Executive 29 July 2015	Agenda Item No. 3

Title	Budget Review to 30 June 2015
For further information about this report please contact	Mike Snow Tel 01926 456800 Andy Crump Tel 01926 456810
Wards of the District directly affected	N/A
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	February 2015 Executive – Budget Setting
Background Papers	

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

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	13/7/2015	Andy Jones
Head of Service	13/7/2015	Mike Snow
CMT	13/7/2015	
Section 151 Officer	13/7/2015	Mike Snow
Monitoring Officer	13/7/2015	Andy Jones
Finance	13/7/2015	Andy Crump
Portfolio Holder(s)	13/7/2015	Cllr Peter Whiting

Consultation & Community Engagement

Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.

Final Decision?	Yes/No

Suggested next steps (if not final decision please set out below)

1. **Summary**

1.1 This report updates Members on the latest financial position. The Council's Medium Term Financial Strategy has been updated since the 2015/16 Budget was agreed in February of this year in light of later Government announcements and other known changes. Various changes to 2015/16 budgets been identified and are now presented to Members for approval.

2. **Recommendations**

2.1 That the Executive note the latest projected variance for the General Fund for 2015/16 of £270,600 adverse and agree to the budget changes detailed in paragraph 3.1 in respect of the General Fund totalling £270,600, funding of £250,800 from the General Fund Balance and note that £19,800 will currently be unfunded.

2.2 That the Executive agree the changes to the HRA budget, outlined in paragraph 3.5, and reduce the contribution to the Housing Revenue Account Capital Investment Reserve.

2.3 That the Executive agree to the slippage in the Other Services Capital Programme as outlined in paragraph 3.6.2.

2.4 That the Executive agree the changes to the Housing Investment Programme outlined in paragraph 3.6.3/3.6.4, financed from the Major Repairs Reserve.

2.5 That the Executive note the updated Medium Term Financial Strategy and the forecast required recurrent savings of £1.1m for the General Fund which will be addressed in a further report to Executive in September.

2.6 That the Executive agree that Portfolio Holders and Heads of Service review all planned and potential demands for future revenue or capital funding so that the Council's financial projections are as inclusive and accurate as possible (see para 3.7.9.2).

2.7 That the Executive agree that the Council should remain in the Coventry and Warwickshire Business Rates Pool for 2016/17 and that the Head of Finance, in consultation with the Finance Portfolio Holder, agree any change to the Memorandum of Understanding.

2.8 That the Executive recommend to Full Council that the Council's use of Support and Viability ratings in determining suitable credit rating criteria for its investment counterparties is discontinued with immediate effect and that the current Treasury Management Practices are suitably amended. All other credit rating criteria to remain as approved in the 2015/16 Treasury Management and Annual Investment Strategies.

3. **Reasons for the Recommendations**

3.1 General Fund 2015/16

3.1.1 The latest variances that have been identified by managers are shown below. Where they are not self-explanatory, more detail is provided.

Increase in legal fees – Chief Executive's office	£ 4,000 (A)
Over-achieved discretionary budget saving – Customer Contact Manager	£ 2,800 (F)
Media Room Photocopier income	£ 5,000 (A)
Debit Credit Card Payments costs	£20,000 (A)
Council Tax Freeze grant higher than estimated	£ 3,300 (F)
Customer Contact Centre Computer Equipment	£ 37,300 (F)
LPG – Crematorium – reduced price	£ 30,000 (F)
Kenilworth OSS - Photocopier	£ 7,000 (F)
Property & Estates - rents	£ 70,000 (A)
Closure of Gym at Meadows Dual use	£ 8,700 (A)
Golf Course Lease – rent free period ended	£ 16,700 (F)
Total Variances	**£ 10,600 (A)**
New Homes Bonus Returned – see below	£250,000 (A)
Salary variances – see below	£ 10,000 (A)
Overall Variance	**£270,600 (A)**

3.1.2 The £70,000 adverse variance for Property and Estates relates to rental income and service charges for several properties owned by the Council. Some are currently vacant due to tenants leaving, others are subject to rent free periods (agreed to attract tenants) and others have been sold. In short, the budget for 2015/16 has been overstated but should improve once tenants are found for these properties and the rent free periods expire.

3.1.3 Salaries - The General Fund part of the Housing and Property Services Redesign has an overspend of £9,200, with a further £800 additional cost for the Chief Executive's Department in respect of an unbudgeted increment and the financial implications of a recent retirement. **Overall £10,000 adverse.**

3.1.4 The New Homes Bonus Returned monies will be £250,000 below the Estimate for 2015/16. This is separate from the Council's New Homes Bonus (NHB) allocation. An estimated sum is top sliced from the overall Local Government Grant Settlement to pay the NHB's allocations. Anything "over top sliced" is returned to local authorities in subsequent years. Originally the Council had budgeted for £260,000 NHB Top-Slice to be returned, but this is now expected to be £10,000.

3.1.5 As part of closing the 2014/15 Final Accounts, the Executive agreed that £250,800 was allocated to the General Fund Balance. It is proposed that this sum is now used towards the shortfall projected for the current year highlighted above, leaving the Council to find the remaining £19,800 as savings, throughout 2015/16 which will be considered further within future Budget Review reports.

3.2 Contingency Budgets

3.2.1 Details of the current year budget (£401,000) and the balance remaining (£215,000), after calls on this budget, are shown in Appendix A. This is ahead of any commitments agreed by this Executive meeting.

3.2.2 None of the 2015/16 Training Contingency Budget of £4,900 has currently been allocated. However, this budget was fully allocated in 2014/15 and is expected to be so again in 2015/16.

3.2.3 The Income Contingency Budget reflects likely increased income in fees and charges, based on previous years outturn. However, it is not possible to say early in the year which precise income budgets will over recover. Contingency Income Budget has a target of £74,000 that has to be achieved. In 2014/15, due to good performance from areas such as Parking and Crematorium fee income, this was more than achieved. For example Crematorium income which was reported to February's SMT as being estimated to be £75,000 higher than budget ended up with a favourable variance of £117,000. However, due to the Capital Works at the Crematorium, the Final Accounts report to June's Executive agreed to reduce the income target at the crematorium by £150,000 for 2015/16 and this was funded from the 2014/15 surplus. Therefore the Council will not be able to rely on this area of income to meet the Contingency Income Budget target.

3.2.4 There are other Contingency Budgets for Price Inflation (£42,000) and Contract Cleaning (£51,000) – both not used in 2014/15 – and a new Salary Underspend contingency (-£30,000) . Any forthcoming demands for the use of these budgets will be reported upon during the year.

3.3 Salary vacancy factor

3.3.1 The salary budgets are reduced by 2.5% to reflect savings which occur due to vacancies, with the savings accruing whilst posts are unfilled. For 2014/15 the unfunded salary vacancy factor (General Fund) that was not achieved amounted to £219,000, this being the first year such a saving was not achieved. This represents an overspend as part of the overall pay budgets. For 2015/16 the salary vacancy factor is being closely monitored and reported on regularly.

3.4 Revenue Slippage- Earmarked Reserves

3.4.1 Revenue slippage from 2014/15 has been added into the 2015/16 budget, totalling £407,300 for the General Fund. These will be monitored separately and reported to Executive on a quarterly basis. As at the end of June only £18,400 has been spent to date. In addition £180,400 of revenue slippage was approved for the HRA.

3.5 **HRA**

3.5.1 The following variances have been identified for the HRA

Housing Mgt Software Licence	£7,500 A	Recurring increase as more assets managed on system
Renewable Heat Initiative income for Biomass	£20,000 F	Recurring additional income
Sheltered Communal Carpeting	£40,000 A	Worn communal carpets becoming H&S risk
Tree works	£25,000 A	Removal of trees becoming dangerous or damaging homes
Total HRA Variance	**£52,500 A**	

3.5.2 Making these changes to the HRA budget will reduce the amount the HRA will contribute to the Housing Revenue Account Capital Investment Reserve.

3.6 Capital

3.6.1 Other Services Capital Programme slippage (£683,100) and Housing Investment Programme slippage (£4,314,600) have been added to the 2015/16 Capital Budgets as approved by members in June.

3.6.2 Castle Farm drainage £73k slippage to 2016/17. Awaiting decision on the future of Castle Farm pitches which is tied up with the Local Plan decisions and delay. Replacement Gym Equipment £29,406 slippage to 2016/17. The profile of spend on this budget in future will largely depend on the outcome of the Sports Development Programme and decisions regarding future investment in the leisure centres.

3.6.3 The Housing Investment Programme (H.I.P.) has reported the following variances, totalling £100,400 favourable against the 2015/16 Capital Budget.

Thermal Insulation	(£111,300) F	Reactive work only, awaiting Stock Condition Survey
Roof Covering	(£67,700) F	Reduced programmed works required, plus allowance for reactive work - awaiting Stock Condition Survey
Entry/Security/Systems	£78,600 A	Fire alarm systems reaching end of useful life, upgrade to latest requirements
Total HIP Variance	**(£100,400) F**	

3.6.4 It is proposed that these changes are made to the H.I.P which will increase the balance on the Major Repairs Reserve.

3.7 Medium Term Financial Strategy (MTFS)

3.7.1 In February, as part of the Budget/Council Tax Setting report to Executive, the General Fund savings requirement was as set out below:-

On-going Savings (-) required	**2015/16 £000**	**2016/17 £000**	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**
Additional Savings	0	689	302	-19	8
Cumulative Savings	0	689	991	972	980

The MTFS allowed for the following assumptions:-

- Council Tax increases of 1.99% per annum from 2016/17
- £300,000 savings from the proposed office move in 2018/19
- £100,000 savings from Different Ways of Working/Terms and Conditions from 2018/19
- £416,000 savings over 2016/17 and 2017/18 from further 2.5% per annum reductions in "non-contractual" budgets.
- Revenue Support Grant reducing from £2.5m in 2015/16 to £949k by 2019/20.

3.7.2 The savings requirement has now been reviewed, taking into account the following:-

- Rolling the strategy forward by a year to include 2020/21
- Latest current year variances
- Latest projections for business rates retention
- Any issues arising from the 2014/15 closedown and variances arising
- Reflection of any information available that may impact upon the future grant settlements.

The assumptions within para 3.7.1 have continued to be included. As at the time of writing this report it has not been possible to assess the implications for the medium term of the less significant variances for 2015/16 discussed in section 3.1.

3.7.3 <u>Business Rates Retention</u>

3.7.3.1 In closing the 2014/15 Accounts, there was a substantial increase in the numbers of Business Rate appeals, with these having to be submitted by 31 March 2015. Many of these are eligible to be backdated to 2010. Whilst some increase in appeals had been reflected in the February projections, the number of appeals was way in excess of this. In closing the accounts it was necessary to be prudent and assume that a large proportion of these appeals will be successful, and be duly backdated. The Council uses the services of Analyse Local to advise on the likely success of the appeals and sums which should be allowed for within the accounts.

3.7.3.2 Due to the regulations governing business rates retention, the Council's element of the back-dated appeals will impact upon the 2016/17 accounts. Most of this will be compensated for by contributions from the Council's Business rates Volatility Reserve. However, this is likely to leave the reserve totally depleted at 31 March 2017.

3.7.3.3 In addition to the cost of the back-dated appeals, there is the likely loss in future revenue, assuming these appeals are successful. Again this will commence to impact upon the Council's accounts from 2016/17. The district's element of this is estimated at £400,000 per annum which has been factored into the projections.

3.7.3.4The main implication of the changes to the Business Rates Retention income is on the yearly profile of the income (notably impacting upon 2016/17), given that the previous projections already had been prepared on a prudent basis.

3.7.3.5There remain risks with Business Rates Retention moving forward. These include the outcome of the appeals that have been received, and whether the provision allowed for is sufficient. With the forthcoming revaluation in 2017, there will be further appeals, the outcome of which will probably not be known for several years. Whilst new businesses and properties should increase the business rate base, there will continue to be revaluations which will reduce the value of this. In 2020 the Business Rates Retention scheme is due to be "reset"; as yet there are no details of this meaning it is totally uncertain how it will impact upon individual authorities.

3.7.4 <u>New Homes Bonus Returned</u>

3.7.4.1 In addition to the reduction for 2015/16 (discussed in paragraph 3.1.4), the estimate for this has reduced from £42,000 for 2016/17 to £10,000. Similar reductions have been made for the two subsequent years. However, this funding was previously forecast to have ceased by 2018/19. This means that whilst these reductions do impact upon the annual savings profile, they do not alter the overall total.

3.7.5 Revenue Support Grant (RSG)

3.7.5.1 This has been reviewed further in the light of the March Budget. Based on work from Local Government Futures, the Council's advisors in these matters, the RSG is forecast to further reduce to £833,000 in 2020/21, this being over £100,000 below the February estimate.

3.7.5.2 The updated savings profile is set out below:-

On-going Savings (-) required	**2015/16 £000**	**2016/17 £000**	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**	**2020/21 £000**
Additional Savings	0	977	-195	228	-15	92
Cumulative Savings	0	977	782	1,010	995	1,087

3.7.6.1 It will be noted that overall the savings have increased by £100,000. This increase may be largely explained by the projections being extended for a further year. The assumptions assume that expenditure will increase by inflation, as will income from fees and charges and council tax. However, RSG is forecast to reduce further, meaning that the gap between income and expenditure will continue to widen.

3.7.6.2 The savings profile is now very concentrated on 2016/17, with approaching a million pounds needing to be found by that date.

3.7.6.3 To put this savings requirement into context, the gross General Fund expenditure (excluding support service recharges and capital charges) is £62m. After taking account of all the service specific income from fees, charges and specific grants, the net expenditure is around £13m. This is the sum met from Council Tax (£7.5m), Revenue Support Grant and Retained Business Rates.

3.7.7 The projections are based on many key assumptions. The most notable of these are:-

- Business Rate projections
- Revenue Support Grant
- Inflation and pay awards
- Investment Interest returns
- Pension fund contributions
- Income from fees and charges.

At the time of writing this report, any information released as part of the Chancellor's Budget on 8 July has not been reflected. If necessary, members will be presented with an update to the figures at the meetings.

3.7.8 Options to balance the Council's Budget for 2016/17 onwards may include:-

- Making savings in the cost of service provision – all services have been reviewed in the last few years. This has enabled substantial savings to be made, whilst protecting main services. Whilst there may be some limited further savings to be made, they are unlikely to be substantial.

- Increasing income – The Council does have an annual review of fees and charges, where generally charges are increased by inflation, with greater or lesser increases sometimes being necessary (often to reflect the demand for a service). Alongside any changes to charges, members will need to agree any new proposed charges which may be able to help balance the budget.

- Use of Reserves – The Council does have limited reserves, some of which may be able to support revenue expenditure for a limited period. Reserves may only be used once. Most of the Council's reserves are held for specific purposes.

- Use of New Homes Bonus – Local authorities have been receiving New Homes Bonus for the last 4 years, and this amounting to £1.6m receipt for WDC for 2015/16. Noting the uncertainty of this scheme continuing, the Council's approach has been to use this income for one off projects and not rely upon it to fund core services.

- Increasing Council Tax – under current regulations council tax increases of 2% and above will need to be subject to a referendum. To date there has been one such referendum, whereby the local electorate voted against the increase.

All of these alternatives have limitations and risks attached to them. The September Executive will receive a report on Fit For the Future which will include details of the plans to close this budget gap and ensure that the Council's expenditure is maintained within resources available so enabling a balanced budget to be set for 2016/17 onwards.

3.7.9 Other Funding Liabilities

3.7.9.1 In addition to the projected shortfall in the Medium Term Financial Strategy, the Council also has the following liabilities to fund:-

- Asset Maintenance Liabilities – following the review of Corporate Assets, the future cost of maintaining all the Council's property assets and land holdings has been established, as previously reported to Executive. The cost of these works is only funded up to and including 2015/16. To fully fund the works required in subsequent years will amount to an additional cost averaging out at approximately £1m per annum.

- ICT – A separate ICT Reserve has been established to provide funding for the Council's ICT infrastructure. To be able to continue to fund this will require an additional £250,000 per annum from 2018/19.

- Equipment Renewals Reserve – For some years the Council has maintained an Equipment Renewals Reserve to fund service equipment replacement. Again, to ensure that this can continue, an additional £100,000 per annum from 2018/19 is required.

3.7.9.2 It is important that the Council's financial projections are as inclusive of all potential funding demands upon the Council as possible. It is important that Portfolio Holders and Heads of Service review all items currently budgeted for in the current and future years, and any further items which are currently not budgeted for inclusion in the financial projections and future Budget reports.

3.8 Business Rates Retention – Coventry and Warwickshire Pool

3.8.1 Since the Retention of Business Rates scheme began, the Council has been part of the Coventry and Warwickshire Business Rates Pool, along with all the other Warwickshire districts, the County Council and Coventry City Council. The Government has encouraged pooling as an incentive to authorities taking a more strategic approach to investment. Financially local authorities may benefit by reducing the overall amount of Business Rates "Levy" due to central Government. Appendices B and C consider the pool's performance for 2014/15.

3.8.2 Overall the Pool arrangement resulted in over £500k being retained locally from Business Rates, with WDC's share being £25k. However, due to the Council also receiving a safety net payment for 2013/14 from the Pool which is due to be repaid from future years' retained levy, the Council will not directly benefit from this.

3.8.3 The Council must confirm its membership of the Pool ahead of 2016/17, with this normally needing to be done by the autumn. It is proposed that the Head of Finance, in consultation with the Finance Portfolio Holder agree any appropriate changes to the Memorandum of Understanding for the Pool and the Council's membership for 2016/17.

3.9 Treasury Management

3.9.1 The main rating agencies (Fitch, Moody's and Standard & Poor's) have been reviewing the use of the Viability and Support ratings (or their equivalent) which through much of the financial crisis, provided some institutions with a ratings "uplift" based on their ability to stand alone or implied levels of sovereign support. More recently, in response to the evolving regulatory regime e.g. the requirement for investors to "bail in" and support an institution rather than for the Government to bail it out , the agencies indicated that they may remove these "uplifts". This process has now commenced with Fitch lowering its support rating from 1 to 5 for a significant number of the counterparties that it rates. A 5 rating is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon." Thus there is little to no differentiation to be had by assessing Support ratings in the future. It is still considered more than likely that if a major UK bank with systemic importance to the UK banking system should ever be in a position to fail in the future then the UK Government will act as "lender of last resort" and step in to save the bank.

3.9.2 It is important to stress that these rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. This removal of implied sovereign support has taken place as a result of changes to the regulatory and economic environments which have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

3.9.3 Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the removal of sovereign support from institution assessments, both agencies have aligned these “standalone” ratings with their respective Long Term ratings for each counterparty. As such, there is no point monitoring both Long Term and these “standalone” ratings.

3.9.4 In view of the reliance placed upon credit ratings, and the possible limitations thereof, consideration is being given by the Council’s Treasury Team, Capita (as the Council’s Treasury consultants) and the Finance Portfolio Holder as to how the use of alternative investment instruments may present the Council with additional income opportunities whilst protecting the asset base . Any changes would need to be agreed by Council as part of agreeing the Annual Treasury Plan and Investment Strategy.

3.9.5 Therefore going forward, it is recommended that the Council’s current credit rating criteria for banks is amended to a minimum of a Short Term rating of F1 or above and Long Term rating of A+ or above (A in the case of a Part Nationalised UK Bank) i.e. deletion of the Support and Viability ratings. In all cases the minimum sovereign rating remains at that applicable to the UK at the time the investment was made.

4. Policy Framework

4.1 Policy Framework

This report is in accordance with the Council’s Financial Strategy as last approved by the Executive in February. This provides the Council with the resources to deliver its other policies and strategies.

4.2 Fit for the Future

One of the key elements of Fit For the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. This report updates Members on the financial projections for future years, savings required to be found and some of the key issues affecting the Council’s Medium Term Financial Strategy up to 2020/21.

5. Budgetary Framework

5.1 The Council needs to find financial savings of £1.1m over the next five years for the General Fund as detailed elsewhere in this report. Officers review current year budgets on a monthly basis at the same time considering implications for the medium term. Members are updated on a quarterly basis.

5.2 The Budget Review Process provides a planning tool to ensure resources are directed to the Council’s priorities. Alongside the Council’s own activities, external factors influencing its finances are also taken into consideration, for example Central Government Financing, the Business Rates Retention scheme, changes in legislation and the economy.

5.3 The Council maintains its Reserves to deliver Capital and other projects, and to ensure that there are sufficient resources available to manage unforeseen demands and continue to deliver its services. Close monitoring of these Reserve balances, together with plans to replenish them will preserve the financial stability of the organisation for future years.

6. Risks

6.1 The Council's Significant Business Risk Register contains several risks which are finance related. Shortage of finance will impact upon the Council's plans for the provision of services. Reduced income or increased expenditure will reduce the funding available.

6.2 The main sources of income which may be subject to reductions include:-

- Government grant (e.g. Revenue Support Grant, Benefits Administration Grant)
- Business Rates Retention
- Fees and charges from the provision of services
- Rent income
- Investment Income

6.3 Increased expenditure in service provision may be due to:-

- Inflation and price increases for supplies and services.
- Increased demand for services increasing costs
- Changes to taxation regime
- Unplanned expenditure
- Assumed savings in budgets not materialising

6.4 Triggers for increased costs or reduced income include:-

- Economic cycle – impacting upon inflation, interest rates, unemployment, demand for services, Government funding available
- Unplanned expenditure, e.g. Costs from uninsured events, Costs of planning appeals or other legal process
- Project costs – whereby there are unforeseen costs, or the project is not properly costed, or the risks related to them are not properly managed.
- Changes to assumptions underpinning the Medium Term Financial Strategy – these assumptions are closely monitored.

As referred to elsewhere in the report, the implications of the 2015 Budget have not as yet been fully assessed to feed into this report.

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

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

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

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

- Project Management and associated controls

- Trained staff and access to appropriate professional advice (eg WCC Legal, Local Government Futures for advice on local government funding).

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

- Scrutiny by Members of the Council's finances, including Budget Reports, and the financial implications of all proposals brought to them for consideration.

- Within the 2015/16 there is a Contingency Budget with an uncommitted balance of £215,000 for any unplanned unavoidable expenditure.

- Reserves –Whilst much of these Reserves have already been earmarked for specific projects, it is important that Reserves are held for any unforeseen demands.

- In addition to the reserves, the Council holds the General Fund Balance of £1.5m. This is available to accommodate any unplanned expenditure, or to make up any shortfall in income. However, the Council should seek to maintain the balance at this level.

- The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register. Individual Service Area Risk Registers are brought to F&A Scrutiny Committee every 2 years.

7. Alternative Option(s) considered

7.1 Monitoring expenditure and income and maintaining financial projections is good financial management and part of good governance. Accordingly, to propose otherwise is not considered.

7.2 Rather than fund most of the projected revenue shortfall for the current year now, using the £250,800 appropriated as part of the Final Accounts, it is possible to continue to leave this shortfall unfunded. However, given the size of the shortfall and the main driver (NHB Returned), this position is not likely to change and to leave it may be regarded as imprudent.

7.3 The Council could choose to leave the Coventry and Warwickshire Business Rates Pool. This would stop the Council from benefiting from any future benefit from the additional retained levy, and the Council would need to repay the Safety Net payment.

7.4 The Council may choose to leave the Council's credit ratings criteria un-amended. This will limit the Council's future investment opportunities and potentially reduce the investment returns.