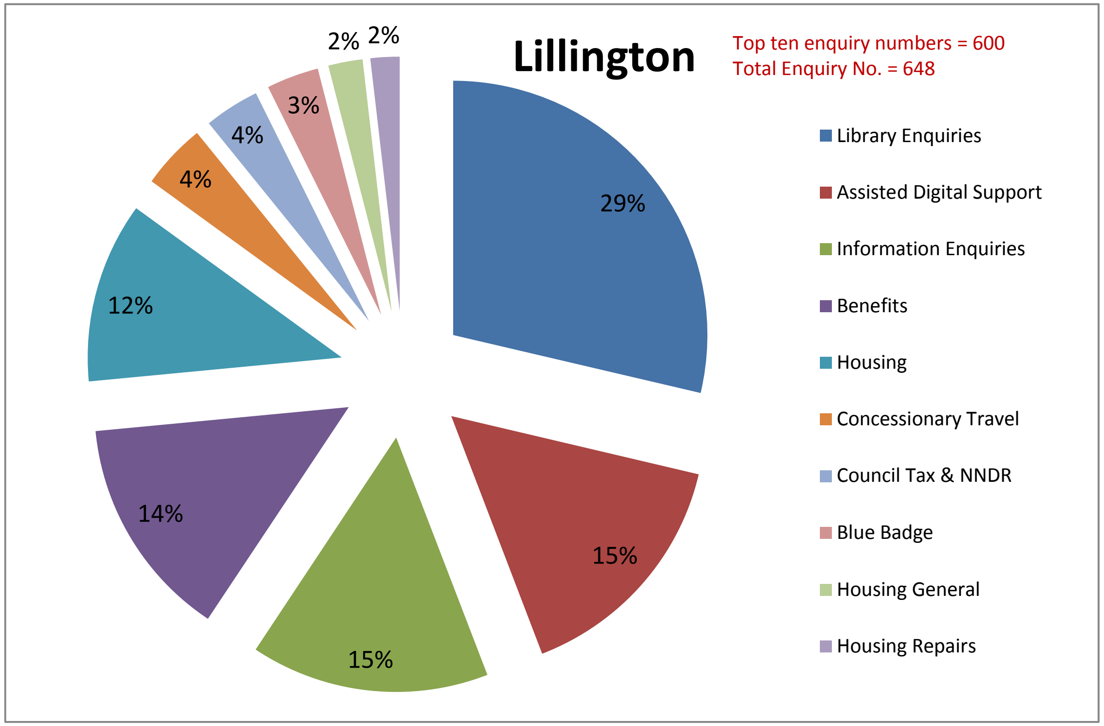




Top ten enquiry numbers = 2346
Total no. of enquiry numbers = 3440
Kenilworth
Benefits
Castle Passes/Enquiries
Council Tax & NNDR
Housing
Library Enquiries
Blue Badge
Police - Property
Bus Timetables/other public transport enquiries
Information Enquiries
Concessionary Travel
30%
14%
14%
9%
8%
5%
5%
5%
5%
5%



Whitnash
Top ten enquiry numbers = 655
Total No. of enquiry numbers = 736
Library Enquiries
Assisted Digital Support
Benefits
Library and Information Service
General Administrative duties - faxing, photocopying
Information Enquiries
Housing
Council Tax & NNDR
Concessionary Travel
Blue Badge
37%
12%
11%
10%
7%
6%
5%
5%
4%
3%



Lillington
Top ten enquiry numbers = 600
Total Enquiry No. = 648
Library Enquiries
Assisted Digital Support
Information Enquiries
Benefits
Housing
Concessionary Travel
Council Tax & NNDR
Blue Badge
Housing General
Housing Repairs
29%
15%
15%
14%
12%
4%
4%
3%
2%
2%

Appendix C – Cost per visit

Statistical Summary – 2015/2016

Riverside House

	Workload					Resource			
	Enquiry Total	**Enquiry/Week**	**Enquiry/Day**	**Average No. of Staff on Duty**	**Enquiry/Person /Day**	**Total days per year**	**Cost per staff**	**Cost/ person/day**	**Overall Cost per transaction**
Total	39824	766	153	3	31	260	£27,775	£107	**£3.45**
WDC only	38009	731	146	5	29	As above	As above	£107	**£3.68**
WCC only	1815	35	7	5	1	As above	As above	£107	**£107.00**
WDC %	95%								

Shire Hall, Warwick

	Workload					Resource			
	Enquiry Total	**Enquiry/Week**	**Enquiry/Day**	**Average No. of Staff on Duty**	**Enquiry/Person /Day**	**Total days per year**	**Cost per staff**	**Cost/ person/day**	**Overall Cost per transaction**
Total	27360	526	96	2	24	286	£27,775	£97	**£4.04**
WDC only	7047	136	25	4	6	As above	As above	As above	**£16.00**
WCC only	20313	391	71	4	18	As above	As above	As above	**£5.38**
WDC %	26%								

Kenilworth

	Workload					Resource			
	Enquiry Total	**Enquiry/Week**	**Enquiry/Day**	**Average No. Of staff on Duty**	**Enquiry/Person/Day**	**Total days per year**	**Cost per staff**	**Cost/person/day**	**Overall cost per transaction**
Total	14,121	272	49	4	12	286	£27775	£97	**£8.08**
WDC only	2810	54	10	4	2.5	As above	As above	As above	**£39.00**
WCC only	11311	218	40	4	10	As above	As above	As above	**£9.70**
WDC %	20%								

Whitnash

	Workload					Resource			
	Enquiry Total	**Enquiry/Week**	**Enquiry/Day**	**Average No. Of staff on Duty**	**Enquiry/Person/Day**	**Total days per year**	**Cost per staff**	**Cost/person/day**	**Overall cost per transaction**
Total	2716	52	35	2	18	78	£27775	£356	**£19.77**
WDC only	760	15	10	2	5	As above	As above	As above	**£71.00**
WCC only	1586	31	21	2	11	As above	As above	As above	**£32.00**
WDC %	28%								

Lillington

	Workload					Resource			
	Enquiry Total	**Enquiry/Week**	**Enquiry/Day**	**Average No. of staff on duty**	**Enquiry/Person/Day**	**Total days per year**	**Cost per staff**	**Cost/person/day**	**Overall cost per transaction**
Total	5472	105	70	2	35	78	£27775	£356	**£10.17**
WDC only	1632	31	21	2	10	As above	As above	As above	**£36.00**
WCC only	3794	73	49	2	25	As above	As above	As above	**£14.00**
WDC %	30%								

Whilst looking at these figures need to consider that library staff outside the times that Warwickshire Direct staff are at Whitnash input issues onto Civica therefore the true number of enquiries that Warwickshire Direct staff input is likely to be less (Cannot isolate reported issues between Warwickshire Direct staff and library staff) A large number of the issues reported for Whitnash are for Assisted Digital support which library staff also deal with. Therefore the Enquiry total recorded above includes a proportion of Assisted Digital Support issues that Warwickshire Direct staff are likely to input, whereas the WDC only figures do not include Assisted Digital Support numbers

Appendix D

Figure 1

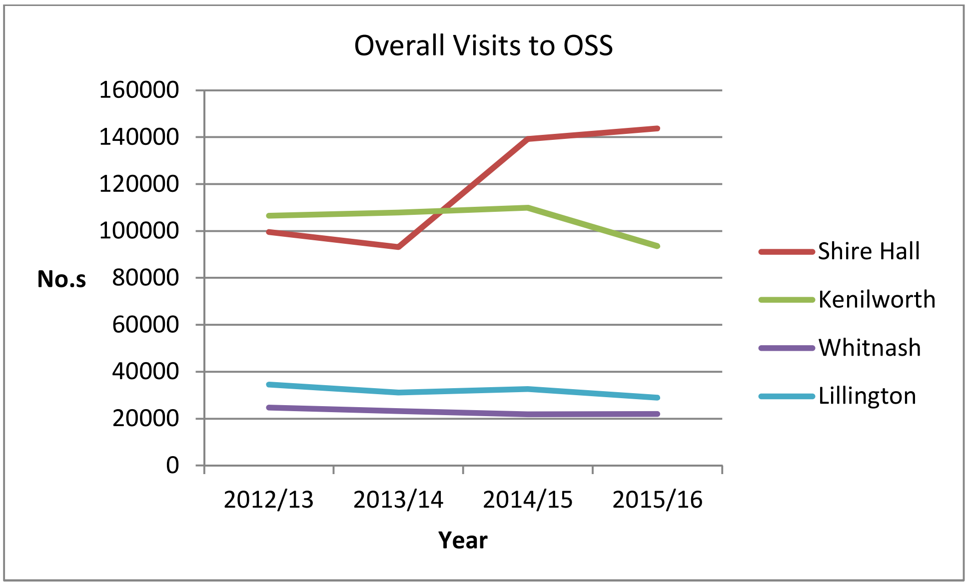
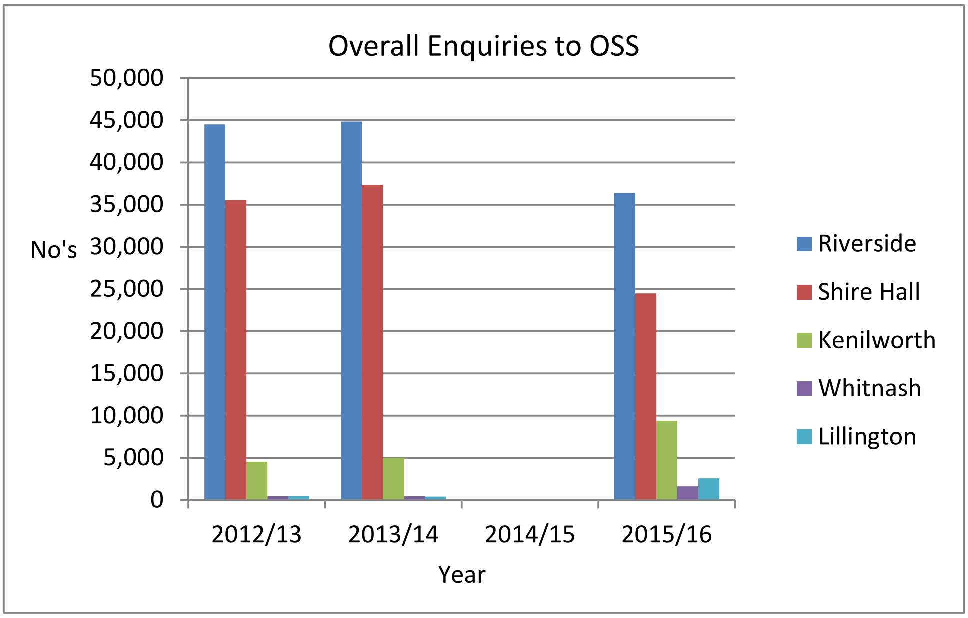


Figure 2



WARWICK DISTRICT COUNCIL	Executive – 8th February 2017	Agenda Item No. **11A**

Title	Rural/Urban Capital Improvement Scheme (RUCIS) Application
For further information about this report please contact	Jon Dawson Finance Administration Manager 01926 456204 email: jon.dawson@warwickdc.gov.uk
Wards of the District directly affected	Lapworth and Sydenham
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	Rural/Urban Capital Improvement Scheme details. Rural/Urban Capital Improvement Application file no. 216 to 218; correspondence with applicant.

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

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	20.1.17	Chris Elliott
Head of Service	20.1.17	Mike Snow
CMT	20.1.17	Chris Elliot, Bill Hunt and Andy Jones
Section 151 Officer	20.1.17	Mike Snow
Monitoring Officer	20.1.17	Andy Jones
Finance	20.1.17	Mike Snow
Portfolio Holder(s)	20.1.17	Cllr Whiting
Consultation & Community Engagement		
Community Partnership Team and Manoj Sonecha (Active Communities Officer); Copy of report forwarded 13th January 2017.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **Summary**

1.1 This report provides details of two Rural/Urban Capital Improvement Scheme grant applications:

- SYDNI Centre to refurbish the outdoor sports court and adapt to multi-sports use

- Canal & River Trust to lay stone surfacing on a 730 metre section of the canal towpath between Packwood Lane, Lapworth and Dicks Lane, Rowington

2. **Recommendation**

2.1 It is recommended that the Executive approves:

SYDNI Centre

A Rural/Urban Capital Improvement Grant from the urban cost centre budget for the SYDNI Centre of 50% of the total project costs to refurbish the outdoor sports court and adapt to multi-sports use, as detailed within paragraphs 1.1, 3.2 and 8.1, up to a maximum of £6,361 excluding vat, subject to receipt of the following:

- Written confirmation of planning permission for the project work

As supported by appendix 1.

Canal & River Trust

A Rural/Urban Capital Improvement Grant from the rural cost centre budget for the Canal & River Trust of 80% of the total project costs to lay stone surfacing on a 730 metre section of the canal towpath between Packwood Lane, Lapworth and Dicks Lane, Rowington, as detailed within paragraphs 1.1, 3.2 and 8.2, up to a maximum of £7,917 excluding vat.

As supported by appendix 2 and 3.

3. **Reasons for the Recommendation**

3.1 The Council operates a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended is in accordance with the Council's agreed scheme and will provide funding to help the project progress.

3.2 Both projects contribute to the Council's Sustainable Community Strategy:

SYDNI Centre

This project contributes to the Council's Sustainable Community Strategy as without the centre and the sports court there would be fewer opportunities for the community to enjoy and participate in physical, social and cultural activities which could potentially result in an increase in anti-social behaviour, an increase in obesity (including in children) and disengage and weaken the community. The centre is located in one of the four most deprived areas within Warwick district, it is an area that is known to have some community cohesion tensions, some of the poorest families in the area, a high proportion of people with mental health issues and some low level anti-social behaviour; the project will provide a refurbished sports court which will also enable multi-sports use (currently it is just a basketball court) which will remove current Health & Safety concerns and increase sporting / physical activity opportunities especially as the current facility isn't in a usable condition. This facility will help to bring people together using the common denominator of outdoor play and sports which can help hard pressed families to relax, help to alleviate mental health problems, improve health & wellbeing and gives younger people something to do to alleviate boredom.

Canal & River Trust

This project contributes to the Council's Sustainable Community Strategy as the section of towpath to be surfaced will link with sections either side that are already stone paved creating an all-year-round 3.2km paved towpath for the community and visitors to the area to utilise, this will also remove current health & safety issues caused by the existing uneven and, at times of rainfall, muddy and waterlogged path. This project will increase opportunity for a much greater diversity of pedestrians to enjoy and participate in physical activity which will help to reduce obesity, including within children. This also has the potential to attract more visitors to the area which in turn can help the local businesses and amenities such as the general store and local public houses. The Canal & River Trust also have a group of local volunteers who help to maintain the area and there is a volunteer towpath taskforce who will be carrying out the project work, this brings together a wide range of people which helps to engage and strengthen the community.

4. Policy Framework

4.1 The Rural and Urban Capital Improvement Scheme supports the Sustainable Community Strategy and the cross cutting themes which form the priorities for funding areas as follows:-

- Community Engagement & Cohesion (including Families at Risk)
- Targeting disadvantaged rural locations
- Reducing inequalities

5. Budgetary Framework

5.1 The budget for the Rural/Urban Capital Improvement Scheme applications for 2016/17 is £150,000 (£75,000 for rural projects and £75,000 for urban projects).

5.2 As part of the February 2016 Budget report it was agreed that in future the unallocated RUCIS budget would no longer be carried forward, but returned to the Council's overall finances.

5.3 There is £50,926 available to be allocated for Rural/Urban Capital Improvement Scheme Grants from the urban cost centre budget in 2016/17. If the application within this report from the SYDNI Centre of 50% of the total project costs, up to a maximum of £6,361 (excluding vat) is approved, £44,565 will remain in the urban cost centre budget.

5.4 There is £45,000 available to be allocated for Rural/Urban Capital Improvement Scheme Grants from the rural cost centre budget in 2016/17. If the application within this report from the Canal & River Trust of 80% of the total project costs, up to a maximum of £7,917 (excluding vat) is approved, £37,083 will remain in the urban cost centre budget.

As per appendix 4.

6. Risks

6.1 There are no main risks for this proposal.

7. Alternative Option(s) considered

7.1 The Council has only a specific capital budget to provide grants of this nature and therefore there are no alternative sources of funding if the Council is to provide funding for Rural/Urban Capital Improvement Schemes.

7.2 Members may choose not to approve the grant funding, or to vary the amount awarded.

8. **Background**

8.1 **SYDNI Centre:**

The SYDNI Centre has submitted a RUCIS application to refurbish the outdoor sports court and adapt to multi-sports use.

The application is for 50% of the total project costs up to a maximum of £6,361.

The SYDNI Centre hasn't committed any funds from their cash reserves because:

- This is one phase from an overarching outdoor project made up of 6 separate phases, some of the organisations cash reserves will be used for other phases
- The remaining 50% of the overall project costs will be met by a grant provided by the 29 May 1961 Trust

The SYDNI Centre cash reserves:

- The Report of the Directors for Year Ending 31 March 2016 states; "The trustees consider that, given the nature of the Charity's activities, a prudent level of free and unrestricted reserves is represented by a sum equivalent to the next 12 months budgeted operating costs. The Trustees have concluded that the minimum sum required to be held is in the region of £100,000 but recent experience has shown that unforeseen and unbudgeted occurrences, external or otherwise, can easily impose substantial financial demands over and above the normal level of annual operating costs. The Trustees review the major risks faced by the Charity on a regular basis and believe that, taking into account the difficult economic conditions prevailing, the level of unrestricted reserves stated above should be maintained and steadily increased if possible, in order to have sufficient resources to cope with likely continuing adverse conditions."

- Although the organisation has sizeable short term deposits in cash (Year Ending 31st March 2016; £146,449 cash at bank and in hand), it also has significant expenses to be expended from restricted funds and creditor amounts falling due within one year which reduces the cash amount at hand (£98,887 net) to cover its operating costs. This is below the organisations reserves policy as the operating costs for year ending 31st march 2016 were £111,555 and it is within the RUCIS criteria of not having more than 12 months operating costs in cash reserves after any contribution made to the project.

The SYDNI Centre is registered for vat and will be reclaiming vat in connection to this project; the award will therefore be excluding vat. Their vat number is 794529186.

Leamington Town Council has approved a grant of £487 towards the overarching outdoor project to be used where required.

A planning application has been made for the whole SYDNI centre overarching outdoor project although this is currently waiting for further information to be submitted before being logged as a live application on the planning system/Council website. After having had a verbal conversation with the planning case officer, Helena Obremski, I received the following emailed update sent on 24th January 2017; "I have looked at the quote which details the proposal, and unfortunately I have to inform you that the replacement goal ends would require planning permission. From our conversation I had understood the development to include repair / refurbishment works, rather than actual replacement of the equipment. With that said, if the applicant's get the required information to us, I can't see why we wouldn't approve what they are proposing." I have therefore continued with my award recommendation but with the caveat that it is subject to receiving the required planning permission.

The SYDNI Centre has not previously had a RUCIS grant award.

It is therefore recommended that the Executive approves an award of a Rural / Urban Capital Improvement grant to the SYDNI Centre of 50% of the total cost of the project excluding vat up to a maximum of £6,361.

8.2 **Canal & River Trust:**

The Canal & River Trust has submitted a RUCIS application to lay stone surfacing on a 730 metre section of the canal towpath between Packwood Lane, Lapworth and Dicks Lane, Rowington.

Projects of less than £10,000 overall costs fall within the Small Grants category of the RUCIS scheme which has a maximum contribution of up to 80% of the overall project costs; the project cost is £9,897 and therefore qualifies to apply for a grant of up to 80%.

The application is therefore for 80% of the total project costs up to a maximum of £7,917.

The Canal & River Trust has committed £1,000 to the project from their cash reserves. These funds have been evidenced through their annual accounts.

The Canal & River Trust cash reserves (Year Ending 31st March 2016); although the organisation has sizeable short term deposits in cash (£23.5 million unrestricted funds), it also has significant operating costs (£145.6 million), the cash (net) reserves are within the RUCIS criteria of not having more than 12 months operating costs in cash reserves after any contribution made to the project.

The Canal & River Trust is registered for vat and therefore will reclaim any vat in connection to this project; the award will therefore exclude vat. Their vat number is 125511937.

Lapworth Parish Council has approved a £980 contribution to the project.

The Canal & River Trust has not previously had a RUCIS grant award.

It is therefore recommended that the Executive approves an award of a Rural / Urban Capital Improvement grant to the Canal & River Trust of 80% of the total project costs excluding vat up to a maximum of £7,917.

APPENDIX 1

RURAL/URBAN CAPITAL IMPROVEMENT GRANTS APPLICATION FOR 8TH FEBRUARY 2017 EXECUTIVE :

Applicant :	**SYDNI Centre**
Description of scheme:	To achieve a welcoming and friendly environment for more Sydenham residents to be able to enjoy the outdoors the SYDNI centre have planned an overarching outdoor project that is split into 6 mini-projects or phases. Overall, the new outdoor space will encourage more mixing of community segments; young, old, teens, parents, toddlers, different cultural backgrounds, non-English speakers, to improve community cohesion. The phases are: • Phase 1; Willow Tunnel – complete • Phase 1a; BBQ area – in progress • Phase 2; Toddler area play equipment • Phase 3; Sports Court • Phase 4; Older Children play area equipment • Phase 5; New path • Phase 6; Teen shelter This application is for funding for phase 3; refurbish the sports court and adapt to multi-sports.
Evidence of need:	• November 2014; feedback from the community at the SYDNI Centre Festival of Light event; using a questionnaire, feedback was received from 130 individuals and family groups, from the responses the Centre developed the wish list which includes Multi Use Games Arena ends (an example questionnaire and result details have been provided). The Centre also asked young people at the SYDNI Centre Youth Café what they wanted in the outdoor space; questionnaires were again completed and added to the sample. • 16 March 2015 Councillors Meeting; Local Councillors were invited to the Centre to inform them about the plans and to get their feedback and support. Attendees: Balvinder Gill, Ann Morrison, Moto Singh, Barbara Weed and Matt Weston. The Councillors were shown the questionnaire results and talked through the wish list of equipment and walked the site. All of the councillors gave their support; the Centre are in regular contact with their local Councillors and keep them up to date with the project. • 27 July 2015; Local resident Lisa Catalano emailed to ask why the playground was in such a poor state (a copy of the email has been provided) • November 2015 Festival of Light Project Update; Stand and display of what the outdoor space will look like, conversations with approx. 40 people. Reaction overwhelmingly positive with offers of help and some small donations. Verbal discussion with Chris White MP who gave a positive endorsement, offering his support. • February 2016 SYDNI Winks Toddlers group; Twice visited this weekly playgroup to get feedback from parents and carers. Spoke to 15 people, all agreed that improvements are much needed and signed a letter of support (a copy of the letter has been provided) • 10th March 2016 South Leamington Community Forum; Display of the planned improvements at this event with 35 attendees from the community • There is a visual need due to the current poor condition of the sports court
3 years accounts received?	2014 - 2016 accounts have been received; this evidences sufficient cash reserves to initially pay VAT before reclaiming from HMRC
Financial Performance; minus figure = deficit	**Year ended** 31/03/16: -£1,127 **Year ended** 31/03/15: -£380 **Year ended** 31/03/14: £4,248
Available Funds (cash and reserves)	**Year ended** 31/03/16: £146,449 **Year ended** 31/03/15: £176,687 **Year ended** 31/03/14: £128,849
Details of membership, fees etc:	None
Details of usage:	The SYDNI Centre provides a variety of services, including a large outdoor space; the centre and outdoor space are open to all six days a week from 9am to 7pm and sometimes later for events. Local community residents can access different activities or services, for example: • Outdoor Space – Basketball court (which is to be refurbished and adapted to become a multi-sports court), football pitch, toddlers/young children playgrounds, allotment/community garden • Community Café • Exercise / health classes – Zumba with free crèche, parkinson physio, dance, table tennis, volleyball, slimming, taekwondo • Children & young people – SYDNIwinks toddler group, Cubs, Scouts, Beavers, drama • Interest – singing, cooking, history, flowers, design, craft, pottery, bingo, Mancraft • Events – Festival of Light The SYDNI Centre footfall is approximately 50,000 per annum; they currently use a 'Community Counts' database to monitor about 35% of Centre activities, on which 664 people are registered. There are also 75 volunteers who help to run the centre and take part in the many activities.
Details of Organisations equalities policies:	The Centre has a formal Equality & Diversity plan in place, the following is a highlight from the policy: "SYDNI aims to combat all direct and indirect discrimination in our organisation and to ensure that people are treated fairly and given fair chances. This is not a case of treating everyone the same, but about recognising that different people have different needs which will be met in different ways. It is our policy to provide services and employment equality to all, irrespective of the following: religious belief or political opinion, race, class, where you live, disability, gender including gender reassignment, marital or civil partnership status, Pregnancy or maternity, having or not having dependants, sexual orientation and age.
3 quotes provided:	Yes - three quotes have been received.
Which of the Council's Corporate Priorities are met?	**Evidence**

Reduce anti-social behaviour	The SYDNI centre runs a weekly youth group and has good contacts with the young people on the estate; they have told the Centre team that better sports and play equipment at the SYDNI centre will help to reduce boredom levels. Often at WDC Fallow Hill Estate (adjacent to the SYDNI Centre) Resident Association meetings there are complaints about young people eight years plus who play in the little play area on the green; these children aren't allowed to use balls within Fallow Hill and they are just kids being kids but they get labelled anti-social and a nuisance because of a lack of outdoor space. In addition to this the Centre are aware that there is a small group of young people from the Sydenham estate who are engaged in low level anti-social behaviour across Leamington Spa; better facilities such as the improved sports court, will target this group and other young people giving them an opportunity to use their energy positively and will help to reduce anti-social behaviour.
Reducing obesity, particularly in children	From the Warwick District Social Exclusion Index report (pages 13 & 14) we know that Sydenham North ranks as worst performing for Health & Wellbeing and Communities of Interest; "This area is worst for Health & Wellbeing due to higher than average proportions of ESA claimants and long term disability claimants, severe mental impairment discount (Council Tax benefit), overweight or obese children and active presentations for alcohol/drugs." Through this project better play/sports facilities will attract more children to the oudoor space which provides an important first step to a more active and healthy life. Phase 3 of the overarching outdoor project will replace the existing basketball hoops with MUGA ends and repaint the lines on the sports court; instead of just basketball it will mean other games such as football, volleyball and tennis can be played enabling more people to play different sports. This will help to reduce obesity, particularly in children.
Increase opportunities for everyone to enjoy and participate in sports, arts and cultural activities	As an open access site everyone will be able to enjoy the improved sports and play equipment at the SYDNI centre, Centre volunteers will also benefit from the improved facilities. The current sports court is currently only set-up for basketball and isn't in a useable condition, the project to refurbish the court and adapt to multi-sports use will increase opportinity for the community to enjoy and participate in sports activities.
Engaging and strengthening communities	Through this project the Centre community cohesion will be improved; there is anecdotal evidence from users of the Centre who use phrases such as "I'm not being funny but they …" highlighting the differences of ethnic groups on the estate. From the Warwick District Social Exclusion Index report pages 13 & 14: • "Sydenham West is ranked second for the Communities of Interest theme, this is largely due to its rankings in terms of proportion of residents born abroad (1st in the District) and 2nd highest in terms of the area's ethnic diversity." • "Sydenham North has the highest proportion of those from an ethnic minority and second highest in terms of residents born abroad which gives it the number 1 ranking under this theme." Better outdoor equipment and facilities will bring people together through the universal language of sports and play, the project will give Sydenham residents a place to come together in a relaxed fun setting providing opportunity to interact and build relationships, improving community cohesion. The Centre also has 75 volunteers from across the community who help to run and also participate in activities. This all helps to engage and strengthen the community.
Targetting disadvantage in rural / urban areas:	From the Warwick District Social Exclusion Index report pages 13 & 14: •Sydenham West - eight target indicators (where this area is above the district average) include; Employment & Support Allowance (ESA) benefit claimants, lone parent with dependent children, Free School Meal claimants, disability claimants. •Sydenham North - ranks as worst performing for Health & Wellbeing and Communities of Interest. This area is worst for Health & Wellbeing due to higher than average proportions of ESA claimants and long term disability claimants, severe mental impairment discount (Council Tax benefit), overweight or obese children and active presentations for alcohol/drugs. Creating a better outdoor space at the Centre in the Sydenham estate directly targets disadvantage in this urban community. As well as providing a fun outdoor space, it is likely that people will then engage with the other services that the Centre provides such as volunteering opportunities, baby & toddler group, youth group and more.

Total cost of scheme (including VAT where appropriate)	£12,722	Excluding VAT - organisation will pay VAT as they will then be reclaiming
Funded by:		**Status**
29 May 1961 Trust	£6,361	Already awarded
Own Funds	£0	
Total RUCIS	**£6,361**	
equates to	**50.0%**	

RURAL/URBAN CAPITAL IMPROVEMENT GRANTS APPLICATION FOR 8TH FEBRUARY 2017 EXECUTIVE :

Applicant :	**Canal & River Trust**
Description of scheme:	Between Packwood Lane, Lapworth (OS Grid SP 17418 71214) and Dicks Lane, Rowington (OS Grid SP 18683 69978) there is approx. 3.2km of canal towpath. The towpath attracts considerable pedestrian usage at either end of these two points due to previous levelling and stone surfacing of these sections. A section in the middle of some 730 metres has not benefited from previous stone surfacing, consequently, it is uneven in nature with large single stone projections and, at times of rainfall, muddy and waterlogged. The project intends to link the existing two stone surfaced sections together by constructing the same surfacing in the middle for some 730 metres. This would benefit the community by providing a 3.2km walk on an even, durable and firm all-weather surface. In providing this facility the towpath walk would be open to a much greater diversity of pedestrians all-year-round.
Evidence of need:	Walkers have been observed avoiding the section that is not stone surfaced and people being left in vehicles because they did not feel steady enough on their feet to the use the uneven and poor section of towpath. You can visually see that the general appearance of the area, especially the poor condition of the towpath, is in need of improvement to ensure that local footpaths and the canal towpath are used and enjoyed by as many people as possible. Lapworth Parish Council support the improvement of the towpath so as to provide a much greater local amenity than that which can presently be enjoyed; without this work the towpath will become less accessible to more people as its condition is likely to dissuade them from using it due to the Health & Safety risk of slips, trips and falls.
3 years accounts received?	2014 - 2016 accounts have been received; this evidences sufficient cash reserves to meet the contribution stated on the application form.

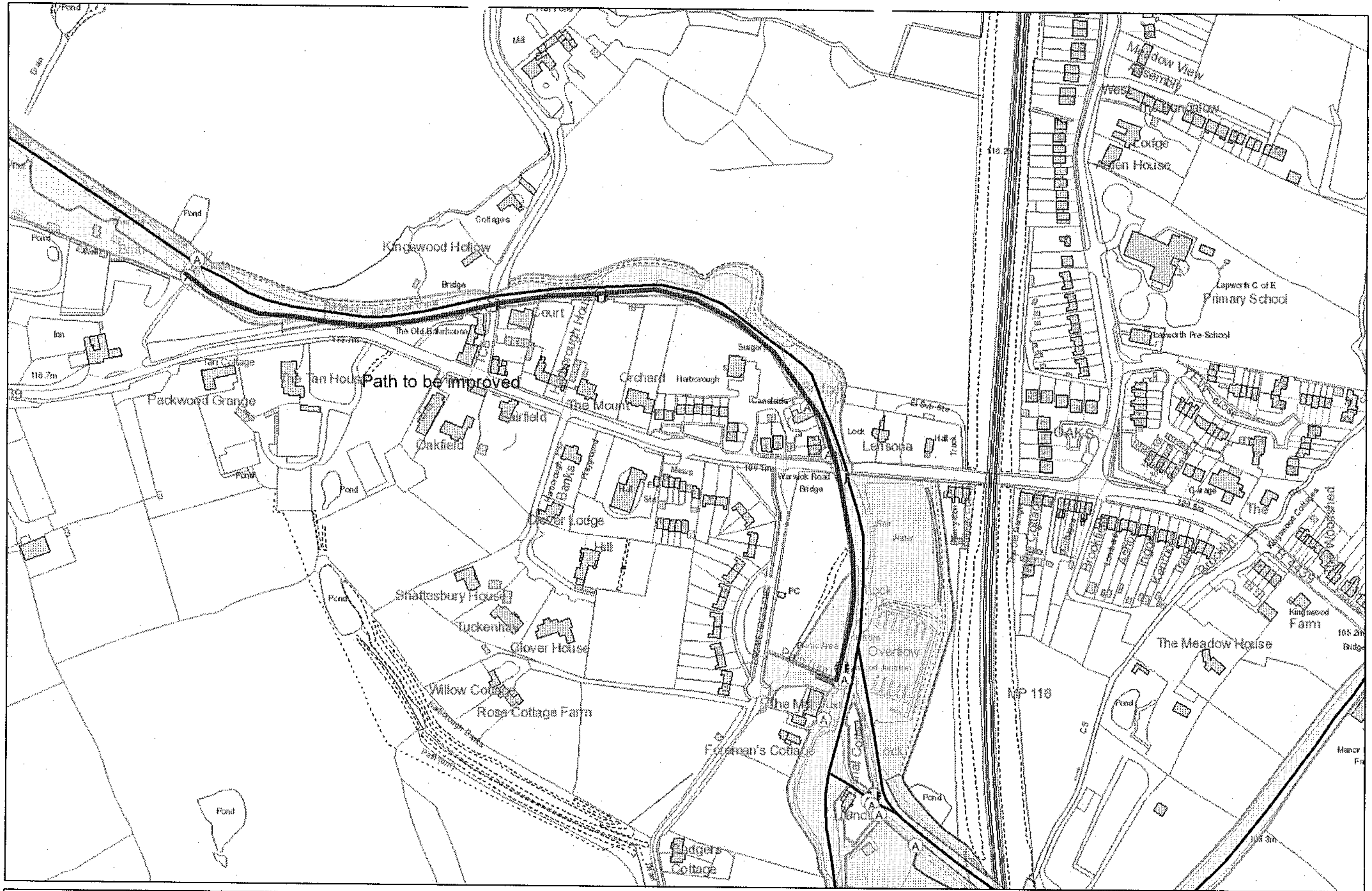
Financial Performance; minus figure = deficit	**Year ended** 31/03/16	**Year ended** 31/03/15	**Year ended** 31/03/14
	-£5.6m	-£3m	-£1.4m

Available Funds (cash and reserves)	**Year ended** 31/03/16	**Year ended** 31/03/15	**Year ended** 31/03/14
	£23.1m	£45.7m	£41.9m

Details of membership, fees etc:	Canal &River Trust issue boat licences to people wishing to use craft on the canal, pedestrians and cyclists are not charged to use the towpaths. Canal & River Trust encourage individuals to join the Trust through its charitable giving scheme but this is voluntary.
Details of usage:	The towpath along the Stratford-on-Avon Canal between Lapworth and Rowington is used by thousands of people each year; the last reliable figures for annual pedestrian usage was 10 years ago in 2006 when over 122,000 pedestrians walked along the Stratford Canal at Lapworth. Visual analysis to-date suggests this number is now higher; the towpath at Lapworth is easily accessible from the village centre, has free car parking and is also near a well connected railway station. The towpath provides exercise combined with the ability for pedestrians to enjoy the amenity of local environment and outdoors.
Details of Organisations equalities policies:	Canal & River Trust have a formal Equality & Diversity Statement (V4FV 18.8.16), the following is a highlight from the policy: "At the heart of our values is a commitment to treat everyone with respect, so that we treat each individual as you would expect to be treated yourself. We will not tolerate discrimination against anyone on the basis of: sex, sexual orientation, race, disability, religion or belief, age, marital or civil partner status, gender reassignment, pregnancy or maternity."
3 quotes provided:	N/A - costs supplied via CCS Government Framework contract for Building Materials & Associated Services RM 3747. Emailed confirmation (10/01/2017) has been received from Rebecca Reading (WDC Procurement Officer) that 3 quotes are not required in this instance; "I can confirm that the Charity Commission is listed under Third Sector and Charities as able to use the framework, and that as the Canal & River Trust is sited under their website link in the notice, they are also able to use the framework. Having spoken to John (Roberts), I can confirm that in this case, as a framework is being used to supply the pricing, no further quotes are needed."
Which of the Council's Corporate Priorities are met?	**Evidence**
Reduce anti-social behaviour	The project will bring more people to the centre of Lapworth and also to the adjacent parish of Rowington. With greater numbers of people visiting the locality the propensity for anti-social behaviour such as vandalism will diminish. The enhancement of the towpath will create an all-year-round activity for a greater diversity of pedestrians and will improve the overall appearance of the area; there is a clear and accepted view that alleviating boredom and the more a place looks tidy and cared for the lower the incidence of problems such as anti-social behaviour.
Reducing obesity, particularly in children	The creation of a longer length of towpath with a higher standard of surface will enable a much greater use by all ages and groups of people including children. The towpath climbs at its northern end by over 62 metres that adds to the aerobic exercise potential that is available when combined with the greater distance of 3.2km in total that will be available to pedestrians. This helps to reduce obesity including within children.

Increase opportunities for everyone to enjoy and participate in sports, arts and cultural activities	The establishment of a stone surfaced and longer length of towpath as the canal goes through the village will attract and enable much greater use by all ages and groups, including older people, individuals with adapted needs and young families. This provides the practical and personal enjoyment of the natural environment in the countryside. The project will enable a greater diversity of pedestrians to utilise the towpath which increases opportunity for the community to enjoy and participate in physical activity.
Engaging and strengthening communities	The project enables investment in a rural facility enjoyed by the local and wider district community and involves the use of volunteers to construct the facility. The local 'Towpath Taskforce" operated by Canal & River Trust enables volunteers from the local community to regularly contribute to the amenity of life in the local community and environment. The enhancement will attract more usage of the towpath and encourage more visitors to Lapworth and Rowington. This will benefit local amenities such as local public houses, the Post Office and general stores. The facility will also be accessible by public transport via the railway station at Lapworth so this enables accessibility to those without the use of a private vehicle. This all helps to engage and strengthen the community.

Total cost of scheme (including VAT where appropriate)	£9,897	
Funded by:		**Status**
Lapworth Parish Council	£980	Approved
Organisations Own Funds	£1,000	Approved
Total RUCIS	**£7,917**	
equates to	**80.0%**	



Canal & River Trust	Pathworks Lapworth	Produced By: JHARRIS Date: 06/12/2016 Scale: 1:2,500 Page Size: A3 N

RURAL/URBAN CAPITAL IMPROVEMENT SCHEME - 8TH FEBRUARY 2017 EXECUTIVE **APPENDIX 4**

Summary of Financial Impact of Approving Scheme

Scheme Description	RURAL	URBAN	SLIPPAGE	TOTAL
Original 2016/17 Budget	£75,000	£75,000	£0	£150,000
6th April Executive				
The Gap Community Centre		-£16,097		-£16,097
Budbrooke Community Association	-£30,000			-£30,000
30th November Executive				
Leamington Cricket Club		-£7,977		-£7,977
Remaining Budget Sub-Total	**£45,000**	**£50,926**	**£0**	**£95,926**
8th February Executive				
SYDNI Centre (proposed)		-£6,361		-£6,361
Canal & River Trust (proposed)	-£7,917			-£7,917
Projects Closed - Underspends and Withdrawn 2016/17				
Warwick Sports Club (209) - Underspend (17th June 2016)			£40	£40
The Gap Community Centre (214) - Underspend (7th July 2016)			£602	£602
Stoneleigh Village Hall (199) - Underspend (11th July 2016)			£708	£708
Total Remaining 2016/17 Budget	**£37,083**	**£44,565**	**£1,350**	**£82,998**