



Title	Draft Business Strategy 2019-2023
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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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	3 rd April 2019
Background Papers	Report as above

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 1,063
Equality & Sustainability Impact Assessment Undertaken	No
Not applicable.	

Officer/Councillor Approval	Date	Name
Chief Executive	2 nd September 2019	Chris Elliott
CMT	2 nd September 2019	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	2 nd September 2019	Mike Snow
Monitoring Officer	20 th August 2019	Andrew Jones (author)
Portfolio Holder(s)	9 th September 2019	Councillor Day
Consultation & Community Engagement		
All Members of the Council to be consulted.		
Final Decision?		No.

1 SUMMARY

- 1.1 The report seeks Executive agreement to a consultation with all Council Members on the draft Business Strategy 2019-2023 and requests that officers seek feedback which can be used to produce a final Strategy for endorsement.

2 RECOMMENDATIONS

- 2.1 That Executive agrees that officers undertake a consultation exercise with all Council Members in respect of the draft Business Strategy 2019-2023 at Appendix A.
- 2.2 That subject to agreeing recommendation 2.1, officers submit a further report to the February 2020 Executive to seek agreement of a Business Strategy 2019-23 which reflects consultation responses to the draft Strategy.

3 REASONS FOR THE RECOMMENDATIONS

- 3.1 At its meeting of 10th July 2019, Executive agreed the Council's programme of work for 2019-2020 following adoption of the Service Area Plans. However, there was recognition that the detail of the strategic direction of the new administration was still being developed:

"Officers are in the process of developing a Council Business Plan with the Plan's strategic direction being steered by the Executive. The Plan is currently at an early stage but will shortly move to draft stage. Once this point has been reached, consultation will take place with Group Leaders and the respective Groups to garner Councillors' views on the document. It is hoped that a consensus can be reached as to the Plan's content."

- 3.2 Work has continued on the development of a Business Strategy (previously referred to as a Business Plan) and the latest draft can be seen at Appendix A to this report. The Strategy has been constructed around five key themes:
- Responding to the Council's Climate Emergency declaration;
 - Transforming the Council's working practices and business processes, utilising technology and enabling digital services to reduce costs;
 - Maximising income by taking a more entrepreneurial approach to income generation and developing new income streams;
 - Investing in the Council's built assets to enhance service delivery and/ or increase the financial return; and
 - Supporting the local economy to produce high quality jobs and increase the prosperity of the District.
- 3.3 At the Council meeting of 27th June 2019, Members voted unanimously to declare a climate emergency. It was agreed that within six months of the vote, an action plan would be produced by a group led by the Portfolio Holder for Business & Environment. The work on this plan has commenced, although given the vastness of its potential scope, outside assistance is being. The outcomes from the work of this group will have a major impact on what the Council does over the coming years but that does not preclude officers from starting on initiatives in advance of the group's report. Therefore, specific ideas have been put forward at this point for Members' consideration.
- 3.4 The next three themes are to some degree inter-related and are proposed in the context of a Council that is providing, and will continue to provide, high

quality services, which has great ambition and a programme of work in-train to enhance the District but which has seen the amount of grant it receives from Central Government now cut to zero. Consequently, the Council must continue to develop the efficiency and effectiveness of its services whilst at the same time maximising the income it receives so that major cost reduction programmes are not needed which could have negative impacts on service delivery.

- 3.5 The fifth theme of supporting the local economy is fundamental to the prosperity of the District and in turn the success of the Council. If the District is attractive to individuals and businesses, investment in the District increases with positive financial consequences for local shops and services. This leads to a positive impact on the Council's income streams such as business rates, council tax, parking income and planning fees all of which can then be re-invested in the delivery of high quality services.
- 3.6 At Section 5 to this report the Council's current financial position and outlook is described. The content of the Business Strategy is designed to increase the resources available to the Council. Should Members agree to the proposed strategic approach then officers will put detail on the programmes of work so that the Business Strategy can be signed-off in tandem with the Budget 2020-21.
- 3.7 Members are therefore asked to consider the draft Business Strategy and discuss the content in their respective Groups. It would be helpful if each Group Leader could nominate a Member to provide feedback to officers on behalf of their respective Group.

4 POLICY FRAMEWORK

4.1 Fit for the Future (FFF)

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

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

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Becoming a net-zero carbon organisation by 2025 Total carbon emissions within Warwick District are as close to zero as possible by 2030	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels

	Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money

4.2 **Supporting Strategies**

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

4.3 **Changes to Existing Policies**

The Business Strategy 2019-23 does not propose any changes to Council policies.

4.4 **Impact Assessments**

Not applicable.

5 BUDGETARY FRAMEWORK

5.1 Details of the Council's Medium Term Financial Strategy (MTFS) is regularly reported to the Executive. This presents Members with the projected shortfall on the General Fund, showing the savings that are needed to be found over the next five years.

5.2 The Spending Review 2019 was recently announced by the Government. Within this, it was confirmed that the Business Rate Retention System will remain unchanged for 2020/21. The Government also announced that a decision had been taken to delay the implementation of 75 per cent business rates retention and the Fair Funding Review until April 2021. With the changes to the Business Rate Retention expected to be to the detriment of the Council, this delay should be to the Council's advantage in the short term. In view of the expected reduction to funding from Business Rate Retention, the Council retains a

Business Rate Retention Volatility Reserve to smooth any potential changes in funding.

5.3 No announcements have been made about the potential referendum limits for council tax increases for 2020/21. These are expected to be consulted upon. The MTFS includes future council tax increases of 3% per annum.

5.4 The MTFS also has the following factored in:-

- Increased costs relating to increases in contract prices from 2021/22.
- Savings from the Covent Garden redevelopment and office re-location from April 2022.
- Savings from changes to the Town Hall from July 2022.

. Any changes to these will impact upon the savings needed to be found.

5.5 The latest MTFS, taking into account all recent updates produce the following additional levels of savings/ increased income needing to be found.

	2020/2 1	2021/2 2	2022/2 3	2023/2 4	2024/2 5
	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Required(+)/Surplus (-) future years	268	709	1,212	1,302	1,128
Change on previous year	268	441	503	90	-174

5.6 In addition to the savings needed from the MTFS, the Council has several on-going costs and liabilities that are funded from specific earmarked reserves. These include:-

- ICT Replacement Reserve
- Equipment Renewal Reserve
- Corporate Assets Reserve
- Public Amenity Reserve

All of these reserves are forecast to be fully depleted in the forthcoming years. Further allocations to these reserves are needed to be made within future considerations of the Council's Budgets if services are to be maintained.

5.7 Within the Quarter 1 Budget Review report, it was highlighted that the Community Projects Reserve and Service Transformation Reserve are both currently exhausted. Again, the Council needs to consider making further contributions to these reserve in the future.

5.8 The Council is expecting to receive New Homes Bonus in 2020/21 in the range £2.7m-£4m. The Council does not use this funding to support the on-going running costs of services. Consequently, this funding has in the past been allocated to one-off projects and reserves. Several projects have already been agreed in principle to be allocated from the 2020/21 NHB. These will need to be considered alongside allocations to reserves and Council priorities, including demands for funding to support the five main themes comprising the Business Strategy.

5.9 Taking into account the savings needed to be found within the MTFS, the forecast depleted reserves, funding commitments agreed in principle and

demand from the new Business Strategy, Members are likely to need to make some significant decisions as part of agreeing the 2020/21 Budget in February.

6 RISKS

- 6.1 The risk in not ultimately adopting a Business Strategy is that the Council has no overarching framework to describe what it is seeking to achieve. This means that there is a lack of coherence to the Council's business and decisions are made with no guiding principles.
- 6.2 Following adoption of the Strategy Risk the Significant Business Risk Register will be updated in line with the Business Strategy. The updating will need to reflect the organisation's appetite for risk inherent in the adoption of the Strategy.

7 ALTERNATIVE OPTIONS CONSIDERED

- 7.1 No alternative options were considered as it is essential that the Council is clear about its priorities and how it will go about achieving them.