

**Council meeting: Wednesday, 24 February 2021**

Notice is hereby given that a meeting of Warwick District Council will be held remotely on Wednesday, 24 February 2021 at **6.00pm** and available for the public to watch via the Warwick District Council [YouTube channel](#).

**Agenda**

**1. Apologies for Absence**

**2. Declarations of Interest**

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

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

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

**3. Minutes**

To confirm the minutes of the meeting of the Council held on:

- (a) 25 November 2020; and
- (b) 7 January 2021

**(Pages 1 to 12)**  
**(Pages 1 to 5)**

**4. Communications and Announcements**

**5. Petitions**

**6. Notices of Motion**

To consider a motion from Councillor Kennedy, to be seconded by Councillor Nicholls, that asks:

That this Council notes that:

1. Warwickshire County Council (WCC) has recently closed a consultation on possible routes for the A46 link road from the A46 Stoneleigh junction to Westwood Heath Road. WCC is also currently consulting on its revised Local Travel Plan.

2. WCC has published 'Healthy Travel Choices in Warwickshire' in which they state "...our goal [is] to achieve a sustainable, healthy and green travel network; where walking and cycling are the primary modes of travel, with private car use of much lower importance."
3. The Department of Transport published 'Gear Change: a bold new vision for cycling and walking' in July 2020 which aims to 'encourage and empower' local authorities to promote active travel plans.
4. The CWLEP has invested in the development of the Coventry Very Light Rail system creating new sustainable means of transport and local green jobs.
5. In June 2019, Warwick District Council declared a Climate Emergency with one of its aims that "total carbon emissions within Warwick District are as close to zero as possible by 2030". Motor vehicles with internal combustion engines are responsible for 40% of all emissions across the District.
6. The impact of the Covid pandemic in 2020 has seen a shift in work patterns towards more home-working and less commuting, with a 73% drop in motor traffic during the height of the lockdown.

That this Council resolves to write to WCC and Coventry City Council as the proposers of the A46 Strategic Link Road calling on them to suspend further development of the scheme until a full re-evaluation of the planning assumptions is made, including but not limited to:

- (a) A reassessment of traffic flow forecasts based on new ways of working and commuting following the pandemic, and a sustainability analysis as mandated for all major new projects by the WDC Climate Emergency.
- (b) A detailed analysis of the potential for enhancing active travel in the area taking into account Department of Transport policy and the emerging Warwickshire Local Travel Plan including the development of plans for a comprehensive cycle network and encouragement of the increasingly popular use of e-bikes for commuting.
- (c) Consideration of fast-tracking the development of the railway station for the University and the early roll-out of the Coventry VLR scheme.
- (d) Coordination with the development of the new South Warwickshire (Warwick and Stratford Districts) Local Plan and with the University of Warwick's new master plan, noting that the University has also declared a climate emergency.

## **7. Leader and Portfolio Holders' Statements**

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

## **9. Setting of the Council Tax 2021/22**

To consider:

- (a) the recommendations from the meeting of the Executive held on 11 February 2021 in Minute 77; and
- (b) the report of the Responsible Financial Officer

**(To follow)**  
**(Pages 1 to 10)**

**10. Housing Rents and Housing Revenue Account Budget 2021/22**

To consider the recommendations from the meeting of the Executive held on 11 February 2021 in Minute 78. **(To follow)**

**11. Executive Report**

To consider an excerpt from the Executive meetings of:

- (a) 10 December 2020; and
- (b) 11 February 2021.

**(Pages 1 to 29)**  
**(To follow)**

**12. Employment Committee**

To consider the report from Employment Committee on 16 February 2021  
**(To follow)**

**13. Amendments to the membership of Committees**

To consider the following changes to membership of Committees as follows:

- To replace Councillor Murphy as a member of Planning Committee with Councillor Grainger;
- To appoint Councillor Murphy as a substitute for Planning Committee;
- To appoint Councillor Grainger as a substitute for Finance & Audit Scrutiny Committee, Licensing & Regulatory Committee and Overview & Scrutiny Committee.

**14. Public & 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 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.

Item Numbers	Paragraph Numbers	Reason
15	1	Information relating to an individual
15	2	Information which is likely to reveal the identity of an individual
15	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

**15. Confidential Executive report**

To consider a confidential excerpt from the Executive meeting on 11 February 2021  
**(To follow)**

**16. Common Seal**

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



Chief Executive  
Published Tuesday 16 February 2021

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For enquiries about this meeting please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ

Telephone: 01926 456114  
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# WARWICK DISTRICT COUNCIL

Minutes of the meeting held remotely on Wednesday 25 November 2020, at 6.00pm which was broadcast live via the Council's YouTube Channel.

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

## 42. Apologies for Absence

Apologies for absence were received from Councillors Morris, Norris and Roberts.

## 43. Declarations of Interest

Item 5 – Petitions

Councillors Cooke, A Dearing, J Dearing, K Dickson, R Dickson, J Kennedy, Illingworth and Milton declared they were Kenilworth Town Councillors and had considered the motion referred to by Kenilworth Town Council within the petition on the agenda for this evening. All confirmed they wished to listen to the debate this evening prior to voting on the petition.

(Councillor Tangri, joined the meeting during this item)

## 44. Minutes

The minutes of the meeting of the Council held on the 2 September 2020 were proposed by Councillor Day, duly seconded by Councillor Cooke and signed by the Chairman as a correct record.

## 45. Communications and Announcements

With the Vice-Chairman led a moment's silence as a mark of respect for the Chairman's wife Angela, who was also his consort, who had passed away.

The Chairman responded in thanking the Council for its support at this time.

The Chairman offered the thoughts and support of the Council to Councillor Roberts and his family at this time.

The Chairman offered the congratulations of the Council; to Councillor Murphy on his recent marriage and to Councillor Luckhurst on the safe arrival of his and his partner's baby.

The Chairman thanked all Warwick District Council staff, Councillors and our partners for their continued efforts in both responding to the Pandemic and continuing to deliver services to the local communities.

#### 46. **Petitions**

The Council received a petition of 1149 signatures, from the Restore Kenilworth Lido Group, that read as follows:

*"At a time when Lidos across the country are growing in popularity it seems a poorly judged and short-sighted decision by Warwick District Council, to close Kenilworth's outdoor pool in Abbey Fields. Outdoor swimming is valuable for both physical and mental wellbeing. As we all try to adapt to the 'new normal' brought about by Coronavirus this must be given high priority. Simply the fact that being outdoors is proven to reduce the risk of contracting or spreading Coronavirus warrants an urgent review of outdoor leisure facilities.*

*Outdoor swimming in Kenilworth is part of the town's history. Abbey Fields Lido was one of the 1st in the country. The current outdoor pool is the furthest from the sea and the only safe public outdoor swimming facility within 30 miles. The pool's heritage is highly valued, but change is in its history. The original pool has already been rebuilt twice and we now have the perfect opportunity to create a lido for today; with the latest chemical free filtering, and the best 21st century design and eco credentials.*

*As well as providing a wonderful community facility Kenilworth Lido would also bring visitors to the town, benefiting the local economy, at a time when we need to do everything we can to keep Kenilworth open for business.*

*We therefore call on Warwick District Council to carry out Kenilworth Town Council's call for WDC to pause the current Kenilworth leisure project and 'create a revised plan'; and this to include a Feasibility Study into the viability of an outdoor pool."*

Judy Brook addressed the Council on the petition.

Councillors, Wright, Milton, J Dearing, R Dickson, Cullinan, Illingworth, A Dearing, Matecki and Grainger spoke on this item.

It was proposed by Councillor Milton and seconded by Councillor R Dickson that the motion be referred to the Executive. On being put to the vote this was lost.

Prior to the vote above a Point of Order from Councillor Milton that Warwick District Council had received a request from Kenilworth Town Council to pause the current Kenilworth leisure project and 'create a revised plan'; and this to include a Feasibility Study into the viability of an outdoor pool, on which the Deputy Chief Executive had responded, after consultation with the Portfolio Holder to saying the District Council did not see the merit to revisit the proposal. The Portfolio Holder for Culture provided a personal explanation in that she did not recall the letter from Kenilworth Town Council seeking a pause but reconsideration of the whole scheme.

It was then proposed by Councillor Grainger and seconded by Councillor Wright that no further action be taken. On being put to the vote this was carried and therefore the petition fell with no further action to be taken.

#### 47. **Notice of Motion**

To Council considered a notice of Motion from Councillor B Gifford seconded by Councillor Syson, that reads as follows:

*“While we all remember the pleasure of firework displays in our childhood, in recent years their nature has changed, becoming as much a spectacle to be heard as one to be seen. The occasions on which people let off fireworks have also become much wider. Unfortunately, very loud fireworks cause great distress to pets and wild animals, and the really loud (up to 150 decibel) fireworks are often used as an anti-social weapon. These explosive fireworks have no place in either public displays or private gardens, and we urge the Government to ban their sale. This would not inhibit the enjoyment of quieter fireworks in public or private spaces.*

*This Council writes to the UK Government urging to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays”*

Councillor Nicholls proposed an amendment that was seconded by Councillor Heath, as follows:

*“This Council:*

- requests that a report is brought to the Executive, before the end of August 2021, on the ability for this Council to require all public firework displays within the local authority boundaries to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people*
- requests that the Executive brings forward proposals actively to promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks*
- will write to the UK Government urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays*
- requests that the Executive writes to Warwickshire County Councillors within Warwick District to consider what action Warwickshire County Council could take to encourage local suppliers of fireworks to stock ‘quieter’ fireworks for public display.”*

Councillor Gifford and Councillor Syson accepted this amendment and therefore the proposed amendment became the substantive motion for Council to debate.

Councillors B Gifford, Nicholls, Heath, Boad, Wright, R Dickson, Matecki, Hales, Cooke, Davison, Skinner, Falp and Syson spoke on this item.

**Resolved** that this Council:

- (1) requests that a report is brought to the Executive, before the end of August 2021, on the ability for this Council to require all public firework displays within the local authority boundaries to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people;
- (2) requests that the Executive bring forward proposals actively to promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks;

- (3) will write to the UK Government urging it to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays; and
- (4) requests that the Executive write to Warwickshire County Councillors within Warwick District to consider what action Warwickshire County Council could take to encourage local suppliers of fireworks to stock 'quieter' fireworks for public display.

(Councillor Heath left the meeting after this item)

#### **48. Leader's & Portfolio Holders' Statements**

There were statements from the Portfolio Holders for: Finance & Business, Councillor Hales; Development, Housing & Property, Councillor Matecki, Councillor Cooke; Environment, Councillor Rhead; Culture & Neighbourhood, Councillor Grainger and the Leader, Councillor Day. These are set out at Appendix 1 to the minutes.

#### **49. Questions to the Leader of the Council & Portfolio Holders**

Councillor Mangat asked the Portfolio Holder for Health & Community Protection I would like to ask Cllr Falp to confirm what work she was leading to connect with the efforts of the police, youth services, and drug treatment services, coordinating that with Warwickshire County Council in particular?

In response Councillor Falp explained that she had been due to meet with Ben Twomey, because he was a candidate for Police and Crime Commissioner, last week but this had been deferred until a meeting in person can take place.

The increase in County Lines activity had been noted during lockdown. There was a proactive partnership working with Warwickshire Police to disrupt activity. Leaflet drops had been carried out to specific locations, joint visits undertaken to vulnerable individuals' addresses and there were high visibility patrols in areas known for dealing.

A partnership group had been formed to monitor, assess and support vulnerable individuals across the Warwick District where their life choices make them a target for criminal exploitation. Over 200 individuals were currently monitored based on police and partner intelligence. Proactive interventions were put in place on those highest risk individuals; this included increased visits by the police and relevant WDC officers as well as contact from local support services.

Awareness raising activity was in development including pre-recorded theatre productions for schools and a Crimestoppers/Fearless campaign commenced on the 16 of November. As of Thursday (19) lunchtime 6400 people had seen/interacted with the Facebook Campaign across the District.

This was combined with the Meaningful Change Leamington which had raised over £600 to date. There were Five contactless donation points installed in Leamington. Donations were being released to fund essential supplies, identification documents and rehab placements for vulnerable individual's identified through our vulnerability group.

Partnership CIAOG's were initiated in response to any major incidents that occurred across the District. This allowed partners to identify community tensions and appropriate responses effectively. Scored action plans were used to monitor progress and to create exit strategies. In 2020, 3 CIAOG's had been held in response to a stabbing and two murders.

Councillor R Dickson asked the Leader if they could provide an update of the response to the 2020 Electoral Register household canvass e.g. how many forms have been returned and where are the response rates lowest by demographic?

In response the Leader explained that this was a matter for the Chief Executive as Electoral registration Officer. The Electoral register is due to be published on 1 December 2020 and the Chief Executive will respond to all Councillors on these points after that day. However, the Chief Executive had advised the Leader the data in respect of the demographics was not collected.

Councillor R Dickson asked the Portfolio Holder for Health & Community Protection that on if they could provide an update as to which site(s) have been agreed by WDC as acceptable for this service?

In response Councillor Falp explained that she was unable to provide the details of the sites because the Council had not been notified, it was anticipated that this information would be circulated to all Councillors later this week.

Councillor R Dickson asked the Portfolio Holder for Business and Finance if the Council would be consulting on the proposed Council Car Parking Charges with the respective Town Council's?

The question was responded to by Councillor Grainger, Portfolio Holder for Culture & Neighbourhood. She explained that there would be consultation after fees and charges had been agreed and the charges will come in later in 2021 rather than January 2021 to allow for this consultation.

Councillor K Dickson asked the Portfolio Holder for Culture & Neighbourhood, when the long term strategic plan for management of the fields would be produced to direct the work being done in the Abbey Fields?

In response Councillor Grainger publicly thanked and acknowledged the constant work that the Friends of Abbey Fields and other volunteer groups do to help maintain this wonderful historic open space. The delay in getting a formal Development Plan for Abbey Fields had been delayed by over a year. The public consultations were completed late in 2019 however due to both Officer absence at WDC, then Covid furloughing of IdVerd staff the whole plan had been delayed.

This work and further consultations regarding the Scheduled Monument Status and further biodiversity work had now been completed. The next step would be several stakeholder meetings to discuss the 10 year draft maintenance plan. She had heard, just this evening, that IDVerde would be contacting the stakeholders to review the draft plan week beginning the 7 and 14 December; with the intention of the plan being agreed by March 2021. She agreed to ensure that Kenilworth Councillors, the Town Council and the Friends of Abbey Fields were kept fully updated.

Councillor Cullinan asked the Portfolio Holder for Health & Community Protection for reassurance that the Council would continue to do everything they could, to help local charities support our residents, in these very difficult and challenging times?

In response Councillor Falp explained that the Council could not directly help charities but had been supporting community centres through grants and officers were processing applications to the economic recovery. Community Development workers were continuing to support community hubs, even during lockdown. Work was underway to reintroduce the poverty forum to help struggling families and setting up network meetings to share information and provide support.

There would be a report to the Executive in December on large grants to organisations to help support communities further.

Councillor Grainger encouraged all to talk with Town Councils as some had established additional grant funding for Charities.

Councillor Boad asked the Leader that, in light of the announcement of free off street car parking in District Council Car Parks for Christmas, had discussions taken place with Warwickshire County Council on the reintroduction of charges afterwards to avoid confusion for with residents?

In response the Leader explained those discussions were ongoing but agreed to inform Councillors.

Councillor Boad asked the Leader of the Council if he had had the opportunity to talk with the Chancellor about growing the economy and using the climate change emergency work to achieve that?

Councillor Day explained that he did not have personal access to the Chancellor and if he did there would be a long list for discussion, but we did have the Mega Lab and trying to take opportunities as they raise. The climate emergency should be used to encourage green business and reinvigorate the economy.

Councillor Weber asked the Portfolio Holder for Business and Finance, that following the disappointment of Diwali lights switch on at 2.00am, with little or no community engagement and promotion, would there be improved plans for 2021?

In response Councillor Hales explained that he had a virtual meeting with the relevant team tomorrow and this was the first item of the agenda to work forward and ensure this did not happen again.

Councillor Davison asked the Leader to provide an update in respect of Council Officers visiting residents homes to deliver services when restrictions were lighter and when some residents were suffering severe hardship?

In response the Leader acknowledged the recognition of Councillor Davison in the excellent and hard work from our officers.

While in lockdown it remained a legal requirement on employers to undertake risk assessments to protect its staff in the workplace, including visits to people's homes. Comparing trade roles is like comparing apples and pears because of the different roles they undertake and the measures therefore required were different. There is a generic risk assessment for Council Officers and control measures they were required to follow. If a service activity is above those standard risks then a further assessment needed to be undertaken. If officers fall into the vulnerable or clinically

vulnerable, then further assessments were required along with dynamic assessments when on site and the Council could not force staff to undertake a visit where they did not believe it could be undertaken safely. The general risk assessment could be shared with Councillors as we should be following these practices and of course all the risk assessments were required to be reviewed to ensure they remain up to date and in line with Government guidelines.

Officers had been innovating to ensure services can continue to be delivered for our residents despite restrictions. He reminded Councillors that evidence of over 82% of transfer being within a households and there was asymptomatic transmission from those who show no symptoms but had it. There were also plans for asymptomatic testing nationally which would further help with planning and service delivery.

In response to two supplementary questions the Leader explained that asymptomatic testing would help to provide dynamic risk assessments to address risk to officer, but reminded that the Council had limited resources and staff needed to be focussed on responding to the pandemic as priority. In respect of which site visits were taking place the Leader agreed to provide details of this to Councillor Davison.

Councillor Jacques asked the Portfolio Holder for Culture & Neighbourhood, what was the rationale for joining the Sherbourne Park scheme at the late stage rather than its inception?

In response Councillor Grainger explained that at that time our waste collection scheme did not fit with the scheme as comingled collection was required. This had now changed with the proposal for waste collection from 2022 which in part recognised that recycled material value has significantly decreased.

There was also the advantage that a significant part of the work to develop the project had been undertaken with the planning application due to be considered in the next few weeks.

Councillor Milton asked the Leader that while it is good to support local business in providing free car parking in the run up to Christmas but in light of the declared climate emergency will he undertake the lead of Kenilworth Town Council would he commit to helping people to find more environmentally friendly ways to travel during this time?

In response Councillor Day, explained he was always in support of such an idea and the Council was bringing forward a number of projects to support long term sustainable transport but will also promote this over the seasonal period.

## 50. **Employment Committee Report**

It was proposed by Councillor Margrave, seconded by Councillor Day

**Resolved** that the report of the Employment Committee of 15 September 2020, be approved.

## 51. **Executive Reports**

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

**Resolved** that the report of the Executive of 17 November 2020, be approved.

## 52. **Licensing & Regulatory Committee Report**

The Chairman of the Council highlighted that an email from officers on this item had been circulated that set out a revision as follows:

Consultation has taken place with the Programme Director for Climate Change and in respect of points 23 to 25 on pages 22 and 23 of item 10, wording should be amended to read as follows:

23. Toughened recycled and recyclable polycarbonate glasses or bottles (or similar compostable/reusable alternative) to be used in the outside areas of the premises.
24. Toughened recycled and recyclable polycarbonate glasses or bottles (or similar compostable/reusable alternative) will be used when requested by Warwickshire Police.
25. Drinks must only be served in toughened recycled and recyclable polycarbonate glasses or bottles (or similar compostable/reusable alternative) containers.

It was proposed by the Councillor Murphy, seconded by Councillor Grey and

**Resolved** that the report of the Licensing & Regulatory Committee of 16 November 2020, with the amendment above, be approved.

## 53. **Common Seal**

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

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

(The meeting ended at 8.52pm)

CHAIRMAN

24 February 2021

**Minute 48 Leader's and Portfolio Holders' Statements****Finance & Business Portfolio****Finance**

We have been working cross party on putting together a budget for 2021-22. I would like to thank all councillors, especially those on the Portfolio Advisory Board for their comments and thank you to Cllr Liam Bartlett for leading on the Board so effectively. Without doubt this will be one of the hardest budgets that any council will have to put together. One where we have to protect the services which are provided to our residents, ensure our council can continue to function to the highest levels that is achieved and appreciated by our residents, and appreciating the real financial pressures that our residents are facing at the moment. We all have to remember that the aim of our council is to make Warwick District a great place to live, work and visit, where we aspire to build sustainable, safer, stronger and healthier communities. I appreciate that we all represent different political parties across the council, but we need to ensure that our residents and businesses are at the forefront of our minds as we continue our discussions over the coming months, as these are the individuals that we all collectively represent.

Congratulations to Mike Snow and all his team in receiving the notification from our external auditors that our accounts have successfully been given a clean bill of health and this has been achieved within the government extended time period. This has been a phenomenal achievement faced in probably the most difficult and challenging circumstances that this council has encountered, and therefore makes this achievement so remarkable and outstanding. I would also like to thank the members of the Finance & Audit Committee for their assistance and especially Chair of the committee Councillor Jonathan Nicholls.

Also the finance team have been working hard in distributing the track & trace payments, and I know from the comments I have received from residents how impressed they have been in the response of the team and the speed of the payment. This payment is being distributed to some of our most vulnerable residents and I would like to thank Andrea and her team for their supreme efforts.

**Grants**

Paul Town and his team have been working round the clock in distributing the payments of the Local Restrictions Support Grant, to businesses who have been forced to close due to the lockdown. I am delighted to announce that to date they have paid over £750,000 to over 460 business across the district and continue to work through other applications. This has been a fantastic effort and I am sure that everyone in this meeting will want to pass their thanks onto Paul and his team.

For the Additional Resources Grant I am delighted to announce that we have already paid £15,000 to business across the region and am working through 375 applications. We were the first council in Warwickshire to have a scheme debated, written and then implemented and this achievement cannot be underestimated, as we are supporting a huge range of individuals, community centres and small businesses who are the lifeblood of this district. I know that the efforts of Gayle Spencer and all her team are truly appreciated by these people and I wanted to place on record my thanks to Gayle for implementing this policy so quickly and getting these funds out to people who desperately require this money.

## **Business**

I am delighted to report that we have had regular engagement with the Chambers of Trade and BID over the last couple of months. I would like to thank Phil Clarke and Martin O'Neill for leading in these discussions. I believe it is vital as a District Council that we work with and support these organisations over the coming months, as we come out of lockdown and support our independent retailers and businesses, who make this area so vibrant. I know the Leader is going to announce a fantastic initiative which I believe shows our commitment to them and I would like to thank him and also the Chambers and BID for their involvement and support of this scheme and all the work they do in supporting our businesses in this present climate.

## **Councillor Hales**

### **Portfolio Holder for Business & Finance**

#### **Development Portfolio**

#### **Authority Monitoring Report:**

We have just published our latest Authority Monitoring report for the year 2019/20. This provides a snapshot of development during the year and includes information on housing and employment development, planning obligations, CIL, and many other areas. A few key figures:-

1,168 new homes were built in Warwick District in the year and we currently have 5.63 years supply of housing land.

Of these homes, 493 were affordable, 42% of all homes built.

17,621 sq m of new employment floor space was completed.

Total section 106 income from developments in the district totalled £9.1m.

#### **South Warwickshire Plan:**

Following approval by Executive, and Stratford District Council's Cabinet in October, progress is being made on starting work on the South Warwickshire Plan. We are looking to bring forward proposals for a joint committee and setting up a joint officer team. The first piece of work will be to scope the South Warwickshire Plan, and work is commencing on that now.

#### **Building Control:**

We are working with Morgan Sindall on a project at Rugby Radio Station, known as Houlton School, and are about to secure the building control work for Kenilworth School. Both of these are £40m projects.

#### **Development Management**

As a wider and more general point, workloads remain demanding in Development Management at the moment, but we are ensuring that we prioritise major new projects such as the recently announced Mega Lab.

## **Councillor Cooke**

### **Portfolio Holder for Development**

#### **Housing Portfolio**

#### **The Triangle**

Work has started on the triangle at Europa Way. This will deliver 54 affordable homes, which will be some of the most environmentally friendly homes we have built. The Properties will benefit from underfloor heating, air source heat pumps and Solar PV units. They should achieve an EPC A rating and will reduce carbon emissions by up to 80%.

## **Homelessness**

In light of the reduced number of rough sleepers on our streets, together with the increased number of approaches the council has received since the start of the Covid crisis, we will be reviewing the approach we take to tackle the many forms of Homelessness. I will provide more details once the review is complete.

## **Allocations Policy**

As you know, and you should all have received a copy, the new revised Allocations Policy has gone out to consultation. The consultation period will end on 7<sup>th</sup> December, so if you have any comments please send them in before the deadline.

## **Councillor Matecki Housing Portfolio Holder**

### **Environment Portfolio**

I am pleased to announce that the People's Inquiry into the Climate Emergency has now met twice, and further meetings will be held either side of the Christmas Holidays. This is an independently facilitated inquiry undertaken by external consultants and will provide the Council with important views from this resident's panel.

I can also announce that the Climate PAB has also met under the chairmanship of Councillor John Dearing and I thank him for his time and expertise in leading this PAB.

We have submitted an application to the Public Section Decarbonisation Fund for engaging consultants to scope the work involved in the installation of heat pumps to replace gas boilers. Once, and if this application is successful, we will then make a further application to fund the actual replacement work.

And finally, every Executive Report now has a section to set out how each report in question addresses the Climate Emergency Action Plan.

I would like to thank Dave Barber who, as the Programme Director, has been working very hard to ensure that our Council does not lose momentum despite the pandemic.

## **Councillor Rhead Environment Portfolio Holder**

### **Neighbourhood and Culture Portfolio**

I would also like to publicly thank all our teams who have worked really hard to keep our parks looking so attractive over this current lockdown, it has really been appreciated by our residents. Similarly, our cleaning teams who as I am sure you have seen in the press had to deal with some horrendous ASB issues within our public toilets, no one should have to be put in such a situation of having to clear up smeared faeces. I'm afraid I just cannot understand such mentality.

On a lighter note, I can confirm that our Leisure Facilities will all be reopening next week however until we know which Tier we will be in Everyone Active cannot confirm exactly what services they will be able to offer.

Despite the current situation work continue a pace as we work toward the CG in 2022, with new path works in Victoria Park. We are also working on another exciting CG event which hopefully I can announce in the New Year – so something to look forward too!

## **Councillor Grainger Neighbourhood and Culture Portfolio Holder**

## **The Leader of the Council**

I welcome the Right Move report 2020 that Royal Leamington Spa was the third best place to live in the United Kingdom.

The Government spending review highlights that while end may be in sight for Covid-19, the economic crisis to follow has just started our spirit of joint working we have developed since May last year. This needs to be maintained and developed to ensure our response is delivered in a timely manner. Our local communities are looking for us to put political differences aside and put the local community first.

We will be working with partners to be in the lowest Tier as possible, but much will depend on which cohort of authorities this Council area is included in, for example, if combined with wider West Midlands, it will be different to being in a group with Warwickshire and Coventry.

Councillors will be well aware of work of merging services and management with Stratford District Council. The creation of a South Warwickshire council would bring a number of opportunities, and a report will be brought forward to this Council as soon as possible but in time to consider it as part of the budget process in February 2021.

I would like to acknowledge and thank Group Leaders for their openness to consider all potential options to enable the Council to set, as required by law, a balanced budget, but also thank the tireless efforts of officers who are working in difficult circumstances through evenings and weekends to support our residents and local communities at this time.

It is Light Up the District this Friday at 5.45pm and I encourage all to participate to provide good cheer for all. However, remember that coming out of lockdown, we need to support local businesses, but we know this needs to be done safely and thank the local chambers of trade and as part of that, we are able to support free parking in town centres for all of December in our District Council Car Parks to help support local businesses.

**Councillor Day**  
**Leader of the Council**

# WARWICK DISTRICT COUNCIL

Minutes of the meeting held remotely on Thursday 7 January 2021, at 6.00pm which was broadcast live via the Council's YouTube Channel.

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

## 54. **Apologies for Absence**

Apologies for absence were received from Councillor J Dearing.

## 55. **Declarations of Interest**

There were no declarations of interest.

## 56. **Minutes**

The minutes of the meeting of the Council held on the 25 November 2020 were not presented to Council and therefore they would be considered by Council on 24 February 2020.

## 57. **Communications and Announcements**

The Chairman offered thoughts and words of support to the District during this lockdown. He explained that the Leader would be making a longer statement on this, but encouraged anyone struggling to reach out to one of the support groups, linked in the description of the broadcast. The Chairman repeated, from previous meetings, his thanks all WDC staff, Councillors and our partners for their continued efforts in both responding to the Pandemic and continuing to deliver services to the local communities.

The Chairman informed Council that there was no business for Item 5, Petitions or Item 6 Notices of Motion.

## 58. **Personal Statement Councillor Grainger**

Councillor Grainger informed Council that she was aware that a tweet, posted on her twitter account, from April 2020, had caused concern. When she was made aware of this in the summer, the matter was considered by the Independent Person and Monitoring Officer. The tweet was posted by her husband and, on balance, the Monitoring Officer felt that as she was not responsible, no further action was required at that time. However, as it appeared she had breached the Council's policy on social media, she asked the Council's Monitoring Officer to once more review the matter.

## 59. **Leader's & Portfolio Holders' Statements**

The Leader Councillor Day explained that in respect of the decision to develop the South Warwickshire Local Plan, a report would be brought to the next Executive meeting in February on the governance arrangements to be put in place that would

enable the Joint Cabinet/Executive to consider specific matters related to the development of the new Plan.

In the meantime, in consultation with Group Leaders, he agreed the terms of reference and working arrangements for the South Warwickshire Plan Advisory Group, which would be a joint member led body with Stratford on Avon District Council. He had asked Democratic Services to share these details with Councillors, which would also be included in the February Executive report.

The South Warwickshire Plan Advisory Group would comprise of ten Councillors; five from Stratford on Avon District Council and five from Warwick District Council. This Council would be represented by Councillors Boad, Davison, Margrave, Rhead and Weber, ensuring that each of the five political Groups were represented.

The Leader also explained that it was disappointing that once again there was a national lockdown, but the Council needed to continue to work together with its communities, taking in learning from previous lockdowns. The Council had taken a number of steps to close facilities as required such, as tennis courts, football pitches and leisure centres. However, the parks remained open, as did cafes in parks, as well as the Town Hall which was providing the post office service. Waste and recycling collections would continue but with additional vehicles. Work would continue to support rough sleepers and those in temporary accommodation. Officers were on standby to start issuing the business lockdown grants for retail, hospitality and leisure sectors as quickly as possible.

Staff were supporting the NHS with vaccination and testing programmes, including working at those sites. Vaccination centres had been established at Heathcote Hospital; Lisle Court, Brunswick Street; and Warwickshire Golf Club.

Officers were continuing to support the community through delivering services where it could.

It was also agreed to deliver all Council, Executive and Committee meetings remotely up to the 7 May 2021, and it was planned to deliver elections safely on 6 May 2021, working with partners to ensure they would be delivered in Covid Safe environment.

#### 60. **Questions to the Leader of the Council & Portfolio Holders**

Councillor Weber asked the Leader regarding the values and qualities of the Leadership of Council, in relationship to a tweet posted by Councillor Grainger. He asked that if the Leader if he could stand by his statement in respect championing the values of equalities, and if he could confirm that Councillor Grainger would have the whip removed and would be stepping down from the Executive?

In response, the Leader recognised the questions of Leadership of the Council and not specifically about the statement by Councillor Grainger. He stated that actions did speak louder than words and this was discussed by Group meeting the previous day. He did not wish to prejudice the work of the Monitoring Officer or Standards Committee. He felt surprised as to the timing of this coming forward during a new national lockdown, and felt that this was little to do with the diversity and the ongoing work, and had far more to do with local election in May and an attempt to undermine the work that had taken place.

In response to supplementary question, the Leader stated that he would look at his own tweets as he was not aware the tweet by Councillor Grainger was on his twitter account and would remove it when he found it.

Councillor Boad asked the Leader regarding vaccinations and whether there was anything this Council could do to help the local health service to help increase local capacity with more venues.

In response, the Chief Executive explained that a nominated officer was liaising with local and national campaigns, including work on community transport to help get people to the centres. Officers were working with primary care trusts and NHS to help bring forward more sites.

Councillor Wright asked the Leader how long the rapid flow testing centre in Cubbington was likely to stay in place.

In response, the Chief Executive explained that at this time nobody was aware how long this would be going forward. However, the focus of testing centre would move towards testing critical workers.

## 61. **Executive Report**

The Leader explained that as part of the formation of a Local Housing Company, considered by the Executive on 10 December 2020, named Council employees were approved to act as Directors. Unfortunately, one of those Directors was no longer in a position to act, and a temporary replacement had been identified in order to permit incorporation of the company, whilst a longer term appointment was considered. In order to give flexibility as to the replacement of the temporary Director in due course, there was a need to make an addition to the Constitution of the Council's Local Housing Company as follows.

He asked that the Council therefore:

- amends Part 3, responsibility for functions, Section 3 Executive Functions, Section(e) external working of the Constitution to include reference to appointments to local housing companies; and
- notes that Lisa Barker and Bill Hunt be appointed as the first Council Directors of the Local Housing Company.

As a result of the above, he was sure that Council would agree that it would not be appropriate for Bill Hunt, as Deputy Chief Executive, to be delegated authority to approve a number of aspects of the loan and its details, as resolved by the Executive. Therefore, he sought Council's approval for himself, as the Leader, to use his Executive powers so that in Resolved Matters, the Deputy Chief Executive (BH) was replaced with Deputy Chief Executive and Monitoring Officer (AJ) to remove any conflict of interest in the decisions that were to be taken. In effect this produced a motion, supported by ten or more Councillors, for the Leader to rescind the decision and of the Executive. Normally this would be brought to the next Executive but in this case, time was of the essence and this resolution would allow the matter to be progressed in a timely manner.

If Council made s that resolution, he would use his authority as Leader accordingly, which would then be reported to the Executive so their minutes of the 10 December meeting could be marked accordingly.

The Head of Finance & Section 151 officer had confirmed that Council did not need to receive a further report to amend the Prudential Indicators. Therefore, based on the above guidance, the Leader proposed the recommendations to Council as follows:

Recommended that:

- a. The capital programme be adjusted to reflect the loan to the LHC funded by Public Works Loan Board (PWLB) borrowing.
- b. Part 3, responsibility for functions, Section 3 Executive Functions, Section (e) external working of the Constitution, be amended to include reference to appointments to local housing companies.
- c. Notes that Lisa Barker and Bill Hunt be appointed as the first Council Directors of the Local Housing Company.
- d. Directs the Leader to use his Executive powers so that in Resolved Matters, the Deputy Chief Executive (BH) is replaced with Deputy Chief Executive and Monitoring Officer (AJ) to remove any conflict of interest in the decisions that are to be taken.

Councillors Day, Matecki, Kohler, Boad, Roberts spoke on this item.

It was therefore proposed by Councillor Day, seconded by Councillor Matecki and

**Resolved** that

- (1) the capital programme be adjusted to reflect the loan to the LHC funded by Public Works Loan Board (PWLB) borrowing;
- (2) Part 3, responsibility for functions, Section 3 Executive Functions, Section (e) external working of the Constitution, be amended to include reference to appointments to local housing companies;
- (3) Lisa Barker and Bill Hunt be appointed as the first Council Directors of the Local Housing Company, be noted; and
- (4) directs the Leader to use his Executive powers so that in Resolved Matters, the Deputy Chief Executive (BH) is replaced with Deputy Chief Executive and Monitoring Officer (AJ) to remove any conflict of interest in the decisions that are to be taken.

## 62. **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 paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

63. **Confidential Appendices to Executive Report of 10 December 2020**

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

**Resolved** that the Confidential Appendices to Executive Report of 10 December 2020 be noted.

64. **Common Seal**

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

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

(The meeting ended at 7.05pm)

CHAIRMAN

24 February 2021



Agenda Item 9(b)

Council  
24 February 2021

**Title: The Setting of the Council Tax for the Area of Warwick District Council 2021/22**

**Lead Officer: Andrew Rollins / Mike Snow**

**Portfolio Holder: Councillor Hales**

**Public report / Confidential report: Public**

**Wards of the District directly affected: All**

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: Yes

Included within the Forward Plan: Yes

Equality Impact Assessment Undertaken: No

Consultation & Community Engagement: No

Final Decision: Yes

Accessibility checked: Yes

**Officer/Councillor Approval**

<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		Chris Elliot
Head of Service		Mike Snow
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Finance		Andrew Rollins
Portfolio Holder(s)		Councillor Hales

## 1. Summary

- 1.1 This report sets the Council Tax for the area of Warwick District, incorporating its own Budget which is borne by Council Tax, along with the precepts from the other authorities within the area.

## 2. Recommendations

- 2.1 That the following, as set out in the General Fund Budget Report (Executive recommendations, 11th February 2021) and 2021/22 Budget Book (forwarded electronically), be approved:-

- (a) the Revenue Budgets for 2021/22
- (b) the Capital Programme for 2021/22

### 2.2 Warwick District Tax Base

The Council notes the following amounts for the year 2021/22, in accordance with regulations made under Section 31B (5) of the Local Government Finance Act 1992:-

- (a) 55,916.75 being the amount calculated, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended, as its council tax base for the year.

<b>Parish / Town Council</b>	<b>Tax Base 21/22</b>
Baddesley Clinton	114.36
Baginton	315.50
Barford, Sherbourne & Wasperton	957.51
Beausale, Haseley, Honiley & Wroxall	352.96
Bishops Tachbrook	2,262.17
Bubbenhall	312.64
Budbrooke	770.19
Burton Green	673.03
Bushwood Not got a Parish Council	14.19
Cubbington	1,496.26
Eathorpe, Hunningham, Offchurch, Wappenbury	327.91
Hatton	929.25
Kenilworth	9,769.03
Lapworth	1,008.37
Leamington Spa	17,221.67
Leek Wootton	517.80
Norton Lindsey	227.89
Old Milverton & Blackdown	173.56
Radford Semele	991.76
Rowington	550.03
Shrewley	420.99
Stoneleigh & Ashow	442.26
Warwick	12,320.89
Weston-under-Wetherley	189.02
Whitnash	3,557.54
<b>Total Warwick District Council Area</b>	<b>55,916.75</b>

- (b) Part of the Council's Area being the amounts calculated, in accordance with regulation 6 of the Regulations as amended, as the amounts of its council tax base for the year for dwellings in those parts of its area.

**2.3 Calculation of Warwick District Council's Council Tax, including parish/town council precepts**

That the following amounts be now calculated by the Council for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended:-

- (a) £90,517,755.13

being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2)(a) to (f) of the Act (Gross Expenditure including parish/town council precepts).

- (b) £78,791,500.00

being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (Gross Income).

- (c) £11,726,255.13

being the amount by which the aggregate at 2.3(a) above exceeds the aggregate at 2.3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year.

- (d) £209.71

being the amount at 2.3(c) above divided by the amount at 2.2(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (Average Warwick District Council Tax, including parish/town precepts).

- (e) £1,836,818.72

being the aggregate amount of all special items referred to in Section 34(1) of the Act (Total parish/town council precepts).

- (f) £176.86

being the amount at 2.3(d) above less the result given by dividing the amount at 2.3(e) above by the amount at 2.2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (Warwick District Council Tax excluding parish/town council precepts).

(g) Part of the Council's Area

being the amounts given by adding to the amount at 2.3(f) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above (3.e) divided in each case by the amount at 2.2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate (Warwick District Council plus parish/town council's Council Tax for each parish/town council at Band D).

<b>Parish / Town Council</b>	<b>Band D 2021 / 22 £</b>
Baddesley Clinton	207.47
Baginton	227.47
Barford, Sherbourne & Wasperton	233.50
Beausale, Haseley, Honiley & Wroxall	198.11
Bishops Tachbrook	232.12
Bubbenhall	234.43
Budbrooke	216.59
Burton Green	204.49
Bushwood	176.86
Cubbington	211.21
Eathorpe, Hunningham, Offchurch, Wappenbury	224.18
Hatton	192.14
Kenilworth	195.69
Lapworth	199.34
Royal Leamington Spa	200.80
Leek Wootton	212.26
Norton Lindsey	220.74
Old Milverton & Blackdown	220.07
Radford Semele	210.74
Rowington	214.00
Shrewley	195.63
Stoneleigh & Ashow	216.90
Warwick	217.65
Weston-under-Wetherley	235.05
Whitnash	242.75

- (h) The amounts shown in Appendices 1 and 1a, attached, being the amounts given by multiplying the amounts at 2.3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Warwick District Council plus parish/town council Council's Tax for each parish/town council for each Band).

## 2.4 **Warwickshire County Council and Warwickshire Police and Crime Commissioner Precepts**

That it be noted for the year 2021/22, Warwickshire County Council and Warwickshire Police and Crime Commissioner have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

<b>Band</b>	<b>Warwickshire County Council £</b>	<b>Warwickshire Police &amp; Crime Commissioner £</b>
<b>A</b>	1,022.34	168.639847
<b>B</b>	1,192.73	196.746488
<b>C</b>	1,363.12	224.853129
<b>D</b>	1,533.51	252.959770
<b>E</b>	1,874.29	309.173052
<b>F</b>	2,215.07	365.386335
<b>G</b>	2,555.85	421.599617
<b>H</b>	3,067.02	505.919540

## 2.5 **Total Council Tax for the District for each Band in each Parish/Town Council**

That having calculated the aggregate in each case of the amounts at 2.3(g) and 2.4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix 2 as the amounts of council tax for the year 2021/22 for each of the categories of dwellings shown.

## **3. Reasons for the Recommendations**

3.1 The Executive papers for 11th February 2021, which all members will have received, contain all the background information on the budget within Item 6, '2021/22 General Fund Budget and Council Tax'. The recommendations in this report combine Warwick District Council's element of the Council Tax, with Council Tax levels agreed by Warwickshire County Council, Warwickshire Police and Crime Commissioner, and the town/parish councils for 2021/22. With all these constituent parts, the Council should now be in a position to set the overall levels of Council Tax for the District.

## **4. Policy Framework**

### **4.1 Fit for the Future**

4.1.1 The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows

the way forward for implementing a significant part of one of the Council's Key projects.

- 4.1.2 The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. Section 4.2 below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

## 4.2 **FFF Strands**

### 4.2.1 External impacts of proposal(s)

People - Health, Homes, Communities – The General Fund aims to support the provision of improved health and wellbeing within cohesive and active communities, housing needs being met for all and impressive cultural and sporting activities / events.

Services - Green, Clean, Safe – Whilst this report does not directly include proposals to address the climate emergency it is expected that the 2021/22 budget, supported by Council Tax, will factor in funding to enable progress towards the Council's ambitions of becoming a net-zero carbon organisation by 2025, and also supporting the District in achieving this target by 2030.

Money- Infrastructure, Enterprise, Employment – The recommendations aim to support a dynamic and diverse local economy, with vibrant town centres, improved performance / productivity of the local economy and increase levels of employment and prosperity.

### 4.2.2 Internal impacts of the proposal(s)

Services - Maintain or Improve Services - Generating income ensures services can invest in modern processes and equipment to meet customer needs and provide the service in an efficient and effective way.

Money - Firm Financial Footing over the Longer Term – Ensuring a better return/use of our assets; full cost accounting; continued cost management; maximise income earning opportunities and to seek best value for money.

## 4.3 Supporting Strategies

- 4.3.1 The proposals within the report are key to supporting the FFF strategy. They ensure the cost of providing services is covered, ensuring full cost recovery where appropriate and allowing the Council to continue to deliver and invest in services going forward.

## 4.4 Changes to Existing Policies

- 4.4.1 There are no changes proposed to existing policies.

## 4.5 Impact Assessments

- 4.5.1 Not applicable.

## **5. Budgetary Framework**

- 5.1 The whole of the Council's budget is concerned with the financing of its priorities. The formal setting of the tax is the arithmetic and technical process of aggregating the council tax levels set for each band by the County Council and the Police and Crime Commissioner with those required by this Council, including parish/town councils. The Chief Financial Officer reports directly to Council in order that the council tax can be set in accordance with section 30 of the Local Government Finance Act 1992.

## **6. Risks**

- 6.1 The Council's Risks, Controls and Mitigations from the proposals are outlined in section 6 of the 11th February Executive Budget Report.

## **7. Alternative Option Considered**

- 7.1 The Council does have discretion over its own element of the Council Tax - further information is contained in section 3.6 of the 11th February Executive Budget Report. However, it has to accept the precepts and associated council tax levels set by Warwickshire County Council, Warwickshire Police and Crime Commissioner and the town/parish councils.

## **8. Background**

- 8.1 Report to Executive 11th February 2021 – 2021/22 General Fund Budget and Council Tax.  
Report to Executive 10th December 2020– General Fund Financial Update WCC and WPCC precepts – received February 2021.  
Parish and town council precepts – received December 2020 – February 2021.

**Budget and Council Tax 2021/22**  
**Calculation of Warwick District Council Element including Special Expenses**

	<b>BAND A</b>	<b>BAND B</b>	<b>BAND C</b>	<b>BAND D</b>	<b>BAND E</b>	<b>BAND F</b>	<b>BAND G</b>	<b>BAND H</b>
	£	£	£	£	£	£	£	£
<b>Warwick District Council</b>	<b>117.91</b>	<b>137.56</b>	<b>157.21</b>	<b>176.86</b>	<b>216.16</b>	<b>255.46</b>	<b>294.77</b>	<b>353.72</b>
<b>PARISH/TOWN COUNCIL</b>								
Baddesley Clinton	138.32	161.37	184.42	207.47	253.57	299.67	345.79	414.94
Baginton	151.65	176.92	202.20	227.47	278.02	328.56	379.12	454.94
Barford, Sherbourne & Wasperton	155.67	181.61	207.56	233.50	285.39	337.27	389.17	467.00
Beausale, Haseley, Honiley & Wroxall	132.08	154.09	176.10	198.11	242.13	286.15	330.19	396.22
Bishops Tachbrook	154.75	180.54	206.33	232.12	283.70	335.28	386.87	464.24
Bubbenhall	156.29	182.34	208.38	234.43	286.52	338.62	390.72	468.86
Budbrooke	144.40	168.46	192.53	216.59	264.72	312.85	360.99	433.18
Burton Green	136.33	159.05	181.77	204.49	249.93	295.37	340.82	408.98
Bushwood	117.91	137.56	157.21	176.86	216.16	255.46	294.77	353.72
Cubbington	140.81	164.28	187.74	211.21	258.14	305.08	352.02	422.42
Eathorpe, Hunningham, Offchurch, Wappenbury	149.46	174.36	199.27	224.18	274.00	323.81	373.64	448.36
Hatton	128.10	149.44	170.79	192.14	234.84	277.53	320.24	384.28
Kenilworth	130.46	152.21	173.95	195.69	239.17	282.66	326.15	391.38
Lapworth	132.90	155.04	177.19	199.34	243.64	287.93	332.24	398.68
Royal Leamington Spa	133.87	156.18	178.49	200.80	245.42	290.04	334.67	401.60
Leek Wootton	141.51	165.09	188.68	212.26	259.43	306.59	353.77	424.52
Norton Lindsey	147.16	171.69	196.21	220.74	269.79	318.84	367.90	441.48
Old Milverton & Blackdown	146.72	171.17	195.62	220.07	268.97	317.87	366.79	440.14
Radford Semele	140.50	163.91	187.33	210.74	257.57	304.40	351.24	421.48
Rowington	142.67	166.45	190.22	214.00	261.55	309.11	356.67	428.00
Shrewley	130.42	152.16	173.89	195.63	239.10	282.57	326.05	391.26
Stoneleigh & Ashow	144.60	168.70	192.80	216.90	265.10	313.30	361.50	433.80
Warwick	145.10	169.29	193.47	217.65	266.01	314.38	362.75	435.30
Weston-under-Wetherley	156.70	182.82	208.93	235.05	287.28	339.51	391.75	470.10
Whitnash	161.84	188.81	215.78	242.75	296.69	350.63	404.59	485.50
<b>Proportion of Band D</b>	<b>6/9</b>	<b>7/9</b>	<b>8/9</b>	<b>9/9</b>	<b>11/9</b>	<b>13/9</b>	<b>15/9</b>	<b>18/9</b>

**Budget and Council Tax 2021/22  
District and Parish/Town Council by Band**

	<b>BAND A</b>	<b>BAND B</b>	<b>BAND C</b>	<b>BAND D</b>	<b>BAND E</b>	<b>BAND F</b>	<b>BAND G</b>	<b>BAND H</b>
	<b>£</b>							
<b>Warwick District Council</b>	<b>117.91</b>	<b>137.56</b>	<b>157.21</b>	<b>176.86</b>	<b>216.16</b>	<b>255.46</b>	<b>294.77</b>	<b>353.72</b>
<b>PARISH/TOWN COUNCIL</b>								
Baddesley Clinton	20.41	23.81	27.21	30.61	37.41	44.21	51.02	61.22
Baginton	33.74	39.36	44.99	50.61	61.86	73.10	84.35	101.22
Barford, Sherbourne & Wasperton	37.76	44.05	50.35	56.64	69.23	81.81	94.40	113.28
Beausale, Haseley, Honiley & Wroxall	14.17	16.53	18.89	21.25	25.97	30.69	35.42	42.50
Bishops Tachbrook	36.84	42.98	49.12	55.26	67.54	79.82	92.10	110.52
Bubbenhall	38.38	44.78	51.17	57.57	70.36	83.16	95.95	115.14
Budbrooke	26.49	30.90	35.32	39.73	48.56	57.39	66.22	79.46
Burton Green	18.42	21.49	24.56	27.63	33.77	39.91	46.05	55.26
Bushwood								
Cubbington	22.90	26.72	30.53	34.35	41.98	49.62	57.25	68.70
Eathorpe, Hunningham, Offchurch, Wappenbury	31.55	36.80	42.06	47.32	57.84	68.35	78.87	94.64
Hatton	10.19	11.88	13.58	15.28	18.68	22.07	25.47	30.56
Kenilworth	12.55	14.65	16.74	18.83	23.01	27.20	31.38	37.66
Lapworth	14.99	17.48	19.98	22.48	27.48	32.47	37.47	44.96
Royal Leamington Spa	15.96	18.62	21.28	23.94	29.26	34.58	39.90	47.88
Leek Wootton	23.60	27.53	31.47	35.40	43.27	51.13	59.00	70.80
Norton Lindsey	29.25	34.13	39.00	43.88	53.63	63.38	73.13	87.76
Old Milverton & Blackdown	28.81	33.61	38.41	43.21	52.81	62.41	72.02	86.42
Radford Semele	22.59	26.35	30.12	33.88	41.41	48.94	56.47	67.76
Rowington	24.76	28.89	33.01	37.14	45.39	53.65	61.90	74.28
Shrewley	12.51	14.60	16.68	18.77	22.94	27.11	31.28	37.54
Stoneleigh & Ashow	26.69	31.14	35.59	40.04	48.94	57.84	66.73	80.08
Warwick	27.19	31.73	36.26	40.79	49.85	58.92	67.98	81.58
Weston-under-Wetherley	38.79	45.26	51.72	58.19	71.12	84.05	96.98	116.38
Whitnash	43.93	51.25	58.57	65.89	80.53	95.17	109.82	131.78
<b>Proportion of Band D</b>	<b>6/9</b>	<b>7/9</b>	<b>8/9</b>	<b>9/9</b>	<b>11/9</b>	<b>13/9</b>	<b>15/9</b>	<b>18/9</b>

**Council Tax Calculations 2021/22 Warwick District Council**  
**Including Warwickshire County Council And Warwickshire Police and Crime Commissioner**

<b>PARISH/TOWN COUNCIL</b>	<b>BAND A</b>	<b>BAND B</b>	<b>BAND C</b>	<b>BAND D</b>	<b>BAND E</b>	<b>BAND F</b>	<b>BAND G</b>	<b>BAND H</b>
	<b>£</b>							
Baddesley Clinton	1,329.30	1,550.85	1,772.39	1,993.94	2,437.03	2,880.13	3,323.24	3,987.88
Baginton	1,342.63	1,566.40	1,790.17	2,013.94	2,461.48	2,909.02	3,356.57	4,027.88
Barford, Sherbourne & Wasperton	1,346.65	1,571.09	1,795.53	2,019.97	2,468.85	2,917.73	3,366.62	4,039.94
Beausale, Haseley, Honiley & Wroxall	1,323.06	1,543.57	1,764.07	1,984.58	2,425.59	2,866.61	3,307.64	3,969.16
Bishops Tachbrook	1,345.73	1,570.02	1,794.30	2,018.59	2,467.16	2,915.74	3,364.32	4,037.18
Bubbenhall	1,347.27	1,571.82	1,796.35	2,020.90	2,469.98	2,919.08	3,368.17	4,041.80
Budbrooke	1,335.38	1,557.94	1,780.50	2,003.06	2,448.18	2,893.31	3,338.44	4,006.12
Burton Green	1,327.31	1,548.53	1,769.74	1,990.96	2,433.39	2,875.83	3,318.27	3,981.92
Bushwood	1,308.89	1,527.04	1,745.18	1,963.33	2,399.62	2,835.92	3,272.22	3,926.66
Cubbington	1,331.79	1,553.76	1,775.71	1,997.68	2,441.60	2,885.54	3,329.47	3,995.36
Eathorpe, Hunningham, Offchurch, Wappenbury	1,340.44	1,563.84	1,787.24	2,010.65	2,457.46	2,904.27	3,351.09	4,021.30
Hatton	1,319.08	1,538.92	1,758.76	1,978.61	2,418.30	2,857.99	3,297.69	3,957.22
Kenilworth	1,321.44	1,541.69	1,761.92	1,982.16	2,422.63	2,863.12	3,303.60	3,964.32
Lapworth	1,323.88	1,544.52	1,765.16	1,985.81	2,427.10	2,868.39	3,309.69	3,971.62
Royal Leamington Spa	1,324.85	1,545.66	1,766.46	1,987.27	2,428.88	2,870.50	3,312.12	3,974.54
Leek Wootton	1,332.49	1,554.57	1,776.65	1,998.73	2,442.89	2,887.05	3,331.22	3,997.46
Norton Lindsey	1,338.14	1,561.17	1,784.18	2,007.21	2,453.25	2,899.30	3,345.35	4,014.42
Old Milverton & Blackdown	1,337.70	1,560.65	1,783.59	2,006.54	2,452.43	2,898.33	3,344.24	4,013.08
Radford Semele	1,331.48	1,553.39	1,775.30	1,997.21	2,441.03	2,884.86	3,328.69	3,994.42
Rowington	1,333.65	1,555.93	1,778.19	2,000.47	2,445.01	2,889.57	3,334.12	4,000.94
Shrewley	1,321.40	1,541.64	1,761.86	1,982.10	2,422.56	2,863.03	3,303.50	3,964.20
Stoneleigh & Ashow	1,335.58	1,558.18	1,780.77	2,003.37	2,448.56	2,893.76	3,338.95	4,006.74
Warwick	1,336.08	1,558.77	1,781.44	2,004.12	2,449.47	2,894.84	3,340.20	4,008.24
Weston-under-Wetherley	1,347.68	1,572.30	1,796.90	2,021.52	2,470.74	2,919.97	3,369.20	4,043.04
Whitnash	1,352.82	1,578.29	1,803.75	2,029.22	2,480.15	2,931.09	3,382.04	4,058.44
<b>Proportion of Band D</b>	<b>6/9</b>	<b>7/9</b>	<b>8/9</b>	<b>9/9</b>	<b>11/9</b>	<b>13/9</b>	<b>15/9</b>	<b>18/9</b>

# Executive

Excerpt of the minutes of the meeting held remotely on Thursday 10 December 2020 at 6.00pm, which was broadcast live via the Council's YouTube Channel.

**Present:** Councillors Day (Leader), Cooke, Falp, Grainger, Hales, Matecki and Rhead.

**Also Present:** Councillors: Boad (Liberal Democrat Group Observer), Davison (Green Group Observer – late arrival), Mangat (Labour Group Observer), Milton (Chair of Overview & Scrutiny Committee) and Nicholls (Chair of Finance & Audit Scrutiny Committee).

## 62. **Declarations of Interest**

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

### **Part 1**

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

## 63. **Council Tax Section 13A(1)(c) Policy**

The Executive considered a report from Finance seeking approval for a policy to be introduced, in order to provide clear instructions and guidance when dealing with an application for discretionary relief to Council Tax, and to satisfy the Council's requirements to hold such a policy for Section 13A(1)(c).

Section 13A(1)(c) of the Local Government Finance Act 1992 allowed a billing authority to reduce the Council Tax payable, after taking into account any discounts, disregards, reliefs and exemptions. It could be used for individual cases, or the Council could determine classes of case in which liability was to be reduced.

All billing authorities were required to have a policy for this scheme and Warwick District Council did not hold a policy for this. The proposed Policy looked to support only the most vulnerable and those in severe financial difficulties. This was proposed recognising not only the current financial challenges faced in the community, but also those faced by the Council, because any relief awards would be at a cost to the Council.

In the absence of a policy previously, requests for support had been minimal. These were considered on their own merits, and where necessary, a report was taken to the Executive for approval. This had only happened once and WDC never had any other cause to award or consider relief using this discretionary power. However, it was felt that it was appropriate to set a clear policy to guide decisions, should they be required.

Recommendation 2 in the report was included to ensure that explicit authority was in place for the scheme to be implemented.

In terms of alternative options, there were none because under Section 13A(1)(c) of the Local Government Finance Act 1992, it was a statutory requirement for the Council to have a Council Tax Discretionary Reduction.

There was the option to change the wording on the policy, however, the policy designed was in line with those of other Councils and provided the ability for the relevant officers to make a sound decision when considering any applications.

Councillor Hales, the Portfolio Holder for Finance and Business, thanked the Exchequer Manager for his time and effort, and he proposed the report as laid out.

**Recommended to Council that**

- (1) the Council Tax section 13a Discretionary Relief Policy Statement, as set out at Appendix 1 to the report, be approved; and
- (2) authority be delegated to the Head of Finance to provide discretionary relief, as set out within the Council Tax Section 13a Discretionary Relief Policy Statement at Appendix 1 to the report.

(The Portfolio Holder for this item was Councillor Hales)  
Forward Plan Reference 1,155

**66. Climate Emergency Action Programme (CEAP) Review 2020**

At the beginning of this item, the Leader informed Members that, following advice from officers, this report was, in fact, a Part 1 item, because any changes to the Procurement Code of Practice needed to be considered by Council.

The Executive considered a report from the Programme Director for Climate Change. In light of the fact that circumstances had prevented the Council Tax referendum taking place in May 2020, the report reviewed the Climate Emergency Action Programme (CEAP) and specifically established the short term priorities for the Council in response to the Climate Emergency. It also set out the process for establishing the pathway to achieve a carbon neutral District by 2030. Linked to the CEAP, the report also sought agreement for the principle of working jointly with Stratford District Council on the response to the Climate Emergency. Finally, it sought approval for some amendments to the Procurement Strategy and Code of Practice and agreement to support the ADEPT blueprint.

Following the Declaration of a Climate Emergency in 2019, the Council considered and, subject to a successful Council Tax referendum, unanimously supported a Climate Emergency Action Programme (CEAP) in February 2020. As the Council Tax referendum did not take place in May 2020, it was necessary to review the CEAP proposals. Appendix 1 to the report set out proposals for the priority actions through until June 2021. This ensured momentum continued with regard to the Council's climate change ambitions, and in particular, included the programme of work that was required to establish the Council's and District's carbon reduction pathway and the detailed Climate Change Programme for the period 2021 to 2025.

As part of the priority actions set out in Appendix 1 to the report, there were a number of proposals that would require funding during the current financial year. Recommendation 1 sought agreement to utilise up to £60,000 from the contingency reserve to support that work. The focus of this funding was for two proposals:

- 1) Appointing consultants to utilise the SCATTER carbon emissions tool to undertake an analysis of the District's carbon emissions to develop a detailed carbon reduction "pathway", to help the Council identify which interventions would have the greatest potential to reduce carbon emissions by 2030, in line with the Council's ambition for the District to be "as close as possible to carbon neutral by 2030". It was anticipated that this would cost up to approximately £20,000. Subject to Stratford District Council's agreement and funding, there was potential for this study to be undertaken across the whole of South Warwickshire to inform a joint work programme.
- 2) Undertaking a high level feasibility study to assess the potential to invest in low carbon energy generation infrastructure in the District (or more widely across South Warwickshire) such as a hydrogen hub, solar farm and/or district heating. It was anticipated this would cost in the region of £40,000. Depending on the extent to which the study would encompass and benefit Stratford District, it was possible the costs to Warwick District Council would reduce if Stratford District Council were able to make a contribution to the study.

The programme of work set out in Appendix 1 to the report was designed to maintain momentum until a more detailed and resourced Action Programme was put forward. It was expected that this would be reported for consideration in the first quarter of 2021/22. However, in the event that the Action Programme was shared with Stratford District Council, the exact date for this was dependent on agreeing timescales with Stratford District Council. This longer term action programme would draw on four key elements to ensure it was effective in delivering carbon reduction. Specifically, the Carbon Reduction pathway to 2030 for the District (and potentially, subject to the outcomes of recommendation 4, the whole of South Warwickshire) and the associated 2021 to 2025 Action Programme would respond to:

- 1) the level of resource that was established through a Carbon Action Fund, including any funding directly agreed by the Council in its 2021/22 budget, funding that may be provided from Stratford District Council in the event that joint work arrangements for the Climate Emergency were agreed and any external funding such as grants and other funding mechanisms such as Community Municipal Investment Bond;
- 2) the recommendations of the SCATTER pathway study would show the interventions which would most quickly and most effectively achieve carbon reduction in the District (and potentially South Warwickshire) to get as close as possible to zero carbon by 2030;
- 3) the recommendations of the People's Inquiry into Climate Change would provide valuable insights into how people from across the District thought climate change should be addressed; and
- 4) the potential for joint working with Stratford District Council, providing opportunities to develop a South Warwickshire Climate Emergency Action Programme and to invest in projects which would have an impact

across the whole of South Warwickshire with the potential for improvements in economies of scale and funding opportunities.

It had been agreed in principle to explore closer working with Stratford District Council across a range of services. There was potential to apply that principle to the work associated with the Climate Emergency declarations that both Councils had made. Recommendation 4 proposed that the Programme Director for Climate Change was shared across the two Councils, and that a joint strategic plan should be developed to address climate change across the whole of South Warwickshire. Discussions with Stratford District Council had started and there was emerging agreement to the principle of this arrangement. This recommendation sought to formalise that principle, and Stratford District Council would take a report to their Cabinet in January 2021, seeking a similar agreement in principle. Having established the principle, more detailed work was undertaken to put in place the financial and practical arrangements to enable this to happen. This included arrangements to:

- 1) share the costs of the Programme Director role and any other costs that were agreed to be within the scope of the joint arrangements. It was noted that discussions to date suggested Stratford District Council were in a position to commit financial resources to the shared work, although the scale and nature of this was the subject of the detailed discussions;
- 2) coordinate how financial resources for the Climate Emergency (such as the Climate Action Fund) were utilised to achieve maximum benefits;
- 3) adopt a shared Climate Emergency strategy or action programme in line with recommendation 3; and
- 4) put in place the political and management structures to support the delivery of the ambitions of both Councils in relation to climate change.

To enable momentum to be maintained, it was proposed that the detail of the arrangements set out in paragraph 3.4 of the report should be delegated to the Chief Executive, in consultation with the Section 151 Officer and the Leader of the Council to agree. It was noted that the shared arrangements may include a joint Members Advisory Board, similar to that proposed for the South Warwickshire Local Plan. As a result of recommendation 4, the role and membership of the Climate Emergency PAB would need to change. At this stage, no other changes to the responsibilities and powers of formal Council Committees were proposed. In addition, a meeting of the Employment Committee was arranged in early 2021 to put in place the necessary employment arrangements.

The CEAP that was considered by Executive in February and proposed that the Procurement Strategy and the Code of Procurement Practice were updated to reflect the declaration of a Climate Emergency. These proposed amendments to those documents were shown in Appendices 2 and 3 to the report.

Proposals to develop a Climate Action Fund (CAF) were brought forward as part of the 2021/22 budget setting report. The CAF was used to support the delivery of priority initiatives proposed in the CEAP refresh. The scale of the proposed fund was determined in the context of a full understanding of the budgetary position and other demands on the Council's finances. Given the inability to hold a Council Tax referendum in May 2020, the scale of the CAF was likely to be significantly smaller than had been anticipated when

the CEAP was considered in February 2020. Therefore, as part of the CEAP refresh, proposals were developed to utilise the CAF in a way that had the potential to lever additional sources of funding and/or generate an income that would enable the fund to grow over time. Crucially, proposals focused on projects that had the potential to deliver significant carbon savings, in line with the People's Inquiry recommendations and the preferred carbon reduction pathways. In the event that recommendation 4 was supported, discussions would take place with Stratford District Council regarding the potential for similar contributions to be made by them.

A national coalition of Council organisations, environment groups and others had been formed to make a concerted push to secure more powers and resources for local authorities to deliver on climate change. This coalition had developed a blueprint for the changes needed, drawing on inputs from Councillors and Council officers, gathered through conferences and seminars organised by the LGA and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) and through other networks. The blueprint was not intended to be the final word, but rather, a starting point for constructive and meaningful discussion with the Government. Specifically, this coalition asked Councils to indicate broad support for five priorities as a good basis to hold discussions with the Government about the role of local authorities and other local actors. The five priority recommendations were:

- 1) invest in low-carbon and climate-resilient infrastructure including public transport, renewable energy and electric vehicle charging;
- 2) support reskilling, retraining and research to accelerate the move to a net-zero economy;
- 3) upgrade our homes to ensure they were fit for the future;
- 4) make it easy for people to walk, cycle, and work remotely; and
- 5) accelerate tree planting, peatland restoration, green spaces and other green infrastructure.

Recommendation 7 sought agreement for the Council to formally support these.

In terms of alternative options, the possibility of not seeking agreement for an interim CEAP ahead of a full refresh was considered. However, this would mean that the Council's climate emergency work until June 2021 would be undertaken within an uncertain context. The proposals for an interim Action Plan to June 2021 provided clarity about the immediate way forward.

The possibility of not funding the studies proposed in paragraph 3.2 of the report until the 2021/22 budget had been approved was considered. However, the studies proposed were considered necessary in the short term to enable the development of a full CEAP refresh in the first quarter of 2021/22. The proposal to fund this now, reflected the emergency that had been declared, enabled progress to be made more rapidly during 2021 and also helped the Council to position itself better, should external funding opportunities become available over the coming months.

Whilst it was necessary to refresh the CEAP in 2021, it was possible to delay the date of this to allow more time, and this was necessary in the context of developing a joint approach with Stratford District Council.

However, efforts were made to avoid this as it was inconsistent with the declaration of a Climate Emergency. It was also possible to utilise inputs that were different from those detailed in paragraph 3.3 of the report, to inform the development of the CEAP. However, the commitment to place a strong emphasis on the People's Climate Inquiry was important as the CEAP needed to draw on a good understanding of the issues and barriers residents faced in changing behaviours associated with climate change. Furthermore, the People's Inquiry was likely to generate valuable ideas and recommendations for the Council which helped to shape our plans. The CEAP refresh also needed to draw on a detailed understanding of data and the resources available to deliver it. For these reasons, the inputs proposed in paragraph 3.3 of the report were considered to be necessary for the development of an effective CEAP.

The Council could choose not to work jointly on the Climate Emergency with Stratford District. This would have the advantage of being able to focus efforts specifically on Warwick District. However, this was not recommended as the proposal for joint working brought significant potential benefits in sharing resources, looking more widely and strategically (recognising that climate change impacts did not stop at District boundaries), increasing opportunities to attract funding and using synergies to develop interventions which had a greater impact. Furthermore, the joint approach proposed was entirely consistent with the already established ambitions of both Councils, and in that context it was expected that in working up the details, any issues around setting priorities could be managed.

The Overview & Scrutiny Committee supported the Climate Emergency Action Plan being an item in the Council's proposed budget for next year. It suggested that a "Plan for Good News" should be established to ensure residents could appreciate achievements. There was a general desire that the Council aimed high at the start of new projects and this should be set out as an ambition from the outset.

Councillor Rhead thanked the Overview and Scrutiny Committee for their positive discussion during their meeting. He then proposed the report as laid out.

**Recommended** to Council that the Procurement Strategy, as shown in Appendix 2 to the report, and the Code of Procurement Practice, as shown in Appendix 3 to the report, be amended to reflect the Council's Climate Emergency Declaration.

**Resolved** that

- (1) the action plan set out in Appendix 1 to the report, be agreed as the Climate Emergency Action Programme priorities for the period until June 2021 or until such time a full CEAP refresh has been agreed;
  - (2) £60,000 from the contingency reserve to support the CEAP priorities, as detailed in Appendix 1 to the report, and in paragraph 3.2 of the report,
- Item 11a / Page 6

be agreed;

- (3) a further report will be considered by the Executive in the first quarter of 2021/22 setting out the pathway towards a carbon neutral District by 2030 and a carbon neutral organisation by 2025, along with a resourced action plan for the period 2021 to 2025, be noted;
- (4) working jointly with Stratford District Council on a programme of work to address the Climate Emergency across the whole of south Warwickshire, including sharing the post of Programme Director for Climate Change, and that joint structures to bring forward the shared programme of work are put in place alongside the practical, HR and financial arrangements required, be agreed in principle, and this authority be delegated to the Chief Executive in consultation with the Leader of the Council and Head of Finance;
- (5) proposals to create a Climate Action Fund (CAF), be included within the February 2021 Budget report, when there will be more clarity over the Council's overall funding and priorities to be met from the 2021/22 Budget; and
- (6) the Council formally supports the five priority recommendations calling for powers and resources to enable local authorities to address the Climate Emergency, as proposed in the ADEPT blueprint.

(The Portfolio Holder for this item was Councillor Rhead)  
Forward Plan Reference 1,153

(The meeting ended at 7.22pm)



## Council tax section 13a discretionary relief policy statement

## SECTION 13A SCHEME

The Council is aware of its duties and powers in accordance with section 13A of the Local Government Finance Act 1992 as amended by section 76 of the Local Government Act 2003. This policy sets out how the Council will use its powers and the criteria that must be satisfied.

Section 13A(1)(c) of the Local Government Finance Act 1992 empowers a billing local authority as follows:

- (1) Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.
- (2) The power under subsection 1) above includes power to reduce an amount to nil.
- (3) The power under subsection 1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

## DISCRETIONARY RELIEF SCHEME

When determining an application consideration will be made to:

- Any application should be one of last resort and any entitlement to council tax support, discounts or exemptions must have been explored prior to an application being made.
- There must be evidence of hardship or personal circumstance that justifies a reduction in Council Tax Liability
- Applications will only be granted in **exceptional or unforeseen circumstances** that threaten a taxpayer's ability to discharge their liability for council tax and may threaten their ability to stay in their home. For example, but not limited to; a flood or fire which means you are unable to live in the property or where a council tax payer faces sudden financial hardship they could not have expected.
- The Council Taxpayer must not have access to assets or savings that could be realised and used to pay Council Tax
- If the Council Tax account is in arrears, the Council must be satisfied that non-payment was not due to wilful refusal or culpable neglect to pay the Tax.
- The payment record history of the Council Taxpayer
- Relief will only be applicable to the council tax payer's primary home, The Council will consider applications on both occupied and unoccupied properties as long as the property that is applying for the relief is the rate payers main home, main residence. For example, a ratepayers main home has been subject to fire or flood and they have had to move to a temporary residence. We will not accept applications for relief on second homes or properties that are let out to tenants.
- There is a financial implication to awarding discounts under S13A as the Council has to fund the cost of all awards from its own resources.

Therefore, awards must meet the underlying principle of offering value for money to council taxpayers within the District.

### AWARDING A SECTION 13A RELIEF

In deciding whether to make a Section 13A award we will have regard to the applicant's circumstances. In order to do this each applicant may be asked to supply reasonable supporting evidence. This may include, but is not limited to:

- Income & expenditure statements including details of any savings or capital
- Utility and household bills
- Medical evidence
- Sources of credit such as credit cards, loan arrangements and overdraft facilities.

### AMOUNT OF RELIEF

The amount of relief to be awarded will be at the Council's discretion, and will take into consideration the amount of debt and the extent to which the guidelines are met.

### AWARD PERIOD

The relief will only be granted to a maximum of the end of the tax period to which it is claimed and will not automatically continue to reduce a future year's liability. The relief is intended as short-term assistance only and should not be considered a way of reducing the council tax long term.

All awards will be made by crediting the award value to the council tax account to which it applies. If this credit results in a refund being due the Council will consider these in the usual manner.

### HOW TO CLAIM A DISCRETIONARY RELIEF

Application forms will be provided to customers, upon request (Appendix 1). The form will also be available online via Warwick District Council's website. It will be the sole responsibility of the customer to complete and return the application form along with all supporting evidence.

Where information or evidence requested has not been received within **one calendar month** the Council will determine the application on the basis of the evidence and information on its possession. The Council may refuse to award discount where lack of this information and evidence does not enable the Council to reach an informed decision regarding the applicant's circumstances.

### NOTICE OF DECISION

Applications will be reviewed, and decisions on awards will be made by the Revenues & Recovery Manager in the Revenues team. The Council will notify a customer of its decision in writing within **14 days** of receiving sufficient information to make a decision or as reasonably practicable. Where the request for a Section 13A Discount award is unsuccessful or not met in full the Council

will explain the reasons why the decision was made, and explain the applicant's right of appeal.

## REVIEW PROCESS

Section 13A awards are administered under Local Government Finance Act 1992 and are subject to a statutory appeals process. However, in the first instance the Council will accept a taxpayer's request for a reconsideration of a decision where the Council has not awarded a discretionary relief or where the tax payer feels the award should be increased.

Requests for reconsideration should be:

- Made in writing to the Warwick District Council's Council Tax department or via email to [ctax-recovery@warwickdc.gov.uk](mailto:ctax-recovery@warwickdc.gov.uk)
- Received within **21 days** of receipt of the initial decision for the discretionary relief
- Signed (or digitally signed on an email) by the applicant or their authorised representative
- Include full reasons for the reconsideration request.

Upon receipt of a request for reconsideration the Council's Exchequer Manager will consider whether the customer has provided any additional information against the criteria to justify a change in decision.

The Council will notify a customer of its decision within **21 days** of receiving a request for reconsideration. If after receiving a reconsideration decision, a customer still disputes the decision, they can appeal to the Valuation Tribunal. The Tribunal will consider these appeals on their merits and is not restricted to inquiring whether the billing authority has exercised its discretion lawfully and reasonably. The Tribunal may substitute its view for that of the authority.

## OVERPAYMENTS

If the Council becomes aware that the information contained in an application for a S13A discount award was incorrect or that relevant information was not declared, either intentionally or otherwise, the Council may seek to recover the value of any award made as a result of that application. Where this is the case, the award will be removed from the relevant council tax account and any resulting balance will be subject to the normal methods of collection and recovery applicable to such amounts.

## FRAUD

The Council is committed to the fight against fraud in all its forms. Any applicant who tries to fraudulently claim a S13A discount might have committed an offence under the Fraud Act 2006.

If the Council suspects that fraud may have occurred, the matter will be investigated as appropriate and this could result in criminal proceedings.

## EQUALITIES STATEMENT

Warwick District Council is committed to equality and fairness. Equality is about ensuring that people are treated fairly, given fair chances and to ensure equality of opportunity for all within the district; especially equality of access to the services we provide across different members of our communities. It is also about ensuring that people receive fair outcomes in the standard of service they receive from the Council. This incorporates everyone, regardless of their race, gender, age religion or belief, sexual orientation, marital or civil partnership status and/or disability in line with the principles set out in the Equalities Act 2010.

## POLICY REVIEW

The policy will be reviewed annually, or sooner if appropriate, to take account of operational adjustments and or changes to legislation.

# APPENDIX 1 – APPLICATION FORM FOR ASSISTANCE UNDER SECTION 13A

## YOUR DETAILS

Council tax account reference number:

Title:

Surname:

First name:

Date of birth:

Full postal address (including postcode)

Telephone number:

Email address:

Address of property for which this reduction is being applied for (including postcode):

If someone else is helping you to complete this form, please give their details:

Their surname:

Their first name:

Their full address including postcode:

Their telephone number:

Their relationship to you:

### YOUR CURRENT CIRCUMSTANCES

To help us make a decision we need information about your current financial circumstances and what in particular has caused you hardship. For each answer, if you have any documents to support the information you have provided, please provide it with this form. Please answer each question with as much detail as you can.

Do you own any other properties? If so please provide the addresses:

Have you applied for council tax support, if not, why not ?

Is the property undergoing any major structural works?

Is the property occupied? If not by you, please provide the occupants details:

What are the current circumstances which are causing you hardship?

How long do you expect these circumstances to continue?

What have you done to improve the situation?

Are you receiving any financial support or assistance from any other sources? If yes please provide full details:

Please provide any additional information that you think will support your application:

**Please provide proof or any supporting documents with your application. Without this we will be unable to make a decision on your application.**

STATEMENT OF INCOME AND EXPENDITURE

PLEASE PROVIDE DETAILS OF ANYONE ELSE THAT LIVES WITH YOU AT YOUR ADDRESS:

DETAILS OF ANYONE ELSE THAT LIVES WITH YOU 1

Name	Date of Birth	Relationship to you

PLEASE PROVIDE DETAILS OF ALL INCOME FOR YOU AND YOUR PARTNER IF YOU HAVE ONE:

INCOME DETAILS FOR YOU AND YOUR PARTNER 1

Type of income	You (per month)	Your partner (per month)
Wages		
Job seekers allowance (JSA)		
Employment support allowance (ESA)		
Incapacity Benefit		
Income Support		
Universal credit		
Working tax credits		
Child tax credits		
Child benefit		
Pension credit		
Saving credit		
Maintenance payments		
Disability Living allowance		
Any other income		

**Please send in proof of all income listed above. Without this we will be unable to make a decision on your application.**

PLEASE PROVIDE DETAILS OF ALL EXPENDITURES FOR YOU AND YOUR PARTNER COMBINED (IF YOU HAVE ONE):

## EXPENDITURE DETAILS COMBINED 1

Type of expenditure	Amount per month
Rent/Mortgage	
Council Tax	
Water rates	
Gas	
Electric	
Food/Household expenses	
Tv licence	
Building and contents insurance	
Telephone bills (including mobile phone bills)	
Sky or cable television	
Internet or broadband	
Car payments	
Car insurance	
Car fuel costs	
Other travel expenses	
Medical/medication bills	
Clothing	
Credit card repayments	
Loan repayments	
Store card repayments	
Hire purchase agreement repayments	
Socialising (including tobacco costs)	
Child care	
Child maintenance	
Student loans	
Any other insurance (Life, ill health etc)	
Any other expenditure please specify below:	
1:	
2:	
3:	
4:	
Total expenditure	

**Please send in proof of all expenditure listed above. Without this we will be unable to make a decision on your application.**

## DECLARATION:

I declare that the information I have given on this form is true and correct. I understand that I may be prosecuted if I try to get a Council Tax Hardship Reduction / Relief dishonestly. I authorise Warwick District Council to make enquiries necessary to verify the details I have given on this form.

Appendix 1 to Minute Number 63

Your signature:

Date:

**Appendix 1 to Minute Number 66**  
**Climate Emergency Action Plan**  
**Priorities December 2020 to June 2021**

**Work Package 1: Governance, Programme set up and Monitoring**

<b>Theme</b>	<b>Action Area</b>	<b>Key Milestones</b>	<b>Costs and Comments</b>	<b>Quick wins</b>
Monitoring and mapping carbon reduction pathways	Council Carbon Emissions Year 1 Update: One Carbon World	Results Jan 2021	None	No
Monitoring and mapping carbon reduction pathways	District Carbon Emissions Year 1 Update: SCATTER Tool	Results Jan 2021	None	
Monitoring and mapping carbon reduction pathways	Based on updated SCATTER data, utilise Scatter Pathways tool to map cost effective ways to reduce carbon emissions over time	Report March 2021	£20,000 Full Scatter report including detailed, recommendations for each sector of carbon emissions	No
People's Climate Inquiry	Oversight Panel	Ongoing until 31 Dec	£35,000 Budget already agreed	Yes
People's Climate Inquiry	Inquiry Sessions	Nov 20 to Feb 21	Started 12th November	
People's Climate Inquiry	Reporting and Briefing	Briefing for Councillors - early Feb 21; Report of findings March 2021	Influence 20/21 budget setting. Report findings in full to Exec in May 21 as part of new CEAP Plan	
Other Stakeholder Engagement	Set up themed Climate Emergency Action Teams	From Jan 21	None	No
Other Stakeholder Engagement	Ongoing partnership work with key partners	Ongoing	None	No

<b>Theme</b>	<b>Action Area</b>	<b>Key Milestones</b>	<b>Costs and Comments</b>	<b>Quick wins</b>
	(UoW, SWFT, Police, WCC, etc)			
Other Stakeholder Engagement	Warwickshire Councils Coordination	Ongoing	Warwickshire Climate Change Officers Group: Exploring joint approach to baselining carbon impacts; exploring joint approach to tree planting	No
Establish a Climate Action Fund (CAF)	Subject to approval as part of the 21/22 budget setting process, establish a budget for a Climate Action Fund (CAF)	From April 21	TBC as part of 21/22 budget setting	No
Establish a Climate Action Fund (CAF)	Explore potential to supplement WDC's CAF through shared working with Stratford DC	From April 21	TBC	No
Establish a Climate Action Fund (CAF)	Explore private sector investment as a way of supplementing the CAF, including the potential for Community Municipal Investment Bonds	Decision May 21	TBC	No
Establish a Climate Action Fund (CAF)	Utilise grants schemes and other external funding options to supplement the CAF	Ad hoc	None	No
CEAP Review: Strategy and Action Plan for District Carbon Reduction	Develop 10 year pathway for carbon reduction combined with resourced year 2 to 5 Action Plan	Report to Executive in May 21	Cost TBC (dependent on 2021/22 budget setting) Key inputs to establish the Years 2 to 5 Action Plan: People's Climate Inquiry report and recommendations; SCATTER Pathways; Budget and specifically Climate Action Fund	

## WORK PACKAGE 2: Reducing WDC's Carbon Footprint

<b>Theme</b>	<b>Action Area</b>	<b>Key Milestones</b>	<b>Costs and Comments</b>	<b>Quick wins</b>
Energy Efficiency / Carbon Reduction in WDC Buildings	Submit application to the Public Section Decarbonisation Fund - installing heat pumps to replace gas boilers	Nov 2020	Budget already agreed, supplemented by Salix grant	Yes
WDC New Building Projects	Kenilworth Leisure - ensure design of new buildings are as close to net zero carbon as possible	Ongoing	Within scope of agreed works Analysis of opportunities and associated costs included in RIBA 4 design work	No
WDC New Building Projects	Community Stadium - ensure new buildings are as close to net zero carbon as possible	Ongoing	Within scope of agreed works RIBA 2 design work getting underway. Aiming for building to be zero carbon in operation. Embodied carbon also to be considered, potentially as an additional cost	No
WDC New Building Projects	Spencer Yard - work with CDP to ensure new buildings are as close to net zero carbon as possible	Ongoing	Aiming for significant carbon reductions including potential for non-listed buildings to be zero carbon in operation	Yes
Renewable and Low Emission Energy Generation	Explore Solar Farm Feasibility - commission specialist advice to appraise options for practical and financial feasibility	Feb 21 to Apr 21	Estimate £40 (including solar farm, hydrogen hub and district heating)  Explore link to Hydrogen Hub and District Heating system. Would like to progress quickly so that we have a shovel ready projects for when external funding opportunities arise.	No

<b>Theme</b>	<b>Action Area</b>	<b>Key Milestones</b>	<b>Costs and Comments</b>	<b>Quick wins</b>
Renewable and Low Emission Energy Generation	Explore Hydrogen Hub Feasibility - commission specialist advice to appraise options for practical and financial feasibility	Feb 21 to Apr 21	Part of above estimate. Explore link to Solar Farm and District Heating system. Would like to progress quickly so that we have a shovel ready projects for when external funding opportunities arise. See hydrogen vehicles below - needs to be looked at together.	No
Renewable and Low Emission Energy Generation	Explore District Heating Feasibility for Europa Way Area -commission specialist advice to appraise options for practical and financial feasibility	Feb 21 to Apr 21	Part of above estimate. Explore link to Solar Farm and Hydrogen Hub. Would like to progress quickly so that we have a shovel ready projects for when external funding opportunities arise.	No

### **Work Package 3: Reducing the District's Carbon Footprint**

<b>Theme</b>	<b>Action Area</b>	<b>Key Milestones</b>	<b>Costs and Comments</b>	<b>Quick wins</b>
Transport Projects	Bike Share scheme	No specific timescales - shovel ready scheme for when funding becomes available	£700k capital. £300k p.a. revenue Revenue costs could be covered through scheme income and sponsorship. Possible sources of capital funding include, external grants, WCC CIF, or CMI	Subject to funding
Transport Projects	Hydrogen vehicles feasibility work: a) Asps Park and Ride; b) WDC municipal	Feb 21 to Apr 21	Include within estimate for renewable and low carbon fuels set out above	No

	vehicles; c) other options/partners		Link to waste contract specification. Link to Asps & Ride design (WCC have commission a report looking at feasibility and costs of hydrogen (and other fuels) for this	
Transport Projects	Bring forward options for Abbey Fields Cycle Route (including the option of "do nothing")	May-21	Options preparation: up to £5,000 (jointly funded with WCC	No
Transport Projects	Sustainable Transport Proposals for Leamington Station, Lower Ave and Bath St	Dec-20	Links with WCC proposals for the Station, Bath Street and low emission bus routes	No
Transport Projects	Asps Park and Ride a) layout car park to encourage low emissions bus and shuttle services and b) integration with other sustainable transport options	Ongoing	TBC - likely to need grant funding or commitment from CAF  Potential link to hydrogen hub. Potential link to Lower Ave/Bath St/Leam Station area.	no
Transport Projects	EV Charging - implement the Chargemaster scheme in the District	Implemented by March 21	Grant funding in place	Yes
Transport Projects	EV Charging - Work with WCC to establish County EV charging Strategy (Cenex) and develop proposals for expansion of EV Charging in WDC car parks	Apr-21	None. Seek grant funding for further roll out	No
Domestic Energy Projects	Fuel poverty strategy refresh - see report on December Executive for further detail	Dec-20	None	Yes
Domestic Energy Projects	Green Homes Grant promotions and Explore funding options to potential to top up GHG	Ongoing	None	Yes

Domestic Energy Projects	East Kenilworth Developments - Influence developers Sustainability reports	from Nov 21	None	No
Business and Institutional Carbon Reduction Projects	Need to establish public sector Climate Action Group - see above	Jan-21	None	no
Business and Institutional Carbon Reduction Projects	Need to establish Business Climate Action Group - see above	Jan-21	None	No
Other Climate Emergency Projects	Sustainable Building DPD - approval for the consultation draft	Feb-20	None	No
Other Climate Emergency Projects	Trees Project - as set out in the agree project plan	Ongoing	Budget for first two planting seasons agreed	Yes
Other Climate Emergency Projects	Waste Contract - Establish opportunities for low emission vehicle fleet and participate in the negotiations with the preferred supplier	Nov-20	TBC	No
Other Climate Emergency Projects	Respond to consultation on the WCC Local Transport Plan and Work in partnership with WCC on area based plan for Warwick District to ensure active and low emission modes are prioritised	From Jan 21	None	No

## Appendix 2 to Minute Number 66

Proposed amendments to the Procurement Strategy are shown in **bold**

### Warwick District Council Procurement Strategy 2019-2023

#### 1. Introduction

The Council spends approximately £35m each year on purchased goods, services and works. Spending this money wisely through effective procurement is fundamental to achieving organisational success for the Council, delivering our corporate priorities and securing good quality, affordable services that meet the needs of the citizens of Warwick District and the users of our services.

The Council recognises the wider impact that excellent procurement can have and the importance of balancing the cost and quality of the goods, services and works that it procures. The vision and objectives set out in this Strategy illustrate the contribution that effective procurement can make to a wide range of social and **environmental** agendas and the delivery of the Council's priorities.

#### 2. The Legislative Framework within which we procure

The framework within which public sector procurement is undertaken is complicated, comprising of both EU and UK legislative requirements. Within the Council this is supplemented by local requirements contained within the Council's own Constitution.

To make the legislative framework workable for managers, summary requirements are detailed in the Procurement Code of Practice and Financial Code of Practice. These codes, together with procurement guidance issued by the Head of Finance from time to time, form the framework within which managers undertake procurement and contracting activity. All managers are required to observe the rules, regulations and guidance contained within the framework documents for any procurement they undertake and selective auditing of compliance is undertaken to ensure this.

#### 3. What do we mean by procurement?

Procurement encompasses the whole process of acquiring goods, services and works; from the initial concept and definition of the business need, sourcing the right provider, management of the arrangements we put in place, and ultimately through to the end of the useful life of an asset or the end of the service.

#### 4. Procurement Structure within the Council

The structure of procurement within the Council is designed to support the delivery of the Council's objectives and reflects the Council's financial strategy of delegated budgets and local management of services.

The Procurement Service (led by the Head of Finance) is at the centre of this structure and is responsible for:

- Advising members and officers on procurement related matters
- Establishing and implementing procurement policy, strategy and process
- Identifying procurement opportunities
- Leading the procurement on high value and/or high risk contracts
- Developing procurement skills and competence
- Supporting Services in their transformation and savings agendas
- Increasing the use of E procurement solutions throughout the Council

Lower value, lower risk procurement is undertaken locally by service managers within the 'framework' described in section 2.

In addition to its local arrangements, in April 2018, the Council entered into a procurement collaboration with Warwickshire County Council, the purpose of which is to be able to access strategic procurement support. Its aim is to deliver this procurement strategy and to enable access to additional procurement capacity providing resilience to the Council's small internal procurement team.

## 5. Our Vision

Our vision for procurement is to support the provision of good quality, affordable services to our customers in accordance with the Council's identified priorities through a strategic, systematic and proportionate approach to procurement.

## 6. Our Objectives for Procurement

To develop procurement in the council from an operational process to a strategic activity. We will do this by:

- Embedding the recently adopted Procurement Code of Practice across the Council
- Evaluating and if necessary refining our approach to contract management
- Refining our approach to major projects to ensure the early engagement of procurement
- Seeking out innovative procurement solutions to service delivery
- Developing and implementing a KPI framework for procurement across the council
- Continue to develop the strategic procurement relationship with Warwickshire County Council and maximise the opportunities from this

Through procurement, support the council to deliver its wider social priorities and objectives **and implement Corporate Social Responsibility (CSR) to support suppliers and supply chains to become net-zero carbon.** We will do this by:

- Reviewing and relaunching the Council's Corporate Responsible Procurement Policy
- Embedding the Council's policy aspirations in this area into procurement process and practice
- Supporting the Council to deliver its single use plastics policy
  - **Undertake sustainable sourcing wherever possible**
  - **Develop contracted suppliers and their supply chains to support them in becoming net zero carbon**
  - **Introduce performance management measures for supplier and supply chain carbon emissions by utilising carbon monitoring tools and carbon action plans**

Ensuring that the council's officers and elected members have the necessary knowledge, skills, tools and support to undertake effective procurement. We will do this by:

- Developing and delivering a portfolio of training for officers and members
- Reviewing all procurement related documentation and guidance

Maximising procurement opportunities through effective collaboration. We will do this by:

- Effective networking with the right people at the right time
- Actively seeking collaborative opportunities both internally and externally to the Council
- Maximising the opportunities to work jointly with Warwickshire County Council and **Stratford District Council.**

Maximising the opportunities from effective contract management. We will do this by:

- Considering the council's current approach to contract management
- Ensuring effective contract management across the Council
- Ensuring all contracts have an appropriate set of indicators that drive performance
- Providing appropriate training and guidance for officers

Supporting the Council to meet its commercial and **environmental** objectives. We will do this by:

- Exploring new and innovative methods for providing services, goods and works
- Ensuring that specifications and contracts are written with a commercial and **environmental** slant
- Through effective contract management ensuring that value for money and outcomes are achieved and contract performance is high

Through procurement, seek to maximise the trading opportunities for local businesses and SME's and support a thriving voluntary and community sector. We will do this by:

- Being plugged into and aware of the relevant networks and forging effective relationships with them.
- Facilitating early engagement events and having constructive dialogue with the sectors
- Promoting the benefits of local supply and a thriving voluntary and community sector through procurement training and procurement guidance
- Simplification of the process of procurement
- Embedding the use of electronic tendering across the council

## 6. Continuous Improvement

The Council is committed to continuously reviewing and improving both practices and procedures, throughout the course of this strategy. We will seek to achieve best practice for procurement through networking and benchmarking. We will attempt to be responsive at all times and ensure that we simplify the complexities of council procurement for those that matter most – the end customer, service users and our suppliers.

## 7. Measuring Performance

A series of key measures and targets (KPIs) are being identified to measure the key themes of the strategy. These KPIs will be monitored and reviewed on a biannual basis in order to ensure that the performance against targets are delivered. The Procurement Board will have delegated authority to amend the KPIs to reflect any changes in the sector or the Council's corporate objectives. A bi-annual report will be presented detailing progress against the action plan.

## 8. Strategy Review

This Procurement Strategy has been developed based on the 'known' current climate and is achievable based on existing capacity.

## Appendix 3 to Minute Number 66

Proposed Amendments (**shown in bold**) to the Code of Procurement Practice

NB: For paragraphs of the Code of Procurement Practice that are not referenced in this, no changes are proposed.

### PART 1

#### 5. Responsibilities

##### 5.2 Senior Management Team must in relation to their Service

- Declare any potential conflict of interest to the Head of Finance
- Be responsible for all procurement undertaken
- Ensure all Officers comply with this Code
- Ensure that any Officer delegated to undertake procurement is sufficiently skilled and competent and completes any required learning and development;
- Ensure that all procurement and delegated decision making is within approved budgetary limits and that there are effective systems in place to manage budgets on an on-going basis
- **Ensure the procurement process and contract management aligns with Council policy, including Climate Emergency and Corporate Social Responsibility policies**
- Ensure there are appropriate contract management arrangements in place for all contracts let
- Provide any information requested by the Head of Finance regarding their procurement and contracts.
- Ensure there is a comprehensive documentary record of all Quotation/Tender exercises which will include correspondence/documentation supporting the final award decision.
- Agree contract variations for their Service in consultation with the Procurement Service where required,
- Ensure that in any procurement process involving the transfer of staff into or out of the Council that all applicable statutory obligations regarding TUPE are complied with.
- Where a contract involves the transfer of staff between existing and new providers, for overseeing the TUPE process and supporting outgoing and incoming providers to ensure a smooth transition
- Ensure that all procurement and delegated decision making is within the Council's Scheme of Delegation.
- Consult with the Corporate Management Team as appropriate where any one of the following apply:
  - An innovative approach to procurement is proposed which is significantly different to current practice;
  - A proposed procurement is likely to have a significant impact on the Council's workforce;
  - A proposed contract exceeds the approved budget by £10,000 or more, exceeds the time for completion or is incurring significant risks not initially identified

- Maintain the master 'Contracts Register' on behalf of their Service which includes all live contracts with an aggregate value of £5,000 or above.
- When requested, provide the Head of Finance with details of all proposed contracts with an anticipated aggregate value of £25,000 or above

## Part 2

### 1. Steps Prior to Purchase

- 1.1 Before commencing any procurement, Officers must
- Assess the need for the expenditure
  - Define the objectives of the procurement
  - Calculate the estimated Total Value of the contract
  - Ensure that appropriate approval is in place to commence any procurement process
  - Ensure there is sufficient budget available which covers the whole-life financial commitment being made (including any consultant's or other external charges or fees);
  - Ensure the Council's requirements for IT system security and data security (GDPR) are satisfied where appropriate
  - Ensure any necessary legal, procurement, finance, HR, ICT, risk management, technical support etc. is identified and engaged;
  - Ensure resources with the necessary skills and capacity to manage the contract once it has been let;
- 1.2 For all contracts above the applicable EU threshold for Goods and Services (this includes any projects for 'Works' or projects covered by the 'Light Touch Regime') Officers must in addition to Section 2 point 1.1: -
- Comply with any legal requirements in the Public Contract Regulations or any replacement Regulations approved by the UK Government
  - Comply with the Council's Procurement Gateway Procedure
  - Consider any contract management information and lessons learned from the previous contract where this exists
  - Consult with stakeholders, users and the supply market (in accordance with Section 2 point 5 of this Code) where appropriate
  - When procuring 'Services', consider whether and how through the procurement, improvements to the economic, social and environmental wellbeing of the area might be achieved **and how the procurement can address the declared climate emergency** (Social Value)
  - Carry out an options appraisal to decide the best way to achieve the Council's objectives, including internal or external sourcing, partnering, collaborative procurement with another public body, recycling, reuse etc.
  - Produce a business case and have this approved by a member of the Senior Management Team
  - Assess the potential risks and how to manage them
  - Submit a fully completed PID for approval by the Head of Finance

- Agree the form of contract to be used and the terms and conditions that are to apply to the proposed contract
- Consider the need for a performance bond and/or parent company guarantee.

## 10. Inviting Quotations and Tenders (Contract Types 2 - 5)

### 10.1 All Invitations to Quote/Tender shall, as a minimum:

- Be conducted electronically using the Council's approved E-Procurement system or another E-Procurement system approved by the Procurement Service unless agreed otherwise by the Head of Finance
- Be advertised in accordance with the requirements of this Code
- Be issued to at least 3 potential suppliers unless: -
  - There are not 3 suppliers in the market or
  - Where required by the Public Contract Regulations to invite more than 3 suppliers
- Include clear instructions on how and where quotations/tenders are to be returned
- Include the date, time and process for the return
- Include appropriate terms and conditions
- Include a clear specification which describes the Council's requirements and expected levels of **quality including setting out how any social value can be achieved in line with the Council's policies, such as addressing climate change impacts, sustainability issues or other Corporate Social Responsibilities associated with the contract.**
- Specify the time limit (if any) for delivery;
- Describe the criteria and process that will be used to evaluate the bids including any question weightings and sub-criteria that apply **ensuring that the Council's preference towards 'quality' criteria always has a combined weighting higher than that of financial or 'price' criteria**
- **Include Corporate Social Responsibility (CSR) Criteria (including addressing Climate Change) at a combined weighting of 5-15% within the 'quality' criteria, for all contracts over £50,000**
- **Where relevant, consider whether an assessment of the foreseeable element of 'embedded carbon' contained within any tendered offer should be sought.**
- Include a robust and proportionate framework for managing the performance of the contract **to ensure contractors are** capable of evidencing that the contract is delivering the required business benefits/outcomes, **including performance in relation to carbon emissions.**
- Include any supplementary information required by potential bidders to enable them to submit clear and concise bids,
- Require the completion and return of a Form of Tender and certificates relating to canvassing and non-collusion.
- When establishing a framework agreement, a clearly defined process shall be included outlining how call off contracts are to be awarded see Section 2 Point 8 of this Code.

# Executive

Excerpt of the minutes of the meeting held remotely on Thursday 11 February 2021 at 6.00pm, which was broadcast live via the Council's YouTube Channel.

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

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

## 73. **Declarations of Interest**

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

### **Part 1**

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

## 76. **Working together with Stratford District Council**

The Executive considered a report from the Chief Executive seeking the recommendation to Council on the principle that further integration, including a potential full merger with Stratford-on-Avon District Council, should be incorporated into the Policy Framework of the Council. The Executive was also requested to ensure that sufficient programme management resources were provided in order to take the programme forward.

At the meeting of the Executive on 13 July 2020, the following recommendations were approved:

- (1) *"the joint statement issued by the Leader of the Council and the Leader of Stratford on Avon District Council (SDC) be endorsed, and in doing so:*
  - i. a jointly commissioned review of local government across South Warwickshire and the wider Warwickshire County area, be agreed;*
  - ii. the Leaders of this Council and of SDC invite all of the other Borough/District Councils in the County, Warwickshire County Council and the Warwickshire Association of Local Councils (WALC) on behalf of the town and parish councils, to participate in the review as equal partners;*
  - iii. the Leader of the Council be the Council's nominee on a multi Council working party to steer the review;*
  - iv. the Leadership Co-ordinating Group (i.e. all the Political Group Leaders and the Executive) act as Warwick District Council's internal steering group of the review and the joint work with SDC;*
  - v. the brief for the review be delegated to the Chief Executive in consultation with the Leader and the Leadership Co-ordinating Group and the report be procured as a matter of urgency; and*
  - vi. provision of cost for the review be made from a source to be determined by the S151 Officer (at the time of writing the cost has*

*not been determined and will be affected by the number of Councils participating).*

- (2) *in the context of the joint statement, exploring with SDC in relation to the following, be agreed:*
- i. sharing of Senior Management Team posts across the two authorities;*
  - ii. exploration of shared contracts across the two authorities; and*
  - iii. agreement be given in principle to conducting a Joint Core Strategy/Local Plan Review, and a further paper be presented setting out details of a proposed programme, a member and officer governance.*

*Further reports be presented to Employment and/or Executive on all of the items above as soon as possible;*

- (3) *£35,000 be provided from the Service Transformation Reserve to fund the Council's contribution to the joint study and for additional support in respect of communications; and*
- (4) *the Cabinet of the County Council be asked to reconsider its informal decision to commission a separate business case for a single unitary Council and instead, to participate in the joint study with the other Borough and District Councils to look at all options and to listen to the public's views.*

*Recommended to Council that:*

- (1) the principle of joint working with SDC be included as part of the Council's Business Strategy; and*
- (2) agreement(s) be entered into with SDC pursuant to section 113 of the Local Government Act 1972 and all other enabling powers so that employees can be placed at the disposal of the other Council's as may be required".*

As was identified in the report to the Executive at its 13 July 2020 meeting, there were a number of reasons for further integration with Stratford-on-Avon District Council. These included:

- a strong political relationship between the two organisations;
- recognised sense of place;
- consistent geography already established for the South Warwickshire Community Safety Partnership, Shakespeare's England, and South Warwickshire Health Partnership;
- single economic geography with significant number of residents, living in one district and working in the other;
- increased effectiveness, efficiency and ability to deliver value for money by the two authorities;
- ability to produce a joint spatial plan for South Warwickshire, which would set a clear footprint for the area and result in reductions in the cost of producing such a plan;

- ability to have some further influence in relation to the Coventry & Warwickshire Local Enterprise Partnership through having an enhanced voice;
- taking advantage of current vacancies in management teams at both Stratford-on-Avon District Council and Warwick District Council; and
- ability to jointly commission contracts to obtain increased economies of scale.

Since then, the two Councils had together made significant strides across the piece to deliver this agenda. The Executive was asked to note the following series of updates.

Update: Management Team Posts

Since this meeting, further work had continued in relation to the sharing of management team positions. There were now joint roles across the two authorities in relation to the Head of Community and Operational Services/Neighbourhood position (SDC) and the Head of ICT (WDC).

The Employment Committee at its meeting on 16 February 2021, would be considering the sharing of further posts. This would be in relation to the Head of Financial Services (s151 Officer) position (WDC) and the principle that this became a joint post between the two authorities. Related to that though, was a re-distribution of some of the activities which meant that both Council's Revenue, Benefits and Customer Service Teams would be line managed by the Head of Revenue and Customer Services post (SDC) and assets activities by the Head of Assets (WDC), bringing a total of five posts then effectively shared by the two Councils.

The WDC Programme Director of Climate Change was proposed to have his remit extended from the WDC area to also cover the SDC area, and this was to be considered at SDC's Employment and Appointments Committee on 16 February 2021, and then lead the work on behalf of both authorities in respect of Climate Emergency. It was expected that the remainder of the Management Team posts would be shared by the middle/end of 2021; this would be subject to the necessary consultation and approvals at that time.

Update: Organisational Change Policy alignment

As a prelude to further staff integration, both Councils would be considering an alignment to the following policies:

- Joint Organisational Change Policy Statement;
- Joint Redeployment Policy and Procedure; and
- Joint Redundancy Policy and Procedure.

These policies and procedures would be considered by the Employment Committee on 23 March 2021, and at Stratford-on-Avon District Council's Employment and Appointment Committee on 16 March 2021. Such joint policies would provide a consistent basis for the introduction of joint working across the two authorities. Alongside this would be monthly meetings of the CEOs and Union Representatives of both Councils, to ensure that staff were engaged, involved and informed continuously.

Update: Organisational Benchmarking with recently established Super Districts

On 1 April 2019, three Super Districts in England came into being, namely, Somerset West and Taunton; East Suffolk; and West Suffolk. Given there were three recent precedents, research on their background, their

achievements, and the means of implementation had proved invaluable to officers to better understand what needed to be done and to identify issues to avoid.

Somerset West and Taunton had recently published an audit report on lessons learned, which was particularly valuable information. Both SDC/WDC Chief Executive Officers had also met (virtually) the CEO of East Suffolk, which was the closest in population size to what a South Warwickshire Council would be when created (250,000 compared to a South Warwickshire current size of 273,000).

#### Update: Shared Contracts

In relation to the proposal of joint contracts, both authorities had approved the approach to jointly procure the next Waste Management Services contract on a consistent approach to service delivery. This was approved by SDC's Council at its meeting on 14 December 2020, and this Council similarly agreed the process at its meeting on 17 November 2020. The tendering of this service had already commenced, with the new joint service anticipated coming into operation in 2022. This sat alongside both Councils also investing in the proposed sub regional Materials Reclamation Facility (MRF).

#### Update: Joint Core Strategy/Local Plan

Both Councils had agreed a more detailed paper on preparing a Local Plan for South Warwickshire. Proposals were considered separately at this meeting, Minute Number 76 - Joint Cabinet Executive Committee of Stratford-on-Avon District Council - on how the proposed governance would work for this area of work.

#### Political Alignment

To assist the process overall, it was proposed that the Leaders of both Councils would bring forward proposals for aligning the service Portfolios on each Council.

#### Study on Integration/Merger with Stratford-on-Avon District Council

It was evident that shared working with Stratford-on-Avon District Council would provide financial benefits that would enable both authorities to preserve valuable public services whilst the budgets of both organisations were under severe financial stress, mainly caused by the implications of the Covid-19 pandemic.

However, in order to help fully evaluate the options available to the two authorities, Deloitte had been commissioned by Warwick District Council to undertake a review of the financial and non-financial benefits of further integration, up to and including the possibility of a full merger between the organisations. The result of their review was attached at Appendix 1 to the report.

This review was an independent report from Deloitte. However, information and detailed discussions were undertaken following interviews with the Chief Executives and Deputy Chief Executives from both authorities, along with the respective Chief Financial Officers. It was recommended that the report should be received and noted.

## Conclusions of the Study

The clear recommendation from Deloitte was that in order to achieve the maximum potential financial and non-financial benefits for the residents of South Warwickshire, a full merger of the two District Councils should be considered. This approach had most recently been implemented in parts of Somerset and in Suffolk, as referred to in paragraph 3.8 of the report.

In relation to the expected financial benefits which could be derived from a merger of the two authorities, the report concluded:

*"Merging the two Councils could support local government in South Warwickshire to deal with the significant financial challenges it faces. The imperative for resolving the financial challenges is to ensure that local government can continue to deliver or improve services for local communities. Making financial savings from creating efficiencies and removing duplication supports this goal.*

*In this context a financial assessment has been carried out of the potential costs and benefits. This has found a potential opportunity to generate annual net savings of £4.6m after Year 5. This saving represents a 3.9% reduction in the current combined gross expenditure of both Councils.*

*Savings have been identified from rationalising the executive teams and the number of Members of both Councils, and also making efficiencies from bringing services together through jointly commissioning contracts or removing duplication in staffing. There are clear opportunities in a variety of areas.*

*Costs will be incurred in delivering the transformation such as change costs and potential redundancy payments (although this would be minimised through natural turnover as far as possible)."*

Section 4 of the Deloitte report provided more details surrounding the potential financial benefits. It was expected that these would total £4.6m over the next five years, made up as follows:

	Area	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26
<b>Costs (£'000s)</b>	Change Costs	200	200	200	0	0
	Redundancy Costs	0	143	369	227	227
	<b>Total Costs</b>	<b>200</b>	<b>343</b>	<b>369</b>	<b>227</b>	<b>227</b>
<b>Savings (£'000s)</b>	Management Team savings	(305)	(611)	(611)	(611)	(611)
	Service Optimisation	(0)	(0)	(1,261)	(2,521)	(3,782)
	Democratic Savings	(0)	(0)	(0)	(172)	(172)
	<b>Total Savings</b>	<b>(305)</b>	<b>(611)</b>	<b>(1,872)</b>	<b>(3,304)</b>	<b>(4,565)</b>
<b>Net Annual (Saving) / Cost</b>		<b>(105)</b>	<b>(268)</b>	<b>(1,302)</b>	<b>(3,077)</b>	<b>(4,338)</b>

In relation to the perceived non-financial benefits arising from such a merger, these were explored in detail at section 5 of the report, and were summarised as follows:

*"The super-district would better reflect place and economic geography. It would represent a recognised place in South Warwickshire built around the towns and the key transport routes of the M40 and the Chiltern rail line. There is a consistent geography already established for the South*

*Warwickshire Community Safety Partnership, the Shakespeare's England tourism organisation, and the South Warwickshire Health Partnership. Residents of the South have consistent needs and concerns around areas such as rural transport, traffic and congestion and affordable housing. The super-district could speak up for the interests of the place and the discrete local communities within it, creating a stronger, unified voice than currently exists, and ensuring the place's voice is heard at a strategic level. It would also maintain local political leadership and accountability which will enable engagement with residents and support local decision making.*

*The super-district could support local government in South Warwickshire to deal with the significant economic challenges it faces by creating stronger services such as an aggregated planning function with one local plan that delivers for residents and business. Merging the Councils would also create a more powerful voice for the South Warwickshire economy that can work within and influence existing partnership organisations and structures such as the West Midlands Combined Authority (WMCA) and the Coventry and Warwickshire Local Enterprise Partnership. Within the WMCA, when Gross Value Added (GVA) is examined, the proposed South Warwickshire economy is the second biggest, second only to Birmingham.*

*The super-district could improve service delivery across South Warwickshire through delivering economies of scale and making reinvestments in services to drive innovation. It could assess the variation in performance and cost of delivery of services across both Councils, and under a single management structure, deliver greater performance consistency by applying best practice and reducing variation. It could strengthen its managerial and senior leadership, as larger councils are more likely to be able to offer a better compensation package and varied career opportunities. There would also be the opportunity for the super-district to review areas where different services are provided by the two Councils and consider whether expanding services across the footprint may be advantageous. For example, the super-district may consider the future position on the Housing Revenue Account and associated housing service, and arts and culture service delivery."*

Alongside the potential benefits, the report also identified the risks and dis-benefits that may arise from a merger of the two authorities. These were shown in detail; it was the view, however, that the risks could be mitigated and so the very clear benefits outweighed the potential risks given the opportunity for mitigation.

The overall conclusion of the report was shown on page 7 of the report, which stated:

*"This high-level business case has found a strong strategic, financial and operational case for merging the two Councils. Such an initiative would have risks that could lead to dis-benefits, but these risks could be managed through an effective implementation approach. Should the two Councils decide to proceed with this initiative, substantial further planning and due diligence should be undertaken to establish a detailed implementation plan."*

It was a recommendation to Council, therefore, that subject to Stratford-on-Avon District Council also confirming agreement, that the Council

committed to seeking a full merger to create a new single statutory Council for South Warwickshire by 2024.

### Vision

To clarify the objective, the following was proposed as a clear statement or vision for the two Councils to work toward:

*"To create a single statutory South Warwickshire Council covering all of the activities currently carried out by Stratford-on-Avon District Council and Warwick District Council by 2024".*

It was legally possible for two District Councils to merge, and this was covered by section 8-10 of the Local Government and Public Involvement in Health Act 2007. The Government would have to determine any application and it would be appropriate that the individual Councils would need to resolve. 2024 was suggested as a challenging but reasonable deadline, bearing in mind the statutory processes that had to be completed to enable a new Council to come into being. Existing legislation allowed new Councils to come into being only on the 1 April of any one year. The Deloitte report summarised the steps involved.

It was clear from public statements that the Minister of Housing, Communities and Local Government (MHCLG) was supportive of the concept of District Councils merging. However, it would still be necessary for a formal submission to be made from the two authorities to central government and for this to command local support.

Subject to agreement to the recommendations 2, 3 and 4 of the report ,it was further recommended that the respective Chief Executives would commence work in relation to the development of formal submission to this end. When such a submission was complete, this would require the approval of Full Council before being made to the MHCLG.

In 2019, a statement made by the Secretary of State for Housing, Communities and Local Government included the following:

*"Locally-led changes to the structure of local government, whether in the form of unitarisation or **district mergers**, can – with local support – be an appropriate means of ensuring more sustainable local government and local service delivery, enhanced local accountability, and empowered local communities. This statement today continues the Government's commitment to supporting those councils that wish to combine, to serve their communities better and will consider unitarisation and mergers between councils when locally requested."*

As stated above, any application to Government for the merging of authorities would need to identify that the proposal had local support. Therefore, as part of the development of any submission, full consultation with the public, businesses and other local stakeholders would be required.

### Programme of Implementation

If the Council was supportive of recommendations 2.3 to 2.6 to merge the two organisations, it was proposed that the following next steps were pursued:

The CEOs of both Councils would develop a detailed Programme of Implementation (PI) to identify the steps that would be required to be completed, including:

- Management - Integrate the two Senior Management Teams;
- Services - Integrate teams below Senior Management Teams following appointment of individual Joint Heads of Service;
- ICT – Programme on integrating and simplifying ICT systems;
- People - Harmonisation of staff terms and conditions and all other business systems;
- Procurement - Development of programme of joint procurement;
- Assets - Identification of future accommodation and other service requirements, providing opportunity to dispose of both Elizabeth House and Riverside House;
- Democratic Governance - Review of Corporate Governance arrangements and undertaking a review of both the number of Councillors and of ward boundaries;
- Culture – Creating a new single authority Staff and Councillor culture and ways of working;
- Finances – Harmonising of Council finances especially determining an approach to Council Tax and fees and charges;
- Strategy – Creation of a single corporate strategy/business plan in the run up to and after a new single authority is created; and
- Communications – a plan for all stages for all audiences to make sure everyone was well informed at the same time.

Given the need to make progress speedily, it was proposed that the PI should be prepared for consideration by Members by the end of July 2021. The scale and scope of work involved was such an undertaking it was recognised within the Deloitte report that such a change programme would need to be properly supported and resourced. This was fully supported by the experience/evidence from the three recently created Super Districts, and had in particular been evidenced in the audit report on lessons learned from Somerset West and Taunton and from the experience of the CEO of East Suffolk. It was therefore recommended that the appointment of Programme Manager and independent HR Support should be made to support the Councils' senior managers in this transition process. The LGA had indicated that they would be in a position to support some of these costs, however, it was suggested that budgetary allowance of £100,000 per year for three years was made by both Councils.

#### *Risk Register and Communication Plan*

Alongside the PI, it was proposed that the risk register set out in the Deloitte report should be expanded to become a much more detailed risk register. However, it was worth noting the significant risk that whilst the Councils were permitted to make such an application for merging, this would still require a Government decision. The decision was to support such mergers of Taunton Deane & West Somerset to create Somerset West and Taunton and the merging of authorities to create both East and West Suffolk. However, the proposal to merge West Devon and South Hams went

as far as a formal vote but was rejected by one of the Councils in October 2017, even though the two Councils operated one joint staff team then and still do.

A recent Parliamentary Briefing Paper in relation to Local Government Structures had been published, and this provided further details on such mergers. This was attached for information at Appendix 2 to the report.

It was accepted that there would be a number of specific risks that would need to be mitigated in relation to any proposed merger. Within the Deloitte report, these were identified along with the proposed mitigating actions. It was recognised that there could be a perception of remoteness from the new organisation, however, through expanding initiatives such as SDC's Parish and Partners, this should be easily overcome.

From experience, any change programme depended upon good and effective two-way communication. This would be important with the local residents and business community, and with other partner agencies. The two-way nature was important so that in creating a new authority, a variety of interests could be taken into account in helping to form it. It was therefore also recommended that a communication plan should be prepared, implemented and monitored.

#### Monitoring Progress

Progress on the PI, the risk register and the Communications Plan would be regularly reported to both Councils, but it was proposed that more detailed oversight should be given by a Steering Group of Members comprising the Leader and Deputy Leader of both Councils and 4 other Councillors of both Councils representing the other political groups, with formal quarterly reporting of progress to each respective Cabinet/Executive. This would be supported by the CEO and Deputy CEO of both Councils and the Programme Manager.

#### Scale of Change

The proposal for merging the two Councils was of a very significant scale. As the report from Deloitte made clear, it would be a change which was significant for every single aspect of both Councils, including that of the public, businesses, staff, contractors and members. Whilst the benefits of the merger had been made clear by the work completed by Deloitte, in making the decision to go forward, it was important that the decision was made on an "eyes wide open" basis, and so it was proposed that the scale of change involved was acknowledged.

In terms of alternative options, Members could decide that they wished to proceed no further than the current levels of joint working or indeed even to reverse them, but this would have considerable adverse impacts on the Council, both in service delivery and in longer term financial sustainability, which itself would prove detrimental to service delivery going forward.

Members could also decide that they may wish to proceed but not agree to a full merger. Whilst this would deliver some benefits, the benefits would not be as great as those delivered by a full merger. Members would in

any case be required to consider a fuller report on the decision for a merger.

The Leader made Members aware of minor changes to recommendation 2.2 in the report, to read:

*"(c) subject to the approval of recommendation 2.2(a) and 2.2(b) that the Chief Executives of both Councils are asked to ~~prepare~~ **draft** a submission to the Government seeking approval to achieve a merger by 2024, subject to a further report for approval by both Councils.*

*(d) subject to the approval of 2.1(c), 2.2(a) and 2.2(b), that the Chief Executives of both Councils are authorised to prepare a Programme of Implementation (PI) to deliver the vision agreed at ~~2.4~~ **2.2(a)** above for consideration by Members no later than July 2021".*

The Chief Executive advised Members of a further minor change to recommendation 2.2 to read:

*"(e) subject to the approval of 2.2(a) to 2.2 ~~(e)~~ **(d)** above, the sum of £100,000 pa from the Council for the period 2021/22 to 2023/24 be included within the Medium Term Financial Strategy and is funded from the Service Transformation Reserve to ensure that there is sufficient programme management resource to support the Councils through this transition process to a full merger".*

The Overview & Scrutiny Committee was pleased to note the intention to provide quarterly updates but it recommended that this should go further and that there should be a "Scrutiny Plan". This plan should set out points in the project where there were key decisions being made and where matters requiring scrutiny at either or both O&S and F&A were embedded within the plan. Short progress updates should also be provided to each Scrutiny meeting so that the Committees were not overwhelmed with less frequent, longer reports that effectively meant there was no time to scrutinise other areas of the Council's operations at those meetings. Members were required to vote on this because it formed a recommendation to them.

The Overview and Scrutiny Committee was mindful of the amount of time officers required to undertake this project and the Committee would plan its meetings to allow sufficient time to scrutinise with the aim to help the Executive. It would look at whether joint meetings of both Scrutiny Committees would be of assistance, and also joint meetings with Stratford District Council.

Councillor Day accepted the recommendations from the Overview and Scrutiny Committee and thanked its Members for their thoughtful contributions, as well as the contribution from other Groups, and was pleased to see Groups working together so effectively. He also thanked the Chief Executive and other senior officers for the extensive work that had gone into the report in a relatively short space of time.

Councillor Day read a letter he had received from the Leader of Warwickshire County Council, Councillor Izzi Seccombe, who had enquired as to the status of the proposal, and the implications on all Councils in

Warwickshire, and requested her concerns be shared with Members of the Executive.

In response, Councillor Day wished to make it clear that the decision taken would be a clear statement of intent, and his colleagues in other Borough and District Councils were meeting frequently to discuss how they had been able to work effectively during the Covid-19 pandemic, and how this would continue in the future. He assured Members that he would be responding to Councillor Seccombe as the Council wished to consult with Warwickshire County Council alongside other local authorities. There had been meetings with WALC and specific Town and Parish Councils, so that they were aware of these proposals, and they would be able to play an active part in this programme in the future. Councillor Day felt that this was an extraordinary opportunity for Warwick District Councillors to shape a modern and agile Local Government for South Warwickshire for the next 50 or more years, and it was a privilege as Councillors to work together to shape and create this new entity to meet the needs of today and the future. He then proposed the report as laid out.

**Recommended** to Council that

- (1) subject to the same decision being taken by Stratford-upon-Avon District Council, the following vision statement: "To create a single statutory South Warwickshire Council covering all of the activities currently carried out by Stratford-on-Avon District Council and Warwick District Council by 1 April 2024.", be approved;
- (2) subject to the same decision being taken by Stratford-upon-Avon District Council, the proposal to integrate all of the activities of each Council, including the ambition of achieving a full merger by 1 April 2024, be agreed;
- (3) the Chief Executives of both Councils be asked to prepare a submission to the Government seeking approval to achieve a merger by 2024, subject to a further report for approval by both Councils;
- (4) the Chief Executives of both Councils be authorised to draft a Programme of Implementation (PI) to deliver the vision agreed at recommendation 2 above for consideration by Members no later than July 2021;
- (5) the sum of £100,000 pa from the Council for the period 2021/22 to 2023/24 be included within the Medium Term Financial Strategy and is funded from the Service Transformation Reserve to ensure that there is sufficient programme management resource to support the Councils through this transition process to a full merger;

- (6) a Risk Register including an exercise of full disclosure from both authorities be also prepared for consideration by Members alongside the Programme of Implementation;
- (7) a Communication Plan for the Vision and Programme of Implementation (PI) for staff, partner agencies, the public and the business community be prepared and implemented;
- (8) the Programme of Implementation (PI), Risk Register and Communication Plan be overseen and monitored by a Steering Group of members comprising the Leader and Deputy Leader of both Councils and four other Councillors of both Councils representing the other political groups, with formal quarterly reporting of progress to each respective Cabinet/Executive; and
- (9) the scale of change, benefits and risk (and mitigations) that this proposal involves for each Council, be noted.

**Resolved** that

- (1) the significant progress of implementing the decisions made in 2020 about closer working of the two Councils as set out at paragraphs 3.3 to 3.12 of the report, and including the organisational change policies to be considered by the Employment Committee on 23 March 2021, be noted;
- (2) the Leaders of SDC and WDC will, by the beginning of the new municipal year in May 2021, to align portfolio holder responsibilities, be noted;
- (3) the report prepared by Deloitte, at Appendix 1 to the report, setting out the high level business case of the potential financial and non-financial benefits of a merger of Stratford-on-Avon District Council and Warwick District Council, be noted; and
- (4) the recommendation from the Overview & Scrutiny Committee was accepted and it was agreed to provide (i) a "Scrutiny Plan" that will set out points in the project where there were key decisions being made and where matters requiring scrutiny at either or scrutiny committees were embedded within the plan; and (ii) short progress updates to each Scrutiny meeting.

(The Portfolio Holder for this item was Councillor Day)

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

The Executive considered a report from Democratic Services which brought forward proposals for the governance arrangements for the Joint Cabinet/Executive between Stratford on Avon District Council (SDC) and Warwick District Council (WDC) for progressing a Joint Local Development Plan for South Warwickshire.

At its meeting on 1 October 2020, the Executive agreed to proposals to bring forward a Joint Local Plan for South Warwickshire (JLPSW) and asked officers to bring forward proposals for the governance arrangements for this.

The proposals set out had been developed in partnership between SDC and WDC officers. A Joint Cabinet/ Executive Committee was proposed to be created with SDC pursuant to sections 101 and 102 of the Local Government Act 1972, section 9EB of the Local Government Act 2000 and all other relevant legal powers. The purpose of the Joint Committee was to enable the two Councils to work more closely together in developing a Joint Local Development Plan for South Warwickshire, ensuring that decisions were taken collectively and in a timely manner.

The Joint Committee would not undertake any functions, at present, other than those defined within the terms of reference and as defined by law, with its major decisions being:

- (a) endorse technical studies and background reports to inform the preparation of South Warwickshire Local Development Documents, as appropriate;
  - (b) approve or recommend to Council (as appropriate) South Warwickshire Local Development Documents for public consultation;
  - (c) recommend to Council adoption of accompanying South Warwickshire Local Development Documents e.g. Local Development Scheme, Statement of Community Involvement;
  - (d) recommend to Council approval of the South Warwickshire Development Plan Document / Local Plan for submission to the Secretary of State for examination; and
  - (e) recommend to Council adoption of the South Warwickshire Development Plan Document / Local Plan.
- (NB. The adoption of the Joint South Warwickshire Local Development Plan would remain with the individual Council's for final approval.)

The Constitution document attached as Appendix 1 to the report, and Appendix 1 to Minute Number 77 comprised the terms of reference and standing orders that would apply to the Joint Committee, and would take precedence over the respective Constitutional documents of each of the two Councils. However, where the Constitution for the Joint Committee was silent on an issue, the Constitution of each respective Council would take precedence; for example, the Councillor Code of Conduct.

There would be a review of these arrangements by both Councils towards the end of the first six months of the operation of the Joint Plan Advisory Group, in order to determine if any changes were necessary.

Attention was drawn to a number of features that applied to the arrangements:

- the Chairman would be appointed at the start of each meeting until the start of the next meeting on a rotating basis;
- where Members of one Council were minded to vote to support a proposal and Members of the other Council minded to vote against the proposal, the matter would be referred back to officers to reconsider the specific point of contention;
- each respective Council was not obliged to accept recommendations received from the Joint Committee;
- provided the respective Council was following its own procedure rules, it may revise its decision to prepare joint local development documents with the other Council; and
- the Leader of either Council could at any time withdraw the delegated Executive powers from the Joint Committee.

In terms of alternative options, the Executive could decide not to progress with a Joint Committee and retain the decision-making process as at present. However, this would go against the understanding already in place through previous reports and would lengthen the decision-making process on developing a the JSWLP.

Councillor Day proposed the report as laid out.

**Recommended** to Council that, subject to Stratford-on-Avon District Council passing similar resolutions:

- (1) preparation of joint local development documents with SDC, pursuant to section 28 of the Planning and Compulsory Purchase Act 2004, be agreed;
- (2) the proposed Constitution for the Joint Committee as set out in the Appendix 1 to the report, and Appendix 1 to Minute Number 77, be adopted;
- (3) the Council Procedure Rules be amended so that only items that are key decisions (as defined by each authority) taken by the Joint Committee can be "called in"; and
- (4) the Chairmen of the Scrutiny Committees of Stratford District Council and Warwick District Council be requested to meet in early May 2021 to consider the potential for joint scrutiny arrangements to scrutinise the Joint Committee.

**Resolved** that

- (1) subject to Stratford-on-Avon District Council Cabinet passing similar resolutions:
  - (a) the establishment of a Joint Committee with SDC, with terms of reference as set out in Appendix 1 to the report, be agreed;
  - (b) the appointments to the Joint Committee, be confirmed; and
  - (c) the agreed terms of reference for the South Warwickshire Joint Plan Advisory Group that has been established, as set out at Appendix 2 to the report, be noted.
- (2) supporting a review of these proposals in July 2021, with views from all District Councillors sought, in order to determine if any changes are necessary, be agreed; and
- (3) the intention is to have the first meeting of the Joint Cabinet/Executive w/c 8 March 2021, be noted.

(The Portfolio Holders for this item were Councillors Cooke and Day)  
Forward Plan Reference 1,171

## **78. General Fund Budget and Council Tax 2021/22**

The Executive considered a report from Finance informing Members on the Council's financial position, bringing together the latest and original Budgets for 2020/21 and 2021/22, plus the Medium Term Forecasts until 2025/26.

The contents of the report would be presented to Full Council alongside a separate report recommending the overall Council Tax Charges 2021/22 for Warwick District Council.

The report presented a balanced Budget for 2021/22, something which the Council had been able to achieve without having to reduce the services it provided, but with a heavy reliance on reserves and an ambitious savings/income generation programme. The savings coming out of the Budget proposals agreed by Members in December 2020 had been included within the Budgets. Once again, the Council had not had to rely on New Homes Bonus to support core revenue spending and had been able to allocate this funding to supporting specific project work, while also replenishing reserves.

The Council was now forecasting to achieve an improved position on its 2020/21 Budget compared to the position previously reported to Members at the 24 August Executive meeting, enabling a COVID Contingency budget to be established for 2021/22.

The increase proposed for Council Tax for 2021/22 was £5 per annum at Band D, in line with the maximum permitted under the relevant Council Tax Regulations.

By law, the Council needed to set a balanced budget before the start of the financial year. As part of this process, it needed to levy a Council Tax from its local taxpayers to contribute to financing General Fund expenditure.

It was 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 2021/22. Hence, Members received a five-year Medium Term Financial Strategy detailing the Council's financial plans, Capital Programme and Reserves Schedule.

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

The Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. (This statement was made at Appendix 1 to the report).

The report was structured so as to build up and present a holistic view of the Council's finances for Members to assist them in considering the Budget and Council Tax proposals and associated matters. The report was structured as follows:

- 2020/21 Revenue Budget – update to the year's budget;
- 2021/22 Revenue Budget – details of main items included within the proposed 2021/22 Budget;
- 2021/22 Local Government Finance Settlement;
- Business Rates – details of main drivers impacting upon the Council's share of Business Rates;
- Council Tax – proposals for Warwick District Council level of council tax for 2021/22;
- New Homes Bonus – details on the Council's allocation for 2021/22;
- Medium Term Financial Strategy – revenue projections for the Council for the next five years, taking into account latest information and decisions by Members;
- Reserves and Balances – details on the funds held by the Council and the proposed usage thereof;
- Capital Programme – details of Council's capital projects and funding thereof;
- Appropriation of funding and balances – proposals for the allocation of one-off funding allocations;
- Business Rates – proposed delegations in respect of Reliefs and Grants;
- Pre-Planned Maintenance Programme – agreement to the plan for 2021/22; and
- Local Council Tax Support Scheme – proposed delegation.

The year's revenue budget was last considered by Executive at its 24 August 2020 meeting. At that time, a £5,676,000 adverse position was

forecast for the year, which was to be partly supported by the use of non-ring fenced Government grants.

It was agreed that non-ring fenced Government grants received in tranches as part of their support to local authorities, were to be allocated towards the overall revenue deficit projected for the year. As at August, these totalled £1,683,800.

In addition, the Government had also announced a sales fees and charges income compensation scheme. As at August, estimated compensation from the scheme was c£3,100,000.

The remainder of the deficit was to be supported through the use of BRRVR.

Since August, the following notable changes had impacted on the financial position for the year:

#### Expenditure Growth / Income Reductions:

- income losses as a result of COVID-19, with national restrictions, in addition to local decisions such as offering free parking in the District during December to support the local economy, reducing key income drivers such as car parking, commercial rent and event fee income by a further net (+£308,600);
- increased expenditure as a result of COVID-19, including additional waste collection costs as a result of more waste being generated by homes due to people staying at home (+£600,000); and
- a delay to the CCTV project which was due to be completed in 2020/21 as a result of COVID-19, which was ultimately expected to deliver recurrent savings (+£50,000).

#### Expenditure Savings / Increased Income

- Additional COVID income grants had been received: Following the release of details to support the sales, fees and charges income compensation scheme, the Council would be eligible to receive a further (-£400,000) during 2020/21. In addition, further tranches of non-ring fenced support grants (-£156,300), new burdens funding for Business Grants and Council Tax hardship (-£193,400) and funding to support Leisure and Arts Services (-£430,000) had been received.
- The receipt of Furlough grants to support the continued payment of casual staff who typically worked within the cultural and arts services, areas that had been closed throughout the year (-£85,000).
- Expenditure savings from the closure of cultural and arts services, such as the Spa Centre and Town Hall, and the cancellation of a number of events hosted in the District, including the National Bowls Championships (-£593,000).

As a result of the key changes summarised above, the 2020/21 Net Cost of General Fund Services was now £35,894,800, allowing £923,000 to be allocated to the BRRVR, and drawn down if necessary in 2021/22, as part of a COVID-19 Contingency Budget allocation.

To balance the budget in the year, it had been necessary to make use of the BRRVR. When the Substitute Budget was set 12 months earlier (which was implemented following the Council Tax Referendum not taking place in May 2020), the General Fund was due to be receiving £739,900 from the BRRVR, with further significant drawdowns in 2021/22 and 2022/23. With the Council's financial position having suffered in the year, primarily as a result of the global pandemic, it had been necessary to increase the contribution from the BRRVR to £2,321,200, so as to present a balanced position for 2020/21.

In preparing the 2021/22 Base Budget, the over-riding principle was to budget for the continuation of services at the existing level. The following adjustments needed to be made to the 2020/21 Original Budget:

- removal of any one-off and temporary items;
- addition of inflation;
- addition of previously agreed Growth items;
- addition of unavoidable Growth items; and
- inclusion of any identified savings.

Inflation of 2% had been applied to general budgets, including most major contracts. 0.5% had been used for Business rates.

in terms of staffing, a 2% increase (+£263,000) had been factored in for 2021/22, subject to a pay award being agreed. Whilst the Chancellor had proposed no pay awards for public sector workers, for local government this was to be determined by the national pay bargaining arrangements.

The following summarised the key drivers of expenditure growth, and income reductions that had been factored into the 2021/22 Revenue Budget.

- waste collection, street cleansing and grounds maintenance contract increases (+£3,409,900);
- waste management – new properties (+£40,200);
- a COVID-19 Contingency Budget to support increased expenditure costs, and further lost income (+£4,015,700). This includes the £923,000 referred to in section 3.2.6 in the report;
- contribution to the Climate Emergency Reserve (+£500,000);
- lone working costs, as agreed at August 2020 Executive (+£26,500); and
- HR Payroll Contract costs following transfer to new provider (+£10,300).

The following summarised the key expenditure savings, and increased income that had been factored into the 2021/22 Revenue Budget.

- Fees and Charges, as agreed at November 2020 Executive (-£503,200);
- Savings Proposals, as agreed at December 2020 Executive (£2,289,000); and
- various COVID-19 support grants to support loss of fee earning income and Council Tax support (-£1,023,700).

On 2 July 2020, MHCLG announced a "comprehensive new funding package  
Item 11b / Page 18

for Councils to help address Coronavirus pressures and cover lost income during the pandemic". This included local authorities being able to spread business rates and Council tax collection fund deficits over three years (rather than the usual one). The forecast deficit on the Collection Fund for Council tax as at 31 March 2021 of £146,000 was due to be spread over the three subsequent years as set out below and reflected in the budget as follows:

	<b>31/3/2021 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Collection Fund Deficit	146			
Deficit spread over 3 years charged to General Fund		39	54	54
Pressure / (Benefit)		(107)	54	54

Taking into account all known changes, the 2021/22 budget showed a deficit of £2,846,100. To present a balanced budget, it was proposed to use the BRRVR, as previously agreed within earlier reports presented to Executive.

The Government announced the provisional 2021/22 Finance Settlement in December. The final settlement was expected to be confirmed shortly, ahead of the Council being due to agree its 2021/22 Budget and Council Tax in February. No changes were expected to the final settlement, but Members would be duly informed if necessary.

2021/22 was originally due to be a major year in respect of local government finance, as the following changes were due to come into place:

- Fair Funding Review;
- New Business Rates Retention scheme based on 75% retained in local government, in place of the 50% scheme; and
- reset of the Business Rates Baselines to reflect changes in rates collected locally since the scheme was introduced in April 2013.

These changes were originally due to come in for 2020/21, but were all delayed a year. As a result of the pandemic, the Government had sought to delay these changes again, with them expected to come into force for 2022/23.

With the demise of the former Revenue Support Grant, the main tools that the Government had to control funding of individual local authority funding were:

- Council Tax – for District Councils for 2021/22, this could be increased by up to the higher of 2% and £5, with the latter being the maximum applicable for Warwick District Council, unless a referendum was undertaken in respect of a higher amount.
- Business Rates – whilst local authorities had limited control of the overall revenue from business rates, the Government set out through the Business Rate Retention Scheme how business rates revenue was shared between the billing authority (Warwick District Council), other local authorities and Central Government. This was the key to the

financial support local authorities received. The delay to the Reset of the Baselines would serve to greatly assist many District Councils such as Warwick.

- New Homes Bonus – For some years, this had been expected to cease. However, it was to be continued for 2021/22, with Warwick District Council due to receive £3.269m. This was discussed more fully in section 3.7 of the report.
- Other Direct Grants – Over the last year, additional Government funding by way of grant had become increasingly important to make up for increased expenditure and reduced income received by local authorities. Some additional funding for 2021/22 had already been agreed, and had been included within the 2021/22 Budget, set out in paragraphs 3.3.5 and 3.8.3 of the report.

Under the Business Rate Retention Scheme, the Council received approximately £5m per annum. Whilst the business rates base was relatively stable, complexities within the Retention Scheme meant that the element retained by the Council may fluctuate substantially year on year. The causes of these fluctuations were primarily:

- Appeals – There were still many appeals awaiting determination by the Valuation Office. An assessment of the success of these needed to be made and suitable provision had been allowed for within the estimated figures. Whilst it was hoped that this figure was suitably prudent, given the size and nature of some of the appeals, there remained a risk. April 2017 saw the introduction of the new “Check, Challenge, Appeal” regime, seeking to expedite appeals and deter speculative appeals. Following previous revaluations, backdated appeals continued to be lodged for several years. The number of new appeals coming forward since April 2017 continued to be minimal. However, it was still expected that a significant number of appeals would come forward in subsequent years that would be backdated to 2017. It was necessary for an estimate of these future appeals to be allowed for in the 2020/21 and 2021/22 Estimates.
- Accounting for the “Levy” - Under the Business Rate Retention Scheme, the timing of transactions, notably in respect of the “Levy” paid to central government, would result in substantial swings in the net rates retained by the Council in any specific year.

With the reset of the Business Rate Retention Baseline expected in April 2022, from that date it was expected that the Council’s share of business rates would reduce to more closely align to the Baseline (at the time £3.4m) as it lost its share of increases to the business rate base. A reduction in retained business rates had been allowed for in the projections from 2022/23. However, it was important that reserve funding was allowed for in case the position from 2022/23 was worse than forecast.

Due to the significant fluctuations in the business rates that the Council got to retain in any individual year, in common with most other local authorities, it retained a BRRVR. Since 2018, the balance on this reserve continued to grow and peaked at £7.5m at 31 March 2020. In future years, the Council’s Budget and MTFS were due to be supported by the BRRVR as allocations were made from the reserve to support revenue spending. Latest forecasts showed the balance on the reserve would be down to £2m as at 31 March 2026.

Since the start of the Business Rate Retention Scheme, the Council had been part of the Coventry and Warwickshire Business Rates Pool. By pooling, local authorities were able to reduce the amount of the levy due to be paid to Central Government, and retain more income locally. For 2020/21, the Council's Business Rates Retentions figures included approximately £400k as the gain from pooling for this year. The Executive agreed in the autumn that the Council should seek to be part of the Pool for 2021/22. Within the Provisional Finance Settlement, the Government was proposing that the pools would be able to continue for 2021/22.

The Business Rate Pool had continued to hold a Safety Net to cover the potential decrease in business rates collected. All pool members had agreed that the balance on the Safety Net was far greater than needed, at over £5.5m as at 31 March 2020. Consequently, some of the Safety Net balance had been returned to the billing authorities, with WDC due to receive a total of £566k in 2020/21. Consideration of how this balance was used was discussed in Section 3.11 in the report.

The Business Rates Retention figures within the MTFS were believed to be reasonably prudent, taking into account all the above factors. These figures would continue to be reviewed and Members would be informed of changes as the MTFS was presented in future reports.

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. This was the same limits as applied for 2020/21.

The national average Council Tax for District Councils was £199, and £244 including Parish/Town Council precepts. This Council's Council Tax charge for 2020/21 was £171.86 (excluding Parish and Town Council precepts). This Council's charge was in the second lowest quartile (60/172) and when Town and Parish Precepts were included, it fell within the lowest quartile (30/172).

The Council Tax Base was calculated in November of 2020, with the Council's preceptors being notified accordingly. The Tax Base for 2021/22 was 55,916.75 Band D equivalents. This was a reduction of over 1,083 Band D Equivalent properties to the figures originally factored into the Financial Strategy for 2021/22, as reported in February 2020. This reduction was primarily related to the impacts of the pandemic, whereby there had been an increased number of Council Tax Support claimants, and new properties had not been completed at the rate originally projected. The reduced forecast growth in the tax base had been factored into the MTFS. This clearly impacted upon the Council's estimated Council tax income.

An increase in Council Tax of £5 per annum per Band D was proposed to fund the Council's core services, in line with the limits discussed in paragraph 3.6.1 in the report.

The Council's element of the Council Tax was calculated by taking its total budget requirement and subtracting the Council's element of Retained Business Rates. This figure was divided by the 2021/22 tax base

(55,916.75 Band D equivalent dwellings) to derive the District Council Band D Council Tax Charge.

The recommendations within the report produced a Band D Council Tax for Warwick District (excluding Parish/Town council precepts) for 2021/22 of £176.86, this being a £5 increase on that of 2020/21. Based on this increase the District's element of the Council Tax for each of the respective bands would be:

	<b>£</b>
Band A	117.91
Band B	137.56
Band C	157.21
Band D	176.86
Band E	216.16
Band F	255.46
Band G	294.77
Band H	353.72

The £5 increase in Council tax would generate an additional £279,600 in 2021/22, towards the cost of core services.

The MTFs included increases in Council Tax of £5 per annum in future years. This increase would go towards maintaining core services. It was important that the Council continued to maintain this income base into future years. Costs would continue to face inflationary increases. In addition, there remained threats to the Council's other income streams, most notably its share of Business Rates Retention.

Parish and Town Councils throughout the District were asked to submit their precepts for 2021/22 when informed of their Tax Bases. At the time of writing the report, not all precepts had been confirmed. It was estimated that the precepts would total just over £1,500,000 based on prior years. In the Provisional Finance Settlement, the Government had announced it would continue to defer the setting of referendum principles for Town and Parish Councils. As in previous years, the government had indicated it would keep this approach under review for future years.

The Council Tax was set by aggregating the Council Tax levels calculated by the major participating authorities (the County Council and the Police and Crime Commissioner) and the Parish/Town Councils for their purposes with those for Warwick District Council. The report to the Council Meeting on the 24 February 2021 would provide all the required details. This would be e-mailed to all Members as soon as possible, following the Police and Crime Commissioner and Warwickshire County Council meetings. At the time of writing the report, it was assumed that all the Town/Parish Precepts would have been returned. The Council would then be in a position to:

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

- (b) formally 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.

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

Should Members wish to propose additions or reductions to the budget, on which no information was given in this report, they needed to 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. The report set out relevant considerations for Members to consider during their deliberations, including the statement at Appendix 1 to the report, from the Chief Financial Officer

Section 106 of the Local Government Finance Act 1992, stated that any Member who had not paid their Council Tax or any instalment for at least two months after it became due and which remained unpaid at the time of the meeting, had to 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.

The Council's New Homes Bonus (NHB) for 2021/22 was £3.269m. This was a reduction from the £3.7m awarded for 2020/21.

The NHB calculations were still based on the following parameters:

- since 2018/19 funding was based on four years (this previously being six years); and
- the baseline of 0.4% had continued for 2021/22. New Homes Bonus was only awarded on growth above this level. For Warwick District Council, for 2021/22 the 0.4% baseline represented 261 dwellings. With the total growth of 824 Band D properties, the 2021/22 allocation was based on 647 properties.

Within the Provisional Funding Settlement, the Government said that "legacy payments" for 2021/22 would not continue, as was the case for 2020/21. However, prior year legacy payments from 2018/19 and 2019/20 continued to be part of the 2021/22 allocation. If this was unchanged for 2022/23, the Council would expect to receive NHB of £1.278m for that year. However, with the changes expected to Local Government Finance in 2022/23, it was possible that this legacy payment would not continue.

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

As in previous years, Platform Housing Group (Waterloo Housing Group had been acquired by Platform) would receive part of this allocation from their agreement with the Council to deliver affordable Housing in the District. £199,600 was due to be paid to Waterloo in 2021/22. Section 3.13 of the report detailed how it was proposed to allocate the Residual Balance for 2021/22.

When Members approved the Substitute 2020/21 Budget in February 2020, the MTFS showed that that the Council would be in deficit by £1,762,000 by 2024/25, as shown below.

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deficit-Savings Req(+)/Surplus(-) future years	0	0	522	1,868	1,762
Change on previous year		0	522	1,346	-106

In August 2020, Members received later updated projections in the quarterly Budget Review Report (section 3.5). The report highlighted any major changes to the Strategy. Taking into account these changes, the savings reported to be found within the MTFS were as follows:

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deficit-Savings Req(+)/Surplus(-) future years	3,190	6,139	5,701	5,355	5,306
Change on previous year	3,190	2,949	-438	-346	-49

In addition to the funding included within the Budget report to August Executive, additional Government funding had been announced in recent months, with most of this being attributable to supporting the costs to COVID-19. This had helped to support the MTFS in the short term. This funding included:

<b>Local Government Funding</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000s</b>	<b>£000s</b>
Local Council Tax Support	0	170
Lower Tier Services Grant	0	147
Sales Fees and Charges	400	750
Covid funding	0	627
Business Grants - Admin - New Burdens funding	170	0
Business Rates Discounts - New Burdens funding	12	0
Council Tax Harship - New Burdens funding	12	0
Arts Funding re RSC etc	170	80
Leisure Funding	260	0
<b>Total</b>	<b>1,023</b>	<b>1,774</b>

Taking into account some of the further key changes highlighted in section 3.2.5 of the report, the budget showed an improved position of £923,000 in 2020/21. This was to be allocated back to the BRRVR, and drawn down in 2021/22 as part of a COVID-19 Contingency Budget allocation.

In addition to the budget changes highlighted in section 3.3.4 of the report, for 2021/22, a recurring £500,000 from 2022/23 had been included for the maintenance of Council municipal assets, in order to reduce the need for funds to be found annually for the Corporate Asset Reserve (which had a sufficient balance to fund works in 2021/22). From 2023/24, a recurring £500,000 had been allocated to support any further potential increased costs from the new waste contract and associated measures.

Taking into account the above changes, the profile of the MTFS was now as follows:

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

The above profile allowed for the balance on the Business Rate Retention Volatility Reserve to be maintained at £2m. With many significant factors likely to influence the Council's funding in the short and medium term, it was vital to maintain adequate reserves.

Members agreed that £1.5m should be the minimum level for the core General Fund Balance. This balance would support the Council for future unforeseen demands upon its resources. In order to consider a reasonable level of general reserves, a risk assessment had been done and was contained at Appendix 4 to the report. This showed the requirement for the

General Fund balance of over £1.5 million against the risks identified above. In addition, it would be possible to use some of this reserve towards short term impacts of the pandemic on the Council's finances. However, in using this balance, it would be necessary for the balance to be fully re-instated as priority over other Council financial priorities.

The balance on the General Fund Balance was at the time £519,000 above its nominal balance. The use of this excess balance was considered in paragraph 3.13.2 of the report, and below.

The General Fund had many specific Earmarked Reserves. Details of these were attached at Appendix 5 to the report, showing the actual and projected balances from April 2020, along with the purposes for which each reserve was held. The Finance and Audit Scrutiny Committee was especially asked to scrutinise this element and pass comment to Executive.

Those reserves which showed a significant change in the overall balance in the period 1 April 2020 to 31 March 2024 were detailed below and also shown in Appendix 5 to the report:

- i. Business Rates Volatility Reserve – this reserve smoothed out the receipt of business rates income and contributions to the reserve. This reserve had been agreed by Members to support the shortfall on the General Fund over the period 2020/21 to 2022/23, with much of this shortfall being driven by the global pandemic. The use of this reserve was discussed in section 3.8 of the report, with £5.5m being utilised over this period, reducing the balance from £7.5m to £2m. As reported in the 2020/21 Budget report, the balance on this reserve should not be allowed to go below this level, and should ideally be at a level of £2.5m. With the changes to Business Rates Retention expected from 2022/23, it was expected the Council would retain a lesser proportion of business rates, for which the further support from the reserve may be required.
- ii. Service Transformation Reserve / Early Retirement Reserve – on the basis that the Early Retirement Reserve was normally only used for one off staff costs as a result of service staffing changes, it was proposed that this Reserve was merged with the Service Transformation Reserve. £870,000 was proposed to be allocated to the Service Transformation Reserve from the 2021/22 New Homes Bonus. This was primarily towards the up-front costs of the Joint Working with Stratford District Council as considered in the separate report on the agenda for the meeting at Minute Number 75 – Joint Working with Stratford-on-Avon District Council. In addition, some funding allowed to support further projects which may require funding to progress.
- iii. Car Park Displacement Reserve – this reserve was due to be fully depleted with the balance of funding being used towards the Commonwealth Games Projects, as agreed by Members in August 2020.
- iv. Commonwealth Games Reserve – this project was due to receive £150k in 2021/22 and 2022/23, as previously agreed. In addition, £83k was proposed to be allocated to the reserve for Street Dressing.
- v. Corporate Assets Reserve – this reserve would be used in 2021/22 to support the pre-planned maintenance programme. From 2022/23, it

was proposed to allocate £500k per annum from the General Fund to support the on-going works to the corporate assets.

- vi. Covent Garden Multi-Storey Reserve – this reserve had held a balance of £900k for some years, this being intended to fund the revenue costs of closure whilst a new car park was developed. With no plans for this site at the time, it was proposed that this funding was re-allocated towards the Future High Street Funds project, as detailed in section 3.11 of the report.
- vii. Enterprise Reserve – as no schemes were proposed at the time to be funded from this reserve, it was proposed to reduce the balance on this reserve to £100k, with £137k apportioned to the Future High Street Fund.
- viii. Public Amenity Reserve – there was sufficient funding for work planned for open spaces and play areas in 2021/22. It was proposed to allocate further funding to this reserve from the anticipated New Homes Bonus for 2022/23.
- ix. Warwick District Climate Emergency Reserve – the Budget proposals presented within the report allowed for £500k per annum from 2021/22 to be allocated to this reserve. This incorporated the £82,500 in 2021/22 for the Trees for the Future project agreed by the Executive at its 1 October 2020 meeting.
- x. ICT Replacement Reserve – this reserve would receive annual contributions of £250,000, amounting to £1m over the period 2020/21 to 2024/25. The latest forecast for the replacement of the Council's ICT Equipment was attached at Appendix 6 to the report, for Members approval. If all the items on the schedule were to be funded, further funding would be required for future years.
- xi. Equipment Renewal Reserve – this reserve has been forecast to receive allocations of £100k per annum. Some drawdowns from this reserve have not been needed as soon as profiled. Consequently, within the proposed budget no allocations into the reserve have been allowed for 2020/21 and 2022/23. However, Members were asked to note the significant potential demands on this Reserve in future years, if all of these items were drawn down to this value, the Reserve would be exhausted. The Equipment Renewals Schedule (Appendix 7) was regularly reviewed to assess whether demands were still required, or whether they could be slipped within the programme.

Members were reminded that various allocations were proposed to be made to some of these reserves from the General Fund from 2021/22. These allocations would only be able to be accommodated within future budgets if the savings proposals previously agreed by Members were achieved, in terms of value and timing. The ability of future Budgets to accommodate further planned appropriations would need to be considered within future Budget reports.

In accordance with the Council's Code of Financial Practice, all new and future capital schemes needed to be in line with the Council's corporate priorities, including its capital strategy, and a full business case would be

required as part of reports to the Executive for approval. This case would identify the means of funding and, where appropriate, an options appraisal exercise would be carried out. Should there be any additional revenue costs arising from the project, the proposed means of financing such needed to also be included in the Report and Business Plan.

The Capital Programme had been updated throughout the year as new and amended projects had been approved. In addition to the changes throughout the year, it was proposed to add several new schemes to the Capital Programme, as detailed in Appendix 8 to the report. The most notable schemes were detailed below:

<b>Scheme</b>	<b>Year</b>	<b>Amount</b>	<b>Financed From</b>
Coventry And Warwickshire Reinvestment Trust Loan	2020/21	£250k	Service Transformation Reserve
Waste Contract Costs for Depot	2020/21	£528k	Borrowing
HS2 Redesign of Stoneleigh Park Southern Accommodation Bridge	2020/21	£60k	Service Transformation Reserve
Cublington Riding School Land Purchase (GF portion)	2020/21	£1.33m	Internal Borrowing
Recovery (Covid-19) ICT Provision of laptops, remote desktop services and security	2020/21	£237.3k	Business Rates Volatility Reserve, Revenue Contribution and Service Transformation Reserve
Sherbourne Resource Park (Recycling)	2020/21-2023/24	£7.105 m	Borrowing
Newbold Comyn Masterplan & Cycling Facilities	2020/21 – 2021/22	£905k	External Contributions
Commonwealth Games	2020/21 – 2022/23	£3.463m	Commonwealth Games Reserve, Parking Displacement Reserve, Community Projects Reserve, Service Transformation Reserve & External Contributions
Kenilworth Rugby Club Relocation Loan	2020/21 - 2021/22	£300k	2021/22 New Homes Bonus
Kenilworth School Loan	2022/23	£11.88m	Internal Borrowing and subsequently S106
Desktop Infrastructure, Physical Server Replacement Infrastructure General, Network General	2024/25	£74k	ICT Replacement Reserve
Rural & Urban Initiatives Grants – extension of current programme	2024/25	£100k	Capital Investment Reserve

<b>Scheme</b>	<b>Year</b>	<b>Amount</b>	<b>Financed From</b>
Recycling & Refuse Containers – extension of current programme	2024/25	£80k	Capital Investment Reserve

Some slippage to 2021/22 in the General Fund Programme had been incorporated as reported during the year.

In addition, the following tables showed slippage and savings to schemes that were required to be reported to Members. The full details were within Appendix 8 to the report:

### **Slippage**

<b>Scheme</b>	<b>Year of slippage</b>	<b>Amount</b>	<b>Comments</b>
Play Area Improvement Programme	From 2020/21 to 2021/22	£575k	Delay due to Covid-19 and staff resources.
Financial Management System	From 2020/21 to 2021/22	£234k	Profile of project now agreed.
Leper Hospital Site Regeneration	From 2020/21 to 2021/22	£894.5k	Delay in property acquisition.
Health & Community Protection IT System	From 2020/21 to 2021/22	£129k	Delay in signing contract.

### **Savings**

<b>Scheme</b>	<b>Year</b>	<b>Amount</b>	<b>Comments</b>
Financial Management System	2020/21	£204.6k	Saving.
Leamington Parking Displacement	2020/21	£159.5k	Saving as no longer required.

Slippage and savings on existing schemes were also detailed within Appendix 8 to the report.

The Housing Investment Programme and associated funding were included within parts 2 and 4 of Appendix 9 to the report. The figures here excluded the proposals presented to Members in December 2020, in respect of the proposed Housing Company. As figures were worked up with more certainty, they would be reported back to Members to consider if they were at variance to the proposals already agreed.

Part 5 of Appendix 9 to the report, showed the General Fund unallocated capital resources. These totalled £1.686m. The Capital Investment Reserve represented the largest share of this at just over £1m, for which the

Council had agreed the minimum balance should be £1m. Whilst the Council did hold other reserves to fund capital projects, it should be noted that these were limited and had been reserved for specific purposes. In addition to the resources shown here, "Any Purposes Capital Receipts" projected at £8.3m as at 31 March 2021.

The Council did have some balances and funding which it was able to use to fund specific projects and service demands. The sums available were all "one-off", meaning that they could be used to fund one-off items, but not any initiatives that would result in a recurring cost to the Council that had not been accommodated within the revenue budget. The proposed usage of these funds and balances were detailed below.

#### General Fund Balance

The Council's policy was for the nominal balance to the General Fund Balance to be £1.5m. As at 31 March 2020, the unallocated balance was £2.019m, giving an excess of £519k to be allocated. This was proposed to form a contingency budget of £500k within the 2020/21 Budget (and if not required in the year to be slipped to 2021/22) and £19k for the monitoring resource to support the Kenilworth School development.

#### Business Rates Pool Safety Net

As discussed in paragraph 3.5.4 of the report, £566k Safety Net was due to be returned to the Council in 2020/21. This was proposed to be used towards the Future High Streets Fund Project, which would be subject to a further report to Executive.

#### New Homes Bonus

As discussed in Section 3.7, the Council was due to receive £3.269m in 2021/22. This may be used for any purpose, although the Council had previously agreed some allocations in principle, which were included, along with new proposed allocations. In addition, the Council expected to receive £1.278m in "legacy payments" in 2022/23. This was also provisionally allocated below, however, should this funding not be made available, the Council would need to find other sources of funding, or not make the allocations proposed.

<b>New Homes Bonus</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
Commonwealth Games Reserve – agreed 5 annual allocations per Executive March 2018	150,000	150,000
Climate Change year 2 of 3, agreed within February 2020 Budget report (substitute Calculations). Cost of post shared with Stratford DC.	53,000	52,000
Platform (previously Waterloo) Housing Group - Joint Venture Commitment	199,600	45,000
Leisure Options Reserve - Kenilworth Leisure - interim development costs, agreed within February 2020 Budget report (substitute Calculations).	370,000	

<b>New Homes Bonus</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
Masters House/ Leper Hospital – agreed Executive Oct 2019, further allocation on top of £250k, agreed within February 2020 Budget report (substitute Calculations)	250,000	
Kenilworth Rugby FC - allocation agreed March 2020 Exec	300,000	
Voluntary/Community Sector Commissioning – funded from NHB not core budget, as per December 2020 Executive	282,000	282,000
Rural and Capital Initiatives Grants – funded from NHB not core budget as per December 2020 Executive. Allocation reduced from £150k in view of many Towns/Parishes now in receipt of CIL.	100,000	100,000
Service Transformation Reserve - Half joint Council transformation cost per other Executive report on the agenda for this meeting, and funding towards other projects, e.g. Riverside House, Covent Garden car park, Lease disposal, South Warwickshire Culture Review.	870,535	
Public Amenity Reserve – to fund work on Council play areas and open spaces		270,000
Contingency Budget – within 2021/22 revenue budget	200,000	
Kenilworth School – Project Monitor	83,000	
Community Centre Acre Close – feasibility work by Whitnash TC.	25,000	
Joint Local Plan	100,000	200,000
Future High Street Fund	203,000	119,000
Lord Leyster Hospital – underwriting of HLF award match funding		60,000
Commonwealth Games – Street Dressing	83,000	
<b>Total Allocated</b>	<b>3,269,135</b>	<b>1,278,000</b>

#### Right to Buy (Any Purpose) Capital Receipts.

As at 31 March 2020, the Council held £7.257m in unallocated Right to Buy Capital Receipts. This balance was projected to increase by £1m in 2020/21 to give an anticipated balance as at 31 March 2021 of £8.3m. Most of the balance was proposed to be used towards the Kenilworth Leisure Centre discussed within a separate report on the agenda – Minute Number 83 - Warwick District Leisure Development Programme – Kenilworth Facilities.

#### Other Capital Receipts

As agreed by Executive at its 1 October 2020 meeting, the sale of land of Queensway would generate a capital receipt of £160k. This was proposed to be used towards the Future High Streets Fund Project.

#### Enterprise Reserve

The balance on this reserve had been continuing to increase in recent years, without any notable plans for its usage in the medium term. Consequently, it was proposed to release £138,000 from this reserve, leaving £100,000 for specific commitments. This funding released was proposed to be used towards the Future High Streets Fund Project.

#### Covent Garden Multi Storey Car Park Reserve

This reserve was created to fund the revenue costs and lost income when the car park was closed for redevelopment. With no specific plans now coming forward, the £900,000 in this reserve was proposed to be released to be used towards the Future High Streets Fund Project. When a new project for Covent Garden did come forward, funding would then need to be found for the revenue costs and lost income.

Appendix 10 to the report summarised all the allocations proposed above.

In the financial year, significant additional business rate relief had been awarded by the Government, in view of the pandemic, to many additional businesses, notably in the retail and hospitality sectors. As yet, no announcements had been made in respect of additional reliefs for 2021/22, although these were widely expected. It was possible such announcements would be part of the Chancellor's Budget scheduled on 3 March 2021.

Based on the Committee meeting dates at the time, this would not enable any changes to be formally agreed and incorporated into the 2021/22 Business Rate Bills to be issued in March 2021.

It was recommended that the Section 151 Officer, in consultation with the Finance & Business Portfolio Holder, was duly authorised to approve any Business Rate Relief changes agreed by the Government, to be incorporated into the 2021/22 Business Rate billing and beyond.

During 2020/21, there had been a variety of Business Grant and other financial support schemes. Whilst most of these had been prescribed by Government, there had been some for which authorities had to agree their discretionary scheme. In these cases, the Chief Executive had to use his Emergency Powers to get these schemes agreed, and so hastened the award of funding to businesses.

It was possible there would be more discretionary business grant and other financial support schemes in 2021/22 and beyond. To assist with such schemes being agreed and funding being awarded as soon as possible, it was recommended the Section 151 Officer and Head of Development Services, in consultation with the Finance and Business Portfolio Holder, were duly authorised to design and approve any business grant and other financial support schemes proposed by the Government to be implemented. The proposed Pre-Planned Maintenance (PPM) budget would enable the Council to proactively maintain all existing corporate assets (i.e. all assets owned by the Council other than its Housing Revenue Account homes, shops, garages and land) in a sound condition unless or until any future decisions were made in respect of individual assets through a Corporate Asset Management Strategy.

The proposed budget allocation for 2021/22 was based on a review of the PPM data at the time by officers within the Assets Team, in consultation with building managers from other services which held or operated specific assets. The Proposed Corporate Property & Planned Preventative Maintenance (PPM) Programme works 2021/22 was set out at Appendix 12 to the report.

For 2021/22, the total PPM budget was £1,541,000. This would be funded using £413,000 from the Annual PPM budget and a £1,128,000 drawdown from the Corporate Assets Reserve, of which the balance was projected to be £1.361m at the time as at 31 March 2021. Further detail of the PPM Plan and the associated funding was provided within Appendix 12 to the report.

The Council agreed a new "Banded" Local Council Tax Support Scheme (LCTS) to align with Universal Credit, two years previously, on the basis of the Universal Credit being fully rolled out in 2019/20. Subsequently, the UC full rollout had been delayed, meaning the Council's banded LCTS would not be applicable for many recipients. It was proposed that Members would agree that the Local Council Tax Reduction scheme would continue in its format at the time for a further year, with no planned changes to the administration. However, the Head of Finance should continue to exercise delegated powers to agree to any amendments to the scheme which might be required in line with Government announcements, in respect of other income related benefits which, if the scheme was not amended, would otherwise make a claimant worse off.

In terms of alternative options, the Council did not have an alternative to setting a Budget for the forthcoming year. Members could, however, decide to amend the way in which the budget was broken down or not to revise the year's Budget at the time. However, the proposed latest 2020/21 and 2021/22 budgets sought to reflect the decisions made by Members and make appropriate recommendations. Any changes to the proposed budgets would need to be fully considered to ensure all implications (financial or otherwise) were addressed. If any Member was considering suggesting changes to the proposed Budget, these proposals needed to be discussed (in confidence) with the Head of Finance beforehand, to ensure all implications were considered, including funding. If appropriate, alternate Budget papers could be prepared for consideration by Council.

The Finance & Audit Scrutiny Committee supported the report and took the opportunity to thank all officers for their work in bringing forward the budget for the Council in these challenging times.

Councillor Hales thanked the Head of Finance and officers who had worked so diligently in producing the budget in recent months, and he thanked the Finance and Audit Scrutiny Committee. He then proposed the report as laid out.

**Recommended** to Council that

- (1) the proposed changes to the 2020/21 budget, be approved;
- (2) the Revised 2020/21 Net Cost of General Fund Services of £35,894,800 as set out in Appendix 2

to the report, which would enable £923,000 to be allocated to a newly established COVID Contingency Budget for 2021/22, be approved;

- (3) the proposed 2021/22 Budget, with a Net Cost of General Fund Services of £27,185,000, and the use of £2,846,100 from the Business Rate Retention Volatility Reserve (BRRVR), be approved;
- (4) the Council Tax charges for Warwick District Council for 2021/22 before the addition of Parish/Town Councils, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts for each band, be agreed as follows:

	<b>£</b>
Band A	117.91
Band B	137.56
Band C	157.21
Band D	176.86
Band E	216.16
Band F	255.46
Band G	294.77
Band H	353.72

- (5) the projected Medium Term Financial Strategy (MTFS) encompassing the Budget Proposals agreed by Members in December 2020 and the further changes that have been included, be approved;
- (6) the reserve projections and allocations to and from the individual reserves, be approved;
- (7) the ICT Replacement and Equipment Renewal Schedules as set out in Appendices 6 and 7 to the report, be approved;
- (8) the General Fund Capital and Housing Investment Programmes as detailed in parts 1 and 2 of Appendix 9 to the report, together with the funding of both programmes as detailed in parts 3 and 4 of Appendix 9 to the report, and the changes described in the tables in section 3.10 of the report and Appendix 8 to the report, be approved;
- (9) the allocation of funding summarised in Appendix 10 to the report, be approved;

- (10) the Financial Strategy as set out in Appendix 11 to the report, be approved;
- (11) the Section 151 Officer, in consultation with the Finance and Business Portfolio Holder, be duly authorised to approve any business rate relief changes agreed by the Government to be incorporated into the 2021/22 Business Rate Billing and thereafter;
- (12) the Section 151 Officer and Head of Development Services, in consultation with the Finance and Business Portfolio Holder, be duly authorised to design and approve any business grant and other financial support schemes proposed by the Government to be implemented in 2021/22 and thereafter;
- (13) proposed allocation of £1,541,000 for the 2021/22 Corporate Property Repair and Planned & Preventative Maintenance (PPM) Programmes to fund the list of proposed works set out in Appendix 12 to the report, and the drawdown of funding from the Corporate Asset Reserve of up to £1,128,000 to support the 2021/22 programme, be approved;
- (14) the Head of Assets, in consultation with the Chief Executive/Deputy Chief Executive and the Procurement Manager, be authorised to procure the proposed PPM works as per the Code of Procurement Practice, and authority be delegated to the Head of Assets, the Deputy Chief Executive and the Head of Finance, in consultation with the Finance & Business and Housing & Culture Portfolio Holders, to approve any amendments to the proposed programme of works listed at Appendix 12 and/or revisions to the amount of budget allocated for specific schemes, provided these can be accommodated within the overall PPM budget allocation of £1,541,000; and
- (15) the Local Council Tax Reduction scheme will continue in its current format for a further year with no planned changes to the administration, however, the Head of Finance should continue to exercise delegated powers to agree to any amendments to the scheme which might be required in line with Government announcements in respect of other income related benefits which if the scheme is not amended would otherwise make a claimant worse off, be agreed.

(The Portfolio Holder for the item was Councillor Hales)  
Forward Plan Reference 1,176

79. **Housing Revenue Account (HRA) Budget 2021/21 and Housing Rents**

The Executive considered a report from Finance presenting the latest projections for the Housing Revenue Account (HRA), in respect of 2020/21 and 2021/22 based on at the time levels of service and previously agreed Executive decisions.

The information contained within the report made the recommendations to Council in respect of Council tenant housing rents, garage rents and other HRA charges for 2021/22.

These recommendations would ensure that the Council was operating in compliance with national policy and guidance on the setting of rents for General Needs and Support Housing properties.

From April 2020, a new national rent policy came into effect, with Councils allowed to increase rents by up to CPI (at September) + 1% per annum. The Council would increase rents for Social and Affordable rent dwellings by CPI at September 2020 which was 0.5% +1%, with the total rent increase being 1.5% from April 2021.

The rent policy prior to this ensured rents charged for existing tenants by local authority housing landlords were reduced by 1% per year, for four years, commencing April 2016. 2019/20 was the final year of this rent reduction. The 1% rent reduction per annum also applied to supported housing, with 2019/20 being the final year of this reduction.

Details of rents at the time and those proposed as a result of these recommendations were set out in Appendix 1 to the report. It was noted that from April 2016 Target Formula rents were applied when a dwelling became void and re-let, existing tenancies prior to this policy change would continue under the historic rent regime with inflation, linked in line with national rent policy. Appendix 1 to the report contained the average rents for both Target Formula Rent and Historic Rent dwellings.

A comparison of the Councils proposed 2021/22 rents to Local Market Rents, National Formula Rent Caps and Local Housing Allowance Rents was set out in Appendix 2 to the report. The Councils Social Rents were 41% lower than the Local Average Weekly Market Rent. This meant that the Council's housing service reduced 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.

From April 2016 landlords were permitted to set the base rent as the Target Social Rent (also known as Target Formula Rent) for new tenancies. In the Councils case, this represented a small increase over the social rent charged for tenanted properties and was projected to increase rental income by around £6,000 in 2020/21. These tenancies were subject to agreed rental policy to comply with the Welfare Reform and Work Bill 2016.

The Council adopted the policy to introduce Target Formula Social Rents on new tenancies issued upon a dwelling becoming void and re-let. This phased approach equated to approximately 400 dwellings per year transferring from the social prior rent policy to Target Formula Rents. Existing tenancies commencing prior to April 2016 would remain on the prior rent policy, with rents being inflated by CPI+1 in line with Target Social Rents Dwellings.

From April 2021, rents on new Affordable Housing Tenancies within the HRA would be charged in line with the National Affordable Housing Rate, which was 80% of the Local Market Rent, in line with planning permission and grant approvals from Homes England.

The Council had previously agreed "Warwick Affordable" rents between 2014/15 and 2020/21 in relation to properties at Sayer Court Leamington, and Bremridge Close, Barford by adopting a model to charge "Warwick Affordable" rent levels which were a mid-point between 80% Local Market Rent and Social Rent.

The reason for this change resulted from the Council officially being awarded "Affordable Housing Investment Partner" status from Homes England in 2020, which enabled the Council to apply for grant funding to assist with the cost of housing developments and charge affordable rents within these schemes. To ensure that all future acquisitions and developments linked with Homes England remained as financially robust as possible, the rents would be set at the national standard of Affordable rents equating to 80% of local market rents.

Existing Affordable Housing tenancies would continue to pay "Warwick Affordable" rents for the remainder of their tenancy to ensure there were no negative financial implications for existing tenants.

Affordable rents and "Warwick Affordable" rents were inflated in line with national rent policy at CPI (at September) + 1%. CPI at September was 0.5% and so with the total rent increase is 1.5% from April 2021. This change was noted in the HRA Business Plan projections presented to Executive in December 2020.

At the time the report was written, the Council owned 18 Shared Ownership Dwellings. Shared owners purchased a percentage of the property from the Council and were required to pay rent on the proportion of their home which they did not own.

The shared ownership properties' rent increases were not governed by national Policy, but the Council adopted the Homes and Communities Agency (HCA) template lease agreement, which included a schedule on rent reviews. Schedule 4 of the lease agreement determined that the rent would be increased by RPI (at November) + 0.5% from April each financial year.

RPI at November 2020 was 0.9% and so the total rent increase would be 1.4% from April 2021.

The Council would continue to use lease agreements based on the existing Housing & Communities Agency (HCA) template lease for all new shared

ownership tenancies.

Garage rent increases were not governed by national guidance, although in recent years' consideration had been made in regard to the level of increase applied to the garages. Unlike housing rents, there had been no requirement to reduce garage rents. In 2019/20, Members approved a £4 rise in garage rents and in the 2020/21 HRA Rent Setting Report presented to Executive at its 12 February 2020 meeting, it was approved to adopt an increase of 10% per year over a five-year period, with following years being inflated by CPI. The Council did not have a formal policy for the setting of rents for garages but the following points contributed to the decision to increase the rents.

There were waiting lists for a number of garage sites, whilst other sites had far lower demand; where appropriate, these sites were being considered for future redevelopment as part of the overall garage strategy for the future. Two different rent charges applied to garages depending upon whether the renter was an existing WDC tenant or not. There were also parking spaces and cycle sheds which were charged for.

Market Research showed that in the private sector, garages were being marketed in the District with rents ranging from £40-£85 per month (local market valuations last reviewed January 2020). The average monthly rent for a Council garage at the time was £46.71.

The location of many of the garage sites and quality of the land, landscape and garage condition constrained the levels of rent that could reasonably be achieved. It was considered that many sites required investment to improve their condition, provide greater community benefits, extend the life or accommodate the development of additional affordable housing. The Housing Service had completed a review of garage sites to determine their optimum potential as an asset of the HRA. Most sites would simply require some form of fairly modest improvement, such as to roofs or to the hardstanding. Others might require more significant work or might benefit from a more strategic redesign and realignment with contemporary expectations. In addition, the garages and external areas at key high rise sites were in need of some redesign and modernisation.

Any additional income generated from Garage Rents for the service would help to alleviate the loss of rental income from dwellings and ensure the continuous viability of the Housing Revenue Account Business Plan. Alongside the rent increase, a review of garage voids had indicated that on average 26% of the total garage stock was void at the time of writing the report, worth approximately £266,650 in potential income in a 12-month period. Work to review each site to potentially reduce the level of voids and possibly attract additional income was in progress.

The Garage Rents would increase by 10% per year from April 2021. On average, Tenants weekly charge would increase by £0.98 per week from £9.80 to £10.78. Non-tenants also would VAT on the charge, so VAT inclusive rates would increase by £1.18 per week, from £11.76 to £12.94. There were a number of Garages of non-conventional size which were charged varying rates, and these rents would also be increased by 10%.

The Council was required to set a balanced budget for the HRA each year, approving the level of rents and other charges that were levied. The Executive made recommendations to Council that would take into account the base budgets for the HRA and Government guidance at the time on national rent policy.

Appendix 3 to the report summarised the adjustments from 2020/21 base budgets to the 2020/21 latest budgets and 2021/22 base budgets.

The Housing Investment Programme was presented as part of a separate report on the agenda for the meeting, at Minute Number 77 - General Fund 2021/22 Budget and Council Tax – and the recommendations would 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 £1.5m in line with Council policy.

The dwelling rents had been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers and changes based on the number of actual and forecast Right-To-Buy sales and acquisitions.

The following table summarised how the latest 2020/21 HRA budget had been calculated and how the latest budget at the time had changed from the original 2020/21 approved budget:

	<b>£</b>
<b>Original Approved Net HRA Surplus 2020/21</b>	<b>7,207,400</b>
Net Increase in Expenditure	129,700
Net Increase in Income	0
<b>Latest Net HRA Surplus 2020/21</b>	<b>7,077,700</b>

Key drivers of the increase in Expenditure budgets included:

- increase in Housing Repairs Supervision Costs (+£46,300) following a review of the Housing restructure, a post was identified to have not been included in the original budgets;
- increase in Rates (+£12,400); and
- increase in Supervision and Management Costs (+£71,000).

As a result of the above variations to the 2020/21 HRA budgets, the forecast contribution to the HRA Capital Investment Reserve for the year would be £2.565m, a reduction of £129,700 from the original £2.695m budget.

In determining the 2021/22 Base Budget, the over-riding principle was to budget for the continuation of services at the agreed level. The following adjustments needed to be made to the 2020/21 Original Budgets:

- removal of any one-off and temporary items;
- addition of inflation (contractual services and pay only);
- addition of previously agreed growth items;
- addition of unavoidable growth items; and

- inclusion of any identified savings

The table below summarised how the 2021/22 HRA base budget had been calculated:

	<b>£</b>
<b>Original Approved Net HRA Surplus 2020/21</b>	<b>7,207,400</b>
Net Decrease in Expenditure	164,500
Net Increase in Income	390,700
<b>Original Net HRA Surplus 2021/22</b>	<b>7,762,600</b>

Key drivers of the change in Expenditure budgets included:

A net reduction in Expenditure from General Supervision & Management of £164,500 consisting of:

- increase in Housing Repairs Supervision Costs (+£34,200) following a review of the Housing restructure, a post was identified to have not been included in the original budgets;
- increase in Rates (+£12,400);
- increased cost of Repairs and Maintenance (+£8,600);
- increase in bad debt provision (+£7,700);
- decrease in Supervision and Management Costs (-£227,400) due to a reduction in the cost of Housing Services; and
- a £390,700 increase of HRA dwelling and Garage rents as per Rent Policy and Inflation.

A number of assumptions had been made in setting the budgets for 2020/21.

Inflation of 2% had been applied to general budgets. 2% had been used for most major contracts, with the exception of the cleaning contract (2.6%). 2.4% had been used for Business rates and a 2% pay award had been applied to salaries.

The base rent budget in the report was a baseline calculated from the rental assumptions presented in the 2020 HRA Business Plan, and as noted in paragraphs 2 to 2.7 in the report.

Growth / Income Reductions from unavoidable and previously committed growth had been included in the Base Budget.

Any HRA surplus above that required to maintain the appropriate HRA working balance was transferred into the HRA Capital Investment Reserve, to be used on future HRA capital projects. The 2021/22 Base Budget allowed for a £3.250m contribution to the reserve.

Notional Interest had been charged to the HRA within the Capital Charges. This represented the cost of tying up resources in the asset. This had been charged against HRA garages and shops at their Existing Use Value (EUV). HRA housing had not been included in this calculation due to the assured nature of tenancies, restricting the Council's ability to sell occupied housing assets.

Costs for electricity, gas, water and laundry facilities were provided at some sheltered housing schemes and were recovered as a weekly charge. These

utility charges were not eligible for Housing Benefit. Tenants were notified of these charges at the same time as the annual rent increase. Appendix 4 to the report contained the charges for 2021/22, which would commence on 1 April 2020.

The agreement of heating, lighting and water charges was delegated to the Head of Housing and Head of Finance in consultation with the relevant Portfolio Holders in the Executive report 'Heating, Lighting and Water Charges 2018/19 – Council Tenants' which was considered by the Executive at its meeting on 7 February 2018. A policy of full cost recovery was adopted.

Recharges were levied to recover costs of electricity, gas and water supply usage to individual properties within one of the sheltered and the five very sheltered housing schemes.

The costs of maintaining communal laundry facilities were also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges. A new communal Laundry contract was procured for 2020/21 which provided tenants with new Laundry Equipment and an improved repair, service and maintenance contract.

Utility costs were reviewed in line with Council contracts to ensure affordability. The gas and electricity used to deliver communal heating and lighting was supplied under the provisions of the Council's energy supply contracts. Other measures such as installing Photovoltaic cells (solar panels) at James Court, Tannery Court and Yeomanry Court in April 2012 assisted with reducing tenant's costs with the electricity generated reducing consumption from the national grid.

A biomass heating system had been installed in Tannery Court and Sayer Court, providing environmental benefits of using a more sustainable fuel. The capital cost of installation was partly repaid by the Government's Renewable Heat Incentive scheme.

The charges necessary to fully recover costs for electricity, gas, water and laundry facilities in 2021/22 were calculated annually from average consumption over the previous three years, updated for costs at the time, average void levels and adjusted for one third of any over-recover or under-recovery in previous years. The use of an average ensured that seasonal and yearly variations were reflected in the calculation.

The total cost to the Council in 2020/21 had been calculated at £161,380 for Electricity, Heating, Lighting and Laundry and £33,070 for Water, which had been included in the Supporting People Service Charges budget in Appendix 3 to the report, and would be recovered by being recharged to the tenants of applicable Sheltered Housing Schemes in full.

In terms of alternative options, the purpose of the report was to produce budgets as determined under the requirements of the Financial Strategy, in line with Council policies at the time. Any alternative strategies would be the subject of separate reports.

Councillor Matecki proposed the report as laid out.

**Recommended** to Council that

- (1) the rents for all tenanted dwellings (excluding shared ownership) be increased by 1.5% (CPI 0.5% +1%) for 2021/22 in line with National Rent Policy, be approved;
- (2) the HRA Social dwelling rents for all new tenancies created in 2021/22 continue to be set at Target Social (Formula) Rent for Social rent properties, be noted;
- (3) the HRA Affordable dwelling rents for all new tenancies created in 2021/22 are set at the standard National Affordable rent level in place of the previously approved "Warwick Affordable Rent", be approved;
- (4) any new shared ownership tenancies will continue to adopt lease agreements based on the existing Housing & Communities Agency (HCA) template lease with rents increased by RPI + 0.5% annually. Existing tenancies 2021/22 rent increase equate to 1.4% (RPI 0.9% + 0.5%) in line with the lease agreement, be noted;
- (5) garage rents for 2021/22 continue to be increased by 10% per year for a period of 5 years (Year 1 commenced in 2020/21), be approved;
- (6) the latest 2020/21 and 2021/22 Housing Revenue Account (HRA) budgets are agreed (Appendix 3 to the report), be approved; and
- (7) the Sheltered Housing Heating, Water and Lighting full recovery recharges for 2021/22 (Appendix 4 to the report), be noted.

(The Portfolio Holder for this item was Councillor Matecki)  
Forward Plan Reference 1,177

**80. Treasury Management Strategy 2021/22**

The Executive considered a report from Finance detailing the strategy that the Council would follow in carrying out its Treasury Management activities in 2021/22.

The Council's Treasury Management operations were governed by various Treasury Management Practices (TMPs) that the CIPFA Treasury Management Code required to be produced by the Council, and adhered to by those officers engaged in the treasury management function. These TMPs had previously been reported to the Executive and were subject to periodic Internal Audit review.

There had been no changes to the TMPs in this cycle.

Under CIPFA's updated *Treasury Management in Public Services Code of Practice* the Council continued to be required to have an approved annual *Treasury Management Strategy*, under which its Treasury Management operations could be carried out. The proposed Strategy for 2021/22 was included as Appendix A to the report.

This Council had regard to the Government's Guidance on Local Government Investments. The guidance stated that an *Annual Investment Strategy* must be produced in advance of the year to which it related and must be approved by the full Council. The Strategy could be amended at any time and must be made available to the public. The *Annual Investment Strategy* for 2021/22 was shown as Appendix B to the report.

The Council had 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 MHCLG required that a statement on the Council's *Minimum Revenue Provision (MRP) Policy* should be submitted to full Council for approval before the start of the relevant financial year. This was contained in Appendix C to the report.

The *Prudential Code for Capital Finance in Local Authorities* was last revised in 2018 and introduced new requirements for the way that capital spending plans were considered and approved, in conjunction with the development of an integrated Treasury Management Strategy. The Prudential Code required full Council to approve a number of Prudential Indicators, including amounts of borrowing required to support capital expenditure, set out in Appendix D to the report, which needed to be considered when determining the Council's Treasury Management Strategy for a minimum of the next three financial years.

The Executive previously requested that the 2020/21 Treasury Management Strategy Statement considered the policy of investing in fossil fuels. The investments which at times the Council may have some exposure to fossil fuel extraction companies were the two corporate equity funds, operational since 2017/18.

Due to being 'pooled funds', the Council was unable to direct or influence where the fund managers placed these investments, and currently around 5% of the pooled funds were in 'fossil fuel' companies. Therefore, the recommendation had previously been made to divest from these two funds no later than the end of 2025. However, officers continued to monitor the situation and sought to identify suitable opportunities to divest at the most financially beneficial time for the Council. Further details on the amount by which the funds would have to increase to avoid a capital loss on disposal, which would be chargeable to the General Fund, were included in paragraph 9.3 of Appendix A to the report. Subject to the immediate financial needs of the Council, which might necessitate the managed closing of these investments, this money could then be re-invested in non-carbon or ESG equity funds, or alternative investments in-line with the Investment Strategy. Further information was included within the report.

In terms of alternative options, an alternative to the strategy being proposed for 2021/22 would be to not alter the current strategy to invest

without specific reference to any Environmental, Social and Governance (ESG) issues.

The Finance & Audit Scrutiny Committee noted the report and welcomed the approach of the Finance and Business Programme Advisory Board (PAB) picking up the initial work in this area in respect of the potential Environmental, Social and Governance investment and joint working with Stratford District Council.

Councillor Hales thanked the Finance and Audit Scrutiny Committee Members for their questions at the Committee's meeting on 10 February. He also explained that he had spoken to the Chair of the Finance and Business PAB and this item would come to the PAB in September. He thanked the Head of Finance and the report author, the Principal Accountant, and he then proposed the report as laid out.

**Recommended** to Council that

- (1) the Treasury Management Strategy for 2021/22 as outlined in paragraph 3.3 of the report and contained in Appendix A to the report, be approved;
- (2) the 2021/22 Annual Investment Strategy as outlined in paragraph 3.4 of the report and contained in Appendix B to the report, be approved;
- (3) the Minimum Revenue Provision Policy Statement as outlined in paragraph 3.5 and contained in paragraphs 5.1 to 5.5 of Appendix C to the report, be approved; and
- (4) the Prudential Indicators as outlined in paragraph 3.6 and contained in Appendix D, including the amount of long-term borrowing required for planned capital expenditure, be approved.

(The Portfolio Holder for this item was Councillor Hales)  
Forward Plan Reference 1,167

## 81. **Housing Allocations Policy Review**

The Executive considered a report from Housing which proposed a number of changes to the policy that the Council used to allocate housing in its own stock and for nominating potential applicants to Registered Providers.

The housing allocations policy was a legal requirement. It set out the rules that the Council used to decide who may apply for vacant Council and housing association homes in the District and how decisions would be taken as to who would be offered these vacancies. The overarching aim of the policy was to get more people into homes appropriate to their circumstances. Since the current Allocations scheme was adopted in 2018, there had been several changes in government guidance in this area of

policy. A review of the current policy had proposed a number of changes.

There would be a number of operational and IT changes required in order to implement the proposals, and a reasonable timescale needed to be allowed for the new system to be put in place.

Changes to the policy may be required from time to time to ensure that it remained in line with current best practice and to ensure clarity and consistency across the policy.

In terms of alternative options, not revising the policy had been considered, but this was not deemed appropriate due to the range of new guidance and best practice published since the last review.

The proposals set out in the report were discussed with the Housing and Property Policy Advisory Board in October 2020, when potential alternatives were considered and debated.

Councillor Matecki proposed the report as laid out.

**Recommended** to Council that

- (1) the revised policy at Appendix 1 to the report, be approved;
- (2) authority be delegated to the Head of Housing Services in consultation with the Housing and Property Portfolio Holder to determine the date that the revised policy takes effect; and
- (3) authority be delegated to the Head of Housing Services in consultation with the Portfolio Holder for Housing and Property to make changes to the policy that are required to ensure it remains in line with best practice, Government Guidance and delivers clarity and consistency across the policy.

(The Portfolio Holder for this item was Councillor Matecki)  
Forward Plan Reference 1,157

## 82. **Minor Changes to the Constitution**

The Executive considered a report from Democratic Services which brought forward some minor changes to the Constitution, in respect of delegations to officers and Council Procedure Rules.

The revision to the Council Procedure rules for the change in definition from special to additional/urgent meetings provided clarification for all parties on the procedures and terminology to be used.

The proposed new delegation to the Head of Housing was to enable use of the powers available to take action against lettings agents who did not register with a redress scheme. It was a legal requirement for letting agents to belong to a government approved independent redress scheme.

The role of an independent redress scheme was to provide fair and reasonable resolutions to disputes with members of the public.

The revision to the delegation for Street Trading Consents was included to provide clarity on where the responsibility sat for the approval of licences.

The change to the delegation to the Head of ICT in respect of Street Naming and Numbering was included to provide clarification that the adoptions should be in line with the adopted Policy. The revised Policy was included for approval on the agenda for the meeting – Minute Number 80 – Housing Allocations Policy Review.

The proposal to move a number of delegations to the Head of Customer Service from the Head of Finance was in anticipation of the decision from Employment Committee on 11 February to establish a Joint Post with Stratford District Council. These delegations were the ones that would fall within the remit of that Service Area and no changes were proposed to the wording of them.

The proposed revision to the Code of Procurement Practice was included to provide clarification on the authority to sign contracts for the Council, depending upon their specific value. It also clarified when a contract needed to carry the official seal of the Council.

Following the expiration of the transition period for the UK leaving the EU at 11pm on 31 December 2020, the Public Contract Regulations 2015 were being updated to change any references to EU requirements and the Official Journal of the European Union (OJEU) to those related to UK law. It was recommended that the Code of Procurement Practice was updated to do the same.

In terms of alternative options, consideration was given to leaving the wordings as at present, for those which were revised. However, they were considered to be ambiguous or did not fully align with adopted Policy of the Council. Therefore, this was not considered appropriate approach.

In respect of the new delegation in respect of lettings, no alternative was considered as this was considered necessary for officers to undertake enforcement action.

Councillor Day proposed the report as laid out.

**Recommended** to Council that

- (1) the revisions to the Constitution, as set out in Appendix 1 to the report, be approved;
- (2) the Licensing & Regulatory Committee be directed to update its delegations to Panels to include the additional wording set out in italics below:

*"The Licensing & Regulatory Committee has also delegated authority to these Sub-Committee to*

Item 11b / Page 46

determine the following matters The Issue Street Trading Consents – if objections received *or they are contrary to the adopted Street Trading Policy*”; and

- (3) the Constitution be amended so that any reference to the Official Journal of the European Union (OJEU) is replaced with Public Contracts Directive.

(The Portfolio Holders for this item were Councillors Day, Falp and Matecki)  
Forward Plan Reference 1,170

### 83. **Warwick District Leisure Development Programme – Kenilworth Facilities**

The Executive considered a report from Cultural Services. The current focus of the Warwick District Leisure Development Programme was the two leisure facilities that the Council owned in Kenilworth: Castle Farm Recreation Centre and Abbey Fields Swimming Pool.

At its 13 July 2020 meeting, the Executive gave permission to officers to instruct the Design Team (provided and led by Mace Group) to proceed to the end of RIBA Stage 4 (design only) for both the Castle Farm Recreation Centre and the Abbey Fields Swimming Pool.

The design process for both buildings had now been completed to the end of RIBA Stage 4 (design only) and these designs had been signed off by the Project Board. Members would be invited to view these completed designs in advance of the Planning Application being presented to the Planning Committee. The report therefore focused on the financial aspects of the work.

The report laid out the predicted financial costs of the project to reconstruct the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre, and asked that the impact of these costs was allowed for within the budget for the Council. It sought permission to begin the procurement processes for the demolition and construction contracts for these facilities.

If approval was given, the procurement processes would then continue so that a preferred contractor for the construction and the demolition could be identified and the costs agreed with the contractors. The report then sought permission to let a demolition contract and a construction contract for each of these facilities with the preferred contractors, provided that the agreed costs were within the limits set in this report.

Both facilities included a high level of sustainability in their designs, in order to assist the Council in its intention to become a net zero carbon organisation by 2025. A separate Planning Application had subsequently been submitted for each facility.

The predicted costs of the project to reconstruct Abbey Fields Swimming Pool and Castle Farm Recreation Centre were between £21,200,000 and £22,200,000 for the two projects combined. Of these, the cost of the Abbey Fields Swimming Pool element of the project was predicted to be between

£9,381,000 and £9,850,000. The cost of the Castle Farm element of the project was predicted to be between £11,834,000 and £12,426,000.

As the procurement process had not yet been undertaken, these costs had not yet been tested with the market. The market was particularly volatile at the present time due to a number of issues, but primarily the two unprecedented situations of the Covid-19 pandemic and uncertainties following the end of the Brexit transition period. However, these predicted costs had been calculated in considerable detail, based on the current designs, which had been completed to the end of RIBA Stage 4 (design only), which gave a high level of detail on the design. In order to fund this project as effectively as possible, a number of sources would need to be used.

If recommendations 2.3 to 2.5 inclusive of the report were agreed, then it would be appropriate to proceed with a procurement exercise for the demolition contractor and a separate exercise for the construction contractor for each site. It was proposed to carry out separate procurement exercises for these two functions, as demolition was a specialist task. If the main construction contractor was asked to complete the demolition as well as the construction, they would simply employ a sub-contracted demolition contractor and add their own fees on top of the cost of the demolition contractor.

It had not been possible to undertake these exercises to date, as procurement regulations made it clear that the Council should not advertise a procurement opportunity until it was relatively clear that an authority had sufficient resources to enter into the contract.

It was proposed to let separate contracts for the demolition of each of the two buildings, and also separate contracts for the construction of each of the two buildings, making four contracts for demolition and construction in all. This would improve the accuracy of contract management. However, following Procurement Team advice, it was proposed that only one demolition contractor and one construction contractor would be used as this would provide economies of scale on the contract cost. Tenderers would be invited to submit separate costs for each building, on the basis that both buildings would be included within the work. Tenderers would also be asked to submit costs for each building if the other building was not included. Tender costs would be assessed on the basis that both buildings were to be included.

The disconnection and installation of services to the two buildings would not be part of the contracts, as such works had to be undertaken by the Council directly. The Council would enter into contracts with the various service providers directly to deliver this work. Unlike with Phase One of the Leisure Development Programme, both of these project elements involved the complete demolition of the existing building and the disconnection of all services before the construction contractor begins work, and so there would be no repeat of a situation where the construction contractor was on site but waiting for services to be disconnected or redirected.

As part of the procurement and contractual process, the Council would require both contractors to minimise carbon emissions arising out of the demolition and construction processes.

The proposed timetable for the works was shown in Appendix B to the report. Appendix B to the report also showed the programme advantages of utilising a procurement framework with mini-competition. The revised programme was summarised as follows:

Commence procurement process - February 2021

Finalise documents – March 2021

Select preferred demolition and construction contractors – June 2021

Approval of contractors and costs by Project Board – August 2021

Start on site (demolition) – September 2021

Castle Farm Leisure Centre opens – October 2022

Abbey Fields Swimming Pool opens – December 2022

Once the procurement process was completed, the Council would have identified a preferred contractor for the demolition of the two buildings and a separate preferred contractor for the construction of the two buildings. A price would also have been agreed with each contractor for each building, in the event that it was decided to only proceed with one of the two buildings.

It was proposed that the Executive should approve the entering into a contract with the preferred demolition contractor and a separate contract with the construction contractor, to proceed with the works on the Abbey Fields Swimming Pool site if the combined price for the two contracts was less than the cost cap of £9,850,000. This cost cap represented the predicted cost of the works, plus a maximum of 5% to allow for the current volatility in the market and also for the time delay between the cost prediction and the signing of the contract. The cost cap also included the consultant fees for the remainder of the project, contingency and other sums. For the avoidance of doubt, the sum that the contractors submitted for the work would therefore have to be such that all remaining costs were contained within the cost cap.

The advantage of this recommendation is that if the prices received were less than the cost cap, there would not be a need for a further report to the Executive, which would save time on the project timetable. As shown in paragraph 3.2.6 of the report, this would help to enable completion of both buildings by December 2022.

It was proposed that the Executive should approve recommendation 2.4 in the report, to the Council entering into a contract with the preferred demolition contractor and a separate contract with the construction contractor to proceed with the works on the Castle Farm Recreation Centre if the combined price for the two contracts was less than the cost cap of £12,426,000. This cost cap represented the predicted cost of the works, plus a maximum of 5% to allow for the current volatility in the market, and also for the time delay between the cost prediction and the signing of the contract. The cost cap also included the consultant fees for the remainder of the project, contingency and other sums. For the avoidance of doubt, the sum that the contractors would submit for the work would therefore have to be such that all remaining costs were contained within the cost cap.

If the Executive agreed recommendation 2.2 of the report, a procurement process would be undertaken. Once a preferred demolition contractor and a

preferred construction contractor was identified, the contractors and the Design Team would undertake a process known as 'value engineering' which would seek to establish if there were any elements of the design or the demolition, and then construction method that could be altered in order to reduce costs without affecting the efficacy, appearance and sustainability of the completed buildings.

It was possible that the procurement exercise would identify that the agreed costs for either the works at Abbey Fields Swimming Pool or the works at Castle Farm Recreation Centre would be higher than the cost cap for that building.

If this situation occurred, the first action would be to revisit the agreed costs with the demolition contractor and the construction contractor to see if it was possible to agree a cost that was less than the respective cost cap or caps. This would be done through a process of repeating the 'value engineering' exercise to see if it was possible to drive more savings into the process.

However, if it proved impossible to reduce the costs of either one or both of the facilities below the cost cap, then a further report would be submitted to the Executive to determine next steps.

One potential source of funding for the Abbey Fields Swimming Pool element of this project was receipts under the Section 106 (s106) process. Based on the sums that had already been agreed in s106 agreements for indoor sport with developers, and other sums that had been calculated as due from developments that were at the Planning Application stage, as shown in Appendix C to the report, it was estimated that £2,500,000 would be available to partly fund the works at Abbey Fields Swimming Pool from this source.

It was not permitted to mix receipts from s106 agreements with receipts under the Community Infrastructure Levy (CIL) process for the same element of a project. It was therefore proposed that all s106 receipts to be used on the Leisure Development Programme at this stage should be allocated to the Abbey Fields Swimming Pool.

However, it needed to be noted that this sum was dependent on developers proceeding with their developments and reaching the trigger points that required them to make the s106 payments. This sum was not therefore guaranteed and so it came with risk, as shown in paragraph 6.2 of the report.

At the present time, £2,767,266 had been agreed with developers as contributions towards the provision of indoor sport that could be used to partly fund the reconstruction of Abbey Fields Swimming Pool. In addition, a further £91,991 had been identified as s106 contributions from developments that were currently at the Planning Application stage. This second sum still needed to be agreed with the developers concerned, but was calculated in accordance with a nationally-recognised and approved formula. This meant a total of £2,859,257 may be available from this source. The list of projects and amounts was shown as Appendix C to the report. In view of the fact that not all Planning Applications may receive

Planning Permission, or progress to full delivery, it was considered prudent to identify £2.5m as being potentially available from this resource.

If the Executive approved recommendations 2.2 to 2.5 inclusive of the report, it would be necessary to provide sufficient funding to complete this project. A number of sources had been identified, in addition to the s106 funding mentioned in section 3.6 above. The first of these was funding from *Any Use Capital Receipts*.

It was recommended that £7,800,000 should be made available from this source, as shown in section 5 of the report. The unallocated balance of these receipts, as at 31 March 2020, was £7.257m. This balance was projected to increase by £1m in 2020/21, to give an anticipated balance as at 31 March 2021 of £8.3m.

The second additional source of funding was receipts from the Community Infrastructure Levy process. It was not possible to mix s106 receipts with CIL receipts. It was therefore proposed that £6,000,000 of the Council's CIL receipts should be allocated to partly fund the works for the reconstruction of the Castle Farm Recreation Centre. It was noted that the Executive was due to receive a report at its March meeting on the allocation of the Community Infrastructure Levy for financial year 2021/22 and beyond, and that recommendation 7 allocated £6 million of this funding at this point.

It was unlikely that sufficient CIL funding would be received by the Council in any one financial year to make the full £6,000,000 available to the Castle Farm project in one year. It was therefore proposed that the funds should be allocated as £3,000,000 in each of two financial years – 2021/22 and 2022/23. It was more usual to agree the allocation of CIL money on a year-by-year basis, but given the scale and importance of this project, it was proposed to make this allocation over a period of two financial years.

CIL was received from developers when certain trigger points of development were reached. Receipts from this source could not therefore be accurately predicted, as income rates may accelerate or slow, depending on the speed of development. This could also be affected by insolvency and substantial external events, such as the current Covid-19 pandemic. It was therefore possible that insufficient funds may be received in the two relevant financial years to make the sums proposed in recommendation 7 available to the project in the relevant year. In this instance, it was proposed that CIL funding should be made available to the Castle Farm element of the Programme in subsequent years, until the £6,000,000 total was reached. In this case, the Council may need to forward fund an element of the funding from one financial year to the next. The cost of financing any such forward funding was shown in paragraph 5.6 of the report.

The third and final additional source of funding was recommended to be a loan from the Public Works Loan Board.

Income from Capital Receipts was forecast to generate £16,300,000 for this project, if recommendations 2.6 and 2.7 of the report were approved. Costs were currently predicted to be between £21,200,000 and £22,200,000. These sums had been calculated in considerable detail, but they were

subject to testing in a volatile market. These predictions indicated an initial shortfall in project funding of between £4,900,000 and £5,900,000.

In order to meet this shortfall, it was proposed that a loan should be taken out with the Public Works Loan Board, for a sum not exceeding £6,000,000. The on-going costs of servicing a loan of £6,000,000 and of servicing a loan of £5,000,000 were shown in paragraph 5.3 of the report. The amount of loan to be taken out would be the difference between the income from receipts of £16,300,000 and the final costs of the project.

If the Executive approved recommendations 2.2 to 2.6 of the report inclusive, it was likely that Abbey Fields Swimming Pool and Castle Farm Recreation Centre would close for demolition in the second half of 2021. Both centres were currently closed due to the Government restrictions related to the Covid-19 pandemic, and it was currently not clear when leisure centres in Warwickshire would be permitted to re-open. After the first lockdown in 2020 ended, attendance at the two leisure centres in Kenilworth took longer to recover and figures fell short of the pre lockdown levels by a significant margin. At the present time, the uncertainties of the pandemic meant that both centres were operating at a loss, and the Council was supporting Everyone Active to remain open whenever restrictions allowed, in order to continue to make a fitness offer to local residents.

When it was clear what date leisure centres would be permitted to reopen, and it was also clear what date the two Kenilworth facilities were likely to close for demolition, it was likely that it would not be cost effective to open the facilities between the two dates. It was likely that the costs of re-opening and attempting to encourage customers to return would not be a cost effective use of the Council's resources, given the short amount of time before the facilities were due to close again.

Given the uncertainties around Government restrictions and the imminent closure of the facilities for demolition, it was proposed that the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre would not reopen after the current lockdown ended and would remain closed until the start of demolition. If, for any reason, the works to either or both facilities were not progressed, or if the demolition of either building was significantly delayed, then this decision would be revisited.

In terms of alternative options, it would be possible to not undertake any improvements to the facilities at Castle Farm and Abbey Fields. If this decision was to be made then these two buildings would not have the same sort of aspirational, successful and modern facilities as the Council had provided at Newbold Comyn and St Nicholas Park. These two facilities would not be contributing to encouraging the District's residents to adopt an increasingly healthy lifestyle in the same way as the two refurbished facilities. Income from the contract with Everyone Active would not be maximised because attendance and income would not be enhanced by newer facilities. The opportunity would be lost to bring the buildings up to modern design standards, particularly with regard to sustainability. The buildings would not be prepared for use for another 30 years.

It would be possible to freeze the current design process for the two facilities until the financial impact of the Covid-19 pandemic on the Council

was known in more detail. However, to delay the project in this way would lead to increased costs for prolongation and for inflation. If the freeze was for more than a few weeks, the current Design Team would probably be re-deployed onto other projects, leading to a lack of continuity and additional re-start costs.

An addendum circulated prior to the meeting advised Members of the following amendment to recommendation 2.8, which had been made in order to retain flexibility on the decision about whether or not to re-open the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre, as the current situation with the Covid pandemic was creating considerable uncertainty around the operation of the two leisure centres:

*"2.8 That, subject to agreeing recommendations 2.2 to 2.7 inclusive, Executive delegates to the Deputy Chief Executive (AJ) and the Head of Cultural Services, in consultation with the Portfolio Holder for Environment and Neighbourhood, the decision as to whether or not to re-open, and to what extent, the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre between the current Covid pandemic closure and the closure of the facilities for demolition".*

The addendum also advised of amendments to paragraphs 3.8.1, 3.8.2, 3.8.3 of the report, and the new paragraph 3.8.4 which was added to reflect the change to recommendation 2.8, to read:

*"3.8.4 Given the uncertainties shown in paragraph 3.8.3 above, it is considered that at present it is too early to make a considered decision as to whether or not to permit Everyone Active to re-open the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre between the end of the current Government restrictions and the start of demolition. It is therefore proposed to delegate to the Deputy Chief Executive (AJ) and the Head of Cultural Services, in consultation with the Portfolio Holder for Environment and Neighbourhood, the decision as to whether to open or not, and to what extent. This decision should be made at the time when it is clear when the leisure centres will be permitted to re-open and when they will be due to close to commence the reconstruction process. This decision will need to balance the importance of providing as many opportunities as is reasonably possible for the residents of Kenilworth and surrounding villages to take part in physical activity with the cost to the Council of providing a temporary solution of this type. It is proposed that the Portfolio Holder for Environment and Neighbourhood should be consulted on this decision as the Portfolio Holder is leading on this project on behalf of the Executive".*

The Finance & Audit Scrutiny Committee supported recommendations as amended.

They also welcomed:

- (1) the assurance from the Portfolio Holder in respect of potential delays within Development Services in determining the planning applications for these sites within the 13 weeks due to a backlog in that service area; and

- (2) the understanding that the project would be treated as two separate sites and projects throughout this project to enable them to be more agile in delivery.

The Overview & Scrutiny Committee recommended that the amended recommendation 2.8 should be further amended to include consultation with both the Leadership Co-ordination Group (LCG) and all Kenilworth District Councillors over when and which facilities should be re-opened.

Members were required to vote on this because it formed a recommendation to them.

In relation to the recommendation from the Overview & Scrutiny Committee, Councillor Rhead felt that singling out the Kenilworth Councillors was not appropriate, as this was a matter for Warwick District Council as a whole. When put to a vote, the recommendation from the Overview and Scrutiny was rejected. Councillor Rhead subsequently proposed the report as laid out, and subject to the amendments in the addendum.

**Recommended** to Council that £7,800,000 from *Any Use Capital Receipts* is used to partly fund the demolition and reconstruction of the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre, be agreed.

**Resolved** that

- (1) that the RIBA Stage 4 (design only) has been completed for the reconstruction of Abbey Fields Swimming Pool and Castle Farm Recreation Centre and that Planning Applications have been submitted for each of the two buildings and further notes that the current estimated cost for the reconstruction of the Abbey Fields Swimming Pool is between £9,381,000 and £9,850,000 and the current estimated cost for the reconstruction of the Castle Farm Recreation Centre is between £11,834,000 and £12,426,000, be noted;
- (2) the next stage of the process is to begin the procurement exercise for the demolition and construction contracts in order to establish cost certainty and agrees the following three recommendations in this regard, be noted;
- (3) contracts for the demolition and reconstruction of the Abbey Fields Swimming Pool should be entered into by the Council if the costs for this element of the project do not exceed the cost cap of £9,850,000, be agreed;
- (4) contracts for the demolition and reconstruction of the Castle Farm Recreation Centre should be entered into by the Council if the costs for this

element of the project do not exceed the cost cap of £12,426,000, be agreed;

- (5) should the procurement exercise and the consequent "cost certainty" establish that either or both of these project elements exceeds the cost cap then a further report be submitted to Executive in respect of the project or projects that has breached the cap, to determine next steps;
- (6) circa £2.5m of developer Section 106 indoor sports contributions is anticipated to be available to help finance the demolition and reconstruction of the Abbey Fields Swimming Pool (full breakdown in Appendix C to this report) but this sum is not guaranteed and comes with a number of risks, be noted;
- (7) in advance of receiving a full report at its March meeting on the allocation of the Community Infrastructure Levy (CIL) for 2021/2022 and beyond, £6m of that levy be used to partly fund the demolition and reconstruction of the Castle Farm Recreation Centre but the sum is not guaranteed and comes with a number of risks be confirmed;
- (8) the balance of funding for the projects, anticipated to be between £5m and £6m (including cash flow costs), be determined by the Head of Finance and financed primarily via a Public Works Loan Board (PWL) loan; and
- (9) authority be delegated to the Deputy Chief Executive (AJ) and the Head of Cultural Services, in consultation with the Portfolio Holder for Environment and Neighbourhood, the decision as to whether or not to re-open, and to what extent, the Abbey Fields Swimming Pool and the Castle Farm Recreation Centre between the current Covid pandemic closure and the closure of the facilities for demolition.

(The Portfolio Holder for this item was Councillor Rhead)

This item was a key decision but was not included on the Forward Plan, so a Notice of Exemption was published on 20 January 2021.

## 90. **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 paragraph of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Item Numbers	Paragraph Numbers	Reason
91,92	1	Information relating to an individual
91,92	2	Information which is likely to reveal the identity of an individual
93	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

### **Part 1**

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

91. **CMT/SMT Review**

The Executive considered a report from the Chief Executive.

The Executive approved the recommendations in the report.

92. **Services Revisions to the Civic Office**

The Executive considered a report from Finance.

The Executive approved the recommendations in the report.

93. **Purchase of s106 Plots at Bishops Tachbrook**

The Executive considered a report from Assets.

The Executive approved the recommendations in the report.

(The meeting ended at 8.00pm)



**Joint Cabinet/Executive Committee  
Constitution**

**February 2021**

## Table of Content

1	Terms of Reference.....	3
2	Membership.....	4
3	Appointment of Chairman .....	4
4	Quorum.....	4
5	Management of Meetings .....	4
6	Meetings .....	5
7	Delegated Powers .....	5
8	Overview & Scrutiny .....	5
9	Minutes .....	6
10	Confidentiality .....	6
11	Questions to the Joint Committee .....	6
12	Petitions & Notices of Motion.....	6
13	Public Speaking .....	6
14	Debate at Meetings .....	6
15	Disorderly Conduct.....	7
16	Code of Conduct .....	7
17	Declarations of Interest .....	7
18	Participation in relation to Disclosable Pecuniary Interests .....	7
19	Attendance at Meetings .....	8
20	Exclusion of the Press and Public.....	8
21	Sub-Committees and Working Groups.....	8
22	Conduct at meetings & Interpretation of the Constitution .....	8
23	Maladministration or Financial Malpractice .....	8
24	Withdrawal from the Joint Committee .....	8

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

### **1 Terms of Reference**

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

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

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

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

#### **Terms of reference:**

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

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

## **2 Membership**

- 2.1 The work of the Joint Cabinet / Executive Committee is that of an Executive function. Therefore, under legislation, its membership can only be drawn from the membership of the Stratford on Avon District Council (SDC) Cabinet and Warwick District Council (WDC) Executive.
- 2.2 The Joint Committee will comprise six members in total, with three Councillors from each of the SDC Cabinet and WDC Executive.
- 2.3 These Councillors will be appointed by the Leader of the respective Council, who will notify their respective Council of their decisions. This will normally take place at the Annual Council meeting of SDC and WDC, but the Leaders are entitled to revise appointments at any time.
- 2.4 Any member who ceases to be a member of the respective Council's Cabinet/Executive will automatically cease to be a member of the Joint Committee and a vacancy will be created for that Council on the Joint Committee until such time as the Leader of the respective Council appoints a replacement.
- 2.5 The Leader of each Council may appoint up to three members, drawn from their respective Cabinet/Executive, as substitutes to attend meetings of the Joint Committee in the absence for any reason of a member selected under paragraph 2.2., who shall be treated in all respects as if they had been appointed under paragraph 2.2.
- 2.6 The Chairmen of the Overview and Scrutiny Committees from both authorities and a member from each political Group not represented on either the SDC Cabinet or WDC Executive may attend meetings as observers.
- 2.7 Any other SDC or WDC Councillor may attend meetings.

## **3 Appointment of Chairman**

- 3.1 The Joint Committee shall appoint a Chairman at the start of each meeting, from amongst the members of the Council that is hosting the meeting.
- 3.2 The Chairman appointed under paragraph 3.1 shall hold the role until the start of the next meeting.

## **4 Quorum**

- 4.1 The quorum to conduct business is four voting members, with no be fewer than two members from each of SDC and WDC.
- 4.2 The Chairman will adjourn the meeting if there is not a quorum present.

## **5 Management of Meetings**

- 5.1 The Proper officers for the meeting will be the Chief Executives of both SDC and WDC, who will normally both (or their nominated deputy) attend the meeting.
- 5.2 The Monitoring Officers for both SDC and WDC (or their nominated deputy) will attend to provide advice to their respective Councillors.
- 5.3 Democratic Services Support will alternate for each meeting between SDC and WDC, depending on which council is hosting the meeting
- 5.4 The date, time, place, agendas, reports and minutes of the meetings of the Joint Committee will be published through both the SDC and WDC websites and the shared Local Plan website.

- 5.5 The meetings will all be broadcast live on a dedicated joint Cabinet/Executive YouTube channel.
- 5.6 Prior to any report being included on the agenda, both Chief Executives, must have approved it for publication, having consulted with relevant members and officers

## **6 Meetings**

- 6.1 There shall be a minimum of four meetings of the Joint Committee each year on dates as determined by the Chairman and published on both Councils' websites.
- 6.2 Meetings will be held on such days and at such times as determined by the Chairman.
- 6.3 The meetings will take place at either: the Town Hall, Royal Leamington Spa; Elizabeth House Stratford Upon Avon; or in a remote online setting for such time as allowed by legislation, or such other venue as agreed by the Chairman.
- 6.4 The Chairman may call additional meetings of the Joint Committee to consider a matter that falls within its remit but cannot await the next scheduled meeting, provided at least five clear working days' notice in writing is given.
- 6.5 Formal meetings of the Joint Committee shall be held in public except when exempt or confidential information is being considered and the press and public are excluded in accordance with the Local Government Act 1972 (as amended).
- 6.6 The agenda and reports will be published and notice sent to Members of the Joint Committee no less than five clear working days before the date of the meeting.
- 6.7 Only the business on the agenda will be discussed at a meeting of the Joint Committee except for urgent matters raised in accordance with the provisions in Section 100B(4)(b) of the Local Government Act 1972.
- 6.8 The decisions from the meeting shall be published on the SDC and WDC websites, with a link from the joint local plan website, within two clear working days of the date on which the Joint Committee met.
- 6.9 The draft minutes of a meeting shall be published on SDC and WDC websites, with relevant links from the joint local plan website, as soon as is reasonably practicable.

## **7 Delegated Powers**

- 7.1 The delegated powers mean those powers to be discharged by the Joint Committee as set out in its terms of reference.
- 7.2 The Joint Committee shall discharge the delegated powers within the respective budgetary and policy frameworks set by SDC and WDC.
- 7.3 When discharging the delegated powers, the Joint Committee shall take decisions only after taking account of advice received in writing or orally from relevant officers of SDC and/or WDC as appropriate, including legal, financial and policy advice.
- 7.4 Prior to making a Key Executive decision the Joint Committee must be satisfied that legal requirements for prior notification of that decision have been complied with.

## **8 Overview & Scrutiny**

- 8.1 Executive decisions made by the Joint Committee are subject to scrutiny by either of the relevant Overview and Scrutiny Committee at SDC or WDC,

including an Overview and Scrutiny Committee's right to recommend that an Executive Decision made but not implemented should be reconsidered by the decision-taker (often referred to as 'call-in').

- 8.2 The processes and procedures for the exercise by the relevant Overview and Scrutiny Committee of its 'call-in' function shall be exercised in accordance with the relevant Constitutions of SDC or WDC, with any final decision being referred back to the Joint Committee for decision.
- 8.3 On receipt of a recommendation from an Overview and Scrutiny Committee following consideration of a call-in, the Joint Committee may accept, reject or amend the decision originally taken. The decision taken by the Joint Committee, following the review of its original decision, will be reported back to the next meeting of each respective Council for information.
- 8.4 If the initial decision is amended in any way, it is subject to a further call-in period.

## **9 Minutes**

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

## **10 Confidentiality**

- 10.1 All Members must respect the confidentiality of any papers marked as such that are made available to them for the purpose of meetings of the Joint Committee or otherwise for so long as those papers remain confidential.
- 10.2 All Members must respect the confidentiality of any meetings or parts of meetings of the Joint Committee for so long as the information considered in those parts remains confidential.
- 10.3 Failure to adhere to the requirements of 9.1 to 9.2 is likely to be considered as a breach of the Member Code of Conduct of the respective Council.

## **11 Questions to the Joint Committee**

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

## **12 Petitions & Notices of Motion**

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

## **13 Public Speaking**

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

## **14 Debate at Meetings**

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

- 14.2 A Member of the Joint Committee may speak on any business on the published agenda of the committee. Matters not relevant to the business on the agenda will not be permitted.
- 14.3 Every Member who speaks must direct their speech strictly to the matter under discussion.
- 14.4 The Chairmen of the Overview and Scrutiny Committees from both authorities, those members appointed from each political Group not represented on either the SDC Cabinet or WDC Executive and any other SDC or WDC Councillor may, at discretion of the Chairman, address the meeting.
- 14.5 In the event that members of the Joint Committee from one council have opposing views to members of the Joint Committee from the other council in relation to an agenda item, the Chairman shall remit the issue back to officers in order to find an acceptable solution

## **15 Disorderly Conduct**

- 15.1 If a member of the public interrupts the proceedings at a meeting, the Chairman may ask them not to interrupt.
- 15.2 If the interruption continues, the Chairman may order their removal from the meeting.
- 15.3 If there is general disturbance in from the public generally, the Chairman may order that those parties be removed.
- 15.4 If misconduct continues, the Chairman may adjourn or suspend the meeting for as long as they consider appropriate.

## **16 Code of Conduct**

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

## **17 Declarations of Interest**

- 17.1. At any meeting where a Member becomes aware that a matter under consideration relates to:
  - (a) one of their interests, they must disclose the interest and the nature of the interest in accordance with their respective Council's Code of Conduct if not already entered on the relevant Council's register and/or
  - (b) the donor of any gift and/or hospitality that they have accepted and not yet entered on the relevant Council's public register, the Member must disclose the interest to the meeting and, within 28 days, notify this to either SDC's Monitoring Officer or WDC's Monitoring Officer.

## **18 Participation in relation to Disclosable Pecuniary Interests**

- 18.1. A Member with a disclosable pecuniary interest in any matter must:
  - (a) not participate in any discussion or vote relating to the matter;
  - (b) withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting;
  - (c) not exercise functions in relation to that matter; and
  - (d) not take any steps in relation to the matter (except for the purposes of enabling the matter to be dealt with otherwise than by them) unless they

have obtained a dispensation from SDC's Monitoring Officer for SDC Councillors or WDC's Standards Committee for WDC Councillors.

## **19 Attendance at Meetings**

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

## **20 Exclusion of the Press and Public**

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

## **21 Sub-Committees and Working Groups**

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

## **22 Conduct at meetings & Interpretation of the Constitution**

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

## **23 Maladministration or Financial Malpractice**

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

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

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

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

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

## **24 Withdrawal from the Joint Committee**

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

## STATEMENT BY THE CHIEF FINANCIAL OFFICER

I am required to make this report by the Local Government Act 2003.

### ***Robustness of Budgets***

The preparation of the budgets started back in July. As the Head of Finance, and being a qualified and experienced accountant, I have overseen the process. The budgets have used the current year as their base. Budget Review process has shown where these do not form a reasonable basis for the following year. There has been a high level of scrutiny to the budget this year, along with budget monitoring throughout the year, from:-

- Budget Managers, the Senior Management Team (SMT) and Corporate Management Team (CMT)
- Portfolio Holders
- The Executive through the various preceding reports set out in the background papers
- Scrutiny Committees

Consequently, I am satisfied that the budgets are prepared on a robust basis.

Heads of Service should also confirm the robustness of the budgets. Officers in all Services have been actively involved in preparing the budgets with the accountants. SMT members agreed the base budget.

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

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

### ***Adequacy of Reserves***

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

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

The Audit Commission in its December 2012 report "Striking a Balance" discussed the reserves held by local authorities. Whilst it recognised it was for each body to determine the level of reserves it should hold, it was important for it to be clear why it was holding those reserves. Within the main report and Appendix 5, the Council's reserves are discussed in detail.

In the Audit Commission's Value for Money Guidance (December 2010) the following is stated:-

*"Financial planning*

*An annual budget is not enough to secure financial resilience. Organisations should set the budget in the context of a longer-term financial strategy and a medium-term financial plan (MTFP) covering for example, a three-to five-year horizon. The MTFP needs to be realistic. Assumptions around inflation, income levels, demographics and future demand for services need to be modelled and based on reasonable predictions.*

*The financial position of an organisation will depend on a number of factors including the level of borrowing, receivables outstanding, investment risks, council tax collection rates and levels of reserves."*

The Council's budget and financial planning regime can be demonstrated to be robust.

The Code of practice on local authority accounting requires the purpose, usage and basis of transactions of earmarked reserves to be identified clearly. This is set out in Appendix 5 of this report and Finance and Audit Scrutiny Committee have been asked to pay particular attention to this (para 3.9 of report). In accordance with best practice on reserves and balances these have therefore been reviewed as part of the annual budget preparation. In addition, there are forecasts for future years which are reflected in the medium term financial strategy. In considering the level of reserves in addition to the cash flow requirements CIPFA recommends that the following factors are considered: -

<b>Budget assumptions</b>	<b>Financial standing and management</b>
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates).
Estimates of the level and timing of capital receipts	The authority's track record in budget and financial management.
The treatment of demand led pressures	The authority's capacity to manage in-year budget pressures.

Budget assumptions	Financial standing and management
The treatment of efficiency savings/productivity gains	The strength of financial information and reporting arrangements.
The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments	The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level.
The availability of other funds to deal with major contingencies	The adequacy of the authority's insurance arrangements to cover major unforeseen risks.

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

I have considered these matters and can advise members that they currently have a satisfactory level of reserves and balances, but need to address the medium term financial forecast in order to deliver balanced budgets in future years. Risks which may impact upon the Council's finances and the Budget, together with controls and mitigations, are set out in Section 6, and a risk assessment against the general fund reserve is set out in Appendix 4. The Council has self-insurance for small items but generally relies on external insurance for claims above £25,000, so there is no major risk in this area.

In making this assessment I have taken into account the contingency budget of £200,000 for 2021/22, and the new Covid 19 Contingency Budget. These provisions reduce the possibility of the Council calling upon its General Fund balances

The Council is undoubtedly facing greater in-year budget risks than in any previous year. Primarily these relate to the global pandemic, as discussed earlier, in addition to risks in relation to the uncertain state of the economy and the impact on the Council of the UK leaving the EU (including on how this may impact upon the Council's partners), the current volatility of the Council's income sources, and the risks associated with capital schemes.

The medium term financial strategy has been prepared on a prudent basis given the uncertainties that face local government finance into the future. Whilst the 2021/22 budget has been prepared prudently, there are undoubtedly risks associated with it. However, with the level of reserves, the Council should be able to manage any risks throughout the year.

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

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

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

Mike Snow

Head of Finance

February 2021

## General Fund Summary

Appendix 2 to Minute Number 78

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

# Medium Term Financial Strategy

## Appendix 3(i) to Minute Number 78

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

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

# Medium Term Financial Strategy - Recurrent Developments

# Appendix 3 (iii) to Minute Number 78

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

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

# Medium Term Financial Strategy - Non Recurrent Developments

Appendix 3 (iv) to Minute Number 78

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

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

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

# Medium Term Financial Strategy - Reserve Funded Developments

# Appendix 3 (v) to Minute Number 78

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

Development	Reserve	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		£	latest £	£	£	£	£	£
Neighbourhood Plan Referendums expected to take place in 2021/22	Planning Appeals Reserve			39,200				
Site Development Officer	Planning Appeals Reserve	31,838						
20% Increase in Planning Fees Transferred to Reserve	Planning Investment Reserve	-260,000		-260,000	-260,000	-260,000	-260,000	-260,000
Green Space Development	Public Open Spaces Planning Gain Reserve	8,650		8,650	8,650	8,650	8,650	8,650
Future High Streets Programme Mgr funding for 2020/21 salary costs from Future High Streets Grant	Revenue Grant / Contribution In Advance Monitor		51,100					
Planning Enforcement Officer funded from Planning Enforcement Fund Grant	Revenue Grant / Contribution In Advance Monitor		28,700					
Commonwealth Games - Green Parks	Services Transformation Reserve			200,820				
Cultural Services Project Officers x2 FTC: 1) Community Stadium & 2) Kenilworth projects 41 months. STR to be reimbursed when initial capital receipts from Community Stadium enabling works received	Services Transformation Reserve	40,000	21,276	47,367	37,147			
Deliotte joint engagement, review of LG Structure, £44.5k total	Services Transformation Reserve		22,250					
Fixed term marketing communications officer	Services Transformation Reserve		14,000	2,800				
FMS Project Manager for new FMS - 3 years FTC	Services Transformation Reserve	52,000		52,000	19,982			
HR support during payroll system implementation	Services Transformation Reserve			48,000				
ICT restructure	Services Transformation Reserve	6,000		121,900	28,200			
Kenilworth Rugby Football Club	Services Transformation Reserve		3,000					
Local Football Facilities project officer - 3 year funding	Services Transformation Reserve	41,600		41,600	30,966			
Local Government Review	Services Transformation Reserve		35,000					
Newbold Comyn project consultant	Services Transformation Reserve		13,800					
NS Project Officers - 3 years FTC	Services Transformation Reserve		30,400	30,400	30,400			
Project Accountant - 3 year FTC	Services Transformation Reserve	52,000		52,000	21,145			
Public Sector Decarbonisation Fund - property surveys	Services Transformation Reserve		15,000					
Senior EHO Post FTC funded 40% from Service Transformation Reserve	Services Transformation Reserve	1,600						
Spencer Yard consultancy	Services Transformation Reserve		6,400					
Warwick Sea Scouts Hut Contribution	Services Transformation Reserve	-40,000	40,000					
WFH desks/chairs	Services Transformation Reserve		26,000					
WFH minor alterations/equipment	Services Transformation Reserve		23,000					
Other minor Reserve Funded Items	Services Transformation Reserve	-6,550	6,550					
<b>Total Reserve Funded Developments</b>		<b>673,416</b>	<b>2,096,734</b>	<b>2,319,161</b>	<b>425,047</b>	<b>221,249</b>	<b>48,776</b>	<b>48,776</b>

**APPENDIX 4 to Minute Number 78**

**Risks Influencing the Level of General Fund Balance**

<b>Risk Area</b>	<b>Provision</b>
The possibility the Council overspends – risk increased with budgets reduced to reflect prior year underspends, reductions in “non-contractual” budgets.	£0.1 million
Economic cycle issues affect the budget – over and above what can be expected to be contained within routine monitoring procedures, including the potential risks from the Council leaving the EU.	£0.3 million
Development control income adversely affected by planning policies and economic cycle.	£0.2 million
Costs of environmental prosecution or public enquiry. This is always a possibility and is difficult to forecast in terms of cost.	£0.1 million
Car parking income doesn’t achieve budget forecast.	£0.15 million
Uninsurable event – eg environmental or asbestos claim outside terms of insurance policies.	£0.15 million
Costs of potential planning appeals.	£0.2 million
Possible impacts of budget reductions by other public agencies on this council and the area of Warwick District.	£0.1 million
Reduction in Retained Business Rates	£0.1million
Cost arising from unanticipated risks	£0.1 million
<b>Total</b>	<b>£1.5 million</b>

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
<b>General Fund Reserves</b>			
<p><b>Art Gallery Gift Reserve</b> 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</p>	<p>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.</p>	<p>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.</p>	<p>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</p>
<p><b>Building Control Reserve</b> 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.</p>	<p>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.</p>	<p>Approval for expenditure to be met from this reserve is delegated to the Head of Development Services and Head of Finance, in consultation with the relevant portfolio holder. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.</p>	<p>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.</p>
<p><b>Business Rate Retention Volatility Reserve</b></p>	<p>Reserve established to provide finance for "smoothing out" future retained Business Rate revenues.</p>	<p>Executive to approve usage.</p>	<p>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 <u>balance or complete closure.</u></p>
<p><b>Capital Investment Reserve</b> To provide finance for the Council's General Fund capital programme not met by other resources such as capital receipts, RCCO, external contributions, other reserves.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>
<p><b>Car Parks Displacement Reserve</b></p>	<p>Substantial work is required to be carried out in respect of some of the Council's car parks in forthcoming years.</p>	<p>Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final Accounts processes.</p>	<p>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.</p>
<p><b>Car Parks Repairs and Maintenance Reserve</b></p>	<p>Reserve created from car parks revenue repairs and maintenance budget in order to provide resources for future years.</p>	<p>Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final Accounts processes.</p>	<p>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 <u>balance or complete closure.</u></p>

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
<b>Cemetery Land Purchase Reserve</b>	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.
<b>Commonwealth Games (Bowls) Reserve</b>	To set aside funds towards funding the project in future years.	The use of this reserve will be agreed by the Chief Executive in consultation with the Leader.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the balance or complete closure.
<b>Community Forums Reserve</b>	To provide finance for the annual programme of Community Forum Grants	February 2013 Executive approved 4 year programme 2014/15 to 2017/18. forums now funded within core budgets.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the balance or complete closure.
<b>Community Projects Reserve</b>	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.
<b>Corporate Assets Reserve</b>	To provide finance for refurbishment of facilities following Stock Condition Surveys.	Subject to future Executive reports, approvals from the reserve have been delegated to SAG and the Section 151 Officer in consultation with the portfolio holders for Assets and Finance.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the balance or complete closure.
<b>Covent Garden Multi Storey Reserve</b>	To provide finance to cover lost income and first year's debt charges when the car park is redeveloped.	Authority to spend is delegated to the Head of Finance in line with the actual lost net income and debt charges. Executive to be informed of the use of the reserve and its balance.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the balance or complete closure.
<b>Election Expenses Reserve</b> 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.
<b>Enterprise Projects Reserve</b>	Reserve is used to smooth surpluses / deficits	Transfers to and from this reserve will be approved by the Executive as part of the Budget and Final Accounts processes, with delegations over usage agreed by Executive (August 2017) to the Head of Development Services up to £20k.	Reserve reviewed by Finance as part of budget estimates and closedown procedures.

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
<p><b>Equipment Renewal Reserve</b> To finance a rolling programme of equipment and property replacement and renewal.</p>	<p>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.</p>	<p>Items proposed to be financed from this reserve are first approved by the Executive. Use of reserve is subsequently controlled by SMT, which considers a business case requesting release of funding from the reserve and may approve, if appropriate, followed by approval from Chief Executive and relevant portfolio holders. The standard business case template to be used for SMT's consideration was presented and approved by the September 2011 Executive.</p>	<p>Reserve reviewed as part of Estimates and closedown procedures. Balance increased on basis of Executive approval.</p>
<p><b>General Fund Early Retirement Reserve</b> 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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>
<p><b>Harbury Lane Reserve</b></p>	<p>A reserve has been created over a number of years to fund this project.</p>	<p>The use of this reserve will be agreed by the Chief Executive in consultation with the Leader.</p>	<p>The level and continued requirement of this reserve will be reviewed by Finance in conjunction with the Chief Executive and the Leader.</p>
<p><b>Homelessness Prevention Reserve</b></p>	<p>From Government grants received in 18/19 and 19/20 towards Homelessness Prevention. A balance of £40k is committed for Rough Sleepers Initiative Interventions.</p>	<p>The Head of Housing Services has delegated authority to draw down from the Reserve in conjunction with the Service Portfolio Holder, Head of Finance and Finance Portfolio Holder.</p>	<p>This money is ring-fenced to prevent or deal with homelessness, with the funding being allocated to the reserve until Council has determined how this money will be spent.</p>
<p><b>ICT Replacement Reserve</b> To provide finance for the Council's ICT Replacement programme</p>	<p>This reserve has been established in order to provide certainty of finance for the Council's ICT replacement programme.</p>	<p>The ICT Services Manager has delegated authority to spend from this reserve in consultation with the Head of Finance and relevant Portfolio Holders</p>	<p>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:</p> <ul style="list-style-type: none"> <li>a) when the Financial Strategy is updated</li> <li>b) at budget setting and</li> <li>c) final accounts where depending on the need.</li> </ul> <p>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.</p>
<p><b>Insurance Reserve</b> 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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>
<p><b>Investment Volatility Reserve</b></p>	<p>Set up to capture a portion of the gain on corporate equity funds to be used to smooth possible future fluctuations</p>	<p>Authority to spend from this reserve is delegated to the Head of Finance.</p>	<p>The use of this reserve will be included within future Budget reports to be agreed by the Executive.</p>

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
<b>Leisure Options Reserve</b>	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.
<b>Local Plan Delivery Reserve</b>	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.
<b>Other Commuted Sums Reserve</b> Commutated 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 <sup>th</sup> 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.
<b>Planning Appeal Reserve</b> Originally created to provide finance to cover the costs incurred by the Council with regard to appeals against its planning decisions. The Reserve also now pays for issues relating to planning policy, for example the costs associated with the Local Plan, and associated research.	Items to be financed from this reserve are charged to the Planning service account during the year and notified to Finance. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Approval for expenditure to be met from this reserve is proposed to be delegated to the Head of Development and Head of Finance, in consultation with the relevant portfolio holder. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the balance or complete closure.
<b>Planning Investment Reserve</b>	Creation of a reserve into which the 20% uplift in planning fees will be allocated.	To be apportioned by the Head of Finance.	The level and continuing need for the reserve is reviewed by Finance followed by a recommendation to the Executive can include increasing / decreasing the balance or complete closure
<b>Public Amenity Reserve</b>	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.
<b>Public Open Spaces Planning Gain Reserve</b>	Expenditure from this reserve will be charged to service accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	The Head of Neighbourhood Services, in agreement with the Head of Finance, has delegated authority to spend from this reserve.	This reserve is reviewed during the final accounts process but as the reserve was created from S106 contributions which generally have conditions of use attached to them, levels and potential closure are not applicable

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
<b>Services Transformation Reserve</b>	Reserve created to enable services to continue to be provided pending delivery of required savings and to finance "Fit For the Future" schemes so as to help the Council secure the savings needed in its Medium Term Financial Strategy.	The responsibility for the authorisation of expenditure from this reserve is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the <u>balance or complete closure.</u>
<b>Tourism Reserve</b> To provide finance for initiatives relating to the Council's ongoing promotion of tourism	Items to be financed from this reserve are charged to the service accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process.	Authority to spend delegated to Deputy Chief Executive in consultation with the Development Services Portfolio Holder, Finance Portfolio Holder and S151 Officer.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the <u>balance or complete closure.</u>
<b>Digital By Default Reserve</b>	Reserve created to enable digitalisation of services to continue to be provided pending delivery of required savings and to finance "Fit For the Future" schemes so as to help the Council secure the savings needed in its Medium Term Financial Strategy.	The responsibility for the authorisation of expenditure from this reserve is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the <u>balance or complete closure.</u>
<b>Climate Change Reserve</b>	Reserve created to respond to the Climate Emergency Declaration for Council services and across the District.	The responsibility for the authorisation of expenditure from this reserve is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the <u>balance or complete closure.</u>
<b>Community Emergency Response Fund Reserve</b>	Reserve created to respond to the COVID-19 pandemic.	The responsibility for the authorisation of expenditure from this reserve is proposed to be with the Chief Executive and Head of Finance in consultation with the relevant portfolio holders, subject to being reported within subsequent budget reports.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the <u>balance or complete closure.</u>
<b>Newbold Benches Donation Reserve</b>	To be used in accordance with the wishes of the benefactor on benches and tree planting at Newbold Comyn.	Head of Service to ensure sums spent in accordance with donation conditions.	Use of the Reserve to be reviewed annually until fully disbursed.

Name of Reserve & Purpose	Use of Reserve / Balance	Management and Control	Review Mechanism
<b>Housing Revenue Account (HRA)</b>			
<b>Housing Capital Investment Reserve</b> 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 .
<b>Major Repairs Reserve</b> To provide funding for major capital works to the Council's housing stock	The relevant amount required to finance the HRA capital programme is transferred to the Capital Adjustment Account as part of the final accounts process.	The contribution made from this reserve towards capital expenditure is dictated by the developing needs of the HRA Self Financing Business Plan and will be reviewed as part of the formal Business Plan governance process.	The operation of this reserve will be reviewed as part of the ongoing monitoring of the Self Financing Business Plan.
<b>Housing Revenue Account balance</b> To provide a contingency reserve to protect the HRA against any unexpected and adverse revenue or capital cash flows arising during the year.	The balance will be applied as necessary to finance housing landlord revenue or capital budget variations.	The budgets which affect the balance are monitored during the year by Finance and Housing with the effect on the balance being taken into account in future years' projections to ensure the balance conforms to minimum acceptable requirements within the Self Financing Business Plan.	The adequacy of the balance is assessed as part of reviewing the Self Financing Business Plan. The Self Financing Business Plan is based on maintaining a minimum £1.25m balance.
<b>HRA Early Retirement Reserve</b> To provide finance to cover the pension one off costs to the HRA as a result of the early retirement of Housing officers and to provide finance to cover redundancy costs properly chargeable to the HRA.	Items to be financed from this reserve are charged to the HRA during the year and notified to Finance. An appropriate amount is then transferred to the HRA as part of the final accounts process.	Approval for expenditure to be met from this reserve is subject to a report to the Executive which previously has been agreed with Finance. The movements in and out of the reserve are monitored against the approved or expected pattern by Finance at least three times a year.	The level and continuing need for the reserve is reviewed by Finance in conjunction with the S151 Officer during the final accounts process where depending on the need, a recommendation to the Executive can include increasing / decreasing the <u>balance or complete closure</u>
<b>HRA Rough Sleeping Initiative Reserve</b>	To fund a rough sleeping initiative at the William Wallsgrove hostel, from Government grant received in 2018/19.	To match-fund expenditure incurred by the HRA in 2019/20, up to the level of the Reserve.	The reserve will be extinguished during 2019/20.

**GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES**

**APPENDIX 5b to Minute N**

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

**GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES**

**APPENDIX 5b to Minute N**

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

**GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES**

**APPENDIX 5b to Minute N**

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

**GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES**

**APPENDIX 5b to Minute N**

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

# ICT Replacement Schedule February 2021

## Appendix 6 to Minute Number 78

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

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

# Equipment Renewal Schedule February 2021, by Year

Appendix 7a to Minute Number 78

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

# Equipment Renewal Schedule February 2021

ite Number 78

Year and Description	£'000s
<b>2020/21</b>	<b>99</b>
1 Monitor Labs Nox Monitor - Mn9841A	0
250 ballot boxes	11
AV system in Council Chamber.	80
Beachamp Gardens Tennis Courts	0
Hearth in Cremator #1	8
<b>2021/22</b>	<b>505</b>
Cinema Projector	10
Fujitsu fi-5750C scanner	5
Moving lights	35
Pump Room chairs	40
Refurbishments of Abbey Fields Tennis Courts	65
Replacement Carpet - St Nicholas Park LC All Weather Pitch	350
<b>2022/23</b>	<b>590</b>
1 Monitor Labs Nox Monitor - Mn9841 With Floppy Drive	8
B&K 2250 sound Level Meter/ Matron & calibrator( red)	10
B&K 2250 sound Level Meter/ Matron & calibrator( yellow)	10
B&K 2250 sound Level Meter/Matron & calibrator (Green)	10
Hearth in Cremator #2	9
MFDs (Multi Functional Devices), plus Colour Copier	205
R.P.R. Ag&M - Local History Gallery Refurbishment (WDC assumed external match funding)	100
Replacement sound desk and lighting - Spa Centre	110
Victoria Park Tennis Courts resurfacing	128
<b>2023/24</b>	<b>195</b>
1 Monitor Labs 03 Monitor - MI9812	0
Automatic Bier Replacement	55
Digital projector	40
Front of House / Backstage PA	55
Photometer Envitech PF-12	6
Reline of Cremator #1	39
<b>2024/25</b>	<b>48</b>
150 packflat polling screens	48
<b>2025/26</b>	<b>10</b>
B&K 3650 sound Level Meter( blue)	10
<b>2026/27</b>	<b>5</b>
Portable Weather Station	5
<b>2029/30</b>	<b>5</b>
Fujitsu fi-5750C scanner	5
<b>Grand Total</b>	<b>1,456</b>

**CAPITAL VARIATIONS**

:o Minute Number 78

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

<b>ORIGINAL GENERAL FUND CAPITAL BUDGETS PER 2020/21 BUDGET BOOK</b>	<b>10,553.5</b>	<b>2,921.5</b>	<b>614.5</b>	<b>487.0</b>	<b>Not published</b>	<b>14,576.5</b>
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Items slipped from 2019/20 and added to 2020/21 Budgets (see Final Accounts Report 2019/20 for detail on individual schemes - Approved by Executive 13/07/20)	5,693.0	N/A	N/A	N/A	N/A	5,693.0
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Items brought forward from 2020/21 to 2019/20 (see Final Accounts Report 2019/20 for detail on individual schemes- Approved by Executive 13/07/20)	-26.0	N/A	N/A	N/A	N/A	-26.0
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Rounding adjustments	-1.3	N/A	N/A	N/A	N/A	-1.3
<b>TOTAL adjustments arising from Final Accounts Report:</b>	<b>5,665.7</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5,667.0</b>

**INCREASES TO SCHEMES:**

Whitnash Community Hub	241.9	11.8	12.6	-		266.3
Local Football Facilities	716.3					716.3
Recycling & Refuse Containers	29.3					29.3
Tach Brook Country Park	250.0					250.0
Kenilworth Wardens Relocation (loan)	312.0					312.0
Community Stadium project	345.5					345.5
Europa Way Option to Buy Former Farmhouse	12.8					12.8
Leisure Centre Refurbishments Phase 2	379.2					379.2
<b>TOTAL Increase to Schemes:</b>	<b>2,287.0</b>	<b>11.8</b>	<b>12.6</b>			<b>2,311.4</b>

**NEW APPROVALS:**

Desktop Infrastructure					30.0	30.0
Infrastructure Replacement					-	-
Infrastructure General					14.5	14.5
Backup Solution					-	-
Network					14.5	14.5
Physical Server Replacement					15.0	15.0
Transforming Our Workplace --not yet reported	9.8	9.8				19.6
Coventry And Warwickshire Reinvestment Trust Loan	250.0					250.0
Recycling & Refuse Containers					80.0	80.0
Sherbourne Resource Park Development Costs	400.0	2,678.0	2,087.0	1,002.0		6,167.0
Sherbourne Resource Park Recycling Bins & Caddies			1,445.0			1,445.0
Waste Contract Costs for Depot	528.0					528.0
Street Cleansing/Ground Maintenance Vehicles	1,500.0	400.0				1,900.0
Kenilworth School Loan			11,881.5			11,881.5
Newbold Comyn Masterplan & Cycling Facilities	105.0	800.0				905.0
Bowling Greens (Commonwealth Games)	773.5	105.0	70.0			948.5
Commonwealth Games - General	347.4					347.4
Commonwealth Games - Leamington Station	218.6	1,182.0				1,400.6
Commonwealth Games - Green Parks Enhancements	105.8	220.0				325.8
Commonwealth Games - Access & Transport to/from Victoria Park	173.1	267.8				440.9
Kenilworth Rugby Club Relocation Loan	275.0	25.0				300.0
HS2 Redesign of Stoneleigh Park Southern	60.0					60.0
Accommodation Bridge						
Future High Street		1,967.0	119.0			2,086.0
Lord Leicester Hospital			60.0			60.0
Recovery (Covid-19) ICT Provision of laptops etc.	163.6					163.6
Recovery (Covid-19) ICT Remote Desktop Services (RDS)	50.0					50.0
Recovery (Covid-19) ICT Security --firewall upgrades/servers	23.7					23.7
<b>TOTAL New Approvals:</b>	<b>4,983.5</b>	<b>7,654.6</b>	<b>15,662.5</b>	<b>1,002.0</b>	<b>154.0</b>	<b>29,456.6</b>

**CAPITAL VARIATIONS**

:o Minute Number 78

	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	TOTAL £'000's
<b>TOTAL General Fund New/Increases to Capital Approvals during 2020/21:</b>	<b>7,270.5</b>	<b>7,666.4</b>	<b>15,675.1</b>	<b>1,002.0</b>	<b>154.0</b>	<b>31,768.0</b>

**SLIPPAGE/BUDGET B/FWD** - Changes to start dates or delays on projects mean that it is proposed to slip resources into future years/bring forward from future years - identified as part of budget review

Voice of IP telephone system	-75.0	75.0				-
Contact Centre	-8.0	8.0				-
Physical Server Replacement	-26.0	26.0				-
UPS	-12.0	12.0				-
Car Park Pay & Display Machines-slippage not yet reported	-17.5	17.5				-
Play Area Improvement Programme--slippage not yet reported	-575.0	575.0				-
Whitnash Community Hub-slippage not yet reported	-500.0	500.0				-
Norton Lindsey Community Hub/Shop-Grant	-38.5	38.5				-
CFS Aeroproducts Relocation To Warwick Loan	-100.0		100.0			-
Financial Management System--slippage not yet reported.	-235.0	235.0				-
Skate Park in St. Nicholas Park	-40.0	40.0				-
Kenilworth School HIF Grant (Refcus)	-1,387.0	1,387.0				-
Leper Hospital Site Regeneration-slippage not yet reported.	-894.5	894.5				-
Health & Community Protection IT system--slippage not yet reported.	-129.0	129.0				-
Castle Farm Sports Pitch Drainage	-73.0	73.0	-	-	-	-
<b>TOTAL General Fund Capital Slippage identified during 2020/21:</b>	<b>-4,110.5</b>	<b>4,010.5</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SCHEMES DELETED / REDUCED****/SAVINGS/VIREMENTS:**

Desktop Infrastructure-vired to Recovery (Covid-19) laptops etc.	-60.0					-60.0
Network-vired to Recovery (Covid-19) laptops etc. £5k reduction not yet reported	-14.6	-5.0				-19.6
Financial Management System-saving not yet reported	-204.6	-				-204.6
Leisure Centre Refurbishment Phase 2 Kenilworth		-11.8	-7.0			-18.8
Transforming Our Workplace -transferred to Contingency budget	-19.5					-19.5
Rural & Urban Initiatives	-169.9	-50.0	-50.0	-150.0		-419.9
St. John's Flood Alleviation	-100.0					-100.0
Leper Hospital Site Regeneration	-20.0					-20.0
Leamington Parking Displacement-no longer required--not yet reported.	-159.6		-	-		-159.6
2nd Warwick Sea Scouts' Headquarters	-350.0					-350.0
Kenilworth School Loan	-2,000.0					-2,000.0
<b>TOTAL General Fund Reductions / Savings:</b>	<b>-3,098.2</b>	<b>-66.8</b>	<b>-57.0</b>	<b>-150.0</b>	<b>-</b>	<b>-3,372.0</b>

**PROPOSED GENERAL FUND CAPITAL****PROGRAMME FOR 2021/22 BUDGET BOOK:**

	<b>16,281.0</b>	<b>14,531.6</b>	<b>16,332.6</b>	<b>1,339.0</b>	<b>154.0</b>	<b>48,638.2</b>
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**General Fund Capital Programme**
**x 9 Part 1 to Minute Number 78**

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

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

Appendix 9 Part 2 to Minute Number 78

### Housing Revenue Account

Construction / Acquisition of Housing:	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Repurchase of Ex-Council Housing	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	3,000.0
Purchase of Property	564.7										564.7
Purchase of property		12,576.1									12,576.1
Purchase of property	4,325.3										4,325.3
Refurbishment	1,200.0										1,200.0
Purchase of land	9,490.0										9,490.0
Development	4,187.4	4,702.5									8,889.9
Purchase of Land - Shared Scheme with General Fund Housing	449.5										449.5
Purchase of property			6,576.2								6,576.2
Purchase of Land	6,250.0	18,350.0		0.0							24,600.0
<b>Total Construction / Acquisition of Housing</b>	<b>26,766.9</b>	<b>35,928.6</b>	<b>6,876.2</b>	<b>300.0</b>	<b>71,671.6</b>						
<b>Improvement / Renewal Works:</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>Total</b>
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
<b>Stock Condition Survey Works:</b>											
Aids & Adaptations	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	6,471.0
Roof Coverings	890.0										890.0
Defective Flooring	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	593.0
Door Entry/Security/Safety Systems	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	1,500.0
Window/Door Replacement	500.0										500.0
Kitchen & Bathroom Fittings / Sanitaryware Replacement	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	12,250.0
Electrical Fitments / Rewiring	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	6,124.0
Central Heating Replacement	1,204.8										1,204.8
Water Services	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	91.0
Structural Improvements	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	197.0
Improved Ventilation	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	47.0
Thermal Improvement Works	106.3										106.3
Major Garage Works	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	246.0
Codependant Asbestos Removal	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	2,000.0
Special capital works	1,318.3	150.0									1,468.3
Capital Salaries for Improvement / Renewal Works	286.1	291.8	297.7	303.6	309.7	315.9	322.2	328.6	335.2	341.9	3,132.7
<b>Total Stock Condition Survey Works</b>	<b>7,257.4</b>	<b>3,393.7</b>	<b>3,249.6</b>	<b>3,255.5</b>	<b>3,261.6</b>	<b>3,267.8</b>	<b>3,274.1</b>	<b>3,280.5</b>	<b>3,287.1</b>	<b>3,293.8</b>	<b>36,821.1</b>
<b>Climate Change Works:</b>											
Environmental - Roof Coverings	35.0	925.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	5,160.0
Environmental - Window/Door Replacement	35.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	4,850.0
Environmental Central Heating Replacement	35.0	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	11,193.2
Thermal Improvement Works	35.0	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	1,306.7
Environmental Works	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	750.0
Environmental Works: Tenant Participation Projects	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	377.0
<b>Total Climate Change Works</b>	<b>252.7</b>	<b>2,953.8</b>	<b>2,553.8</b>	<b>2,553.8</b>	<b>2,553.8</b>	<b>2,553.8</b>	<b>2,553.8</b>	<b>2,553.8</b>	<b>2,553.8</b>	<b>2,553.8</b>	<b>23,636.9</b>
<b>Fire Safety Works:</b>											
Fire safety in High-rise / Sheltered/ General Needs	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	30,000.0
<b>Total Fire Safety Works</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>30,000.0</b>
<b>Total Improvement/Renewal Works</b>	<b>10,510.1</b>	<b>9,347.5</b>	<b>8,803.4</b>	<b>8,809.3</b>	<b>8,815.4</b>	<b>8,821.6</b>	<b>8,827.9</b>	<b>8,834.3</b>	<b>8,840.9</b>	<b>8,847.6</b>	<b>90,458.0</b>
<b>Total Housing Investment Programme Expenditure</b>	<b>37,277.0</b>	<b>45,276.1</b>	<b>15,679.5</b>	<b>9,109.3</b>	<b>9,115.4</b>	<b>9,121.6</b>	<b>9,127.9</b>	<b>9,134.3</b>	<b>9,140.9</b>	<b>9,147.6</b>	<b>162,129.7</b>

**General Fund Capital Programme Financing 2020/21 to 2024/25**

**o Minute Number 78**

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

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

Appendix 9 Part 4 to Minute Number 78

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

### General Fund Housing

Construction / Acquisition of Housing:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's	Total £'000's
Purchase of Land - Shared Scheme with HRA Housing	1,348.0										1,348.0
<b>Total Construction / Acquisition of Housing</b>	<b>1,348.0</b>	<b>0.0</b>	<b>1,348.0</b>								
General Fund Housing Financing:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's	Total £'000's
General Fund Additional Borrowing	1,348.0										1,348.0
<b>Housing Revenue Account Related HIP Financing</b>	<b>1,348.0</b>	<b>0.0</b>	<b>1,348.0</b>								

### Estimated Housing Investment Programme Resources at:-

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

## Capital Programme 2020/21 to 2024/25

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

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

## Appendix 10 to Minute Number 78

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

## **Appendix 11 to Minute Number 78**

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

#### **1 Introduction**

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

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

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

Monthly Budget Review Reports will be produced to be considered by the Senior Management Team, with Members of the Executive being updated on a quarterly basis. Alongside this, regular updated 5 year Financial Projections are included. Full Council receive the latest 5 Year Forecast alongside this Strategy within the Budget and Council Tax Reports presented in February of each year, and at other key points during the year if there have been material significant developments.

#### **2. Background**

- 2.1 The Economic Background, as provided by Treasury Advisors, Link Asset Services – their Report is reproduced as Annex 1.
- 2.2 Recent years have seen many changes to the nature of Funding Local Authorities receive from Central Government. The new Business Rate Retention Scheme was introduced from 1<sup>st</sup> April 2013. Whilst setting the NNDR Baseline, Government then allowed Council to retain a share of any growth above this Baseline. There is a safety net whereby the Authority would receive a top up payment should actual Business Rates collected fall more than 7.5% below their Baseline.

Alongside this, the proportion of Business Rates to Revenue Support Grant has increased since this scheme was introduced. The 4 year settlement announced in December 2015 and January 2016 saw Revenue Support Grant

become zero in 2019/20, having reduced significantly over the 3 year period. The Council's other main income source is its local Council Tax payers.

- 2.3 In December 2017, the government announced the intention to increase the level of business rates retained by local government from the current 50% to the equivalent of 75% from April 2020. During 2019/20 selected authorities piloted this scheme. This Council will closely monitor further developments as the scheme evolves.
- 2.4 The Financial Strategy and projections have been updated in line with the 2021/22 Government Local Finance Settlement Figures announced in December 2020. The Council's Financial Strategy is based upon the absence of Revenue Support Grant announced by the Government and its own Business Rates forecasts using the NNDR1 and NNDR3 returns and local intelligence, including support from "Analyse Local", independent Business Rates Consultants.
- 2.5 As referred to above, from 2013/14, the District Council retains 20% of any growth in business rates above the pre-determined Baseline. The Council's Baseline (the amount it retains) for 2020/21 is £3.447m. If the actual amount collected varies to the Baseline, the Council will retain more or less income, working out at the Council retaining 20% of any increased revenues. Conversely, if there is any reduction in the new business rate receipts, the Council will bear 20% of this cost. There is a Safety Net whereby the Council will not be able to receive less than £3.188 million, this being within 7.5% of the Baseline retained income figure. However, this Authority has entered into Pooling arrangements. This means the Safety Net payment would be paid to the Pool rather than the actual authority falling into the Safety Net.

The Baseline had been inflated annually since the scheme commenced in 2013 until 2021, when there was due to be a "reset" of the system. However, this was postponed by a year to ensure stability during the COVID-19 pandemic. The proposed changes to the Business Rate Scheme are discussed in more detail in Section 3.5 of the Budget Report.

The Council entered into a "pooling" arrangement with the other Warwickshire councils. Under this arrangement the amounts due to be paid to Central Government under the Levy should greatly reduce, meaning more income will be retained locally. Whilst there are risks attached to pooling, especially if income should substantially decline, however, based on the latest projections, the Council should benefit from remaining in the pool in 2021/22.

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

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

- 2.7 The Council have received many additional grants in 2020/21 to support continued service provision and offset income losses as a result of COVID-19. These have included an income compensation scheme, a furlough grant, business grants and rough sleeping grants.
- 2.8 The Council are permitted to increase their share of Council Tax by either 2% or £5 (per band D equivalent) without triggering a Referendum. It is therefore proposed to increase this by £5 per year (per band D equivalent) to £176.86 per year.
- 2.9 In March 2012 the Housing Revenue Account (HRA) borrowed £136.2m to make a one off 'buy out' payment when the Housing Subsidy system was replaced by 'Self Financing'. This debt is serviced from HRA rental income, in place of the payments previously made to the National Housing Rent Pool under the Housing Subsidy system. A 50 year Business Plan is maintained to demonstrate the viability of the HRA and the capacity to invest in the service and provide new homes. The latest iteration was presented to members in December 2020 (Executive Item 6).
- 2.10 A 'Prudential Framework' for borrowing was introduced from 2004/05. Local authorities no longer have to obtain Government approval before borrowing. Control is by prudential limits based on the authority's revenue resources. The Council can borrow if it can afford the revenue consequences. However, as detailed in the Treasury Management Strategy, there are now limitations on Public Works Loans Board borrowing for investment purposes.
- 2.11 The Council reviews its budgets on a monthly basis, amending these as changes are identified, rather than just reporting upon variations and updating its current year's budgets once at part of the following year's budget setting process. The process is continuously reviewed to identify further efficiencies so that data can be produced in the most timely and accurate manner. It is expected that processes will improve as a result of a new Financial Management System being implemented, with an expected go live date in July 2021.
- 2.12 The production and publication of the latest Statement of Accounts for 2019/20 was completed successfully last year. The draft was published on

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

### **3. Corporate Strategy and Fit For The Future Programme**

3.1 The Council's Organisational Purpose being:

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

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

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

These include-

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

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

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

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

- 3.3 As well as these initiatives, other major issues that will affect the Council's finances over this period are:
- (i) Monitoring the medium term financial forecast will identify this Council's progress in meeting its various savings initiatives and the profile of the savings still to be identified.
  - (ii) The impact of pressures to improve environmental sustainability, and meet the climate change agenda.
  - (iii) Energy costs which are extremely volatile.
  - (iv) Major developments that may occur, such as, Kenilworth School Relocation, Europa Way and other potential strategic opportunities.
  - (v) Major investment in multi storey car parks that will require structural renewal.
  - (vi) The Council completed condition surveys on its Corporate Assets. The Council continues to strive to ensure its Corporate Asset properties are maintained at a reasonable standard. So far it has been able to resource these costs. Additional funding for future liabilities has been included within the 2021/22 Budget Report.
  - (vii) The potential to work with partners and realising savings by pooling resources.
  - (viii) Capital receipts have reduced considerably and any for the future are extremely uncertain.
  - (ix) The volatility of many of the Council's income budgets.
  - (x) The rate of economic recovery and investment interest returns.
  - (xi) Trees throughout the district need replacing for which funding will need to be sought.
  - (xii) Ongoing reviews on how the Council manages and delivers its services.
  - (xiii) Development of the Fit for the Future Programme and the Council's ability to adapt to change.

- (xiv) Efficient procurement to deliver quality services at minimum cost.
  - (xv) Superannuation Fund and pensions changes further to the changes to the Local Government Pension Scheme introduced in April 2014. The pensions fund, in common with most others, continues to carry a projected deficit, although plans are in place to seek to ensure the fund is in surplus.
  - (xvi) In June 2016, the country voted to leave the European Union. The initial impact saw a reduction in interest rates and a drop in the pound against other currencies. Following the UK signing an agreement with the EU in December 2020, the impact on the Council's finances will be routinely assessed as more uncertainties are resolved or arise. The Council will amend its medium term financial forecasts as necessary to reflect any impact and related issues e.g. changes in legislation such as VAT.
  - (xvii) Renewal of the Council's major contracts in 2021/22 and 2022/23.
- 3.4 The Council will plan replacements and renewals of equipment (including ICT Resources), and repair and maintenance in a careful manner concentrating on the sustainability of services as a first priority. In addition, the Council needs to continually review its reserves in the light of a very ambitious programme of change, and constant uncertain external pressures on the planning regime.
- 3.5 The Council will continue to support the focus on remote working and the electronic storage of records. Agile working was already a focus pre COVID-19 and linked to the asset management plan strategy of reducing office space needs.
- 3.6 During 2017/18, the major refurbishment of 2 of the Council's Leisure Centres, Newbold Comyn and St Nicholas Park Leisure Centres was completed. The Council now moves to Phase 2 of its plan to develop all of its Leisure Centres and redevelop the 2 Kenilworth ones, as detailed within the report to February 2021 Executive. From June 2017, the Council outsourced the management of its Leisure Centres. A private contractor will be able to operate in a more cost efficient way, benefitting from Mandatory Rate Relief and achieving economies of scale from operating many Leisure Centres across the country. From 2019, the Council agreed to receive an annual concession from the Operator. There is potential to receive more income from a "Profit Share" arrangement in the future. In the interests of prudence, none of this 'profit share' has been factored into the Financial Forecasts.

Due to COVID-19, the leisure centres in the District have been shut for prolonged periods since March 2020, and when they have been allowed to open, subject to reduced capacity and social distancing guidelines. This has resulted in a significant reduction in income. The Council is and will continue

to work with the Operator to ensure the services remain available when restriction guidance permits, with agreements in place with regards to the concession and additional expenditure costs incurred by the provider.

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

#### **4. Financial Principles**

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

- (i) Savings and developments will be based upon corporate priorities as set out in the Council's Fit for the Future programme.
- (ii) In order to achieve further savings the Council continues to explore all avenues including
  - Shared services and joint working
  - Outsourcing where other providers can deliver a minimum of the same standard of service more efficiently
  - Efficient Procurement
  - Benchmarking costs and income and understanding differences
  - Increasing fees and paying customers where there is spare capacity and looking for opportunities to maximize income
  - Accessing grants to assist with corporate priorities
  - Controlling costs
  - Workforce planning
  - More efficient and greater use of technology
- (iii) The Council has ambitions to effectively manage its resources. In setting both its Council Tax and Housing Rents, the Council takes account of its budget requirement, the support it receives from Central

Government, inflation and the affordability of its local tax and rent payers.

- (iv) The Council's base policy for Council house rent increases is currently to follow Central Government guidance. Any diversion from this policy will be requested in the annual Rent Setting report to Council, and reflected in the HRA Business Plan.
- (v) Whilst the Council will aim for Fees and Charges to be increased so that income is at least maintained in real terms, it will be mindful of the reality of the current economic conditions and its competitors. The Council is committed to making good use of the ability to raise funds through charges and put them to good use for the community. The Medium Term Financial Strategy is based on increases in discretionary fees and charges of up to 15% for 2022/23 and 2023/24 as agreed by Members in December 2020 as part of the Budget proposals.
- (vi) The Council still needs to develop its ability to benchmark all services across the Council.
- (vii) This Council takes a positive approach to partnership working, realising the following benefits: -
  - a) Levering in additional external funding.
  - b) Ensuring improved use of sites, whether or not in the ownership of the Council.
  - c) Ensuring the future sustainability of projects.
  - d) Sharing/Reducing costs
  - e) Strengthening the resilience of the service
  - f) Enhancing quality of services
- (viii) The Financial Strategy takes account of all revenue effects of the capital programme to ensure that the decisions taken are sustainable into the future.
- (ix) The Council will hold reserves for specific purposes, as to be agreed by Executive.
- (x) The Capital Investment Reserve shall be maintained with a minimum uncommitted balance of £1m and a General Fund Balance of £1.5m.
- (xi) Any unplanned windfalls of income, whether service specific or more general, will be reported to the Executive who will prioritise how such income is used as part of setting future balanced budgets and meeting the Council's priorities.

## **5. Process and Monitoring**

### **Preparing budgets**

- 5.1 The budget setting process is consistent with the service area planning process and the Fit for the Future Programme with recent years focusing on reductions in budgets and efficiencies.
- 5.2 When the Capital Programme is approved by Council the capital schemes will still be subject to individual approval on the basis of an evaluation and Business Case in accordance with the Council's Capital Strategy.

### **Monitoring and managing budgets**

- 5.3 Under the monthly "Budget Review" Process, Budgets are amended as soon as changes are identified. The Financial Code of Practice is regularly updated to incorporate any changes in practice, and is reviewed by Accountancy in conjunction with the external auditors to ensure ongoing compliance.
- 5.4 Accountants work with Service Areas to identify budget variances and changes; these are reported to the Senior Management Team on a monthly basis. Regular reports are submitted for consideration by the Executive and Scrutiny Committees. The Council continues to review and refine its current processes, putting tighter controls in place to improve the quality and accuracy of the review process. It is expected that processes will be improved further as a result of a new Financial Management System being implemented, with an expected go live date in July 2021.

### **Consultation**

- 5.5 The Council has a track record of consulting both partner organisations and the public this is an important contribution to assist identifying options and in learning lessons.
- 5.6 There is extensive consultation with partners on Fit For the Future.
- 5.7 The Council takes a strategic 5 year approach to determine how budgets are set and service prioritised.
- 5.8 The Council has a record of consulting where appropriate on the development of individual schemes.

## **6 Assumptions**

- 6.1 The following assumptions will be used in bringing forward proposals on the budget
- (i) Forecasts for Business Rates income are based upon the Council's local forecasts and out-turns. The Council uses a company called Analyse Local to forecast its provision for appeals and Local Government Futures to assist with the forecast level of retained business rates.
  - (ii) Interest projections will continue to be based on the rates projected by Link Asset Services Treasury Solutions, the treasury management advisers.
  - (iii) It is assumed general inflation will increase by 2% per annum. Where the Council is contractually bound to increase costs and the Business Rates multiplier are increased by the relevant percentages.

## **7. Housing Revenue Account (HRA)**

- 7.1 Housing Self Financing was implemented on 1<sup>st</sup> April 2012. A 50 year HRA Business Plan has been developed to ensure sufficient funds will be available to service the £136.2m debt taken out with the PWLB in order to 'buy' the Council out of the existing Housing Subsidy system, provide the necessary funding to maintain the stock and enable the building of new homes over the life of the Business Plan. In December 2020 it was agreed that the policy for the Business Plan would be to reschedule the current debt rather than seeking to go debt free, so enabling additional investment in further housing.
- 7.2 There is a requirement to follow Central Government National Housing Rent Policy when determining rents on HRA dwellings. Over the period April 2016 – March 2020, the rent charged by local authorities has had to be reduced by 1% per year. From April 2020 the social rent policy changed, allowing the rent charged to be increased by CPI + 1% each year. The council does have discretion over the setting of garage rents, Warwick Response charges and rents for HRA owned shops and commercial properties. When a new tenancy commences the Council can re-let at Target Social Rent, in time bringing all social housing rents in line with 2002 Convergence policy.

## **8. Revenue Forecasts**

- 8.1 Revenue forecasts will be drawn up in line with this strategy, and the strategy itself will be reviewed every year when the budget is set. The current forecasts are set out in the February 2021 Budget Report, which reported savings required as follows:

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

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

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

## 9. Asset Resource Background

9.1 Set out below is a summary of the Council's assets and its existing plans to use its resources to invest for the future.

9.2 The Council's assets as shown in the balance sheet as at 31<sup>st</sup> March 2020 are summarised below: -

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

9.3 A summary of the proposed capital programme for the period to March 2025 is given below. This programme gives an indication of the level of the Council's available capital resources that are to be devoted to capital expenditure during this period.

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

## 10. Capital Strategy

10.1 The main focus of the programme is:

- Realising local aspirations as expressed within the Corporate Strategy (which incorporates the Community Plan and the Council's Resource Strategies) and it's Fit for the Future Programme;
- Maintaining, and where possible enhancing, the condition of the Council's existing assets so as to reduce future maintenance liabilities and to encourage their effective use. Where appropriate this will include working in partnership with others such as the Friends of the Pump Room Gardens, Jockey Club and Golf Centre on St Marys Lands. Supporting capital schemes that provide revenue savings to the Council, in particular supporting investment in Information and Communication Technology so as to modernise activities and release resources for other purposes.
- Achieving regeneration and economic vitality in main population centres.

10.2 Key particular projects that link to the corporate strategy are: -

- Enabling developments across the district that improve the environment such as Europa Way, and the improvement of Leamington Old Town.
- To continue to maintain the Government's "decent homes" standard.
- To increase the number of affordable houses in the district.
- Promoting the Town and its attractions and support the local economy through hosting the Commonwealth Games in 2022.
- Enhanced Leisure Facilities.

## **11. Financing the Capital Strategy**

11.1 The Capital Strategy needs to have regard to the financial resources available to fund it. The main sources of funding are detailed below: -

- Capital Receipts – primarily resulting from the sale of the Council's assets as other receipts have fallen in recent years. This income is lumpy and limited, although there are still schemes being considered that could realise further capital receipts.
- The Council is required to sell homes to eligible tenants at a significant discount under the right-to buy (RTB). A proportion of such receipts are taken by the Treasury; with the balance retained by the Council, some having to be to provide for new dwellings and the remainder the Council having flexibility over its use.
- Capital Contributions – including contributions from developers (often under Section 106 Planning Agreements and now from the Community Infrastructure Levy as well) and grants towards specific schemes.
- Use of Council's own resources – either by revenue contributions to capital, or use of earmarked reserves.
- Borrowing – the Council has freedom to borrow under the Prudential System provided it can demonstrate that it has the resource to service the debt.
- Leasing – the Council now requires that, where appropriate, an options appraisal is undertaken in order to identify the most efficient source of financing capital purchases. In certain cases this may take the form of either a lease.

## **12. Review**

- 12.1 This strategy will be subject to annual review to ensure that changes are included and that development issues have been implemented. It has been reviewed in the light of the Fit for the Future programme.

## **13. Risks**

- 13.1 Previous years have demonstrated that the Council needs to consider the risk in setting and managing its budgets.
- 13.2 The key risks that could arise and ways in which they should be managed are set out in the main February Budget report and associated appendix.
- 13.3 The Council maintains a Significant Business Risk Register which is reviewed bi-annually by the Executive and quarterly by the Senior Management Team. Each Service Area has its own Service Risk Register. These are presented for the consideration of the Finance and Audit Scrutiny Committee on a quarterly rotating basis.
- 13.4 All major projects the Council undertakes have their own separate Risk Register.
- 13.5 There is a separate section on Risk in all Committee Reports to Members.

## Link Asset Services Economic Background

### UK

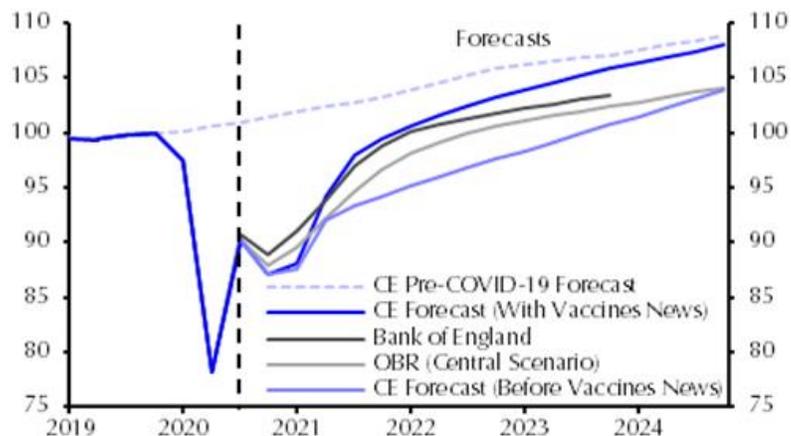
- The Bank of England's ("The Bank") Monetary Policy Committee (MPC) kept **Bank Rate** unchanged on 5 November 2020. However, it revised its economic forecasts to take account of a second national lockdown from 5 November to 2 December which will put back economic recovery and do further damage to the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

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

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

- Overall, the **pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5th November, will have caused a further contraction of 8% month on month in November so the economy may have then been 14% below its pre-crisis level.
- **December 2020 / January 2021.** Since then, there has been rapid backtracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5 January 2021 to national lockdowns of various initial lengths in each of the four nations, as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

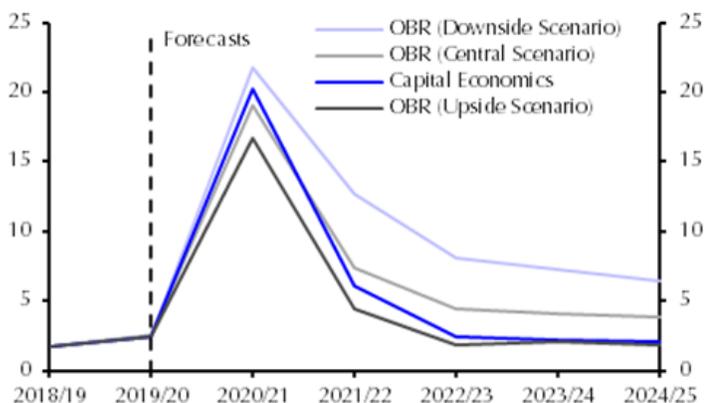
Chart: Level of real GDP (Q4 2019 = 100)



- This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as

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

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



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

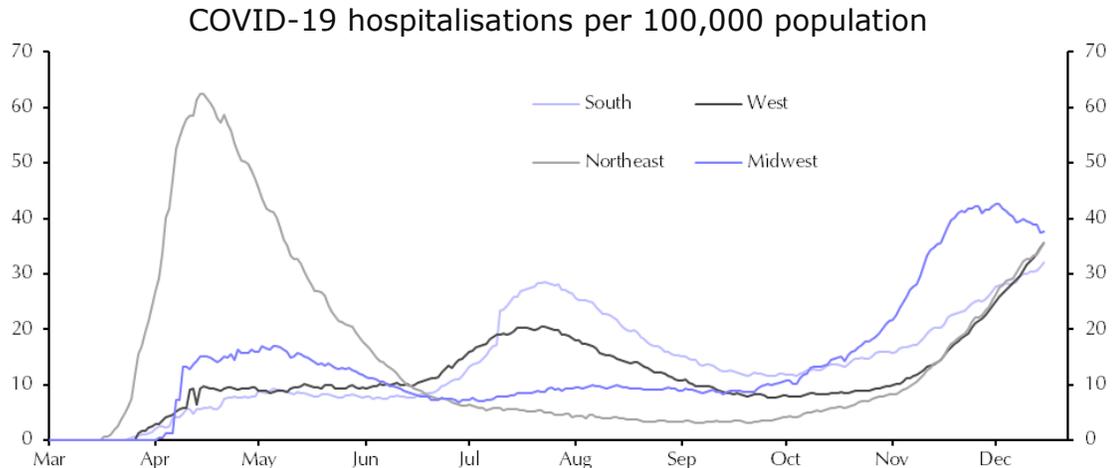
Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30 April until 31 October 2021. (The MPC had assumed that a Brexit deal would be agreed.)

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

## USA

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

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



- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and retail sales dropping back. The economy is set for further weakness in December and into the spring. However, a \$900bn fiscal stimulus deal passed by Congress in late December will limit the downside through measures which included a second round of direct payments to households worth \$600 per person and a three-month extension of enhanced unemployment insurance (including a \$300 weekly top-up payment for all claimants). GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.
- After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and

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

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

## **Eurozone**

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

## **China**

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

## Japan

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

## World Growth

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

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

## Summary

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

## Interest Rate Forecasts

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

### The balance of risks to the UK

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

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

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

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

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

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

**General Fund PPM Budget 2021/22**

**Appendix 12 to Minute Number 78**

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

2021/22 PPM Funding

<b>2021/22 Estimated Corporate Reserve Opening Balance</b>	<b>£</b>
Opening 2020/21 Balance – Corporate Assets Reserve	£1,589,121
Less 2020/21 Estimated Reserve Drawdown	-£229,054
<b>Year End Estimate 2020/21</b>	<b>£1,360,067</b>
<b>2021/22 Funding Analysis</b>	<b>£</b>
2021/22 PPM Base General Fund Budget	£413,000
2021/22 Corporate Assets Reserve Balance	£1,360,067
<b>Total Available Funding</b>	<b>£1,773,067</b>

PPM 5 Year Medium Term Financial Plan

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

## **Treasury Management Strategy for 2021/22**

The strategy for 2021/22 covers two main areas:

### **A. Capital issues**

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

### **B. Treasury management issues**

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

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

### **1 Training**

- 1.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Following the May 2019 Council elections, Link Asset Services (Link) delivered training to Members of the Finance and Audit Scrutiny Committee and other interested Members in November 2019. Further training will be provided as and when required.
- 1.2 Officers involved in treasury management have received training from the Council's treasury consultants, CIPFA and other providers, as well as from a previous post holder. This knowledge will be kept up to date by regular attendance at seminars held by our consultants and other sources, such as CIPFA publications and market intelligence.

### **2 External service providers**

- 2.1 The Council uses Link Group, Treasury Solutions ('Link') as its external treasury management advisor. The option to extend the contract with Link by two years was exercised, taking the current agreement to January 2022.
- 2.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is

not placed on the services of external service providers. All decisions will be undertaken with regards to all available information, including but not solely our treasury advisers.

- 2.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 2.4 Banking services are provided by HSBC Bank Plc, with the current agreement running until February 2025.

### **3 Benchmarking**

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

### **4 Performance**

- 4.1 Performance of the treasury function is reported twice yearly to the Finance and Audit Scrutiny Committee.
- 4.2 The Treasury Management Team will seek to achieve a return on its money market investments of 0.0625% over the London Interbank Bid Rate (LIBID) of a similar duration (LIBID refers to the average interest rate which major London banks are willing to borrow from each other).

### **5 Prospects for interest Rates**

- 5.1 Link assists the Council to formulate a view on interest rates. Further information is contained in Appendix F.
- 5.2 The following table gives Link's central view as at 18 December 2020, before the new strain of COVID-19 was formally identified, on finance markets worldwide:



- 5.3 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5 November 2020, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.
- 5.4 **Bond yields / PWLB rates.** There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields.
- 5.5 While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much

now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this had seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

- 5.6 Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, these yields fell sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. Government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March 2020, and started massive quantitative easing purchases of Government bonds: this also acted to put downward pressure on Government bond yields at a time when there has been a huge and quick expansion of Government expenditure financed by issuing Government bonds. Such unprecedented levels of issuance in 'normal' times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.
- 5.7 As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the COVID-19 shutdown period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9 November 2020 when the first results of a successful vaccine trial were announced). Such volatility could occur at any time during the forecast period.

## **6 Investment and borrowing rates**

- 6.1 **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase expected in the following two years.
- 6.2 **Borrowing interest rates** fell to historically very low rates as a result of the COVID-19 crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 2020/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. It also introduced the differential rates for borrowing for different types of capital expenditure, with higher rates for non-housing schemes.

- 6.3 As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded.
- 6.4 On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had **purchase of assets for yield** in its three year capital programme. The new margins over gilt yields are as follows:
- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)<sup>1</sup>
- 6.5 **Borrowing for capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.
- 6.6 While this authority will not be able to avoid borrowing to finance new capital expenditure and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

## **7 Borrowing Strategy**

- 7.1 The capital expenditure plans set out in Section 4 of Appendix D provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 7.2 The Council's current long-term borrowing portfolio consists of £136.157 million HRA and £12 million General Fund PWLB debt. The Council has no short-term borrowing other than finance leases.
- 7.3 These HRA loans were taken out in 2012 to finance the HRA Self Financing settlement, and the interest paid on this debt is entirely borne by the HRA and is provided for as part of the HRA Business Plan. The first of these loans is scheduled to be repaid on 28 March 2053 with the final loan being repaid on

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<sup>1</sup> 3<sup>rd</sup> Round ran from 11<sup>th</sup> April to 11<sup>th</sup> July 2020 so closed until HM Treasury announces a 4<sup>th</sup> Round

28 March 2062. As part of reviewing the HRA Business Plan in December 2020, the Executive agreed that the Business Plan should allow for this debt to be replaced, so maintaining the overall level of debt and so give additional funds to invest in the housing stock.

- 7.4 £12 million was borrowed in September 2019, for repayment at maturity on 28 August 2059, with the interest borne by the General Fund, largely covering unfinanced capital expenditure in 2017/18 and 2018/19 (primarily relating to the Leamington and Warwick Leisure Centres).
- 7.5 The Council has been maintaining an under-borrowed position, which means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure, i.e. borrowing has been deferred. This strategy has been prudent while investment returns are historically low and counterparty risk is more unpredictable than usual.
- 7.6 The borrowing undertaken in 2019 has reduced the under-borrowed position of the previous two financial years. The position is not sustainable in the longer-term as (i) the Council will eventually need to replenish the cash backing the Reserves and Balances in order to pay for future developments, and (ii) the upside risk of PWLB and other borrowing rates as a result of economic factors make it prudent to consider "externalising" more of the internal borrowing by taking PWLB loans during 2021/22.
- 7.7 Additionally, there are a number of potential very large housing-related and other capital schemes that would significantly deplete or extinguish investment balances unless considerable external borrowing in 2020/21 or 2021/22 and beyond is undertaken. Please see Appendix D, Tables 4 and 5, for details of proposed capital expenditure and financing, including the borrowing requirement. Approval of these within the borrowing limits does not commit the Council to progressing with these schemes.
- 7.8 Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 7.9 If it was forecast that there was a significant risk of:
- a sharp FALL in borrowing rates, then borrowing will be postponed for as long as practical;
  - a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised.

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

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

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

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

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

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

## 8 Policy on borrowing in advance of need

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

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

## 9 Current treasury position

- 9.1 The investments at 21 December 2020 are summarised below:

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

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

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

- 9.3 These equity fund valuations at 21 December 2020 include unrealised capital gains and dividends, the latter being amounts that have been credited to the General Fund since inception and are retained within the above values. At the time of writing the funds would need to increase in value by around £600,000 to accommodate the dividends and the unrealised losses.
- 9.4 The amount of 'extraction of fossil fuel' related investments within the two funds at the end of October 2020 was (a) Royal London – 5.55% and (b) Columbia Threadneedle – 4.86%. The Council does not have any influence over where these pooled equity funds invest.
- 9.5 Alternative ESG (Environmental, Social and Governance) equity funds are available, which operate with either negative ('avoiding') screening or positive screening. The appropriateness of these ESG funds would be considered in conjunction with the consideration of the planned increase in borrowing need.
- 9.6 The corresponding borrowing position is summarised below:

External Borrowing	21 Dec 20 £'000	30 Sep 20 £'000	31 Mar 20 £'000
Public Works Loan Board	148,157	148,157	148,157
<b>Total</b>	<b>148,157</b>	<b>148,157</b>	<b>148,157</b>

## **10 Debt rescheduling**

- 10.1 Rescheduling of borrowing in the Council's debt portfolio will remain uneconomic within current interest rates, given the high premia the PWLB would charge.
- 10.2 The Council's treasury advisors will continue to monitor the debt portfolio and identify any opportunities for debt restructuring but there would need to be a significant increase in interest rates for this occur.
- 10.3 If rescheduling was done, it would be reported to the Finance and Audit Scrutiny Committee, or equivalent, at the earliest meeting following its action.

## Annual Treasury Management Investment Strategy

### 1 Investment policy – management of risk

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

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

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

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

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



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

- 1.4.1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- 1.4.2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as ‘**credit default swaps**’ and overlay that information on top of the credit ratings.
- 1.4.3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 1.4.4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use under the categories of ‘specified’ and ‘non-specified’ investments:

<sup>2</sup> Ministry of Housing, Communities & Local Government

<sup>3</sup> Chartered Institute of Public Finance & Accountancy

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
  - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.
  - **Commercial investments** are outside the Council's treasury management strategy and may eventually be subject to the development of a new *Investment Regeneration Strategy*. The Public Works Loan Board has introduced new rules in December 2020 allowing local government borrowing which can only be accessed if you have no Investment Assets bought primarily for yield.
- 1.4.5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 70% of the total investment portfolio.
- 1.4.6. **'Commercial' investments limit.** The Council would determine the maximum exposure to 'commercial' investments (including loans to third parties at commercial rates of interest but excluding "Investment Assets bought primarily for yield"), expressed as a percentage of the total investment portfolio, as part of the prospective development and approval of a *Investment Regeneration Strategy*.
- 1.4.7. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix B Annex 2.
- 1.4.8. **Transaction limits** are not set for each type of investment, being subject to the overall lending limit in 1.4.7 above.
- 1.4.9. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**. (70% - see paragraph 3.11 below).
- 1.4.10. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (Appendix B Annex 2).
- 1.4.11. This authority has engaged **external consultants**, (Appendix A section 2), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- 1.4.12. All investments will be denominated in **sterling**.
- 1.4.13. As a result of the change in **accounting standards** for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund<sup>4</sup>. This override applies to the Council's equity funds

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

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

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

## **2. Changes in risk management policy from last year**

- 2.1 The above criteria are unchanged from last year.

## **3. Creditworthiness policy**

- 3.1 The Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies: Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- 'watches' and 'outlooks' from credit rating agencies
  - Credit Default Swap (CDS) spreads that may give early warning of changes in credit ratings
  - sovereign ratings to select counterparties from only the most creditworthy countries.
- 3.2 All credit ratings will be monitored routinely and will inform every investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service:
- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
  - In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its *Passport* website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 3.3 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.
- 3.4 All investments in property, corporate bond and corporate equity funds will be supported by the advice of Link, the Council's treasury advisors.
- 3.5 The Council will ensure that it maintains the lists of permitted investments and counterparty limits (Annexes 1 and 2) and will revise and submit the criteria to Council for approval when required. In respect of counterparty limits, the Council's investment balances have increased in recent years mainly due to increasing Housing Revenue Account (HRA) balances that are projected to be

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

utilised in the medium term.

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

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

- 3.7 The Council has both cash flow derived and core balances available for investment. Investment decisions will be made with regard to cash flow requirements, core cash balances and the outlook for short term interest rates.
- 3.8 The Council will continue to use Money Market Funds (MMFs), call bank accounts and the money markets to invest cash flow driven money until the time when it is required. Core investments will be invested in a combination of corporate equity funds and the financial markets.
- 3.9 The Council has two corporate equity fund managers, Royal London Asset Management and Columbia Threadneedle, the performance of which are kept under review. Currently the funds are expected to make dividend returns of around 2.7% in 2021/22, although this is subject to many caveats including post-Brexit and the COVID-19 pandemic. These specific equity funds do invest in companies extracting fossil fuels<sup>7</sup> and the recommendation is to divest from these funds by the end of 2025 as part of the Council's Climate Emergency Declaration. Options include closing these funds (reflecting the underlying use of balances and reserves) or re-investing in ESG (Environmental Social & Governance) equity funds. Any new fund manager appointments would be made in conjunction with the treasury advisers and in adherence with the Council's procurement rules. Re-procuring to invest these funds is likely to incur an additional cost, as well as taking officer and member time. The issue of the increase in fund values necessary to remove unrealised losses is included in Appendix A at paragraph 9.3.
- 3.10 Based on its cash flow forecasts (subject to any 'internal borrowing' pending borrowing for new capital expenditure, including commercial investment), the Council anticipates that its investments in 2021/22 on average will be in the region of £75m, of which £32m will be "core" investments i.e. made up of reserves and balances which are not required in the short term.
- 3.11 The maximum percentage of its investments that the Council will hold in long-term investments (over 365 days) is 70%. It follows therefore that the

<sup>5</sup> Constant Net Asset Value Money Market Funds

<sup>6</sup> Low-Volatility Net Asset Value Money Market Funds

<sup>7</sup> Oil and gas, less than 5% of the combined portfolio at the end of October 2020

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

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

#### **4. Investments that are not part of treasury management activity**

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

**Schedule of specified and non-specified investments**

**Specified Instruments (365 days or less)**

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

**Non Specified Investments**

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

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

## Counterparty Limits

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

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

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

## Approved Countries for Investments

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

### ***Based on lowest available rating***

#### AAA

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

#### AA+

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

#### AA

- Abu Dhabi (UAE)
- France

#### AA-

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

## Minimum Revenue Provision Policy

### 1 Background

- 1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP).
- 1.2 MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following **MRP Statement**.
- 1.3 The *Statutory Guidance on Minimum Revenue Provision*<sup>8</sup> offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

### 2 Four Main Options

#### 2.1 Option 1 – Regulatory Method

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

#### 2.2 Option 2 – Capital Financing Requirement Method

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

#### 2.3 Option 3 – Asset Life Method

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

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<sup>8</sup> Guidance issued by the Secretary of State under section 21(1A) of the *Local Government Act 2003*. Fourth edition applies to periods commencing 1 April 2019.

<sup>9</sup> The Council had no debt at this date

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

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

## **2.4 Option 4 – Depreciation Method**

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

## **3 HRA**

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

## **4 Voluntary Revenue Provision (VRP)**

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

## **5 Warwick District Council Policy**

- 5.1 It is recommended that for any long-term borrowing on the General Fund e.g. leisure centre refurbishments, the following methods of Minimum Revenue Provision be adopted:
  - For borrowing specifically linked to a particular asset or capital scheme – Option 3 based on the annuity method.
  - For borrowing that cannot be linked to a particular asset or capital scheme – Option 3 based on the annuity method using the weighted average life of assets.
- 5.2 For any borrowing incurred through finance leases, the annual principal

repayments in the lease are regarded as MRP.

- 5.3 Although not strictly part of MRP requirements, it is also recommended that for internal borrowing (i.e. capital expenditure financed from reserves), where appropriate, Option 3 based on the annuity method be adopted, in most cases, as a means of replenishing those reserves which financed the capital expenditure. In exceptional circumstances another method may be more appropriate.
- 5.4 For short to medium duration loans to third parties the Council will not make either MRP or VRP but instead apply the capital receipt received through the repayment of the loan to pay down the Capital Financing Requirement.
- 5.5 The Council may on occasion enter into agreement to undertake a scheme / capital payment whereby monies and resources (grants, capital receipts, S106 receipts, etc.) will be received some time after the scheme / capital payment has been completed. On such occasions whereby the capital expenditure is expected to be fully reimbursed by future capital or revenue income, no MRP will be provided. This position will be kept under review and should the likelihood of receipt of the income change, then MRP may be initiated. Such an example would be the granting of monies to an external organisation and S106 receipts are expected to pay for the capital liability.

## Prudential and Treasury Indicators

### 1. Introduction

- 1.1. The Prudential Capital Finance system came into effect on 1 April 2004, replacing the previous system of approval allocations from central Government, allowing local authorities to decide how much they can prudently afford to borrow *and* pay back from revenue resources.
- 1.2. CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') to provide a mechanism to enable councils to ensure, that in line with the new freedom given, their capital investment plans are affordable, prudent and sustainable.
- 1.3. It is the Council's responsibility to set its prudential indicators, having regard to its own set of circumstances. The Council must demonstrate that its capital investment proposals are:
  - affordable
  - prudent and
  - sustainable.
- 1.4. All Indicators must be included in the Council's annual Treasury Strategy and Outturn report.
- 1.5. The Prudential and Treasury Indicators are divided into:
  - a) Prudential:
    - Affordability (section 2)
    - Prudence (section 3)
    - Capital Expenditure (sections 4 - 5)
    - External Debt (sections 6 - 7)
  - b) Treasury:
    - Treasury Indicators (section 8).
- 1.6. This Appendix explains what the Prudential and Treasury Indicators are as well as revising them for the current year, 2020/21, where appropriate and setting them for future years.

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

- 2.1. This ratio shows the trend in the cost of capital (borrowing and other long-term obligation costs, net of investment income) against the net revenue stream, i.e. taxation, rents and non-specific grant income.
- 2.2. The higher the ratio, the higher the proportion of resources tied up just to service met capital costs, and which represent a potential affordability risk.
- 2.3. It sets an upper limit on the proportion of the Council's net revenue streams both for General Fund and Housing Revenue Account (HRA) that is committed to servicing debt.
- 2.4. The table below shows the actual for 2019/20 and the ratios proposed for the General Fund, HRA and Overall as required by the Prudential Code. These figures exclude unapproved schemes, other than schemes subject to approval at the same Council meeting as this report.

Table 1

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

- 2.5. The ratio for estimates is a range rather than a single figure (except the 2019/20 actual), to allow for both the uncertain amount of borrowing that will take place for developments by the General Fund and HRA (such as the Housing Company), and the possible movements in long-term interest rates, as a relatively small variation from today's low level in borrowing costs could cause a ratio based on a precise percentage to be breached.
- 2.6. The significant size of the HRA ratio includes the HRA self-financing debt taken in 2012 and future potential borrowing for increasing the supply of dwellings, some through a Housing Company. If income increases at least much as the debt costs the ratio should not increase once the new rental properties are occupied – there will be a short-term cost during any acquisition and construction.
- 2.7. The General Fund ratio would increase for further borrowing to finance capital expenditure such as Housing Company loan, leisure centres and long-term loans to third parties.
- 2.8. The ratios will be monitored during the year and, if necessary, remedial action taken – such as Council increasing the limits - to avoid them being breached.

### **3. Prudence - Gross Debt and the Capital Financing Requirement**

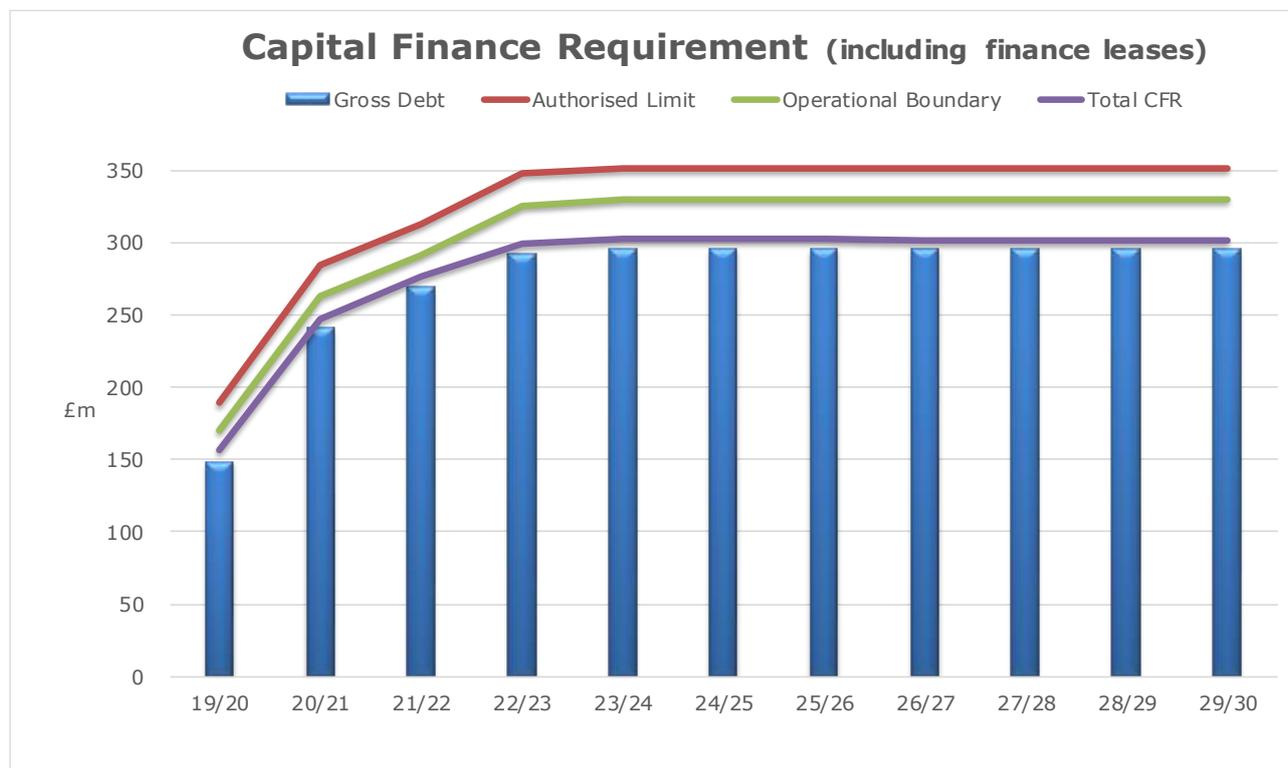
- 3.1 This indicator requires that gross debt, except in the short term, is to be kept below the Capital Financing Requirement (CFR) for the same period. This demonstrates that borrowing has not been taken in advance of need. It is estimated that gross external debt will be lower than the CFR in future years.
- 3.2 Table 2 shows the longer term projections, compared with total debt and the Authorised Limit and Operational Boundary from sections 6 and 7 respectively:

Table 2

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

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

Table 3



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

#### 4. Capital Expenditure

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

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

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

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

Table 4

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

\* - loans to third parties

## 5. Capital Financing Requirement

- 5.1 The Capital Financing Requirement (CFR) is a key measure that shows the underlying need for an authority to borrow for capital purposes, i.e. the difference between the Council's capital expenditure and the revenue or capital resources set aside to finance that spend. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- 5.2 The borrowing may be either external (such as from the PWLB) or internal borrowing (where an authority temporarily utilises cash backing its reserves and balances rather than taking external loans). External borrowing creates a cost to the Council in terms of having to pay interest on and provide for repayment of external loans while internal borrowing creates lost investment interest and an exposure to future interest rate increases when loans must be taken. The CFR provides the starting point for calculating this cost and the results feed into the ratio of financing costs to net revenue stream indicator.
- 5.3 The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 5.4 The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £30,000 of such schemes within the CFR.
- 5.5 *Table 5* summarises how the capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need (i.e. an increase in the Capital Financing Requirement).

Table 5

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

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

Table 6

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

- 5.7 These figures are illustrative at this point and are subject to the Council's approval of the underlying capital expenditure.
- 5.8 The CFR increases where unfinanced capital expenditure takes place and reduces as the Council makes a Minimum Revenue Provision (MRP).
- 5.9 This Council has four CFRs:
- the HRA
  - the General Fund, which is further subdivided to show
  - 'commercial activities / non-financial investments' (which have, to date, been loans to third parties at commercial rates of interest), and

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

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

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

*Table 7*

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

*Table 8*

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

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

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

## 6. External Debt - Authorised Limit

- 6.1 The Council is required to set - for the forthcoming year and the following two financial years - an Authorised Limit for its total external debt, gross of investments, separately identifying borrowing from 'other long-term liabilities', the latter being credit arrangements, as defined in statute, and which include the principal element of finance leases (or Private Finance Initiative (PFI) if the Council had these contracts).
- 6.2 The Authorised Limit represents a control on the maximum level of external debt the Council can incur. The Council has no legal power to borrow in excess of the limits set.
- 6.3 The recommended Authorised Limit is as shown in *Table 9*:

*Table 9*

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

- 6.4 The Authorised Limit reflects a level of external debt that, although not preferred, could be afforded in the short-term but may not be sustainable in the longer-term. The Indicators for the Operational Boundary and Gross Debt & the CFR will both be set below the Authorised Limit.
- 6.5 The Authorised Limit takes account of the Housing Improvement Programme (HIP) and the General Fund capital programme. The figures for 'Commercial activities' are for amounts being considered by Council parallel to this report and would need to be excluded if not approved. It excludes additional HRA development and GF investment regeneration that would be expected to generate a net income stream - these are both subject to future Council decisions and could also require the Prudential Indicators to be formally amended.
- 6.6 The debt figure provides for the potential borrowing liability of vehicles under the combined waste collection / street cleansing / grounds maintenance contract that are due to commence on 1 July 2022, as the Council is able to borrow more cheaply than most contractors. The requirement for this borrowing, which would result in reduced payments to the contractor(s), should be known by mid-2021.
- 6.7 It should be noted that the figures for each year are cumulative.

## 7. External Debt - Operational Boundary

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

- 7.2 The Operational Boundary - which is less than the Authorised Limit - is effectively the day-to-day working limit for cash flow purposes, the level that external debt is not ordinarily expected to exceed. This indicator includes anticipated additional borrowing to cater for forecast capital activity.
- 7.3 An occasional breach of the Operational Boundary is not a cause for concern (provide that the Authorised Limit is not breached) but a sustained breach could indicate that there are problems with the Council's cash flow. Therefore, this indicator is monitored throughout the year and remedial action taken if necessary.
- 7.4 The recommended Operational Boundaries are as shown in Table 10. It should be noted that the figures for each year are cumulative (for instance, the £67.5m shown in 2021/22 for 'commercial' activities is the brought forward amount from 2020/21). They are based on the same assumptions outlined in paragraph 6.5 above.

Table 10

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

## 8. Treasury Indicators

- 8.1 The following indicators used to be part of the Prudential Code and are now part of the Treasury Management Code of Practice.
- 8.2 Maturity structure of borrowing:

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

Table 11

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

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

Table 12

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

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

Table 13

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

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

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

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

**Average Weekly Rents - Formula, Current and Proposed Social Rents**

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

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

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

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

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

**National Affordable Rent - New Affordable Schemes from April 2021**

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

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

## Appendix 1 to Minute Number 82

### Part 2 Council Procedure Rules:

That Council procedure Rule 27 is amended from:

#### **"27. Special Meetings**

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

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

To read as follows:

#### **27. Additional and Urgent Meetings**

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

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

a) An urgent meeting of the Council will be called on the requisition of the Council by resolution, the Chairman, the Monitoring Officer or any five members.

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

### **Part 3: Section 4 Scheme of delegations**

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

**Head of Housing & Property Services** shall have authority to:

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

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

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

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

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

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

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

- (viii) Authority to instruct Enforcement Agents to take control of goods, issue requests for information, apply Attachment of earnings Orders and deductions from Income Support, Charging Orders;
  - (ix) Selection and appointment of Enforcement Agents;
  - (x) Authority to quash penalties;
  - (xi) Authority to appeal against any Assessment of Council Tax banding or rating assessment;
  - (xii) Authority to represent the Council at Valuation Tribunals in connection with appeals against: liability to pay the Council Tax including discounts, exemptions and reductions , and the banding of a dwelling;
  - (xiii) Authority to represent the Council at Housing and Council Tax Benefit tribunals in connection with appeals against housing and council tax benefit.
  - (xiv) Authority to write off irrecoverable Council Tax, Non-Domestic Rates and Housing Benefit Overpayments;
  - (xv) Authority to consider and determine applications for Hardship relief under Section 49 of the Local Government Finance Act 1988;
  - (xvi) to determine discretionary council tax relief applications.
- F (16)
- (i) Decide upon all claims received for Housing, Council Tax Benefit or Council Tax Reduction including the exercising of all discretions under the general policy guidance from time to time given by the Council.
  - (ii) Assess overpayments under the Regulations and taking such steps as are appropriate to recover the amount overpaid.
  - (iii) Decide upon all claims for Discretionary Housing and Council Tax Payments.

#### **Part 4**

#### **Code of procurement practice:**

#### **Warwick District Council Code of Procurement Practice (The Code)**

##### **17. Contract Signing and Order Authorisation**

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

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

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

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