

Agenda Item No 7

**Local Development Framework
Sub-Committee**

4 January 2023

Report of the Chief Executive

Future Work

1 Summary

- 1.1 This report brings a summary of work and issues for Members to note. Further detailed reports will be brought to Board in due course.

<p>Recommendation to the Sub-Committee</p> <p>That the report be noted</p>
--

2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

3 Issues/Reports

- 3.1 This report provides members with information on a range of issues and reports that will need to be considered when the Local Plan is next reviewed or if individual development plan documents are brought forward i.e., Employment DPD. More detailed reports will be brought to Members in due course but in brief these issues/reports are:
1. Housing and Employment Needs Assessment (HEDNA) for the Coventry and Warwickshire area
 2. West Midlands Strategic Employment Study
 3. Letter from Birmingham in relation to shortfall

4 Housing and Employment Needs Assessment (HEDNA) for the Coventry and Warwickshire area

- 4.1 The HEDNA provides information on housing need and employment land needs. It replaces the Employment Land Review and Strategic Housing Market Assessments which were carried out as part of the current adopted Local Plan. Some of the Coventry and Warwickshire local authorities have or are soon to publish consultations on their emerging Local Plans and they will be using the Housing and Employment Needs Assessment (HEDNA) 2022 as part of the technical evidence for those reviews. These authorities will publish the report as part of their evidence base for their Local Plans and it will be available on their websites.

- 4.2 Each local authority will consider the HEDNA at different times depending on the stage of their Local Plan review. It is proposed to bring a detailed report to Members in due course. The Executive Summary has been attached for information as Appendix A.

5 West Midlands Strategic Employment Study

- 5.1 Members will recall that LP6 Strategic Employment Land from the adopted Local Plan states:

LP6 Additional Employment Land

Significant weight will be given in decision taking to supporting economic growth and productivity, particularly where evidence demonstrates an immediate need for employment land, or a certain type of employment land, within Area A on Figure 4.10 of the West Midlands Strategic Employment Sites Study of September 2015 (or successor study) which cannot be met via forecast supply or allocations. The relevant scheme will be required to demonstrate:

- (i) access to the strategic highway network is achievable and appropriate,
- (ii) the site is reasonably accessible by a choice of modes of transport,
- (iii) it is otherwise acceptable, taking account of the living conditions of those nearby.

- 5.2 Since the 2015 Strategic Employment Sites Study prepared by PBA and JLL referred to in LP6 a further study was commissioned in 2021. This was commissioned by Staffordshire County Council and the Black Country, Coventry and Warwickshire and Greater Birmingham and Solihull LEP's and was prepared by Avison Young / Arcadis. The second study was seen by those who commissioned the work as the Phase 2 work envisaged in the initial study. However, there were many shortcomings with the work and a further study has recently been put out to tender by 25 organisations across the West Midlands, including North Warwickshire BC. This is known as Phase 3 work. The required study outputs include looking at the current supply situation; assessment of need; addressing modern industry's requirements; confirming the overall quantum and type of sites required; criteria for identifying sites; identify priority areas for additional provision; stakeholder engagement; and provide additional policy advice. The tender process is just being completed and a verbal update will be given at the meeting.

6 Letter from Birmingham City Council

- 6.1 The Birmingham Development Plan (BDP) 2031 was adopted by Birmingham City Council (BCC) on 10 January 2017. The BDP set out the spatial vision and strategy for the sustainable growth of Birmingham for the period 2011 to 2031. Birmingham City Council are now reviewing their Development Plan. They have prepared a HEDNA similar to the report identified above for the Coventry and Warwickshire area. As a result, Birmingham has identified a shortfall of housing of some 78,415 homes and some 73.64 hectares of employment land. Attached as Appendix B is a letter from Birmingham City Council received during their consultation on their Issue and Options for their review of the Birmingham Local Plan.

- 6.2 Officers from both authorities have meet and further meetings will be held next year. Clarification has been requested as to the treatment of the housing already being committed by this authority. As most of this housing is yet to be delivered it is expected that North Warwickshire’s commitment to supply housing will help towards the now 78,000+ shortfall.
- 6.3 BCC intends to publish a Draft Local Plan towards the end of October 2023 and officers have requested a meeting with members from both authorities prior to the publication of any document so to understand their position at that time.

The Contact Officer for this report is Dorothy Barratt (719250).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act,
2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date



NOVEMBER
2022

Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA)

Executive Summary

Iceni Projects Limited on behalf of Coventry &
Warwickshire Local Authorities

November 2022

Iceni Projects

London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH
Glasgow: 177 West George Street, Glasgow, G2 2LB
Manchester: 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: iceniprojects.com | e: mail@iceniprojects.com
linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: @iceniprojects

ICENI PROJECTS LIMITED
ON BEHALF OF COVENTRY
& WARWICKSHIRE LOCAL
AUTHORITIES

Coventry & Warwickshire Housing &
Economic Development Needs
Assessment (HEDNA)
EXECUTIVE SUMMARY

CONTENTS

1. INTRODUCTION	1
2. ECONOMY AND EMPLOYMENT LAND REQUIREMENTS	1
3. OVERALL HOUSING NEED	5
4. NEED FOR DIFFERENT TYPES OF HOMES	7

1. INTRODUCTION

- 1.1 This Housing and Economic Development Needs Assessment (HEDNA) has been prepared to provide a joint and integrated assessment of the need for housing, economic growth potential and employment land needs over the period to 2041 and 2050. It has been prepared by a consultancy team which includes Icen Projects, Cambridge Econometrics, MDS Transmodal and Justin Gardner Consulting (JGC).
- 1.2 The HEDNA evidence shows that Coventry and Warwickshire can be regarded as a coherent housing market area and 'best fit' functional economic market area, albeit that there are differences in the economic characteristics between the north and south of the area, with Coventry and the north of the area more focused towards manufacturing, warehousing and logistics; with South Warwickshire having a more service-orientated economy and higher housing costs. Overlaps are identified with other areas, in particular in North Warwickshire and Stratford-on-Avon districts towards Birmingham; between Rugby and Northamptonshire; and across the A5 with Hinckley and Bosworth.

2. ECONOMY AND EMPLOYMENT LAND REQUIREMENTS

Key Economic Characteristics

- 2.1 Coventry and Warwickshire is a £26 billion economy, accounting for 19% of West Midlands GVA. Immediately prior to the Covid-19 pandemic, growth in GVA was slightly out-performing regional and national trends reflecting stronger performance of the sub-regional economy post 2013. Total employment in 2019 across Coventry and Warwickshire is estimated at 526,900 jobs. Whilst more recent data is not available at the local level, the regional evidence suggests total employment has now returned to the pre-Covid position. The strongest economic performance in recent years has been in Coventry and South Warwickshire and these are the areas which have a stronger skills profile, with higher representation of those with degree-level skills, and a higher business density.
- 2.2 Economic participation rate in the sub-region (79.3%) is marginally above the national rate (78.8%) but considerably stronger than the region (77.5%). It is lower in Coventry than other areas. The onset of Covid-19 led to an increase in unemployment, and whilst levels have since fallen there remains a particular concentration of unemployed persons in Coventry.
- 2.3 Manufacturing is the largest sector in employment terms, accommodating 58,000 jobs, and is both a significant employment and an important contributor to wealth creation within the economy. Other sectors which are strongly represented include those associated with warehousing and logistics, which accommodates amongst 48,000 jobs; together with education, with the universities in particular

being an important economic asset and form part of the manufacturing ecosystem. The sub-region is an important centre for automotive R&D. A local cluster of gaming design companies has grown in Leamington Spa.

Property Market Dynamics

Office Market

- 2.4 The 2010-20 decade saw relatively strong performance of the office market in Coventry and Warwickshire, with positive net absorption of space and a falling vacancy rate across the market between 2010-18 influenced in part by declining total stock volumes as losses through conversions and redevelopment exceeded new floorspace delivered. Office floorspace provision within Coventry and Warwickshire peaked in 2012.
- 2.5 The Covid-19 pandemic coupled with virtual communications technologies has accelerated shifts in working patterns and led to a substantial growth in home-working. Coupled with the delivery of new space, this has led to an increase in the vacancy rate of office floorspace which stands, as at September 2022, at 6.2% across the sub-region. The market is however seeing a 'flight to quality' with continued demand for good quality, modern floorspace; but lower demand for more dated, older office floorspace which in some areas may provide opportunities for redevelopment.
- 2.6 The stronger office markets in the sub-region are Coventry and Leamington Spa, and new-build development can be expected to be focused in these areas. Beyond these markets, rental levels mean that delivery of office floorspace is commercially challenging and may require cross-subsidy and/or public sector support/intervention.

Industrial and Logistics Market

- 2.7 The sub-region, and in particular the northern and central parts of it, clearly has a strong and dynamic industrial market. The evidence points to a very significant stock of industrial floorspace at over 8 million square meters of space and sustained high take-up over the period since 2013. Whilst there are some challenges for the automotive sector, which can be relatively cyclical and has influenced strong take-up in recent years, demand for logistics/distribution space looks likely to remain strong buoyed by the growth in e-retailing in particular. Other influences on market demand include increased stock holding requirements, influenced by Brexit and other factors influencing trade, as well as demand for modern floorspace which aligns with companies' ESG requirements, is energy efficient and has sufficient power capacity, including to facilitate increased automation.
- 2.8 Available industrial space remains low and the strength of demand has support strong recent development activity together with strong growth in rents, with a very substantial 1.3 million sq. m of space delivered since 2013 with over 1 million sq. m over the 2015-20 period. New supply does appear to be coming forwards, not least as sites allocated in the last round of local plans start to

progress, but there will likely be a continuing need to replenish industrial supply over time if economic growth is not to be constrained.

Employment Land Needs

- 2.9 The HEDNA has considered employment land requirements across Coventry and Warwickshire looking to 2041 and 2050. In doing so, it has modelled employment land needs utilising a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This approach of triangulating different approaches and testing findings, which Iceni has adopted, is consistent with the PPG.
- 2.10 The HEDNA considers economic forecasts prepared by Cambridge Econometrics. These take account of the short-term impacts of the pandemic, both on employment and GVA, but with longer-term growth slightly more modest than historical trends influenced by wider macro-economic circumstances. The forecasts expect the relative share of the economy which is within the ICT/media sector to grow; as are public sector-focused activities such as health and education. The manufacturing sector is expected to grow (with GVA increasing), albeit employment will not, influenced by automation. The greatest absolute growth in jobs is forecast in Coventry and Warwick influenced by the sectoral structure.
- 2.11 Alternative modelling approaches are also considered, including projections of net changes in floorspace (based on Valuation Office data), projections of past development trends (using completions monitoring). In addition MDS Transmodal's replacement demand and traffic growth forecasting model is used in considering the need for strategic B8 warehousing and distribution floorspace.
- 2.12 In the context of the need for office space, the HEDNA concludes that given that office requirements tend to be closely linked to employment levels, it is recommended that the labour demand models best represent future needs for office floorspace. The labour demand should best represent the future economic outlook and should be used in determining future floorspace needs for this sector. There is however some potential for changing working patterns to reduce office floorspace needs, and it is important that this is monitored. Nonetheless market trends are emphasising the need for good quality floorspace; and the HEDNA identifies that it is likely that future supply will be particularly concentrated in Warwick District and Coventry; whilst cross-subsidy through mixed use development or public funding may be required to support provision in other areas within the sub-region.
- 2.13 In respect of industrial and warehousing, the HEDNA concludes that neither the VOA or labour demand models are able to differentiate the strategic and more local industrial / warehouse requirements. As a result, the completions data is likely to be the best representation of market needs for the next phase of plan making for industrial / warehousing floorspace particularly for the

short/medium-term. Comparing the completions data with other sources, monitoring by authorities suggests far higher levels of development have been achieved and therefore may be required in the future.

- 2.14 In respect of strategic warehousing floorspace (units of over 9,000 sq.m), the HEDNA concludes that it would be appropriate to plan for future development to be in line with recent completions trends over the initial 10 year period (2021-31), with the subsequent decade then seeing potentially slower growth in line with the traffic growth and replacement demand modelling. On this basis, the HEDNA concludes on a need for 606 ha of land to 2041, and 709 ha to 2050. Some of this need could however potentially be met through recycling of land – particularly where there are plots of over 10 ha in good quality locations which relate well to the strategic road network, have adequate power capacity and are accessible by public transport.
- 2.15 Icenis’s consultation exercise suggests that whilst B8 demand is very strong, there is a need for separate allocations for B1c/B2 where land is delineated from sites going for B8 in order to support the manufacturing sector. There is a strong manufacturing sector in the sub-region which needs to be provided for.
- 2.16 Drawing the above together and factoring in an adjustment for a margin to incorporate flexibility, the HEDNA concludes on the employment land needs to 2041 and 2050 as set out in the tables below.

Table 2.1 Employment Land Needs 2021-2041

Hectares	Office	General Industrial	Sub-Total	Strategic B8
N. Warwickshire	5.3	56.1	61.4	606
N. and Bedworth	2.2	5.5	47.7	
Rugby	5.2	150.5	155.7	
Stratford-on-Avon	5.2	166.1	171.3	
Warwick	11.4	56.2	67.6	
Coventry	8.5	147.6	156.1	
Total	37.7	621.9	659.6	

Table 2.2 Employment Land Needs, 2021-50

Hectares	Office	General Industrial	Sub-Total	Strategic B8
N. Warwickshire	7.0	81.4	88.4	709
N. and Bedworth	3.0	66.0	69.0	
Rugby	6.5	218.2	224.7	
Stratford-on-Avon	7.2	240.9	248.1	
Warwick	15.8	81.4	97.2	
Coventry	10.0	214.0	224.0	
Total	49.4	901.8	951.3	

- 2.17 Chapter 11 within the HEDNA report provides guidance on identifying suitable locations for strategic B8 development, and key corridors within which Iceni consider development is likely to be focused. Iceni recommend that assessment of supply is coordinated at a sub-regional level to integrate relevant considerations including landscape harm, power capacity, access to labour and to seek to limit harm to Green Belt purposes. It would not be appropriate in our view to simply replicate past development patterns in respect of the spatial distribution of development by local authority.

3. OVERALL HOUSING NEED

- 3.1 The Government sets out a standard method for assessing housing need which takes 2014-based Household Projections and applies uplifts to this based on the relative affordability position in individual local authorities to generate an annual housing need figure. For Coventry, as one of the main cities/ urban areas across England, a further 35% uplift is applied as directed by the methodology set out by Government.
- 3.2 The NPPF mandates the use of the 2014 subnational household projections (SNHP) in the Standard Method and following the relevant Planning Practice Guidance (PPG) the method shows a need for 5,554 dwellings per annum across the Housing Market Area (HMA). The PPG does however allow for authorities to diverge from the Standard Method where this can be justified by exceptional circumstances; and sets out that any alternative approach should reflect current and future demographic trends (including migration) and market signals.
- 3.3 The previous evidence has identified, and is has now been recognised by the Statistics Regulator and accepted by the Office for National Statistics (ONS), that there have been issues with estimating and projecting the population in Coventry. Initial Census data released in June 2022 supports this. It is clear that population growth in the City has been systematically over-estimated by ONS (dating

back to at least 2001) and that the over-estimation works through into population projections that are demonstrably too high and unrealistic. The population projections will then work through into household projections and ultimately to estimates of need in the Standard Method.

3.4 The HEDNA has therefore modelled new demographic projections which take account of the initial Census data releases and seek to assess how the population can be expected to change over time. The HEDNA then applies these alternative projections through the framework provided by the standard method.

3.5 The results of the housing needs modelling undertaken are shown below. The new trend-based projections point to a need for 4,906 dwellings annually across the sub-region, lower than the Standard Method (using 2014-based Household Projections) due to the clear issues with population data feeding into projections for Coventry. Because of the demographic interactions between authorities across the Housing Market Area, it is important that housing needs evidence is based on a consistent approach and consistent set of demographic data.

Table 3.1 Overall Housing Need (dpa)

	Coventry	North Warks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	HMA
2014-based	3,188	176	435	516	564	675	5,554
Trend-based	1,964	119	409	735	868	811	4,906

3.6 Given across the HMA that population figures have been over-estimated for many years, it is reasonable and expected that any alternative trend-based projection would show a lower need. It is however recommended that the Councils monitor new data releases from ONS (including MYE and projections) as ONS will need to grapple with the issue of inaccuracies in the MYE in any future releases.

3.7 Econometric forecasts do not point to as strong growth moving forwards as we have seen in recent years (with the economic forecasts showing additional job creation of c. 3,300 which falls below labour supply growth in the trend-based projections). Demographic growth (in the revised projections) therefore supports sufficient growth in labour supply across Coventry and Warwickshire as a whole; and there is therefore no case for adjusting upwards overall housing need.

3.8 However for North Warwickshire, there is a potential case for higher housing provision than the overall housing need figures shown in Table 3.1. This can be achieved through questions of the distribution of housing provision; and North Warwickshire's existing Plan makes provision for meeting unmet needs from other areas (Coventry and Birmingham) which contribute to labour force growth and thus achieve this.

3.9 Both Stratford-on-Avon and North Warwickshire districts sits across the Coventry & Warwickshire and Greater Birmingham Housing Market Areas. These authorities will therefore need to consider unmet needs from Birmingham in setting housing targets within their respective local plans alongside any unmet needs from within the Coventry & Warwickshire HMA.

3.10 In setting housing targets in individual local plans, the affordable housing evidence is also relevant. In the northern part of the sub-region in particular – in North Warwickshire and Nuneaton and Bedworth - this supports the case for considering, as part of the plan-making process, higher housing provision than shown in Table 15.5 in order to boost the delivery of affordable housing.

4. NEED FOR DIFFERENT TYPES OF HOMES

Affordable Housing

4.1 The HEDNA models the need for affordable housing using the approach set out by Government in Planning Practice Guidance (PPG). It identifies a net need for 3,833 social or affordable rented homes per annum across the sub-region from households who cannot afford to meet their needs within the open market.

4.2 The evidence indicates that around 20-30% of the rented need identified should theoretically be met through provision of affordable rented homes; but there are wider considerations to be taken into account in determining policies for new-build development, including individual council's priorities, what rents are charged for existing stock and viability considerations.

Table 4.1 Annual Need for Social / Affordable Rented Housing

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Coventry	495	1,667	653	2,816	929	1,887
North Warwickshire	40	163	52	256	124	131
Nuneaton & Bedworth	102	431	188	720	313	407
Rugby	77	398	166	640	233	407
Stratford-on-Avon	81	397	238	716	297	419
Warwick	132	571	204	907	325	582
Warwickshire	431	1,959	848	3,238	1,292	1,946
C & W	926	3,627	1,501	6,054	2,221	3,833

4.3 In addition the core analysis within the report indicates that there is a need for around 609 affordable home ownership homes per annum. The figures for individual authorities are set out in the table

below. The greatest need shown is in South Warwickshire, with the evidence pointing to a lack of or very modest need for affordable home ownership products in North Warwickshire and Nuneaton and Bedworth. This assumes some contribution to supply from sales of market homes below lower quartile prices.

Table 4.2 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Coventry	633	484	149
North Warwickshire	120	118	2
Nuneaton & Bedworth	214	230	-16
Rugby	296	208	88
Stratford-on-Avon	410	281	129
Warwick	553	296	258
Warwickshire	1,593	1,133	460
Coventry-Warwickshire	2,226	1,617	609

4.4 The affordable housing need is high relative to the overall housing need. However the two are not directly comparable, as the assessment of overall housing need looks at the overall need for additional homes; whereas the affordable housing need in part reflects an existing tenure imbalance. Future affordable housing delivery will be influenced by issues related to viability and the availability of funding. Policies for affordable housing provision within local plans should therefore be influenced by a combination of the needs evidence, viability evidence which examines what affordable housing can be viable delivered through mixed tenure schemes, together with Council priorities. The affordable need, in particular for social/ affordable rented homes, is a consideration in setting overall housing targets, but it should be recognised that viability and the availability of funding are realistically constraints on the level of provision which can be achieved.

4.5 Both First Homes and Shared Ownership will have a role to play in helping households with marginal affordability. The HEDNA indicates that First Homes should be priced at least the minimum discount of 30% of the Open Market Value (OMV). Shared ownership properties will also have a role in meeting needs and are suitable in particular for households with more marginal affordability and lower savings.

Sizes & Types of Homes Needed

4.6 The HEDNA models the implications of demographic dynamics on the need for different sizes of property by tenure, taking account of how households occupy homes with adjustments to address overcrowding and provide opportunities for rightsizing.

- 4.7 The analysis indicates that the need for social or affordable rented properties should be focused on smaller properties, as in this sector households size is more closely aligned to the sizes of homes. 70% of the need identified is for 1- and 2-bed properties; and 30% for properties with three or more bedrooms. The profile by individual local authority is shown below.

Table 4.3 Suggested Mix of Social/Affordable Rented Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	30%	35%	25%	10%
North Warwickshire	30%	35%	25%	10%
Nuneaton & Bedworth	25%	35%	30%	10%
Rugby	35%	30%	20%	15%
Stratford-on-Avon	40%	35%	20%	5%
Warwick	40%	35%	20%	5%
Warwickshire	35%	35%	20%	10%
Coventry-Warwickshire	35%	35%	20%	10%

- 4.8 Affordable home ownership homes should be focused on delivery of 2- and 3-bedroom properties, with the evidence pointing to a greater need for 2-bed homes than other property sizes.

Table 4.4 Suggested Mix of Affordable Home Ownership Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	20%	45%	25%	10%
North Warwickshire	20%	40%	30%	10%
Nuneaton & Bedworth	20%	40%	30%	10%
Rugby	20%	40%	30%	10%
Stratford-on-Avon	20%	45%	25%	10%
Warwick	20%	45%	25%	10%
Warwickshire	20%	40%	30%	10%
Coventry-Warwickshire	20%	45%	25%	10%

- 4.9 The mix of market homes needed is focused towards 2- and 3-bed properties, as shown below. This takes account of the ageing of the population and role which suitable housing provision can have in enabling rightsizing. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay. Provision of specialist housing can assist in releasing existing family homes and supporting turnover in the wider housing market.

Table 4.5 Suggested Mix of Market Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	10%	40%	40%	10%
North Warwickshire	10%	35%	45%	10%
Nuneaton & Bedworth	10%	35%	45%	10%
Rugby	10%	30%	45%	15%
Stratford-on-Avon	10%	35%	40%	15%
Warwick	10%	40%	40%	10%
Warwickshire	10%	35%	45%	10%
Coventry-Warwickshire	10%	40%	40%	10%

4.10 These figures are intended to be used as a monitoring tool rather than to be applied rigidly to all individual development sites. In applying the evidence, consideration should be given to the existing house mix in the locality and gaps within this; site location and characteristics; and local needs or market evidence (including from Council's housing registers). Additionally, the Councils should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

Housing a growing Older Population

4.11 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

4.12 The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-32 period include:

- A 18% increase in the population aged 65+ (potentially accounting for 54% of total population growth);
- A 21% increase in the number of people aged 65+ with dementia and a 20% increase in those aged 65+ with mobility problems;
- A need for around 1,960 housing units with support (sheltered/retirement housing) in Coventry and 1,840 units in Warwickshire – mainly affordable housing in Coventry and market homes in Warwickshire;

- A need for around 230 additional housing units with care (e.g. extra-care) in Coventry and over 2,000 in Warwickshire – focussed on market housing in both areas;
- A need for additional nursing care bedspaces and some residential care in Warwickshire; and
- a need for around 180 (Coventry) and 400 (Warwickshire) dwellings per annum to be for wheelchair users (meeting technical standard M4(3)).

4.13 On the basis of the evidence, the Council should consider requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and 10%+ of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector). The Councils should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

4.14 The analysis suggests that there will be a notable need for both housing with support and housing with care (in both market and affordable sectors), as well as some additional nursing and residential care bedspaces. In Coventry the need is particularly for affordable housing (housing with support), with the opposite being the case in Warwickshire.

Table 4.6 Specialist Housing Need 2022-32 – Coventry

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall /surplus by 2032
Housing with support	Market	40	462	970	508	104	612
	Affordable	93	1,168	2,274	1,106	245	1,350
Total (housing with support)		133	1,630	3,244	1,614	349	1,963
Housing with care	Market	21	210	514	304	55	360
	Affordable	27	855	653	-202	70	-131
Total (housing with care)		48	1,065	1,168	103	126	228
Residential care bedspaces		42	1,203	1,038	-165	112	-53
Nursing care bedspaces		48	567	1,168	601	126	726
Total bedspaces		90	1,770	2,206	436	238	673

Source: Derived from Demographic Projections and Housing LIn/EAC

Table 4.7 Specialist Housing Need 2022-32 – Warwickshire

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall /surplus by 2032
Housing with support	Market	58	1,913	3,560	1,647	843	2,490
	Affordable	60	5,198	3,695	-1,503	848	-655
Total (housing with support)		118	7,111	7,255	144	1,691	1,836
Housing with care	Market	27	721	1,665	944	392	1,336
	Affordable	15	477	947	470	217	687
Total (housing with care)		43	1,198	2,612	1,414	609	2,023
Residential care bedspaces		38	2,253	2,322	69	541	610
Nursing care bedspaces		43	2,261	2,612	351	609	960
Total bedspaces		80	4,514	4,934	420	1,150	1,570

Source: Derived from Demographic Projections and Housing L1N/EAC

Self and Custom Housebuilding

- 4.15 Self-build and custom housebuilding is a growing sector of the housing market, and one which has potential to contribute to housing delivery. All of the local authorities in the study area introduced a Self-Build and Custom Housebuilding Register on 1st April 2016 in line with the requirements of legislation. If assessed over the five base periods to date, there has been an average of 155 registered expressions of interest per annum in a serviced plot of land.
- 4.16 Each of the local authorities have a local plan policy (or draft policy) supporting Self and Custom Build development. In addition to a specific policy, Rugby, Stratford-on-Avon and Warwick have also produced an SPG. Iceni consider that in order to respond to demand in the sector, and in response to the PPG's requirements, the Councils - particularly those in South Warwickshire where demand is greatest - should continue to express active support self and custom build homes, but should also consider seeking a percentage of self and custom build on larger sites with an appropriate fallback mechanism should plots fail to sell; consider opportunities to identify specific sites for serviced plots (i.e. on public sector land, where available) and encourage developers as part of the overall housing mix to incorporate serviced plots where there is evidence of strong demand.

Private Rented Sector and Build to Rent

- 4.17 The Private Rented Sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Across the study area, the growth in the private rented sector was strong over the last two census points outperforming the national trend between 2001-11. There are different components to the sector, including a student market in Coventry and Warwick District. Across the board, the private rented sector supported around 37% of

all Universal Credit claimants with a high of 41% in Coventry City and a low of 25% in Warwick District.

- 4.18 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development. BTR development has been delivered in Coventry and Stratford-upon-Avon, with development also now coming forward in Rugby. The HEDNA identifies the potential for BTR development in these authorities and in Warwick; both within town centre locations and potential through suburban build-to-rent development over time. The HEDNA also provides guidance on how the potential for Co-living can be considered and monitored.
- 4.19 In line with national policy, affordable housing in Build-to-Rent development should be provided as affordable private rented housing, with the PPG setting out that 20% should be sought at a 20% discount to market rents, subject to viability.

Student Housing Needs

- 4.20 The area has two universities: Coventry University and Warwick University. Student numbers have grown at both Universities since 2001, however, Coventry has seen more substantial growth and is defined as the fastest growing University in the UK. Coventry City and Warwick District have very different dynamics, with the majority of households residing in all student households – which principally comprise HMOs - and student halls. In all other authority areas, the majority of students live at home with parents.
- 4.21 Iceni has engaged with both Universities to understand growth ambitions and the latest position with student accommodation provision. Coventry University have indicated that student numbers are expected to remain static for the next 2-3 years. However the University has plans to continue to grow the international student population moving forward which could have an impact on housing needs in the medium to long-term. This should be closely monitored.
- 4.22 At Warwick University, there are around 29,550 students studying on-campus of which c. 7,500 students are housed on-campus. The University is currently in the midst of developing its Strategy looking ahead to 2030, which Iceni understand intends to increase numbers at a “sustainable moderate growth rate.” The approach to housing all first year UG students will be maintained and there is a desire to also offer some additional accommodation to returning students.
- 4.23 There is a sizeable pipeline of student accommodation provision in Coventry, with around 9,275 bedspaces in the pipeline. If delivered, this provides the potential to reduce the number of students living in the wider housing market. As longer-term growth proposals become more clear, it will be important for the planning authorities to maintain dialogue with the two universities to appropriately

manage delivery of student accommodation and ensure it keeps pace with or exceeds student growth.



03 October 2022

North Warwickshire Borough Council

DorothyBarratt@NorthWarks.gov.uk

Dear Dorothy,

I am writing to notify you that the Birmingham Local Plan Issues and Options consultation will be considered by the City Council's Cabinet on Tuesday 11th October 2022, Cabinet agenda papers were published on Monday 3rd October 2022 and can be viewed on the City Council's website

[Birmingham Local Plan Issues and Options consultation Cabinet report](#)

You will be aware that the Birmingham Development Plan was adopted in January 2017 and recent review work has determined that the Plan needs to be updated. The Issues and Options will be the first stage of consultation on the new Birmingham Local Plan.

We have been preparing a number of evidence base documents including a Housing and Employment Development Needs Assessment and a Strategic Housing and Economic Land Availability Assessment. Together these documents help us to understand the level of growth we need to plan for as well as the capacity within the city. As you will be aware, housing need across the City has increased significantly since the adoption of the Birmingham Development Plan, and at that time Birmingham could not accommodate its own development needs.

The evidence base shows that Birmingham cannot accommodate all of its development needs within the new Birmingham Plan. Early indications are that there is a shortfall of 78,415 dwellings and 73.64 hectares of employment land. These figures are based on current land availability. The City Council has undertaken further work to identify additional sites which have development potential, and these sites will be explored in more detail as we work towards the Preferred Options, currently expected to be available for consultation in Autumn 2023. However, even if we were to be able to bring forward additional sites, there is not sufficient capacity to eliminate the shortfall. Therefore,

Ian MacLeod
Director, Planning, Transport & Sustainability
Birmingham City Council
Places, Prosperity & Sustainability Directorate
PO Box 28
Birmingham
B1 1TU
Email: ian.macleod@birmingham.gov.uk

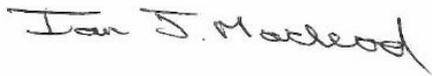
as authorities which sit within the Housing Market Area, I am writing to request your assistance in accommodating this shortfall. As such, I ask that you respond confirming the following:

- Whether at this stage you are able to make a contribution to addressing the shortfall arising from the Birmingham Local Plan.
- That you are committed to continuing discussions both through the HMA working group and with BCC independently, as required, to work towards accommodating the shortfall.

Please can you respond to planningstrategy@birmingham.gov.uk by no later than Monday 5th December 2022.

If you wish to discuss this matter in more detail please do not hesitate to contact me.

Yours sincerely



Ian MacLeod
Director of Planning, Transport & Sustainability

Ian MacLeod
Director, Planning, Transport & Sustainability
Birmingham City Council
Places, Prosperity & Sustainability Directorate
PO Box 28
Birmingham
B1 1TU
Email: ian.macleod@birmingham.gov.uk

Agenda Item 7

Resources Board

30 January 2023

Report of the Director (Housing)

Private Sector Shared Services & HEART Partnership

1 Summary

- 1.1 The Council has a shared service with Nuneaton and Bedworth Borough Council to deliver its private sector housing condition oversight and enforcement duties. The Warwickshire HEART partnership delivers grants for adaptations and provides for contractors to undertake the work. A contract is in place to underpin the partnership. This report informs the Board about the current position for both services.

Recommendation to the Resources Board

- a That the progress of the HEART shared service review be noted, that the Council agrees to enter into a further contractual partnership for 5 years from 1 April 2023 and that authority is delegated to the Director of Housing in consultation with the Head of Legal Services to determine the final contract terms;**
- b That it is Recommended to Council that all functions to be exercised by the HEART shared service be delegated to Nuneaton and Bedworth Borough Council so that its officers have all necessary powers to perform those functions;**
- c That the work undertaken by the Private Sector Housing shared service be noted; and**
- d That the change to providing resources into the Private Sector shared service team and the growth bid of £45,000 be agreed.**

2 Consultation

- 2.1 Not relevant to this report.

3 Background

- 3.1 The Council has two shared service contracts which deliver services for housing in the private sector. The HEART shared service was established in March 2017 and the private sector housing shared service was established in April 2019.
- 3.2 The private sector housing contract is between the Council and Nuneaton and Bedworth Borough Council. Nuneaton and Bedworth Borough Council provide the service on behalf of both Councils. The HEART contract is between the 5

Warwickshire Districts and Boroughs and Warwickshire County Council. Nuneaton and Bedworth Borough Council is the host for the service.

- 3.3 The Housing Act 2004 and other legislation set out requirements on local housing authorities about housing conditions in their district. Requirements include dealing with dwellings that fail to meet the minimum standard for housing, oversight and licensing of Houses in Multiple Occupation, licencing for mobile homes sites, the need for provision of assistance with housing renewal and the need to assist with the adaptation of dwellings for disabled persons. Operational matters to deliver these requirements are undertaken by the two shared services.

4 HEART Shared Service Review

- 4.1 Members will recall that the aim of the Business Case for the **Home Environment Assessment and Response Team (HEART)** service is:

“To provide customers with the advice and information to help them make the right choice, and provide practical help to deliver the right housing solution when they want it”

and the vision for the shared service is:

“To be the service of choice for advice, assistance and interventions to adapt or improve the home environment to enable activities of daily living and protect and improve the health, safety and wellbeing of residents to prevent, reduce or delay greater needs arising.”

- 4.2 A review of the HEART partnership was reported to the Board at its meeting in January 2021. The HEART Board has acted to deliver against the review recommendations.
- 4.3 In March 2022 the Department for Levelling Up, Housing and Communities and Department of Health and Social Care published guidance for ‘Disabled Facilities Grant delivery’. The Guidance sets out the legal framework for grants and encourages Local Authorities to act in partnership to improve their services. Arrangements for HEART anticipated most of the best practice encouraged in the Guidance. The professional body for Home Improvement Agencies is Foundations. They delivered the report for Government and their Chief Executive Officer is the independent Chair for the HEART Board. The relationship enables a positive two way exchange on how best to deliver these important services. There has been significant progress to bring 6 Authorities together to provide for one, holistic service for customers. To underpin this progress and look forward to a further contractual partnership from April 2023 the HEART Board:

Agreed a new Business Case in 2022 which sets out the ambition of the partnership and how it will serve customers who require adaptations to remain independent at home. This is attached at Appendix A. The Business Case demonstrates the need to continue with the partnership arrangements.

...

Has reviewed how service performance information is provided and reported to enable barriers to be accounted for and resolved

Is delivering new case management software for the service to improve efficiency by reducing duplication and providing the team with user friendly systems as well as improved performance reporting tools

Is developing an HR Protocol that supports the requirements of the service whilst reflecting conditions of employment in 6 different organisations

Is considering how to improve the capture and utilisation of customer satisfaction feedback

Has agreed with the Host authority that capital funds can be used to support the revenue staff costs so that it can provide better resources to deliver more adaptations. From April 2023 this will enable the Board to consider a restructure of the team.

Has reviewed the Housing Assistance Policy which sets out how mandatory and discretionary funding will be provided to support residents in obtaining the assistance they require for the adaptations they need.

4.4 The level of partnership working to deliver Disabled Facility Grants and adaptations was commended as sector leading when it was implemented. It remains largely unique in its level of integration. Nuneaton and Bedworth Borough Council are willing to continue as the host authority from April 2023 for a further 5 years. The partnership authorities are committed to continuing to deliver and develop HEART. It is recommended as part of this report that North Warwickshire Borough Council continue to be part of the contract.

4.5 The majority of grant funded adaptations are stairlifts, level access showers and ramps. During the first two quarters of this year 15 major adaptations were delivered at a total value of £217,632. Social care equipment is also provided by the service. Home improvement services are delivered as part of the holistic home assessment service offer as well as home safety grants. The overall satisfaction rate for the service during this year to date is 100% for respect and dignity and 99.5% for responsiveness. These satisfaction rates are positive however waiting list times continue to be a concern and a critical matter for the Board to resolve is providing a staff structure that has the capacity to meet increased demand for the service.

5 Private Sector Housing Shared Service

5.1 The Nuneaton/North Warwickshire Private Sector shared service is largely reactive. The service acts on reports (usually by tenants) about the poor condition of private sector tenancies and ensures Houses in Multiple Occupation meet the standards required by regulations. It also undertakes licence inspections of mobile home sites.

- 5.2 There are 34 Houses in Multiple Occupation in the Borough. Each of these is actively monitored by the Private Sector Housing team to ensure that they are safe and meet regulatory standards.
- 5.3 During the first two quarters of this year the team acted on 19 requests for service by private rented sector tenants. They had cause to serve one enforcement notice. Usually landlords respond positively to contact by the team when their tenant has raised a concern. The assessment of condition is based on the Housing Health and Safety Rating System for hazards.
- 5.4 The Board will be aware of the significant press interest about the death of child who lived in a housing association property that had mould growth conditions over a long period. The Department for Levelling Up, Housing and Communities has asked Local Authorities to account for their activity and intervention into private sector house conditions. The Council's initial reply is attached at Appendix B for information. Further information by way of a completed questionnaire will be submitted by 27th January 2023. There are challenges and pressures on this service which will need to be met. The changes to funding and staffing proposed below start to anticipate how resources are deployed to meet them. One of the matters to be resolved is how the service can be facilitated to be more proactive.
- ...
- 5.5 Whilst most of the work of the shared service is reactive the partnership has been successful in attracting funding to help private owners to improve the efficiency of their homes over the last two years. This has allowed some owners to take up grant funding to install measures such as external wall insulation. There are different funding schemes available which provide different levels of intervention. To date we have engaged with Local Authority Delivery (LAD) and Home Upgrade Grant (HUG). We were successful in attracting funding from LAD 1 and LAD2 with spend being on social housing although there was provision for private sector properties. Schemes to deliver funding for LAD3 and HUG1 are underway. These are for the private sector only and provide different type of funding. The new funding stream from 2023 is HUG 2 and this is particularly advantageous for areas with no gas mains. There is also an intention to engage with ECO4 which has interventions provided by utility companies. The mechanisms for delivery are prescribed and subject to detailed reporting and take up is slow in the private sector. Nonetheless it is important for the Council to engage with these opportunities and promote them with residents. Staff employed by Nuneaton and Bedworth Borough Council are delivering LAD 3 and HUG 1 grants. We are currently considering how to engage with and deliver HUG 2 grants.
- 5.6 The Building Research Establishment (BRE) report information shared a in the previous report to Board stated there were over 29,000 dwellings in North Warwickshire. 74% owner occupied. 12% offered for private rent and 14% social rented.
- 5.7 The research report offered data from modelling based on a desk top consideration of information available from Energy Performance Certificates, reports about the condition of properties and household income. From this information it estimated that that 4,218 dwellings in the private sector had

Category 1 Housing Health and Safety Rating hazards. This equates to about 17% of properties. It includes 605 dwellings in the private rented sector. The modelling estimates that this is 9% of private sector dwellings and 7.2% of private rented dwellings in the Borough are estimated to have an Energy Performance Certificate rating below band E.

- 5.8 The percentage of private rented sector tenancies in the Borough which have an Energy Performance Certificate at E, F and G is slightly higher than the national average. It should be noted since 1 April 2018 it became unlawful for landlords to grant a new tenancy or renew an existing tenancy for a property that does not reach the minimum energy efficiency standard with a rating of band E.
- 5.9 The condition of their property is the responsibility of the owners however the Council can offer means tested interventions through the HEART service or, if a tenant is concerned about the condition of their tenancy, enforcement action can be taken if it does not meet the required standards.
- 5.10 Grant funding means that private owners in the Borough will be able to access funding to provide measures to improve the energy efficiency of their homes.

6 Report Implications

6.1 Financial and Value for Money

- 6.1.1 Government continues to provide funding for Disabled Facilities Grants which meet the mandatory scheme. Councils can also provide discretionary grants as appropriate and set out in an agreed policy statement. The grant award for North Warwickshire for 2022/2023 is £771,304. At 31st October 2022 the capital funding available to the Council to spend on adaptations in the private sector was £1.385m. In addition, the Housing Revenue Account provides a budget of £191,280 annually for adaptations required in the Council's own stock. To fund an extension adaptation during this year the budget was increased to £261,280. At the Resources Board on 7th November further funding of £130,000 was agreed for two further extensions to meet Tenants' needs increasing the budget to £391,280.
- 6.1.2 The grant provision is part of Government Better Together funding which is paid to the County Council. The mandatory grant is given directly to the Boroughs and Districts from the County Council and supports the provision of Disabled Adaptation Grants however it is not ring fenced entirely for that provision and, when a formal policy statement is agreed, it can be used for home improvement grants and to support hospital discharge arrangements. The joint Housing Financial Assistance Policy provides a clear framework for spending the grant. This is being reviewed and it is proposed that given the level of grant available in reserves both stairlifts and ramps be provided without the need for a mandatory means test.
- 6.1.3 The requirements for the Better Care Fund are set out in the Government's "Integration and Better Care Fund planning requirements for 2017-19". Adherence to these requirements is overseen by the Health and Well Being Board.

- 6.1.4 The Council employs one member of staff (a Housing Assessment Officer) as part of the HEART structure.
- 6.1.5 Charges are applied for inspections and enforcement activity for the private sector housing service. In 2019 when the shared service was implemented the Council agreed to pay Nuneaton and Bedworth Borough Council £33,000 to deliver its private sector housing legal obligations. Nuneaton and Bedworth Borough Council have told the Director of Housing that this is not sufficient to cover the level of service required. It does not cover the costs of a full time Environmental Health Officer which, with on costs, is in the region of £49,000.
- 6.1.6 Two changes are proposed to the funding of the private sector housing team as part of this report. The first is to adjust the funding for the financial year 2022 -2023 to account for actual costs, inflation and agreed pay rises. This is because staff recruitment issues meant that the service had to use agency staff and staff costs increased as a consequence. An additional payment of up to 20% is expected in addition to the charge of the £34,000 due for 2022/2023. The second change would be from 1st April 2023 and would be reflected in an amended shared service agreement. It is proposed that North Warwickshire Borough Council employs an Environmental Health Officer directly to work in the shared service team to deliver the service for this area. This model of seconding staff into a shared service reflects that used in HEART. It allows for greater accountability for the service locally whilst providing management cover and resilience. The additional resource should also help the service to be more proactive. Whether this model is agreed or we continue to simply purchase services from Nuneaton as part of the service level agreement in future years the cost of the shared service will be in the region of £75,000 if the Council responds positively to their request for full cost recovery. It was expected that this revised charge might have been implemented in this financial year so some funding was included in the Council's contingency provision in the budget. This is a growth bid and would cover the costs of a directly employed Environmental Health Officer for the Borough as well as a percentage of the management costs for the service. Nuneaton has suggested that the costs are based on population size with a third paid by North Warwickshire however it is proposed that around 20% of management costs are covered given that there is a smaller private rented sector in this Borough whilst recognising how senior staff will contribute to proactive work.
- 6.1.7 There is an opportunity to cover some of our costs with fees and charges made for the services provided. These have been reviewed recently and are shown in the relevant report for fees and charges to the Community and Environment Board. Charges can be made for licensing activity to mobile home sites and Houses in Multiple Occupation as well as penalty charges. As mentioned above, the use of the provision currently in the contingency for the remaining cost would mean there is no impact on the Council's overall financial position.
- 6.1.8 Funding for staff/ administrative support for Green Homes initiatives is provided as part of the overall funding package. To date £23,000 has been

provided for HUG and £28,500 for LAD 3 and is funding the team resource used by Nuneaton to deliver the grant and works.

6.2 Legal and Human Rights Implications

- 6.2.1 The legislation regarding Disabled Facilities Grants is principally contained in the Housing Grants, (Construction and Regeneration Act 1996) and the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. Formal guidance on delivery was provided in March 2022 by the Department for Levelling Up, Housing and Communities and Department of Health and Social Care published guidance for 'Disabled Facilities Grant delivery' which local authorities must consider in exercising its functions under this legislation.
- 6.2.2 The partnership arrangements ensure that all the Local Authorities involved can contribute to the Care Act 2014 principle of universal assessment of need.
- 6.2.3 The shared service provisions must comply with Section 101 of the Local Government Act 1972 and the Local Government (Arrangements for the Discharge of Functions) (England) Regulations 2012 specifically, in addition to any contractual arrangements between the authorities concerned, the Council must delegate the relevant functions to the host authority so that officers appointed to deliver the services may lawfully exercise those functions. Only Full Council may delegate functions to another local authority. Accordingly, if Board agrees to renew the current arrangement, it will also need to recommend that Council delegates these functions accordingly. The requirement to review and affirm these delegations is further emphasised by the implementation of additional legislation since the arrangements were initially made.
- 6.2.4 The "Integration and Better Care Fund planning requirements document for 2017 -19" explicitly states that the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 enables authorities to use specific funding for wider purposes and it invites Council to act to use the funding to improve delivery and reduce bureaucracy involved in the grant application process.
- 6.2.5 The work undertaken by the Private Sector Housing Team is regulated by the Housing Act 2004 and the Landlord and Tenant Act 1985 which has been updated in the Homes (Fitness for Human Habitation) Act 2018, along with various regulations made under those and other Acts. The Council must ensure that any arrangements for the shared service properly delegate those powers to the authority carrying out that role.
- 6.2.6 Both shared services will have specific contracts in place to govern their activity. Both will be reviewed to meet service challenges from 1st April 2023.

6.3 Environment and Sustainability Implications

- 6.3.1 By supporting people to be able to live independently the Council is contributing directly towards the developing healthier communities' priority of the Health and Well Being Strategy.

6.3.2 Improvements to the HEART and continued delivery of this service should provide our customers with consistent information, advice and adaptations that will assist in improving their quality of life.

6.4 Equality Implications

6.4.1 The aim of the HEART is to improve the delivery of the Disabled Facilities Grants service both in quality and timescales and offer a holistic assessment which is much more than just delivering adaptations. This should result in a positive impact for people with disabilities and other service users as defined under the protected characteristics in the Equality Act 2010.

6.4.2 The service aims to improve the quality of life and social justice for residents in the north of the County so it is much closer to that enjoyed by the rest of Warwickshire it also aims to provide a choice of housing to meet the needs of the residents of the Borough. In addition, we are working in partnership to improve health and reduce health inequalities for residents in the Borough

6.5 HR Implications

6.5.1 If the proposal is agreed to second a directly employed Environmental Health Officer into the shared service team the post will reflect the job duties and job description used for other members of the team. The job will be evaluated and included in the establishment. The terms and conditions of the member of staff will reflect those used for other Council employees.

6.6 Risk Management

6.6.1 The Council requires the grant funding provided by Government to deliver its mandatory duties to provide Disabled Facilities Grants. The use of grant for wider purposes could put the funding for this specific duty at risk. However, this is recognised in the partnership documentation and the service will always act to provide funding for mandatory grants.

The Contact Officer for this report is Angela Coates (719369).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Disabled Facilities Grant delivery – Guidance for Local Authorities	DLUHC & Department of Health and Social Care	Government Guidance	2022



Home Environment Assessment & Response Team

HEART: Helping you Live Independently at Home

Updated Business Case

Document Title:	An Updated Business Case for the Home Environment Assessment & Response Team (HEART) Service through a shared agreement.
Description:	This updated business case is to provide a partnership structure for the Home Environment Assessment & Response Team (HEART) Service delivered by the 5 District & Borough Councils and the County Council through a shared service agreement.
Authors:	Angela Coates and Rachel Frondigoun
Contact:	Angela Coates
Status:	
Date:	
Rights. Protective marking	

1. Introduction

- 1.1 The HEART service is an integrated service approach between social care and housing which focuses on the customer and their carers to deliver the right practitioner at the right time with the right solution to provide for home adaptations. This enables the customer to have choice and control to manage their own lives and maintain their abilities in daily activities within their home that is safe and warm and enable delivery without delay.
- 1.2 This model of integrated delivery is accepted as 'Best Practice' and reflects the ambitions of the 2021 Social Care White Paper 'People at the Heart of Care'.

2. Background

- 2.1 The Councils in Warwickshire have been working together to improve services to deliver home adaptations for 10 years. In 2017 the HEART shared partnership was forged involving all the Councils. The central aim of the partnership was to bring together housing and occupational therapy in an integrated team which delivers Home Improvement Agency services and housing adaptations for disabled and older people in Warwickshire. This has been achieved.
- 2.2 In 2021 the HEART Management Board carried out a strategic review to consider the focus and the direction of HEART services to ensure they reflect the requirements of all partners now and in the future. This review recommended, and the Board agreed, that the Business Case should be updated to reflect changing priorities and focus the service to ensure effective delivery of the Disabled Facilities Grant (DFG) allocation and Care Act outcomes for partners.
- 2.3 The primary aim of the service continues to be to support people through housing interventions to remain living independently in their own homes for as long as they wish, and it is safe for them to do so.
- 2.4 The service has created a customer focused service delivery model which brings together the different professions from each of the organisations. It created an innovative role of a Housing Assessment Officer which combines the skills of an Occupational Therapy Assistant and a Housing Caseworker to do the non-complex customer work and link together existing services within a service model that involves working together to deliver holistic housing assessment and appropriate solutions. The purpose HEART is to ensure that this is not a process done to a customer but a process which works with and for the customer:

“To provide customers with the advice and information to help them make the right choice, and provide practical help to deliver the right housing solution when they want it”
- 2.5 The approach of HEART is tailored to focus on and support the customer and carers to identify their own needs and preferred solutions e.g. advice and information, equipment, housing options, adaptations, telecare, falls prevention strategies. The

service works in partnership with the person needing their services, and all other parties providing support, if necessary over the long term, to achieve an improvement in the quality of the individual's life.

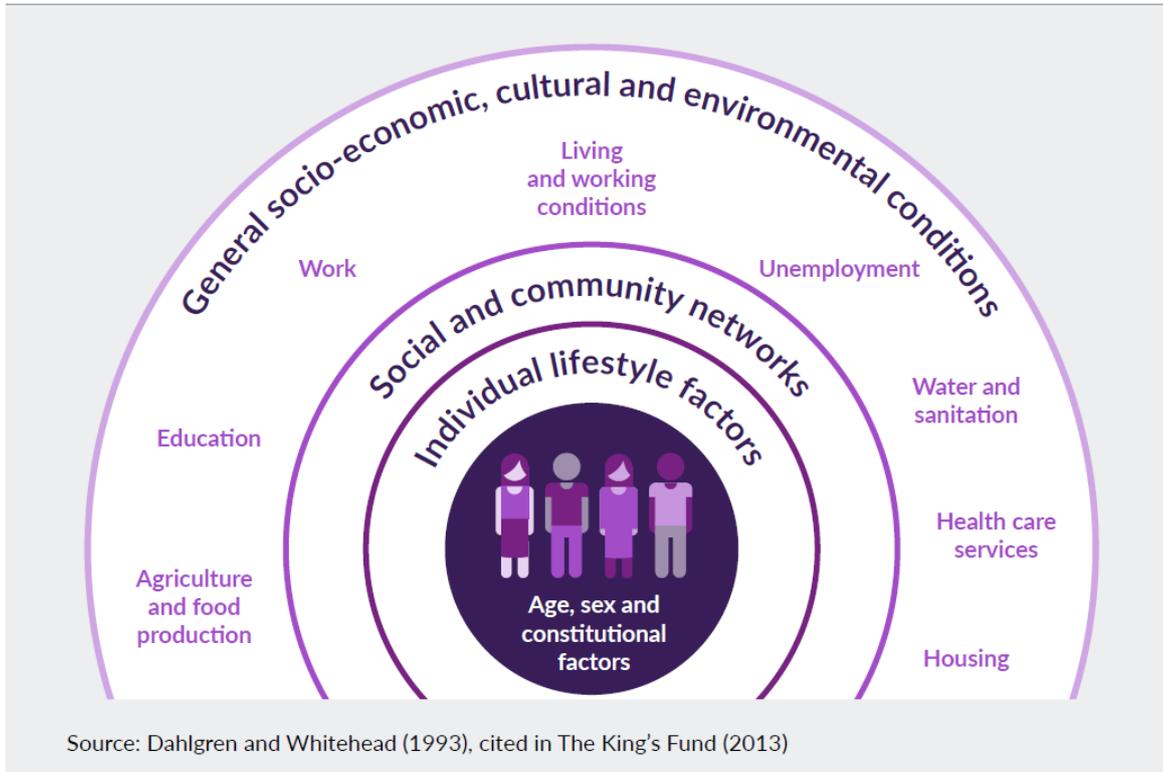
- 2.6 The HEART service also provides a tenure neutral assessment process, providing Occupational Therapy housing assessments for residents regardless of tenure. This includes Local Authority Tenants who are not eligible for Disabled Facilities Grants.
- 2.7 At its inception, as well as acting pragmatically to establish new team structures and systems of work, the HEART partnership created a joint Financial Assistance Policy to provide consistent access to interventions across the County. This was underpinned by the development of a framework of contractors to deliver the approved works. Reflecting the ambition of the partnership HEART has also developed a designated hospital discharge liaison service which acts directly with acute hospitals to assist with preventing delays when housing is an issue.
- 2.8 The HEART service has delivered significant improvement in the customer journey and delivery times but there have been challenges for the service in delivering effective services due to increased demand, the Pandemic and other issues which were identified by the Board reviews of the service. Therefore, the Board requires the service to focus the delivery of the service onto effective delivery of aids and adaptations funded by the Disabled Facility Grant Government allocation and ensuring all outcomes are effectively recorded.
- 2.9 The majority of services across England are still not pursuing an integrated systems approach and are delivering Home Improvement Agency (HIA) and housing adaptations through the 'traditional' silo working practices, with professional boundaries and convoluted processes of work between the Occupational Therapy service and Housing departments. This is not something that any partners wish to see a return to in Warwickshire.
- 2.9.1 As the HEART service has become established the pressures on both health and social care services have increased, particularly in the last 12 months because of the Pandemic. The population is ageing, the prevalence of chronic health conditions increasing, survival rates at birth and major trauma with advances in medical technology are greater, and demand for support and adaptations is increasing. The Government remains committed to supporting the delivery of the Disabled Facility Grant, with the 2021 Social Care White Paper making the following commitments to the Grant arrangements:
- Total National Budget allocation would remain at the current £570million per year from 2022-23 to 2024-25
 - Funding for a new service to make minor repairs and changes in people's homes (the details of this are still to be confirmed)
 - Publishing updated guidance to advise local authorities how they can effectively and efficiently deliver DFG (this is expected to recommend a more joined-up approach reflecting the HEART model.
 - Consultation on increasing the DFG limit
 - Consultation on reviewing the allocation formula for DFG funding to local authorities

- Consultation on revising the DFG means test including how best to align it to the social care charging reforms.
- 2.10 The Government has published new DFG Guidance which is in line with the HEART service purpose and states that “adapting a home environment can help sustain or enable independent living, privacy, confidence and dignity for individuals and their families”.¹ The guidance outlines both strategic and operational best practice and the HEART Service and its Board are committed to following these wherever practicable to deliver the most effective and efficient service for all residents of Warwickshire.
- 2.11 The commitment of partners across the 6 organisations has enabled the partnership to develop and mature to deliver best practice models of working. The first few years of the partnership were used to establish radically new systems of work and a new policy direction. The service transformation achieved across Warwickshire is accepted as an exemplar of Best Practice. There is a desire from Partners to build on this moving forward.
- 2.12 The key principles² used to ensure the HEART service is meeting people’s needs and wishes are:
- The service is driven by the customer’s and /or carer needs and personal goals;
 - The focus is on proactive solutions and self-management;
 - The importance of having an integrated service delivering one customer pathway with a single access point for the service;
 - A multi-agency multi-skilled team;
 - Ensure workforce, training and core skills reflect modern day requirement;
 - Leadership should encourage us to do things differently; and
 - Performance metrics must truly reflect the experience for the customer and the carer and drive improvement.
 - Reported performance metrics must reflect the requirements of all Commissioners
- 2.13 The report ‘A vision for population health – Towards a Healthier Future’ by The Kinds Fund published in November 2018 suggested that health is impacted by many different factors as shown in the diagram below:

¹ <https://www.gov.uk/government/publications/disabled-facilities-grant-dfg-delivery-guidance-for-local-authorities-in-england>

² Adapted from Commission for Improving Urgent Care for Older People March 2016 www.nhsconfed.org

Figure 1 What affects our health?



Source: Dahlgren and Whitehead (1993), cited in The King's Fund (2013)

The report cites that “there is now a wealth of evidence that the **wider determinants of health** are the most important driver of health. In addition to income and wealth, these determinants include education, housing, transport and leisure”³.

- 2.14 Good housing is essential to health and well-being, with the effects of poor housing cost the NHS over £2 billion every year. Housing plays a crucial role in supporting other determinants such as educational attainment, employment prospects and social interaction. There is evidence that Occupational Therapy and housing-related preventative services prevent or defray much larger housing, health and social care costs as well as improving quality of life⁴.
- 2.15 In the 2011 census, 38,815 residents in Warwickshire that have a long term limiting illness stated it limited their activities a lot and this is projected to rise to 63,944 in 2037⁵. An estimated two-thirds of those who have reached pensionable age have at least two chronic conditions⁶ and 850,000 people in the UK are living with dementia⁷.
- 2.16 Warwickshire Insights⁸, using 2011 Census also identified that the expected age profile within Warwickshire is expected to change between 2020 and 2043 with the percentage of the population expected to be over 65 increasing from 20.8% to 24.5% in that period.

³ <https://www.kingsfund.org.uk/publications/vision-population-health>

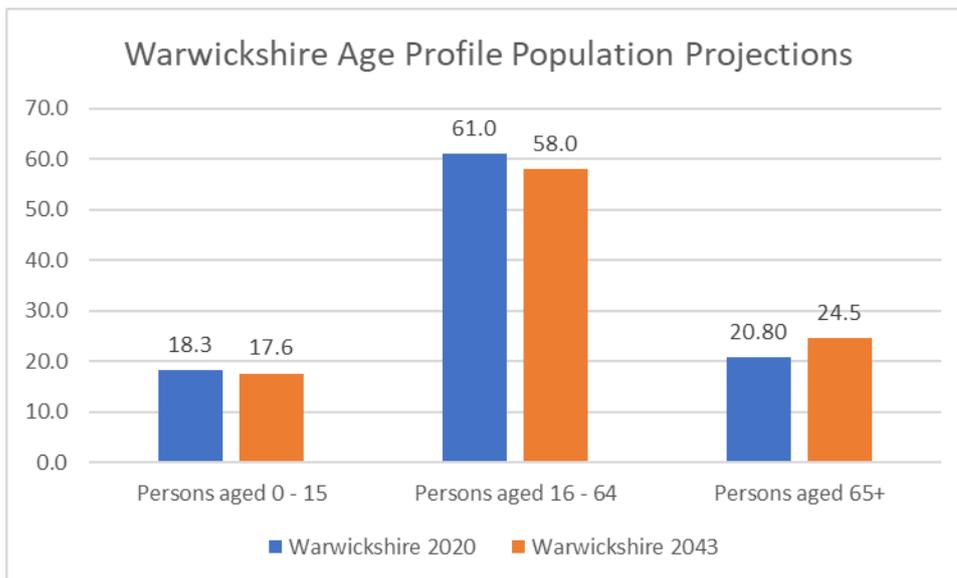
⁴ Heywood, F. Turner, L. (2007), *Better outcomes, lower costs – Implications for health and social care budgets of investment in housing adaptations, improvements and equipment: a review of the evidence.*

⁵ Warwickshire Observatory, (2015) *Quality of Life in Warwickshire 2014/15*

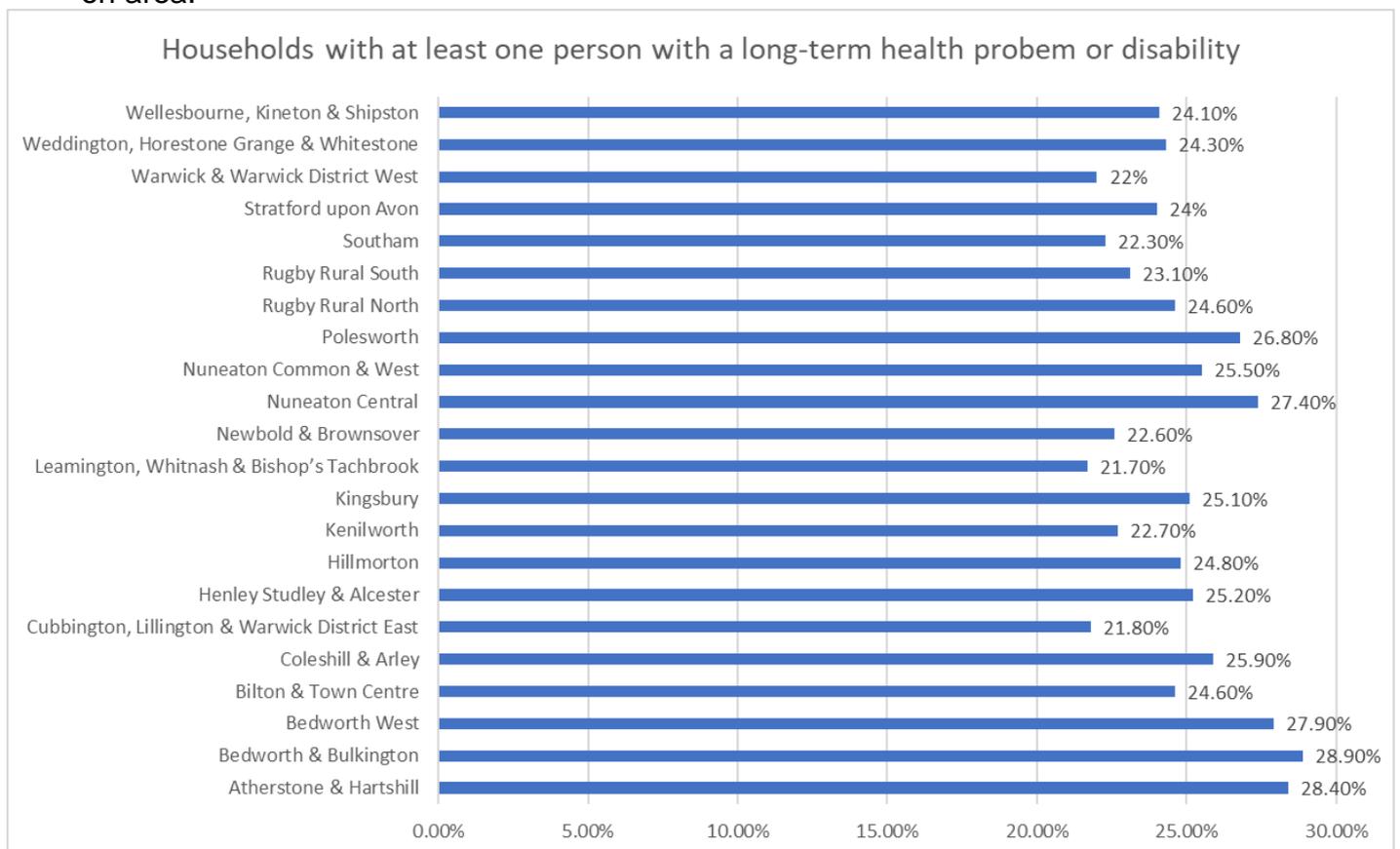
⁶ cited in Nolte, E. Knaul, C. McKee, M. (2008) *Managing chronic conditions*

⁷ Age UK (2015) *Later Life in United Kingdom.*

⁸ <https://data.warwickshire.gov.uk>



2.17 The Joint Strategic Needs Assessment⁹ also indicates that from the 2011 Census across Warwickshire the level of household with someone with at least one person with a long-term health problem or disability is between 21.7% and 28.9% depending on area.



2.18 The benefits to the wider public purse, including the health and social care economy, of carrying out rapid adaptation interventions are widely documented. Examples cited include handrails to the main stairs, which cost in the region of £200 can save health costs of around £930 and if the falls risk is removed this increases to around

⁹ <https://data.warwickshire.gov.uk/jsna-profiles/>

£1,250¹⁰. The installation of adaptations can also significantly reduce the level of Hospital “bed blocking” which represents a potential saving of between £1,750 and £3,000 per week for an acute bed¹¹. Moreover, inappropriate hospital stays for frail older people are dangerous and debilitating.

2.19 Demands for adaptations has been accelerated by changes in social policy and medical advances which have allowed people of all ages, with varying levels of disabilities and complex needs, to lead more independent lives in the community¹². The Care Act 2014 made significant changes to the requirements for social care, but did not replace the Housing Grants, Construction & Regeneration Act 1996 which is the primary legislation which outlines and the responsibilities for the provision of DFG’s. The Care Act introduced many reforms including:

- Establishing a statutory “well-being principle.”
- A duty to prevent, delay or reduce needs for care and support.
- An expanded duty to assess the needs of carers.
- Integrating service provision and combining and aligning processes.

2.20 The Better Care Fund in Warwickshire, known as “Warwickshire Cares Better Together” and managed by the Health and Wellbeing Board has enabled the profile of HEART and its services to be raised more widely and provides further opportunities to ensure that DFG contributes to the wider prevention and wellbeing agenda. The 2021 Social Care White Paper confirmed the Government’s commitment to a national allocation of £570m until 2024-25 and in 2021-22 Warwickshire authorities combined DFG allocation was £5,124,786. It is important to note that the Government has committed to consulting on the current allocation formula so at the current time there is no guarantee that the Warwickshire authorities’ allocations will remain at the same level for the entire award period.

2.21 The customer pathway, for the HEART service is committed to only including only those steps that are of value to the customer and has the ambition to ensure that:

- Initial customer assessment happens at the first point of contact with the service. This allows for information to be shared with the customer and prioritisation.
- All the team members’ skills are developed to ensure they can identify the necessary provide housing solutions.
- The role of Housing Assessment Officer enables the functional ability of the person and the conditions of their home environment to be assessed and modified accordingly on a single visit.
- There is a streamlined proportionate assessment process which includes the relevant sharing of information between all partners to maximise the benefits to customers.
- There is a portfolio of core interventions that are delivered by all practitioners from the delivery of minor and major adaptations through to advice on fall prevention and other home safety issues as well as arranging for equipment for daily living, and signposting to other services for specialist support.

¹⁰ Building Research Trust, (2010) *The Real Cost of Poor Housing & Homes and ageing in England*.

¹¹ Georghiou, T. and Bardsley, M. (2014) *Exploring the Cost of Care at the End of Life*.

¹² Home Adaptations Consortium, (Oct 2013), *Home Adaptations for Disabled People*.

- There is resilience within the service.
- Continuous improvement is promoted by monitoring key performance indicators which reflect whole service delivery.

2.22 The delivery of the HEART service enables people to live more independently at home, for longer. It also reduces the risk of 'crisis' events, like serious falls. This therefore improves health, wellbeing, and independence. These services have been shown to reduce demand on long term and acute services. However, the "one-off" nature of much of the work makes tracking of longer-term outcomes less easy to achieve. Although there is well-researched evidence base supporting the belief that adaptations can reduce the need for more costly interventions, there are no established structural links between DFG budgets and the statutory beneficiaries of their preventative outcomes¹³. The service is committed to exploring options for measuring wider health and social value outcomes from its services in the future.

2.23 The primary focus for HEART is the delivery of adaptations and other works funded by the DFG. Dealing with DFG's and adaptations under Section 24 of the Housing Grants, Construction and Regeneration Act 1996 requires a local housing authority which is not a social services authority to consult the social services authority when deciding whether to approve applications for a DFG, in order to satisfy itself that works are necessary and appropriate to meet the needs of the disabled occupant. The formation of HEART and the single team approach means that in Warwickshire there is no separation of this duty to 'consult' from the assessment process and once a person needs have been assessed their adaptation can proceed without delay.

2.24 The Service will continue to develop practitioners with the skills and capabilities to enable the provision of appropriate interventions, minimising risk to customers and their carers, deliver 'right first time' outcomes which achieve the aims of the HEART Service.

2.25 The outcomes for the HEART Service moving forward can be identified as follows:

Primary Outcomes

1. To enable customers with multiple and complex conditions to maximise their potential and live in their chosen home environment.
2. To improve quality of life for older and disabled people and their carers.
3. To be proactive and avoid where possible, crisis situations for customers and carers regarding managing in their chosen home environment.
4. To improve living conditions by reducing hazards in the home.

Secondary Outcomes

1. To reduce pressure on other expensive services e.g. residential homes, hospitals, and home care by postponing the need or reducing the amount of care and support required.
2. To promote positive health and well-being styles of living and falls prevention.
3. To reduce demand elsewhere in the housing, health and care system.
4. To prevent hospital admissions and/or facilitate timely hospital discharges.
5. To contribute to Strategic Priorities of Partners and Government including:

¹³ Home Adaptations Consortium, (Oct 2013), *Home Adaptations for Disabled People*.

- Integration & Partnership working.
- New legislative requirements
- Safety, Well-being & Prevention.
- Preventing & Facilitating hospital discharges.
- Better outcomes for customers & carers in their home environment¹⁴.

3. Customer / Carer Feedback

3.1 It is important to hear and listen to customer and carer views to enable the service to improve the quality and experience. The customer survey currently conducted by the HEART service is not solely related to the provision of a Grant but all interventions provided to the customer by the service.

3.2 There are 6 key themes to the customer survey which are:

- **Respect and Dignity**
- **Communication**
- **Responsiveness**
- **Reliability**
- **Contractors**
- **Overall experience**

3.3 The most recent (Quarter 4 2021/2022) customer satisfaction information is set out in the table below:

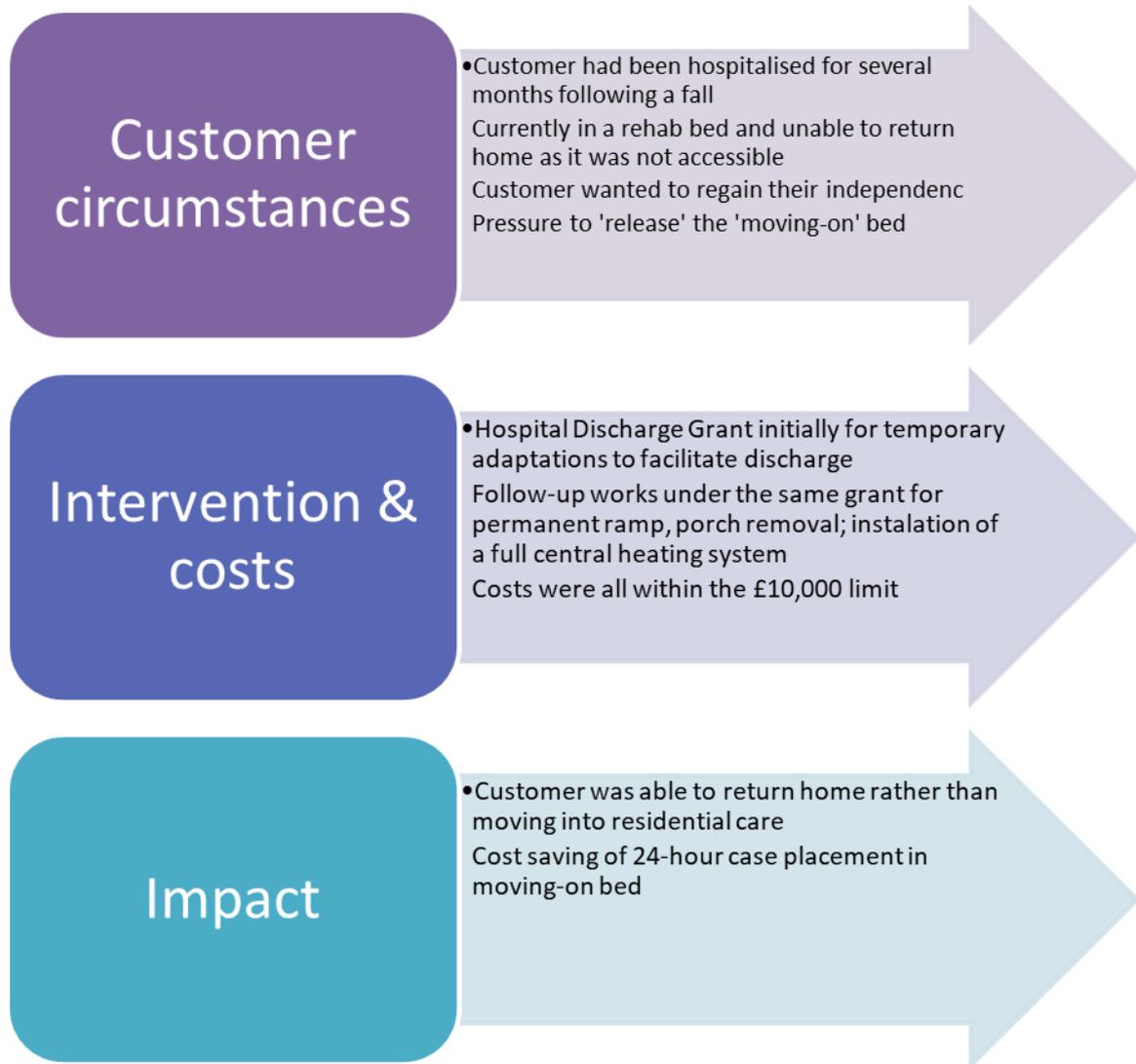
Key Theme	Satisfaction Survey Outcome
Respect & dignity	100%
Communication	100%
Responsiveness	100%
Reliability	100%
Contractors	96%
Overall Experience	100%
Quality of work of contractors	84.5%

3.4 It is acknowledged that whilst the current customer survey provides detailed and holistic feedback it is demanding on limited resources to complete. Therefore the service will work to develop new more agile and potentially 'lighter touch' ways to collect customer feedback on the services it provides.

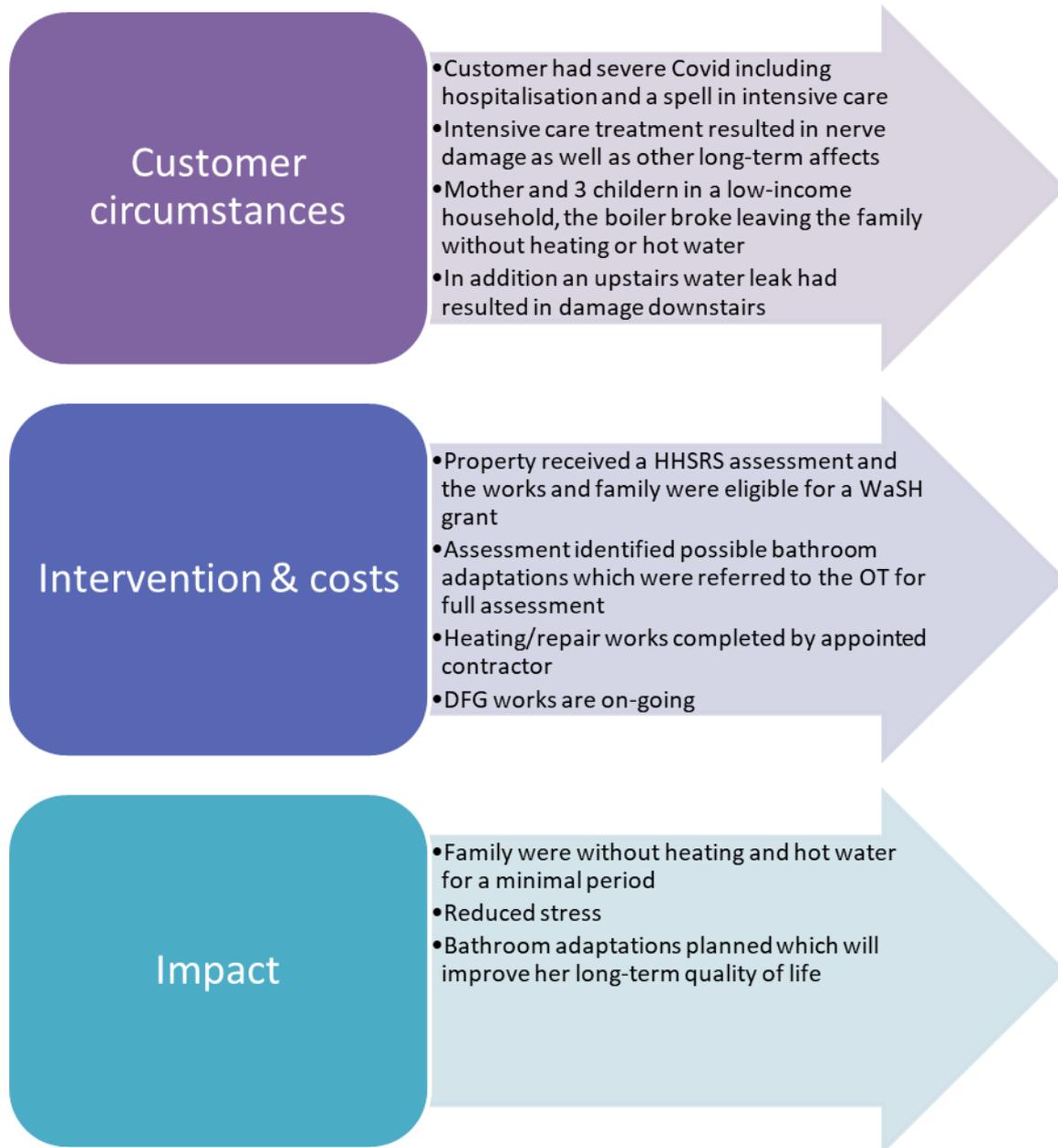
¹⁴ Public Health, Social Care & NHS Outcomes Frameworks for 2015-16.

Case Studies

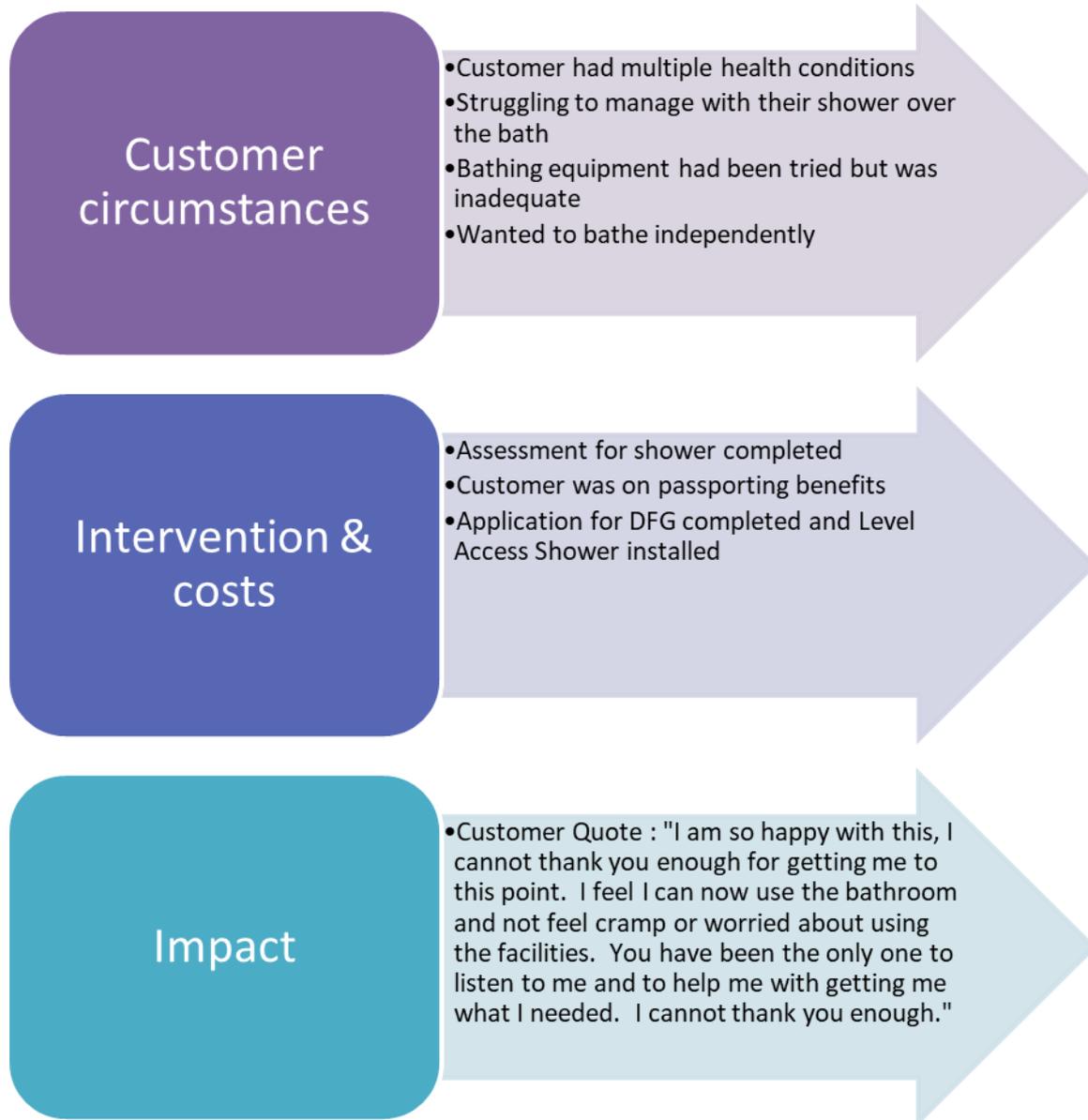
Case Study 1 – Hospital Discharge



Case Study 2 - WaSH Grant

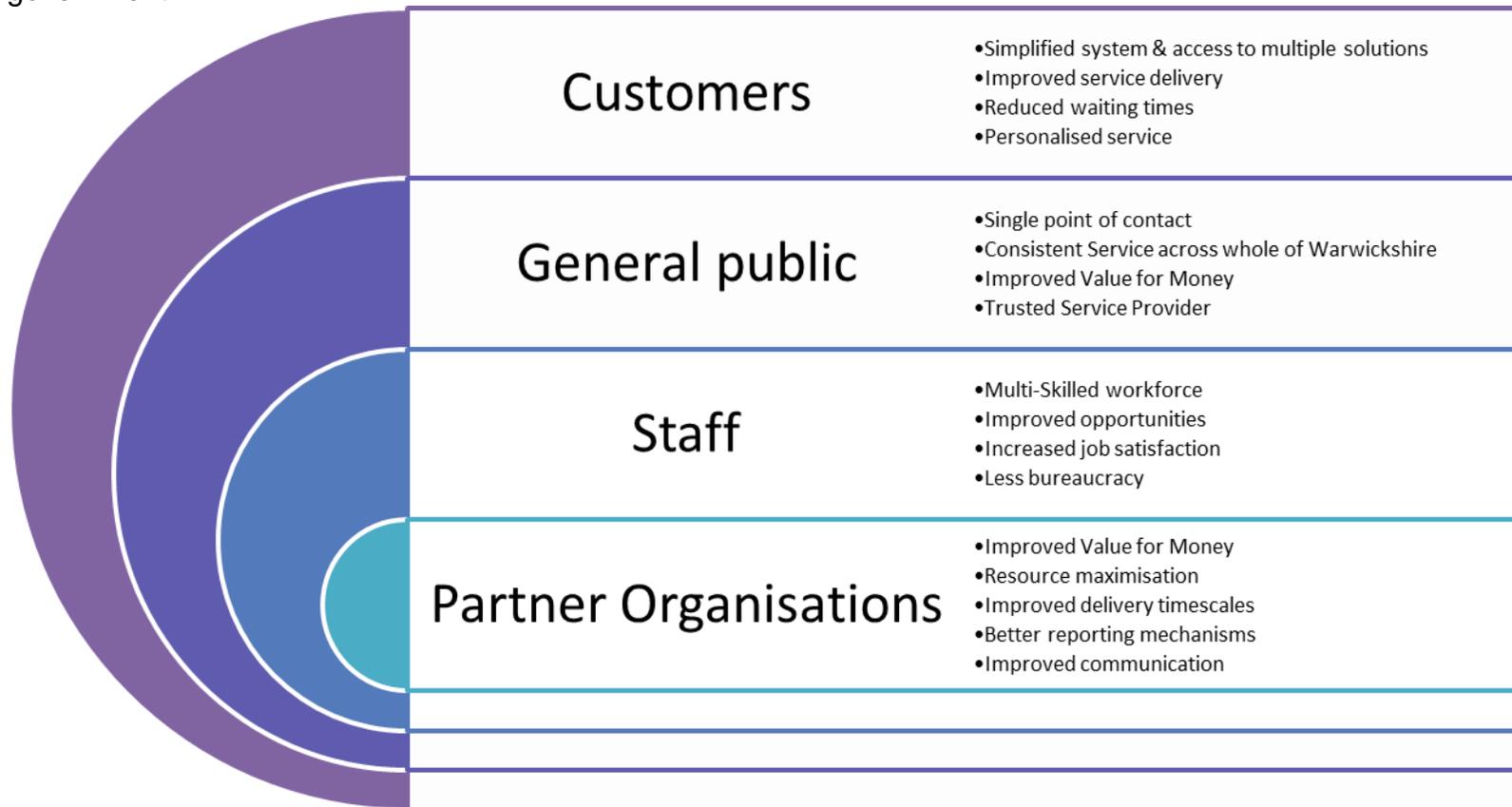


Case Study 3 - DFG



4. Benefits

4.1 A successful service contributes to and links to the key objectives of all partners and this updated Business Case proposes the HEART service as the continuing delivery model. The customer, carers, the communities and organisations will benefit in many different ways given the unique delivery of this innovative seamless service that spans the two tiers of local government.



4.2 The multi-disciplinary team developed within the HEART service has enabled staff to enhance their knowledge and skills which, in turn, delivers significant additional benefits in prevention and promoting physical and mental wellbeing.

4.3 The HEART service's primary ambition is to fully commit and spend the DFG allocation through the provision of DFG grants and other housing assistance measures and associated works. However, it is also the appropriate service to incorporate:

- Physical and Mental wellbeing advice
- Advice regarding preventing falls
- Identification of 'Cold Home' and other Category 1 HHSRS Hazards
- Proportionate strengths-based needs assessments under the Care Act 2014
- Promoting Design for Dementia – positive actions and solutions in the home.
- Promotion of enabling techniques.

4.4 The additional benefits of providing these services are:

- Compliance with Falls: assessment and prevention of falls in older people¹⁵ and a 'Falls in older people' assessment after a fall to help prevent further falls¹⁶
- Supporting the challenge on Dementia.
- Embedding of 'Enabling' techniques so that carers are 'enablers' rather than 'doers' which promotes customer independence and can prevent or delay increased formal care services.
- Increased choice & control, dignity and respect, kindness, and compassion.

5. Performance Data

5.1 The HEART performance data is comprehensive. Whilst useful it is recognised that the complexity of multiple ICT systems and differing requirements of partners have resulted in reporting which does not assist decision making and which is time consuming for the Host to produce.

5.2 The HEART Management Board have committed to streamlining the Performance reporting requirements and the updated agreed requirements are included in [Appendix 2](#).

¹⁵ NICE clinical guideline 161; June 2013

¹⁶ NICE Quality standard 86; March 2015.

6. Business Requirement

6.1 To deliver the HEART service:

In Scope

The HEART Service Matrix detailed in Appendix 1, and a shared partnership agreement between all the Local Authorities.

Out of Scope

There is the future opportunity for all or some of the “out of scope” additional or service enhancements to be brought into scope if they do not distract from the core delivery of Disabled Facilities Grants and adaptations and funding is available.

6.2 The HEART service was established as a shared service with a lead authority reflected in a contractual arrangement and the proposal is to retain this model of delivery for 5 years from 1st April 2023.

7 Objectives and Outcomes of HEART

7.1 The objectives of HEART remain as outlined in the first Business Case as:

- Better customer outcomes by improving the customer experience.
- Improve delivery of Disabled Facilities Grants & adaptations
- Utilise resources in an effective & efficient manner to deliver a quality co-ordinated service around the customer and carer.
- Promote effective working within and between Social Care, Housing and Health.
- Create consistency in practice and ensure adoption of best practice.
- Create a culture that encourages and promotes customer independence, respect & dignity, wellbeing and falls prevention.
- Achieve long term savings by ensuring effective use of resources.

7.2 The HEART Service will continue as:

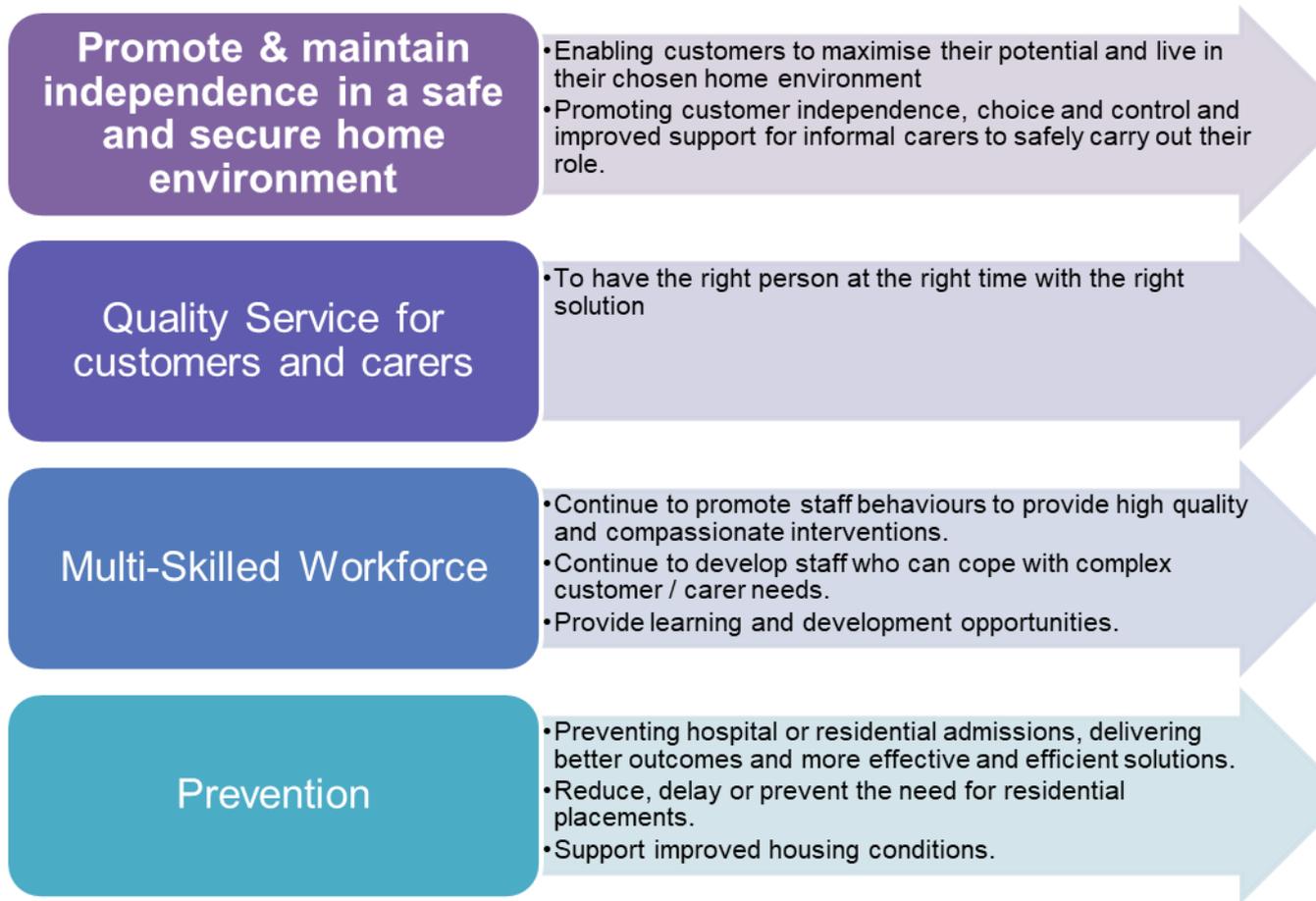
Shared Service Specification Statement	
Shared Service Vehicle	Host Authority
Governance	Governance Board comprising senior managers from each partner. Single management team.
Host Authority	Nuneaton and Bedworth Borough Council.
Functions to be provided by host	Organisational and support functions.
Support functions not to be provided	Specialist social care legal advice.

by host	
Spirit of partnership	Support and shared endeavour to improve and develop – avoid a contractor / commissioner relationship.
Constraints	<p>Each partner will not receive a disproportionate financial risk.</p> <p>WCC staff to be within a single management structure.</p> <p>Service to deliver the agreed HEART Service Matrix.</p> <p>Competence and capacity assessment necessary from host organisation.</p>

7.3 The HEART Management Board will keep these objectives and outcomes under review and seek to improve and extend arrangements when it is appropriate to do so in order to enhance the opportunity to sustain the wellbeing of our customers.

8 Benefits and Outcomes

8.1 The continuation of the HEART Service delivery model is expected to deliver the following benefits and outcomes for the service users of Warwickshire:



9 Governance

9.1 The partners have an established Management Board with a Terms of Reference which reflects its remit as set out in the Shared Service Agreement. The work of the Board needs to be supported by specialists from Human Resources, I.T. and Legal Services as required. At times these specialist services will be invited to attend the Board to provide advice and guidance. In general:

1. The Management Board shall consist of the Authorised Representatives of each of the Councils or their authorised substitutes.
2. The Board will receive reports about the performance of the service and Business Plan, Budget, the potential growth of the Shared Service, and any other reports as it may reasonably require from time to time assessing the effectiveness of the Shared Service.
3. Determine and take such action as it considers desirable and necessary to promote the Shared Service and to procure the expansion of the Shared Service where it considers that this would be beneficial.
4. Determine any disputes or differences that arise between the Councils concerning the interpretation and effect of any of the provisions of this Agreement.

5. The Board will meet on a Quarterly basis, with specific task-based sub-groups / leads meeting with the Service Manager as required.

9.2 HEART Service Structure

The structure of the service is currently designed to take account a whole of Warwickshire service with teams allocated on a north and south basis for operational purposes. This structure will be reviewed as required to ensure that it remains fit for purpose and provides the required staffing support to deliver the objectives set by the Board for HEART.

9.3 Human Resources

All staff are currently seconded on their existing terms and conditions (unless they were being seconded into an entirely different role) and are hosted and line managed by NBBC.

9.4 Service Provision

The HEART Service will provide customers and carers with the advice and information to help them make the right choice and provide practical help to deliver the right housing solution when they want it. This is detailed in the service matrix Appendix 1.

10 Financial Considerations

10.1 When HEART was created the finances to provide for Disabled Facilities Grants were constrained. They were dependent on a Grant to District and Boroughs from Government and the ability of each Council to supplement that Grant provision from their General Fund. The financial context for Disabled Facilities Grants has changed over the time that HEART has been developing. It is recognised that Grant provision and the delivery of adaptations for customers contributes to the wider prevention and wellbeing agenda.

10.2 As stated previously the 2021 Social Care White Paper confirmed the Government's commitment to a national allocation of £570m until 2024-25. In 2021-22 Warwickshire authorities combined DFG allocation was £5,124,786. Nonetheless whilst the Government has committed to consulting on the current allocation formula so at the current time there is no guarantee that the Warwickshire authorities' allocations will remain at the same level for the entire award period.

10.3 The Financial requirements for the shared service are set out in the shared service agreement. The main considerations are summarised here. Reports about budget provision for both revenue and capital are submitted to the Management Board quarterly. The capital Grant funding is not pooled.

10.4 The HEART service operates with aligned revenue budgets. Partners will continue to act as employers of the staff who will be working in the shared service and will have:

- a separate cost centre for their shared service staff.
- the net budget for the cost centre will represent each partner's General Fund cost including the associated costs.

10.5 The Host:

- Holds the budgets for the pooled parts of the service.
- Requires other authorities to pay to the host the contributions determined for this part of the overall service, in a timely fashion to be agreed.
- Will also pay into this service their contribution.
- Ensures that the pool cost centre will have a net budget of zero.
- Ensures any overspend / underspend will be subject to the agreed arrangements in the shared service agreement
- Arranges for charging between the Host and the Partners for HEART costs - the host will issue quarterly invoice of the agreed contributions to be paid by partners.

10.6 Oversight is provided by the Management Board:

- All partners have an officer responsible for authorising and forecasting on spend against the shared service that is incurred in their authority. This person is the Board representative.
- The Board receives regular reports on the overall financial position, with reasons for variances and recommendations for management action.
- The final budget structure and annual budget forms part of the agreement and makes clear exactly which costs reside with which partner and how this translates into contributions on the shared service.
- The budget provision and any changes are agreed annually in November

10.7 As part of their commitment to a tenure neutral assessment process (providing Occupational Therapy housing assessments for residents regardless of tenure) the County Council funds the Occupational Therapy assessment part of the service and makes contributions to the home improvement agency aspect of the service. These are countywide allocations. The Districts and Boroughs contributions are aligned to activity.

10.8 The contribution to the service from the Districts and Boroughs is based upon a 15% fee of the DFG allocation/available budget. The fee level will be reviewed annually to ensure that it is adequate to fund the service

required by Partners. The Board are committed to ensuring that the HEART service is equipped to deliver an effective and efficient service which offers good quality services to residents and value for money to the Partner authorities.



Home Environment Assessment & Response Team

HEART: Helping you Live Independently at Home

Appendix 1 HEART Service Matrix

HEART Service Description and Specification

This specification describes the services which are provided by HEART on behalf of all Partner authorities and also identifies the priorities for the service whilst placing the customer's needs at the centre.

Service Outline

All customers contacting HEART will receive assistance based upon their identified request. The triage and assessment process will also be proportionate to identify other needs appropriate to the service for which HEART may either be able to provide direct support or make referrals to assist the customer to live independently at home.

1. Request for Adaptation

Assessment of Individual in their Home

- Proportionate consideration of activities in Daily Living Assessment relevant to the request or needs
- Triage to identify possible housing issues, include Home Environment Needs if necessary
- Consider mobility around the home/ falls risks
- Financial eligibility check for funding assistance

2. Request for Assistance

Assessment of their Home Environment

- Home Environment Assessment
- Consider mobility around the home/ falls risks
- Identification and consideration of adverse house conditions and health hazards, relating to available policy interventions or signpost if appropriate.
- Financial eligibility check for funding assistance

3. Other issues

Based on identified needs/requests

- Alternative accommodation assessment

Interventions

The Host will deliver the core services considering 3 levels of intervention based upon identified needs and customer requests. The following indicates of the types of intervention included within each level of support.

The Host will provide the interventions to residents irrespective of funding streams but will respect a person's right to choose the provider of an intervention following and assessment unless access to that intervention is conditional on a particular provider being used.

Intervention Level	Intervention Type
Level 1 – Information and Advice	Verbal, written, leaflets and electronic (web) information and advice.
	Information about local and national services.
	Demonstration of equipment and referral to the retail market
	Signposting to local and national services.
Level 2 – Direct Provision by HEART	Professional support from Housing Assessment Officers & Occupational Therapists <ul style="list-style-type: none"> • Assessment of need for adaptations • Assess need for equipment • Housing suitability reports • Support /assessments for social housing moves • Home environment assessment • Assessment for complex cases & adaptations for children • Home environment assessments • Home suitability reports • Technical Services <ul style="list-style-type: none"> ○ Support with construction and technical matters
	Direct provision of:

	<ul style="list-style-type: none"> • Activities of Daily Living Equipment • Minor Adaptations) • Grab Rails & Stair Rails
	<p>Major Adaptations:</p> <ul style="list-style-type: none"> • Level Access Shower • Ramps • Door Widening • Property Extensions • Internal Reconfiguration • Lift Installations • Conversions • Other adaptations as appropriate <p>Including appropriate assessment of needs and casework support, including financial assessments, to prepare full DFG and other funding applications.</p> <p>Technical supervision of specifications and completion of works as required</p>
	<p>Minor Property Works (where eligible for Financial Assistance Policy assistance):</p> <p>Minor repairs & alterations to assist independence and well being</p> <p>Includes technical specification of works as required and casework support to carry out the required works.</p>
	<p>Major Property Works (where eligible for HAP assistance):</p> <ul style="list-style-type: none"> • Technical assessment to identify works required to eradicate Category 1 Hazards in accordance with Housing Health and Safety Rating System criteria • Technical supervision of works • Casework support to carry out the required works.
	<p>Other services:</p> <ul style="list-style-type: none"> • Procurement of Building Contractors and management of the

	<p>framework contracts</p> <ul style="list-style-type: none"> • Support for clients who wish to self-fund works within the scope of the assessed needs of the customer and the capabilities and charging structure of the service • Charity funding applications in support of Mandatory DFG applications where additional funding is required • Identification of possible benefit eligibility and referral to support for applications to be made • Falls risk reduction action plan
Level 3 – Referrals made to external provision	Retail model through Integrated Community Equipment and Support Service (ICESS)
	Referrals to Social housing and their building contractors
	Referrals for Assistive Technology Equipment
	Building contractors not procured by the service for bespoke work.
	Handy person (not procured by service)
	Private Sector Enforcement
	Specialist services

Appendix 2 – HEART Board Reporting Requirements

Measuring Performance & Budget

The following outlines the information which would be reported to the HEART Board at its quarterly meetings.

In addition to this framework there will be operational/management KPIs for the Host service to report and information to enable the DELTA return to be completed. The assumption is that these will be captured as a matter of course and can be included in the standard report if necessary. The current Government required DELTA return are included at the end of the Appendix for information purposes.

HEART Service Demand

- Total Enquiries by referral source (*these will be grouped due to the number of sources*)
- Waiting list for assessment (*this includes all cases waiting for the assessment by the Housing Assessment Officer or Occupational Therapist by Local Authority area and county wide – both allocated and not allocated will be included in the definition*)

- Total assessments completed by Housing Assessment Officer & Occupational Therapist by Local Authority area and county-wide

Adaptations Delivery

All to be reported by Local Authority Area and HEART Service overall on a Quarterly Basis

1. Number & Value of Grants Approved (by quarter & incl. YtD figure)
2. Number & Value of Grants Completed (by Quarter & incl. YtD figure)
3. End to End Times by work type & overall (by Quarter & incl. YtD figure)
4. Cancellation Rates (incl. reason breakdown)
5. Average cost of adaptation (overall & by type)
6. End to end times to be shown in stages so that any blockages can be clearly identified

End to end times would be based on works completion date not case closed. Case closed dates will be recorded but not used for indicator reporting.

Target end-to-end timescales for DFG/ adaptation delivery are calculated in calendar days. This is because they reflect past reporting and enable tracking and comparison. They are also more relevant to customers and easier to calculate. The definition document will include when the process starts (enquiry received by HEART) and when it ends (works signed off date).

The proposed work types are:

- Stairlifts
- Ramps
- Level Access Showers
- Property extensions
- Complex cases

Performance outturns will be used to set improvement targets for the service and will reflect on the national Guidance for timescales for overall DFG delivery. The benchmark targets will be agreed annually by the Board.

If a client requires more than one adaptation the report will show the first adaptation to be completed. It is noted that this may not be a reflection of the whole customer journey. This is a constraint of the current recording IT system and may be improved when the new system is live.

Equipment

Number of Social Care equipment items provided by type by Local Authority area and County-wide

Some equipment items to be grouped together for ease of reporting – proposal to be included in the definitions document

Home Safety

Number of Home Safety Interventions provided by Local Authority area and county-wide

House Condition Interventions

Type (e.g. heating, repairs), number and value completed by Local Authority area and county-wide

Advice and assistance

- Number of advice and assistance responses by type
- Number of referrals onto other organisations

Other Assistance

- Hospital Discharge urgent Interventions. Number & Value Completed by Local Authority area and county-wide

Other & Social Value Indicators

- Complaints and Compliment recording
- Customer Satisfaction survey results

Local authority adaptations activity

The number of referrals made to Local Authorities for adaptations in Council stock

Number of Local Authority adaptation completions

End to end times for LA completions by Local Authority area (*referral to HEART to completion of works*)

Spend on works completed in Local Authority properties (*The service to confirm what additional information would be needed on the completion notification to enable this to be reported*)

Annual Report

The Service will produce an annual report to provide detailed analysis of the performance of the service over the year and identify areas for improvement and of good practice. It will be provided in an agreed format for consideration by the HEART Board and an alternative for publication.

The annual report will include analysis of customer surveys and added value measures as well as analysis of spend against budget and against wider population information to enable the Board to support future service planning. (*A template for this to be developed and agreed during 2022-23 to ensure an agreed consistent format*)

Delta return info

1	Total number of home adaptation / housing assistance policy interventions of all type provided in the year and funded from DFG allocation
2	Total number of beneficiaries of mandatory and discretionary, housing related support and interventions paid for by means of the local DFG allocation
3	Number of formal applications received for home adaptations
4	Number of formal applications approved for home adaptations
5	Number of grants completed
6	Number of grants approved where the applicant had an assessed financial contribution following a means test
7	Total value of applicants' assessed financial contributions (following a means test) for all grants approved
8	Number of grants completed for people aged 17 or less
9	Number of grants completed for people of pension age
10	Number of grants completed for working age adults
11	Number of grants completed which cost £5,000 or less
12	Number of grants completed which cost £5,001 - £15,000
13	Number of grants completed which cost £15,001 to £29,999
14	Number of grants completed which cost £30,000 or more
15	Number of grants completed for owner occupiers
16	Number of grants completed for RP/HA tenants
17	Total number of home adaptations completed for council tenants using HRA funding
18	Number of grants completed for occupants living in privately rented accommodation
19	Number of grants completed in year for people from a Black and/or minority ethnic background
20	For all grants processed, what was the average number of working days between assessment and receipt of formal application
21	For all grants approved, what was the average number of working days between the date of receipt of formal application and date of approval
22	For all grants completed, what was the average number of working days between the date of approval and the certified date of installing the adaptations
23	Total receipt from DFG local land charges redeemed? This data would be provided by the L/A
24	Total number of local land charges issued against properties This data would be provided by the L/A
25	Number of DFGs where payment was deferred
26	Total full-time equivalent staff (FTE) of OTs in your authority working specifically on DFGs
27	Total full-time equivalent of Trusted Assessors in your authority working on DFGs
28	Total number of home adaptations completed for common parts – not recorded



**North Warwickshire
Borough Council**

Department for Levelling Up Housing & Communities
Fry Building
2 Marsham Street
London
SW1P 4DF
FAO Director, Private Rented Sector & Leasehold

Appendix B

Angela Coates BA Hons MCIH
Director(Housing)

The Council House
South Street
Atherstone
Warwickshire
CV9 1DE

Switchboard : (01827) 715341
Fax : (01827) 719225
E Mail : angelacoates@northwarks.gov.uk
Website : www.northwarks.gov.uk
This matter is being dealt with by: Angela Coates
30 November 2022

Dear Sirs,

I refer to your letter of 25th November 2022. The Council's Corporate Management Team has considered its contents and that of the letter from the Secretary of State, the Rt Hon. Michael Gove MP dated 19th November 2022.

I can confirm that the Council has received and will 'pick up' the request set out in your correspondence.

The Council commissioned a stock modelling report from the Building Research Establishment in 2020. This is a change from the stock condition surveys we have undertaken historically however the modelling information that the report provides supports our understanding of the house conditions in our area. The research report offers data from modelling based on information available from Energy Performance Certificates. We reported the findings to Councillors when it was received but the timing, due to COVID restrictions and constraints, for subsequent action has necessarily been delayed. We are now working closely with our Private Sector Housing shared service partner to consider how best to act on the findings of the report. Whilst the research data does not directly correlate with damp and mould hazards our intention is to consider it alongside other data sources to assist us to have a particular direction to tackle conditions of damp and mould. We are likely to need additional resource to act on the research data. Whilst we are committed to action to help improve housing stock in our area we have other pressures on our General Fund and Councillors will make decisions on resources accordingly.

Whilst the circumstances to service delivery by COVID restrictions have been constraining the Council has acted to provide grant opportunities to the private sector owners to improve the energy efficiency of their homes. We have done this independently and in conjunction with our shared service partner, Nuneaton and Bedworth Borough Council. The Council initially received funding from BEIS to offer grant to private owners and is now working in partnership with the Midlands Net Zero Hub to offer funding for energy efficiency measures as part of LAD3 and HUG1. A bid has been made for this Council for HUG2. Whilst owner occupiers are taking up the funding opportunities offered we would like to note that private landlords are not doing so. Our view is that this is because of the funding contribution they are expected to make to attract the grant.

Our teams seek opportunities to be proactive in dealing with housing conditions and to offer support and information for residents. For example, the Warwickshire HEART (Home Environment Assessment and Response Team) delivers Disabled Facilities Grants and adaptations to residents however an integral part of the assessment process is to consider the condition of the whole house. This means that if the team are asked to provide a stair lift, for example, when they visit the property they will also assess house conditions and if an intervention is required because of disrepair or an energy efficiency measure can be provided a service will be offered. Our Housing Assistance Policy, which sets out grant arrangements, allows for discretion in offering funding for specific interventions. In conjunction with colleagues in Public Health We have recently revamped information provided for our residents about how they can prevent damp and mould in their home and promoted how we can assist. Our Financial Inclusion Team is undertaking extensive activity to support residents with the cost of living increases. We have concerns that a reluctance to put heating on due to rising costs will increase the prevalence of damp and mould in properties that otherwise might have been avoided.

The BRE reported indicated that there are around 3000 private rented properties in North Warwickshire. We have complaint information and will provide details of that for the full response. Nonetheless reports to the Private Sector Housing team from tenants are not high in numbers. Very few relate to Category 1 Hazards. We have not had cause to serve any civil penalty notices or prosecute any landlords. Often Private Rented Sector tenants do not complain to the Local Authority for fear of losing their tenancy with the service of a no fault notice. We are aware that Government is considering this issue and would support changes nationally to offer better protection for tenants so that they can raise concerns without fear of reprisal.

We recognise that the Secretary of State is specifically concerned with disrepair relating to damp and mould. We will further consider how we can deliver promotional activities both anonymously and identifiable to help seek general stock information and support those who are suffering from conditions of damp and mould. How we resource follow up activity to investigate and enforce and educate and monitor will be discussed with Councillors. We would note that an inspection or improvement notice does not necessarily solve the problem with the bulk of the work taking place after the investigation and/or notice.

The Council, with its shared service partner, will use its best endeavours to complete the response you require in the format provided by the Local Government Association. We note that as we do not yet know what the format is we cannot confirm whether we will have all of the information required. As indicated we have our research report and we can analyse reports made by tenants however obtaining specific information about conditions of damp and mould in the general housing stock will require further consideration and resource. If there is limited information on damp and mould hazards, which we note did not score highly under HHSRS, our ability to make the assessment and detailed remedial plans and accord with the Secretary of States ambition to focus on conditions of damp and mould will be constrained.

I hope that this information is helpful. Please let me know if you require anything further at this stage.

Yours sincerely,

Angela Coates, Director of Housing

Agenda Item No 8

Executive Board

13 February 2023

**Report of the
Corporate Director Resources**

The Capital Strategy

1 Summary

- 1.1 This report updates the Capital Strategy approved by the Council in February 2022.

Recommendation to the Council

That the Capital Strategy, attached at Appendix A, be approved.

2 Introduction

- 2.1 The Prudential Code requires all authorities to produce a detailed Capital Strategy. The current Code includes requirements on non-treasury investments and especially on the purchase of property with the intention of generating income, as such purchases may involve undertaking external borrowing to finance these acquisitions or utilising cash balances which exposes the council to risk.
- 2.2 The Council has had an approved Capital Strategy, which is updated on a regular basis, for a number of years.

3 Capital Strategy

- 3.1 The Capital Strategy forms a key part of the Council's overall Corporate Planning Framework and Medium Term Financial Strategy. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned over a medium term planning horizon.
- 3.2 The Capital Strategy describes the Authority's priorities and its approach to capital investment. It also describes how the use of capital resources will contribute to the achievement of the Council's objectives and desired outcomes.
- 3.3 The Strategy overlaps with the Treasury Management Policy, as it includes the limits for external borrowing. It also sets out the Council's approach to commercial activities and how risk will be assessed in taking opportunities forward.

- ... 3.4 The revised strategy is attached as Appendix A.

4 Report Implications

4.1 Finance and Value for Money Implications

4.1.1 An assessment of future expenditure requirements and available resources has been undertaken in the capital programme report later on this agenda.

4.1.2 The Public Works Loans Board (PWLB) is a good source of borrowing for local authorities. To access this funding in the future, the Council will need to ensure that the capital programme doesn't include any purely commercial schemes. Schemes that have both service and commercial elements are permitted.

4.2 Legal and Human Rights Implications

4.2.1 The Council has a fiduciary duty to its taxpayers to maintain its assets and a duty to maintain a register of those assets as part of its accounting records. Statutory Guidance issued under the Local Government Act 2003 requires the Council to have regard to the Prudential Code when reviewing its borrowing requirements. The proposed strategy has been prepared in accordance with the current Code.

4.3 Environment and Sustainability Implications

4.3.1 The use of an effective Capital Strategy will make the most of the resources available to the Council. This will help to achieve the Council's aims, benefiting all who live and work within the Borough.

4.4 Risk Management Implications

4.4.1 The Council has limited resources in both capital and revenue terms and needs to ensure these are used effectively. The use of a Capital Strategy will ensure that resources are directed towards the Council's priorities.

4.5 Equalities Implications

4.5.1 The Capital Strategy needs to be equality assessed for impact and needs. If and when decisions are made in relation to the Capital Programme, then individual bids will need to be Equality Impact Assessed (EIA) to determine any adverse impact which may affect local communities.

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
The Capital Strategy	NWBC	Report to Executive Board	14 Feb 2022

THE CAPITAL STRATEGY 2023/24

1 Introduction

- 1.1 The Council's vision is to "*protect the rurality of North Warwickshire, support its communities and promote the wellbeing of residents and businesses.*" To do this we provide many services for the people who live or work in or visit the Borough, with the aim of improving the quality of life in North Warwickshire.
- 1.2 The Council has a number of plans and strategies relating to different areas of its business, including: the Housing Strategy and HRA Business Plan; the Local Development Framework; the Green Space Strategy; and the Playing Pitch and Play Strategy. The Council uses a Corporate Plan to set out its corporate and service objectives and to provide a framework for individual service plans over the next three years. The Corporate Plan therefore provides the focus for the capital strategy and capital programme.
- 1.3 The purpose of the capital strategy is to show how the Council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite.

2 Capital Investment Programme

- 2.1 Capital Investment is the term used to cover expenditure which provides value for a period of more than one financial year. This includes expenditure on:
- property, plant and equipment – assets held for use in the production or supply of goods or services, or for administrative purposes;
 - heritage assets – these may relate to the Council's history or local area;
 - investment properties – properties used solely to earn rentals and / or for increases in value; and
 - intangible assets – spending where long term benefit is obtained, but a physical asset is not evident, such as computer software.
- 2.2 The Council is required to maintain both a General Fund Account and a Housing Revenue Account. The General Fund Account covers the majority of the services provided by the Council, with some funding from residents of the Borough through Council Tax. The Housing Revenue Account covers the management and maintenance of the Council's housing stock, and is funded by rental income from tenants. Capital investment for the two accounts is considered separately, due to the different funding arrangements.
- 2.3 Within the strategic framework, key priorities for capital investment over the medium term are, subject to availability of resources, as indicated below:
- to meet the Authority's statutory duties, secure the safety of the public, its tenants and the Council's own employees, and meet operational requirements for information technology, vehicles and equipment.
 - to maintain the Council's existing housing stock to an acceptable standard, and to increase the stock where possible and cost effective.
 - to increase affordable housing within the Borough, through a variety of means. The Council may act as an enabler, or a direct provider.

- to address the problems of public and private sector dwellings, which are unfit for purpose.
- to secure the long-term availability and viability of key facilities provided by the Council and, at the same time, ensure they meet the changing needs and demands of users.
- to deliver services in ways that will best fit the needs of its citizens, at an affordable cost. The key priorities are to look at ways of providing 'joined up' services and better access to services.
- to assess the options for implementing the action plan stemming from the Green Space Strategy, including the maximisation of external funding and partnership working.

3 Funding for Capital Investment

3.1 The Capital Investment Programme can be funded from the following sources:

- Capital receipts from asset sales. The Council's main source of receipts come from the Right to Buy sales of council homes;
- Government grants. These may be government grants for specific purposes, such as Disabled Facilities Grant;
- External contributions, such as Section 106 developers' contributions towards the public services and amenities required for development. Section 106 contributions may be tied to a particular area, or to a specific service. The Council can also attract partnership funding from other agencies;
- Capital Reserves. The Council has limited reserves which it has put aside for capital spending. The use of these reserves is restricted to the Fund which set them aside;
- Revenue contributions. Revenue balances from both the General Fund and Housing Revenue Account may be used to support capital expenditure (relating to the relevant account); and
- Borrowing (also known as the Capital Financing Requirement). The Council is allowed to borrow to support its capital expenditure as long as this is prudent, sustainable and affordable.

4 Approach to Prioritising Investment

4.1 The main factors in determining the size of the capital programme are the requirements for capital spending, the availability of resources for capital projects and the impact of the programme on the Council's revenue budgets. However, some resources are specific to a particular scheme or service, and this must also be taken into account.

4.2 The expected resources available for capital spending are pulled together over both a three and ten year period and are shown in the table below. Looking at both time periods allows capital resources to be balanced over both a medium and longer term. Resources are recorded for both accounts, to ensure that spending for each account remains within the resources available to it.

	3 Years £000	10 Years £000
HRA	19,909	55,030
General Fund	5,901	10,586
TOTAL	25,810	65,616

- 4.3 Funding from Right to Buy receipts have been assumed in resource projections, but this source of funding has a degree of risk associated.
- 4.4 Funding for the construction of affordable houses will be generated from a number of sources which includes an annual contribution from rental income, receipts from the sale of land and houses, and grants received through partnership working. Right to Buy Sales above the forecast level in the HRA business plan can be used to offset the construction of new affordable housing.
- 4.5 The demand for capital spending is consistently higher than the funding available. In order to decide which schemes should be included in its capital programme, the Council prioritises the capital schemes put forward. The assessment criteria used include:
- the contribution to corporate and community plan priorities,
 - if spending enables a statutory obligation to be met;
 - if spending is to maintain an asset;
 - if external funding is available;
 - the revenue impact of individual schemes; and
 - the risk of not taking the scheme forward.
- 4.7 The Service Boards consider their support for individual schemes. Subject to consideration of any comments from the Service Boards, the Executive Board approves a three year programme. The first year is taken as being firm and schemes are put in hand. The later two years are provisional and only preparatory work is allowed to go ahead. The aim is to maintain a small but balanced programme over a ten-year period.
- 4.8 The consistent shortfall in funding has meant that the majority of non urgent General Fund projects have been excluded from the programme. Some of these schemes will become more urgent as time passes, and the Council will need to take steps to address the funding gap.
- 4.9 The proposed programme for the next three years is summarised below:

	3 Year Programme £000
HRA	16,581
General Fund	9,385
TOTAL	25,966

5 Revenue Implications of Capital Investment

- 5.1 The revenue impact of capital expenditure is itself a key factor in capital investment and is considered as part of any bid for capital resources. When approving the capital programme, the Executive Board is made aware of the revenue implications of each scheme and these are built into the budget, which is considered at the same time. These will include any borrowing costs (internal or external) as well as any increased operational costs.
- 5.2 The use of leasing to finance vehicle replacement was used in the past, however it is currently more cost effective to finance the expenditure through borrowing. External borrowing has therefore been assumed for the vehicle replacement programme. Any additional borrowing would only be added to the revenue budget, on a scheme by scheme basis.
- 5.3 Some projects may provide revenue savings, by reducing future running costs or by generating income. However others won't. The Authority will spend money to save money, and will seek the capital resources for investments that will increase efficiency or reduce revenue expenditure.

6 Managing and Monitoring the Capital Programme

- 6.1 The Executive Board approves the capital strategy of the Authority and subsequently a three-year expenditure programme. The Resources Board undertakes the monitoring and management of the capital programme throughout the year. Progress against the programme is reported to Resources Board, together with the explanations for any variances. The Resources Board also review the outcomes of the spending undertaken.
- 6.2 The Council has a Corporate Property Officer who is responsible for the management and maintenance of the Council's portfolio of General Fund assets. This is the Council's Corporate Director of Streetscape. The Director of Housing is responsible for the management and maintenance of assets within the Housing Revenue Account.
- 6.3 Resources Board manage the majority of the Authority's own property portfolio including Council housing, the potential disposal of surplus land and the efficient use of property. The Community and Environment Board also have a property management role, where it relates to leisure facilities.

7 Disposal of Capital Assets

- 7.1 The Authority does not have a large portfolio of assets that can be used to fund future investment. We are subject to Right to Buy legislation for council housing and have assumed the sale of 20 properties in projecting the resources in this strategy until 2025/26. After this, the sale of 15 properties per annum has been assumed.
- 7.2 Any decision to dispose of other assets will be taken with full consideration of the economic position and requires the approval of the Resources Board. Decisions on the use of any additional receipts will be made by the Executive Board, taking into account the priorities of schemes that are currently excluded from the capital programme.

8 Commercial Activities

- 8.1 The Council has previously entered into some relatively low level commercial activity, in order to provide economic development opportunities for small businesses, through the provision of industrial units. These have worked well, and also provide a contribution towards the Council's overheads in the revenue budget. However additional spending on these assets is required in the future, which will require an assessment of the future value of the industrial units.
- 8.2 The Council is interested in looking at new commercial ventures, although investment must not be primarily for commercial returns. Investment must relate to a council function, although it may generate an income stream. Each investment opportunity will be assessed on an individual basis, by the appropriate Service Board and Executive Board. They will only be progressed where there is a viable business case, following consideration of the costs and risks involved. Where appropriate, the Council will procure additional external resource when either there is insufficient officer availability or when specialist advice and support is required.
- 8.3 The Council has started to identify possible commercial opportunities for investigation. In the event that a commercial vehicle is needed to progress any of the opportunities, the Council will need to take professional advice on both financial and legal issues.
- 8.4 Any commercial activity undertaken will be monitored by the Resources Board, as part of its budgetary control monitoring.

9 Risk Appetite

- 9.1 Financial risks are closely monitored as part of the corporate risk management framework. The Council's risk appetite for commercial activities is likely to evolve as opportunities are assessed.

Whilst recognising the importance of generating income to support services, the Council will seek to balance income from more commercial ventures against the overall level of risk and the amount of reserves available to mitigate this risk.

- 9.2 The assessment of each commercial activity will include: the level of risk inherent in the income stream, the security held, the ability to realise assets or other security should the need arise and the level of income likely to be received from the commercial activity. The assessment will be used to ensure that the Council is not exposed to unknown, unmanaged or unacceptable risks. In this way the Council can judge what level of risk it is willing to take to achieve strategic outcomes, on a case by case basis.
- 9.3 The Council has previously taken a low risk approach to investment decisions, but has started to move to a managed risk approach in light of its service aspirations. An example is the agreed investment in the Materials Recycling Facility project.

10 Debt and Borrowing and Treasury Management

- 10.1 The Capital Financing Requirement (CFR) is the outstanding capital expenditure which has not yet been paid for from either revenue or capital resources, it is essentially a measure of the Council's underlying borrowing need. Where borrowing is used to fund capital schemes, the Council may borrow externally. However, the Council manages its cash balances as a whole and may choose to use internal cash, generated by holding reserves and the timing of cash flows, to finance capital schemes. Where the Council decides to borrow to fund capital expenditure the annual cost of borrowing is included within the revenue budget.

CFR	Original 2023/24 £'000	Forecast 2024/25 £'000	Forecast 2025/26 £'000	Forecast 2026/27 £'000
HRA	50,414	48,796	47,078	45,311
General Fund	12,539	15,746	15,203	14,750
Total	62,953	64,542	62,281	60,061

- 10.2 External borrowing was taken out to fund the 'buy out' of the housing stock from the national subsidy system. This is currently being repaid in line with the agreed strategy, which will reduce a substantial part of the debt. However, this repayment strategy is being revised to enable additional planned work to be undertaken on some of the housing stock. Although det levels won't fall as quickly as initially planned, the outstanding debt will still be repaid as part of the HRA's 30 Year HRA Business Plan.
- 10.3 In recent years, internal borrowing has been used by the General Fund to fund some spending. It is currently a cheaper alternative than borrowing externally and the Council has sufficient cash flow to allow this. As reserves get spent, this internal borrowing will need to be replaced by external borrowing. Market rates are monitored, so that external debt can be sourced when appropriate.
- 10.4 The council does not hold any purely commercial investments and has therefore complied with the Prudential Code in relation to investments for commercial purposes. The Council has not taken out borrowing to invest for the primary purpose of financial return.
- 10.5 Treasury Management, including the Council's approach to Investments, is covered in more detail within the Authority's Treasury Management Strategy.

11 Authorised Limit and Operational Boundary

- 11.1 There are two limits on external debt: the Authorised Limit and the Operational Boundary.

- 11.2 The Authorised Limit is a statutory limit determined under section 3 (2) of the Local Government Act 2003, which sets a boundary for overall borrowing by the Council. It provides for some headroom in the event of unexpected activity which results in an increased call on the Council's budgets but is not sustainable in the longer term.
- 11.3 A key control for treasury activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not (except in the short term) exceed the total of the CFR in the preceding year plus estimates of any additional capital borrowing in the years covered by the Medium Term Financial Strategy. The Operational Boundary is calculated using the expected activity included within the Council's budgets, with a small allowance for timing issues.
- 11.4 Both of these limits are monitored by the Resources Board as part of its monitoring of treasury management activity.

12 Provision for the repayment of debt

- 12.1 The Council is required to make prudent provision, by way of a charge to the revenue account, to repay the debt taken out. This must be over a period that is reasonably commensurate with that over which the capital expenditure provides benefit.
- 12.2 The Council has chosen to repay older General Fund debt using 4% per annum of the Capital Financing Requirement relating to the General Fund. Any borrowing taken out from 2011/12 onwards is repaid on a prudential basis, which requires an assessment of the life of the asset that the borrowing has been used for. Where possible the Council uses borrowing to fund longer dated spending, rather than assets with relatively short lives.
- 12.3 Repayment of HRA debt is currently in line with the external loans taken out. New loans taken out will initially be borrowed internally where this is possible and advantageous, and externalised when appropriate.

13 Skills, Knowledge and Professional Advice

- 13.1 Internally the Council employs fully qualified and experienced staff such as accountants, surveyors and solicitors, and supports those staff to complete their Continuing Professional Development requirements.
- 13.2 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. They assist with advice on the management of cash flows, investments and borrowings and with market information. The Councils VAT advisers are PSTax.
- 13.3 Treasury Management training for members of the Resources Board is provided periodically, or when requested.

14 Long Term View of Capital Expenditure Plans and Financing

- 14.1 After programming in all previously approved schemes and those which have been deemed essential, the Council has a deficit in General Fund capital resources over the next ten years, which will need to be addressed before year 4.
- 14.2 Major schemes, such as the replacement of existing leisure facilities, will require external funding to be obtained to enable them to progress, but some provision has been made in the current capital programme to provide match funding. As detailed in the Council's Medium Term Financial Strategy, the Council is facing a significant reduction in its anticipated financial resources for General Fund activities. Given the current financial position, borrowing to fund the shortfall won't be an option. In order to progress these schemes therefore, external funding from other sources will be essential.

Agenda Item No 9

Executive Board

13 February 2023

Report of the Management Team

The Proposed 3 Year Capital Programme 2023/24 to 2025/26

1 Summary

- 1.1 This report puts forward proposals for the Three Year Capital Programme and outlines the availability of capital resources and the options to meet any shortfalls.

<p>Recommendations to the Board</p> <p>a That the Board adopts the Revised Capital Programme for 2022/23 as set out in Appendix A;</p> <p>b That the Board adopts the 3 Year Capital Programme for the period 2023/24 to 2025/26 as set out in Appendix B, subject to the transfer of funding from the Business Rate Reserve to be considered later in the agenda; and</p> <p>Recommendation to Council</p> <p>c That the prudential indicators set out in Section 9 are approved, subject to any changes that may be required as a result of decisions taken during this evening's meeting.</p>

2 Background

- 2.1 The Council is permitted to borrow to fund capital expenditure, but no longer receives government support for any new borrowing. The Council has the ability to undertake unsupported borrowing and have forecast the use of this in order to fund the purchase of vehicles from the vehicle renewal programme and the provision of a new leisure facility in Polesworth.
- 2.2 The majority of housing capital spending is funded from the revenue generated through the Housing 30 Year Business Plan. In addition, borrowing is used as needed.
- 2.3 Other sources of finance are required to enable the Council to fund the Capital Programme and we will continue to be dependent on the use of capital receipts from the sale of Council Houses and land, together with external sources, such as specific grant funding.

2.4 The Council has benefited from additional business rates above its baseline funding level and is able to retain a proportion of these. Whilst some are held in case of successful future appeals by ratepayers, the level of business growth achieved will allow some to be used to support the General Fund capital programme, reducing the need to borrow.

3 **2022/23 Revised Capital Programme**

3.1 In relation to capital expenditure, Appendix A shows the originally approved programme for 2022/23 alongside the in-year movements. The revised position is £891,825 less than the approved programme.

3.2 The revised budget for the HRA housing programme has decreased by £351,120 as the replacement of Housing Direct Works and Inspectors vehicles has been deferred.

3.3 Within the General Fund programme, provision for Disabled Discrimination Adaptations and the structural maintenance programme of car parks has been moved into 2023/24, along with the replacement of some vehicles. Provision for work on the shops and flats at High Street Coleshill has been taken out of the programme following the decision to sell the properties, whilst additional provision has been added in for Innage Park. The replacement of the refuse vehicles has taken place, with a small amount of budget provision not required.

3.4 Within Information Services, the additional work involved in implementing the environmental health, planning and finance systems have had an impact on other planned work. Allocations for web development and uninterruptible power have been moved into 2023/24, with work on the telephone system moving back into 2024/25. No further work is expected on computer hardware and software, and this has been taken out of the programme.

3.9 The final actual expenditure out-turn for 2022/23 could still differ to the revised position shown. It is difficult to predict when some work will be completed and some schemes, like the Decent Homes Grants for Private Sector Housing are reliant on the timing of client claims for works over which the Council has no control. In line with normal practice, the Executive Board may be asked to approve the carry over of some of these budgets into 2023/24, once the final spend for 2022/23 is established.

4 **Formulating the Capital Programme**

4.1 The Council needs to control its capital programme carefully, firstly to ensure that available resources are targeted effectively towards meeting corporate targets and secondly, to take into account the effect that capital expenditure has on revenue budgets.

4.2 The capital programme, by its nature, is long term and therefore the initial programme drawn up is for a ten year period to 2032/33. However, as both expenditure and funding are difficult to predict so far in advance, a more detailed three-year programme has also been developed.

5 10-Year Capital Resource Forecast - 2023/24 to 2032/33

5.1 The resources for 2023/24 to 2032/33 have been estimated using the following assumptions:

- Capital receipts will be received from Right to Buy sales. The Council has entered into an agreement with the government which allows the retention of a greater proportion of these receipts. The additional receipts retained must be used for the construction/purchase of new affordable properties within 3 years of receipt;
- Future year estimates of the Disabled Facility Grant have not been included on the basis that all government funding in relation to this grant will be transferred from the Council to the Heart project;
- The use of revenue contributions to fund HRA expenditure, together with increases in borrowing where needed;
- Borrowing will also be used for the purchase of General Fund vehicles, and for the construction of a new Leisure Facility in Polesworth, amounting to £8,852,230 over the 10 year programme.

5.2 The expected resources for the period 2023/24 to 2032/33 are shown in the table below:

	HRA £'000	Gen Fund £'000	Total £'000
Resources b/fwd	(5,225)	(3,488)	(8,713)
Revenue Contributions to capital schemes	(32,369)	(1,734)	(34,103)
Borrowing/Leasing	(14,370)	(8,852)	(23,222)
Capital receipts	(3,878)	-	(3,878)
Capital receipts – New Build	(4,413)	-	(4,413)
Total	(60,255)	(14,074)	(74,329)

5.3 This gives a total of £74.329 million available resources over the ten-year period to 2032/33. HRA resources include an expected £4.413 million that will be limited to use on new build schemes, for up to 40% of the scheme cost. In the event that these cannot be used in the required timeframe, they will have to be returned to the government.

5.4 General Fund resources include the proposed transfer of £1.5 million from the Business Rate Volatility Reserve set out elsewhere on the agenda.

5.4 It must be emphasised that figures for 2024/25 onwards are indicative only, and firmer figures will only be available a few months ahead of the relevant year.

6 Ten Year Capital Expenditure Forecast – 2023/24 to 2032/33

- 6.1 An initial forecast of all potential capital projects has been collated covering the next 10 years, including both HRA and GF schemes. This followed an analysis of the general fund building maintenance requirements and a detailed breakdown of the key components needed to maintain the Decent Homes Standard within the Council's housing stock in the future.
- 6.2 Given the constraints on available funding, a draft 10 year capital programme commencing in 2023/24 has been compiled based on the approved schemes from 2022/23. The opportunity has been taken to assess any new schemes and review schemes previously classed as non-essential, to assess whether this classification is still valid. The review also gave the opportunity to reconsider the timing of existing schemes.
- 6.3 The cost of the extensive structural repair work required to the flats at Abbey Green Court has increased and the revised cost of £4,000,000 has been included in 2023/24. Some additional resources have been included for window replacement along with a separate allocation for fire doors.
- 6.4 A number of General Fund schemes were moved back into 2023/24, relating to IT schemes and maintenance work at the car parks.
- 6.5 There has been an increase in the capital requirement for the Sherbourne Recycling Facility of £3.056m as a result of negative movements in the exchange rate for sterling pounds to Canadian dollars, the currency that the equipment manufacturer is paid in; and additional costs due to changes in the scope for civils which has resulted in a delay in the timeline. Of the total costs, the Council's share is 4.67% which equates to £142,720, which will be added to the existing commercial loan already provided.
- 6.6 The draft programme is summarised below and the details are shown in Appendix B:
- ...

Initial Forecast 2023/24 to 2032/33	£000
HRA	(49,052)
General Fund	(15,672)
TOTAL	(64,724)

- 6.7 As shown in the previous section, the total estimated resources for the ten-year period are £74.329 million compared with the expenditure bids of £64.724 million. This expenditure reflects the total bids put forward for consideration that have been identified to ensure the continuity of current services.
- 6.8 This leaves a surplus of £9.605 million in overall terms, although each Fund needs to be considered separately. Whilst the HRA funds exceed the draft programme by £11.203 million, £4.413 million of this is subject to possible return. Borrowing is required particularly at the start of the programme to cover higher levels of spend in the first year, although the requirement to borrow continues throughout the period. With regards to the General Fund,

there is an expected deficit of £1.598 million in the General Fund programme over the ten year period. The shortfall in resources is expected to start in 2026/27, as available funding will be used in 2025/26. The transfer of funding from the Business Rate Reserve Reserve is essential to enable the full capital programme for 2023/24 to proceed.

7 Unallocated Schemes

- 7.1 The level of schemes required for inclusion in the capital programme outweighs the General Fund resources available. As a consequence, some projects which have been assessed as non-essential or unaffordable have not been included in the proposed programme. These include improvement works at existing pavilions owned by the Council. Only limited funding has been included for the replacement of Atherstone Leisure complex, as external funding will be needed to progress this scheme.
- 7.2 In addition, over the coming years there are also some IT systems that will need to be reviewed, to assess whether they still meet user needs, both corporate and service specific.

8 Three-Year Capital Spend and Resources to 2025/26

- 8.1 As well as the long term programme, it is prudent to ensure that the Council can afford the capital schemes required in the medium term. As such, schemes included in the next 3 years have been assessed in more detail.
- 8.2 The table below highlights that there is an overall surplus generated over the 3 year period. However, looking at each Fund separately highlights a particular issue for the General Fund.

Potential 3 year programme	HRA £'000	Gen Fund £'000	Total £'000
Resources b/fwd	(5,225)	(3,488)	(8,713)
Total 3 year resources	(19,909)	(5,901)	(25,810)
Total 3 year expenditure	16,581	9,385	25,966
Total	(8,553)	(4)	(8,557)

- 8.3 If resources come in as expected, there will be just enough resource to fund the General Fund 3 year capital programme. Resources for the longer term programme will need to be found.

9 Prudential Indicators for Capital Investment

- 9.1 The introduction of the Local Government Act 2003 resulted in a change in the capital finance system for Local Authorities and established a prudential framework for capital investment. Under this system, Councils are free to determine the affordability of their capital investment proposals and of any borrowing required to finance those proposals.

- 9.2 A prudential code was developed in 2011, which required the Council to consider the affordability of its proposals, their prudence and sustainability, value for money, asset management planning, practicality and service objectives. The prudential code was updated in September 2018, and then again in December 2021.
- 9.3 In addition to the information already provided within this report, the Council is required to set and review regularly a range of indicators that have been developed as part of the Code, which will be used to support capital investment decision-making. As risk and uncertainty form a key part of capital investment planning, the Code requires a minimum three year integrated capital and revenue spending plan to determine the indicators. These need to be set as part of the overall budget-setting process. The Code requires a number of indicators to be set and these are set out below.
- 9.4 **External Debt Indicators** – these include the Authorised Limit and the Operational Boundary. The Operational Boundary links to the Authority’s plans for capital spending and borrowing requirement, with some provision allowed for cash flow requirements. The Authorised Limit is higher than the Operational Boundary as it provides additional headroom to allow for unusual cash movements.

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Authorised Limit for External Debt	73,259	76,975	78,761	76,704
Operational Boundary	65,903	69,525	71,212	69,053

- 9.5 **Capital Expenditure Indicators** – the Council is required to make a reasonable estimate of the capital expenditure it plans to incur in each of the next three years, and report actual expenditure incurred at year-end. Using the proposals contained within this report, these are set out below, together with the actual position for 2021/22 and the revised position for 2022/23.

	Actual 2021/22 £'000	Revised 2022/23 £'000	Original 2023/24 £'000	Forecast 2024/25 £'000	Forecast 2025/26 £'000
HRA	6,620	9,354	8,333	4,082	4,166
HRA - New Build	3,436	499	-	-	-
General Fund	2,418	6,814	7,998	883	504
Total	12,474	16,667	16,331	4,965	4,670

- 9.6 **Capital Financing Requirement Indicators** – these indicators measure the Council’s underlying need to borrow to fund capital expenditure, which is the normal level of borrowing expected. The actual capital financing requirement as at 31 March 2022, the revised estimate for 2022/23 and estimates for the next three years are set out below. The method of calculation is set out as Appendix C.

...

	Actual 2021/22 £'000	Revised 2022/23 £'000	Original 2023/24 £'000	Forecast 2024/25 £'000	Forecast 2025/26 £'000
HRA	44,934	47,324	50,414	48,796	47,078
General Fund	12,380	12,101	12,539	15,746	15,203
Total	57,314	59,425	62,953	64,542	62,281

- 9.7 **Capital Financing Cost Indicators** – an indicator of affordability is the estimated ratio of financing costs to net revenue stream in percentage terms. If the ratio is increasing rapidly over time, then a larger proportion of revenue resources are being taken up by financing costs, which could be used to fund direct service delivery. This indicator is calculated for both the General Fund and the Housing Revenue Account, and these are shown below. The calculation of both is shown in more detail in Appendix D.

...

	Actual 2021/22	Revised 2022/23	Original 2023/24	Forecast 2024/25	Forecast 2025/26
HRA	30.41%	29.08%	28.16%	29.02%	29.14%
General Fund	4.14%	(2.42%)	(9.64%)	(2.48%)	0.22%

- 9.7.1 HRA financing costs reflect both the scheduled repayment of the debt taken out by the Council as part of the move to self financing and the new loans required to fund the capital programme. The movement in the General Fund amount reflects the expected changes in investment rates and the use of borrowing to fund vehicle replacements and the new leisure facility in Polesworth.
- 9.7.2 The indicators required by the Code may need to be amended, depending on the decisions on the capital programme taken by this Board.

- 9.8 **Net debt and the capital financing requirement** – an indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Authority must ensure that external debt does not exceed the total capital financing requirement for the preceding year and the estimates for the next two financial years. Current external borrowing is £44.239 million, well below the Capital Financing Requirement projections shown in Appendix C.

10 Conclusion

- 10.1 Some sources of funding are specific to particular types of expenditure. The proposed programme takes this into account, so Members need to be mindful of this should they wish to vary the proposed programme.
- 10.2 Only those schemes that either meet a statutory duty or which score highly against the Council priorities and risk assessment are included in the Capital Programme.

10.3 The proposed 3 Year Programme has a level of unallocated balances for the HRA which is felt prudent as there are certain risks to some income streams and potentially unforeseen costs that may be unavoidable. However, all balances are allocated for the General Fund, leaving the 3 year programme at risk if estimated resources are not achieved.

11 Report Implications

11.1 Finance and Value for Money Implications

11.1.1 The financial implications of this 3 Year Capital programme, in terms of the cost of funding, are given below.

GENERAL FUND	2023/24 £	2024/25 £	2025/26 £
Financing costs	577,660	115,970	14,660

Not all of the financing costs are additional, as some relate to the replacement of existing vehicles. The maintenance costs of the vehicles are included with the existing revenue allocations.

HRA	2023/24 £	2024/25 £	2025/26 £
Financing costs	4,011,660	3,347,120	3,423,890

The majority of the financing costs for the HRA are funded through revenue contributions to capital expenditure, although borrowing has also been used.

11.2 Environment and Sustainability Implications

11.2.1 Continuing to follow the capital strategy when setting a capital programme will ensure that the Council continues to achieve its priorities within the available capital resources.

11.3 Equality Implications

11.3.1 The proposals for the capital programme will need to be equality assessed for impact and needs and some of the schemes highlighted in the report will have positive impacts including the housing developments and improvements to Leisure facilities.

11.4 Safer Communities

11.4.1 The identified schemes would have positive implications for the development of safer communities, in that the provision of good quality leisure opportunities reduces the likelihood of criminal and/or anti-social behaviour.

11.5 Risk Management Implications

11.5.1 There are a number of risks associated with setting a capital programme, as assumptions are made on the type and level of available resources, as well as the required level of expenditure. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. Risk will be managed through the production of regular budgetary control reports, assessing the impact of variances and reporting on the need to take any further action.

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Expenditure Proposals	Approved Budget	In Year Virements	Moved to future year	Other Changes	Revised 2022/23
HRA Assets					
Staffing	280,020			13,690	293,710
Electrics	900,000				900,000
Kitchens and Bathrooms	426,870				426,870
Heating	1,035,380				1,035,380
Windows and Doors					-
Energy Saving Measures	350,000	335,580			685,580
Disabled Facilities Adaptations	261,280	130,000			391,280
Roofing	811,970				811,970
Improvement works to blocks of flats - external and common areas	1,759,150	450,000			2,209,150
Improvement works to blocks of flats - Drayton court	2,000,000				2,000,000
Replacement of DLO vehicles	325,811			(325,811)	-
Replacement of Housing Inspectors vehicles	39,000			(39,000)	-
Replacement of Neighbourhood Warden vehicles					-
Multi Trade Contract	300,000	300,000			600,000
New Build - Atherstone	785,580	(335,580)			450,000
New Build - Mancetter	49,100				49,100
HRA TOTAL	9,324,161	880,000	-	(351,121)	9,853,040
General Fund Assets					
Decent Homes Grants & Works (Private Sector)	20,000				20,000
Disabled Facility Grants	713,050				713,050
Telephone System	20,000		(20,000)		-
Financial Management System Replacement	300,000				300,000
Computer Hardware and Software	78,000		(48,000)		30,000
ICT Infrastructure Development	61,300				61,300
Backing Up	20,000		(10,000)		10,000
Network Infrastructure Replacement	25,600				25,600
Uninterruptible Power Supply	10,000		(10,000)		-
Mobile Devices	10,000				10,000
Web Development	50,000			(50,000)	-
Planning System Replacement	75,850				75,850
Environmental Health System Replacement	115,000				115,000
High Street, Coleshill	970,000			(970,000)	-
Innage Park Admin Unit	30,000				30,000
External Works on Industrial Buildings	300,000			170,000	470,000
Refurbishment of Council Owned Buildings	45,000				45,000
Maya Restaurant - Resurfacing Car Park	30,000				30,000
Disabled Discrimination Adaptations	137,310		(120,000)		17,310
Car Parks - Structural Maintenance	345,000			(245,000)	100,000
Car Parking, Pay and Display	12,514				12,514
Car Parking - Coleshill	600,000				600,000
Depot Works	30,600				30,600
Electrical Upgrade at Old Bank House	150,000				150,000
Materials Recycling Facility	1,532,901				1,532,901
Replacement of Street Cleaning Vehicles	192,050		(192,050)		-
Replacement of Horticulture Vehicles	328,990		(310,000)		18,990
Replacement of Leisure Services Vehicles	17,292		(17,292)		-
Replacement of Refuse Vehicles	1,572,582			(41,662)	1,530,920
Play Area Development	332,040				332,040
Playing Pitch Maintenance	21,960				21,960
LUF Bid		400,000			400,000
Atherstone Leisure Complex - Gym Equipment	85,000				85,000
Leisure Equipment	29,100				29,100
Capital Salaries - Management	17,140				17,140
GENERAL FUND	8,278,279	400,000	(727,342)	(1,136,662)	6,814,275
OVERALL TOTAL	17,602,440	1,280,000	(727,342)	(1,487,783)	16,667,315

Draft Capital Programme - HRA Housing

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2023/24	2024/25	2025/26	2026/27 to 2032/33	10 Year Programme
Electrics	A scheduled programme to replace consumer units and to bring wiring in Council properties up to date.	600,000	309,000	315,180	2,389,980	3,614,160
Staffing	Housing officers who deliver the capital programme to Council properties.	309,580	322,240	331,550	2,536,130	3,499,500
Kitchens and Bathrooms	Replacement programme to ensure these facilities meet the Decent Homes Standard.	600,000	618,000	630,360	4,780,060	6,628,420
Heating	To replace heating systems which are at the end of their component life time, can't be repaired or to provide for controllable systems to meet the Decent Homes Standard.	500,000	515,000	525,300	3,983,380	5,523,680
Windows	Programmes of window and door replacements to address older installations that are not energy efficient and those that are defective.	250,000	257,500	262,650	1,991,680	2,761,830
Fire Doors		200,000	206,000	210,120	1,593,330	2,209,450
Energy Saving Measures	External Wall Insulation & Loft Insulation programmes will be required to ensure properties meet the necessary levels for energy usage.	250,000	257,500	262,650	1,991,680	2,761,830
Adaptations	Undertake adaptations to properties to improve accessibility in accordance with recommendations from social care assessors.	200,000	206,000	210,120	1,593,330	2,209,450
Roofing	To replace roofs (flat or pitched) which do not meet the Decent Homes Standard and cannot be repaired to extend their use.	400,000	412,000	420,240	3,186,610	4,418,850
Improvement works for blocks of flats - external and common areas	In 2019 we started a rolling priority programme of remedial works to blocks of flats. The works deal with blocks of flats that require extensive structural repairs.	250,000	618,000	630,360	4,780,060	6,278,420
Improvement works for blocks of flats - Abbey Green		4,000,000				4,000,000
Replacement of DLO Vehicles	Replacement as per the vehicle replacement schedule.	429,710			616,000	1,045,710
Replacement of Housing Inspectors Vehicles	Replacement as per the vehicle replacement schedule.	43,260			139,000	182,260
Replacement of Neighbourhood Warden Vehicles	Replacement as per the vehicle replacement schedule.				102,000	102,000

Draft Capital Programme - HRA Housing

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2023/24	2024/25	2025/26	2026/27 to 2032/33	10 Year Programme
Multi Trade Contract	To cover a range of capital works including remedial work following fire risk assessments and schemes for garages and sheltered scheme communal rooms as well as external works and structural works.	300,000	360,500	367,710	2,788,270	3,816,480
HRA TOTAL		8,332,550	4,081,740	4,166,240	32,471,510	49,052,040

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2023/24	2024/25	2025/26	2026/27 to 2032/33	10 Year Programme
Decent Homes Grants and Works (Private Sector)	Assistance with repairs and replacements targeted at vulnerable households on a means tested basis to prevent deterioration and associated health effects.	20,000	20,000	20,000	140,000	200,000
Computer hardware and software, purchase and replacement	To continue to provide PC's that meet the requirements of the increasingly complex software that is used to deliver Council services and back office functions. This budget includes the renewal of the Microsoft Software licenses.	35,000	35,000	35,000	245,000	350,000
Replacement of scanner/plotter	Replacement of the existing separate scanner and plotter with a single solution.				10,000	10,000
Replacement Financial Management System (FMS)	The current Financial Management System (TOTAL) is time limited and will be withdrawn in a few years time. As the software has not been developed for some time, this is increasingly causing issues. A replacement system is needed.					-
ICT Infrastructure Development	To further develop the network and hardware structures to ensure that the Council's aspirations of home and mobile working and self service delivery are possible.	20,000	20,000	20,000	140,000	200,000
Network Infrastructure	Replacement of the existing network infrastructure.		50,000			50,000
Telephone System	Replacement of the existing telephone system.		20,000		20,000	40,000
Server Virtualisation	Replacement of the existing virtual server.			50,000		50,000
Backing Up	Primarily used at two levels; the day to day use of the recovery of lost data or damaged systems that need to be rolled back to a previous state. The major use is in the event of fire or theft where the backups we hold would be used to restore systems.	20,000			25,000	45,000
Mobile Devices	Due to Covid the Council has greatly increased the use of mobile devices over and above the use of PC's and laptops. 100 devices will have to be replaced on a 4 year cycle. This will also be used to replace the Housing direct works equipment.	10,000	5,000	5,000	45,000	65,000
Replacement Planning and Enforcement and Local Land Charges Systems	To review and assess system to ensure it still meets user needs and replace if required.					-
Web Development (Internet, Intranet and Extranets)	To review and assess systems to ensure they still meet user needs and replace if required.	50,000			50,000	100,000
Payment Management System Upgrade	Upgrade to Payment Management System to meet new encryption standards and introduce contact less payments.	15,000		15,000	45,000	75,000

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2023/24	2024/25	2025/26	2026/27 to 2032/33	10 Year Programme
Replacement Environmental Health System	The current system will be unsupported by Civica. A new system is required in 2022/23 to enable Environmental Health to work more efficiently and potentially improve customer satisfaction.					-
Uninterruptable Power Supply	A large 'battery' which ensures power to all systems. This supply is unaffected by power cuts etc.	10,000				10,000
Atherstone Leisure Complex - Replacement Roof	The leisure complex has a single ply flat roof covering virtually all of the facility that has an estimated life span of around 10 years and will need replacing.					-
External Works on Industrial Buildings	Replacement of the roof cladding.					-
Maya Resturant (Bear and Ragged Staff)	To replace the roof covering the building.					-
Refurbishment of Council Owned Buildings	To carry out improvements to all council owned property.		50,000		150,000	200,000
Electrical Upgrade at Old Bank House	The electrical system at Old Bank House is 30 years old and will be in need of updating to comply with current legislation.	75,000				75,000
Disabled Discrimination Adaptations	To undertake work where appropriate to improve access to and around our facilities for disabled users of the service.	120,000				120,000
Works required at High Street, Coleshill	Refurbishment works to shops and flats.					-
Depot - Demolition Works	To undertake work to demolish the single storey building currently used as the main Housing office and archive store.					-
Structural Maintenance Programme of Car Parks and Unadopted Roads	A detailed analysis of the councils car parks and unadopted roads has been carried out and has identified that the thickness of many of the surfaces is below the required levels.	245,000				245,000
Car Parking in Coleshill		400,000				400,000
Innage Park - Mobile Care Admin Facility	Upgrades are required to the energy efficiency of the building, to enable the Council to acquire the necessary Energy Performance Certificate rating.					-
Material Recycling Facility		142,720				142,720
Replacement of Pool Vehicles	Replacement as per the vehicle replacement schedule.	29,000			36,000	65,000
Replacement of Refuse Vehicles	Replacement as per the vehicle replacement schedule.		375,000		3,127,000	3,502,000
Replacement of Cesspool Vehicles	Replacement as per the vehicle replacement schedule.	139,000				310,000

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2023/24	2024/25	2025/26	2026/27 to 2032/33	10 Year Programme
Replacement of Street Cleaning Vehicles	Replacement as per the vehicle replacement schedule.	219,650	171,670		559,730	951,050
Replacement of Horticulture Vehicles	Replacement as per the vehicle replacement schedule.	323,550	46,340	8,370	606,210	984,470
Replacement of Leisure Services Vehicles	Replacement as per the vehicle replacement schedule.	17,810			21,900	39,710
LUF Bid	atherstone Leisure Complex	2,600,000				2,600,000
New Leisure Facility	Polesworth	3,000,000				3,000,000
Leisure scheme at Royal Meadow Drive	Provision for a Leisure scheme at Royal Meadow Drive Road, subject to generating additional capital funding and a sustainable revenue business case	372,170				372,170
Leisure Equipment	To replace the equipment used in the execution of various activity programmes in each of the leisure centres that conforms to industry and market standards relating to customer needs and safety requirements. The proposed investment protects significant levels of income. Whilst fitness equipment has been replaced over the last few years, there is other sports equipment that is in need of renewal.	20,000	20,000	30,000	140,000	210,000
Leisure Centre Fitness Suite Equipment Replacement	Planned full replacement of the fitness centre equipment at the three leisure centres in the Borough. This replacement will take place once the fund has built up sufficient funding for the work to take place.			250,000	250,000	500,000
Play Area Replacement Programme	Brook Walk, Mancetter and Kitwood Avenue, Dordon	95,000				95,000
Play Area Replacement Programme	Royal Meadow Drive		50,000			50,000
Play Area Replacement Programme	Ridge Lane, Mancetter			50,000		50,000
Play Area Replacement Programme	Various				350,000	350,000
Capital Salaries - Management	General Fund staffing.	19,090	19,820	20,360	155,620	214,890
		7,997,990	882,830	503,730	6,287,460	15,672,010
		16,330,540	4,964,570	4,669,970	38,758,970	64,724,050

Capital Financing Requirement

APPENDIX C

	HRA (£)	GF (£)	Grand Total
Actual CFR as at 31-3-22	44,934,423	12,379,998	57,314,421
Repayment of HRA borrowing	(2,310,000)		(2,310,000)
Repay Principal - Kingsbury Link		(2,681)	(2,681)
Repay Principal - Vehicles		(61,176)	(61,176)
Repay Principal - Lower House Farm		(9,116)	(9,116)
Repay Principal - Coleshill LC		(40,914)	(40,914)
Repay Principal - Recycling Containers		(1,939)	(1,939)
Repay Principal - Office Accommodation		(80,735)	(80,735)
Repay Principal - Play Areas		(17,905)	(17,905)
New prudential borrowing	4,700,000	18,986	4,718,986
MRP		(83,929)	(83,929)
Estimated CFR as at 31-3-23	47,324,423	12,100,589	59,425,012
Repayment of HRA borrowing	(2,400,000)		(2,400,000)
Repay Principal - Kingsbury Link		(2,682)	(2,682)
Repay Principal - Vehicles	(33,783)	(56,619)	(90,402)
Repay Principal - Lower House Farm		(9,117)	(9,117)
Repay Principal - Coleshill LC		(40,914)	(40,914)
Repay Principal - Recycling Containers		(1,939)	(1,939)
Repay Principal - Office Accommodation		(80,735)	(80,735)
Repay Principal - Play Areas		(17,905)	(17,905)
New prudential borrowing	5,522,970	729,010	6,251,980
MRP		(80,572)	(80,572)
Estimated CFR as at 31-3-24	50,413,610	12,539,116	62,952,726
Repayment of HRA borrowing	(2,400,000)		(2,400,000)
Repay Principal - Kingsbury Link		(2,682)	(2,682)
Repay Principal - Vehicles	(67,567)	(157,045)	(224,612)
Repay Principal - Lower House Farm		(9,117)	(9,117)
Repay Principal - Coleshill LC		(40,914)	(40,914)
Repay Principal - Office Accommodation		(80,735)	(80,735)
Repay Principal - Play Areas		(17,905)	(17,905)
New prudential borrowing	850,000	3,593,010	4,443,010
MRP		(77,349)	(77,349)
Estimated CFR as at 31-3-25	48,796,043	15,746,379	64,542,422
Repayment of HRA borrowing	(2,500,000)		(2,500,000)
Repay Principal - Kingsbury Link		(2,682)	(2,682)
Repay Principal - Vehicles	(67,568)	(205,998)	(273,566)
Repay Principal - Lower House Farm		(9,116)	(9,116)
Repay Principal - Coleshill LC		(40,914)	(40,914)
Repay Principal - Office Accommodation		(80,735)	(80,735)
Repay Principal - Play Areas		(17,905)	(17,905)
Repay Principal - Polesworth Leisure Centre		(120,000)	(120,000)
New prudential borrowing	850,000	8,370	858,370
MRP		(74,255)	(74,255)
Estimated CFR as at 31-3-26	47,078,475	15,203,144	62,281,619
Repayment of HRA borrowing	(2,650,000)		(2,650,000)
Repay Principal - Kingsbury Link		(2,682)	(2,682)
Repay Principal - Vehicles	(67,567)	(214,969)	(282,536)
Repay Principal - Lower House Farm		(9,117)	(9,117)
Repay Principal - Coleshill LC		(40,914)	(40,914)
Repay Principal - Office Accommodation		(80,735)	(80,735)
Repay Principal - Play Areas		(17,905)	(17,905)
Repay Principal - Polesworth Leisure Centre		(120,000)	(120,000)
New prudential borrowing	950,000	104,480	1,054,480
MRP		(71,285)	(71,285)
Estimated CFR as at 31-3-27	45,310,908	14,750,017	60,060,925

	Actual 2021/22 £000	Revised 2022/23 £000	Original 2023/24 £000	Forecast 2024/25 £000	Forecast 2025/26 £000
HRA					
Interest and Investment Income	(10)	(51)	(185)	(143)	(109)
External Interest Costs	1,460	1,417	1,612	1,769	1,733
Repayment of Borrowing	2,250	2,310	2,400	2,400	2,500
Total	3,700	3,676	3,827	4,026	4,124
Net Revenue Stream	12,167	12,639	13,589	13,875	14,148
Ratio	30.41%	29.08%	28.16%	29.02%	29.15%
General Fund					
External Interest Costs	12	14	14	14	14
Investment Income	(66)	(515)	(1,160)	(823)	(644)
Repayment of Borrowing	288	214	210	516	576
MRP	87	84	80	77	74
Total	321	(203)	(856)	(216)	20
Council Tax	4,569	4,864	5,060	5,295	5,533
New Homes Bonus	578	723	519	0	0
RSG/Service/Funding Guarantee	82	218	470	486	494
NDR Multiplier	100	158	340	353	360
NDR	2,422	2,422	2,494	2,573	2,615
Net Revenue Stream	7,751	8,385	8,883	8,707	9,002
Ratio	4.14%	-2.42%	-9.64%	-2.48%	0.22%

Agenda Item No 11

Executive Board

13 February 2023

**Report of the
Corporate Director - Resources**

**General Fund Revenue Estimates
2023/24 and Setting the Council
Tax 2023/24**

1 Summary

- 1.1 This report sets out the proposed General Fund Revenue Estimate for 2023/24 and the options available when setting the 2023/24 Council Tax for the Borough in the context of the Authority's Finance Settlement, and the effect on General Fund balances.

Recommendation to the Council

- a To approve the savings of £857,860 shown in Appendix H;**
- b To approve the revised estimate for the year 2022/23 and the revenue estimates for 2023/24;**
- c To note the Council Tax base for 2023/24, as set out in Appendix G;**
- d To approve a Council Tax increase of 2.95% for 2023/24;**
- e To approve the transfer of £3,100,000 from the Business Rate Reserve to fund capital expenditure on the refuse vehicles purchased in 2022/23 and to support the proposed 3 year capital programme;**
- f To note the Corporate Director - Resources comments on the minimum acceptable level of general reserves;**
- g To approve the workforce estimates for the year 2023/24 in Appendix L; and**
- h That a Council Tax resolution be prepared for consideration by the Council, using the recommendations agreed by this Board.**

2 The Council's Budget Requirement

2.1 All Service Boards have now considered their individual budget requirements for 2023/24, and these are shown in Appendices A – E, along with the revised requirements for 2022/23.

2.2 Board requirements are summarised in the table below, together with other items, such as investment interest and contingencies.

	2022/23 Original Estimate £	2022/23 Revised Estimate £	2023/24 Original Estimate £
Board Summary	9,617,370	10,605,880	11,624,930
Contingencies	141,000	88,290	277,600
Use of Earmarked Reserves	-	(955,000)	-
Financing Adjustment	(772,510)	(936,260)	(806,420)
Investment Interest Income	(323,000)	(515,000)	(1,160,000)
Further reductions proposed	-	-	(341,010)
Service Summary	8,662,860	8,287,910	9,595,100

2.3 Appendix F sets out the figures as presented to the Boards, adjusted for further proposed reductions in the base budget.

3 The Council's 2022/23 Estimated Out-turn

3.1 The Council's revised net expenditure requirement for 2022/23 amounts to £8,287,910 which is £374,950 less than the original estimate. The major changes in expenditure were included in the summary report taken to Resources Board on a service basis and a high level summary is set out below, for Members information.

	£000
Increased waste collection costs	584,040
Unbudgeted cost of the pay award	377,970
Reduction in income and increased costs at the Leisure facilities	303,900
Reduced legal cost income from debt recovery action / reduced recovery of housing benefit overpayments	173,610
Borrowing for capital schemes was not required in year	(163,750)
Increased investment income due to higher rates	(192,000)
Vacancy savings above vacancy factor assumed	(488,700)
Use of earmarked reserves	(955,000)
Total	(359,930)

4 The Council's 2023/24 Expenditure Requirement

4.1 The Council's net expenditure requirement for 2023/24 amounts to £9,936,110, which is £1,273,250 more than the approved estimate for 2022/23 and £1,648,200 more than the revised estimate. The inclusion of the further

proposed reductions lowers the increase over the revised budget to £1,307,190. The main variations between the 2023/24 original budget and the 2022/23 revised budget are set out below.

- ...
- 4.2 The Financial Strategy required reductions in baseline expenditure of £1,900,000 for 2023/24. A summary of proposed reductions can be found in Appendix H. These total £857,860, with £516,850 included in the Board summary and Financing Adjustment. Further savings proposed amounting to £341,010 are shown separately in the table in paragraph 2.2 and are set out in paragraph 9.2 and 9.3.
 - 4.3 Provision has been made for those posts that were vacant in 2022/23, the payment of annual increments and a pay award of 4%.
£469,080
 - 4.4 An increase in utility costs has affected council premises across the Board.
£670,360
 - 4.5 Waste collection costs are expected to reduce, primarily as a result of removing the additional agency costs incurred in 2022/23. In addition, the operation of the Sherborne Recycling Facility part way through the year will reduce disposal costs.
(£232,030)
 - 4.6 Election expenses have been increased to cover the Borough elections.
£92,000
 - 4.7 Both Council Tax legal fee income and income from the recovery of housing benefit overpayments has increased to reflect a resumption to normal recovery procedures.
(£198,900)
 - 4.8 An increase in the financing adjustment to cover the repayments needed for the prudential borrowing assumed in the draft capital programme presented in another report on the agenda.
£36,690
 - 4.9 A higher level of investment income is expected to be generated, as interest rates have risen. Whilst a proportion is due to the HRA, the majority is retained by the General Fund. In addition, some further investment income will be due relating to the Materials Recycling Facility.
(£551,850)
 - 4.10 The contingency has been increased to include some provision for an additional refuse round and the effect on council properties of the 2022 Valuation.
£189,310

- 4.11 The use of earmarked reserves in 2022/23 has been taken out of the budget.
£955,000

5 Budget Projections

- 5.1 In addition to preparing the 2023/24 budget, the three following years have been forecast.
- 5.2 Pay awards of 4% have been included for 2024/25, with awards of 3% used for the 2 following years. Utility costs have been increased by 5% annually, and other premise costs by 3%. Supplies and services costs have also been given an annual increase of 3%.
- 5.3 Some limited provision has been included in the contingency for some expected service pressures such as private sector housing and waste collection.
- 5.4 The revenue implications of the proposed capital programme, covered in a separate report on the agenda, have been included for all years.
- 5.5 The forecast has been summarised and is shown below.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Spending Requirement	9.595	10.303	10.797	11.209

An increase in the expenditure requirement of £1.614 million is expected over the forecast period.

6 Summary of the 2023/24 Finance Settlement

- 6.1 The Government's calculation of an authority's Core Spending Power includes the Settlement Funding Assessment, together with an assumed level of council tax and some other grant income. The Settlement Funding Assessment is made up of two elements: Revenue Support Grant (RSG) and Business Rates (NDR).
- 6.2 An authority's settlement funding assessment is added to their Council Tax and then reduced by a given percentage to keep within the national control total. From this total the Council's Business Rates baseline and Council Tax income are deducted to arrive at the level of RSG. In years where an authority's entitlement to RSG is zero, increases to business rate tariffs were planned in order to reduce the amount of income retained by an authority.

- 6.3 The provisional settlement for 2023/24 is for one year only. Our figures are shown below:

	2022/23 £'000	2023/24 £'000
NDR Baseline Funding	1,922	1,993
RSG	-	81
Sub-total - SFA	1,922	2,074
Assumed Council Tax	4,728	4,984
S31 Grant – Business rates multiplier	158	340
New Homes Bonus	723	519
Lower tier Grant	86	-
Services Grant	132	75
Funding Guarantee Grant	-	315
Total Core Spending Power	7,749	8,307

- 6.4 The provisional one-year settlement for 2023/24 has left the business rates multiplier unchanged at 2020/21 levels but has confirmed that an inflationary increase will be paid to Councils through a section 31 grant. For this forecast, it has been assumed that for 2024/25 onwards an inflationary increase in NDR Baseline funding will be received, and that the section 31 grant to compensate for lost inflation in previous years will continue.
- 6.5 The Council had previously been informed of a negative RSG sum from 2019/20 onwards. The Government decided that negative RSG would not be deducted in 2019/20, 2020/21, 2021/22 and 2022/23. This decision has been repeated in the Provisional Finance Settlement for 2023/24. In addition the decision has been taken to roll some service grants into RSG, giving the Council a positive RSG figure in 2023/24.
- 6.6 The Government's calculation of core spending power assumes that all District Councils will increase their Band D Council Tax in line with the referendum limit for 2023/24, by whichever is the greater of £5 or 3%. No information around potential Council Tax increases from 2024/25 onwards is currently available.
- 6.7 Notification of New Homes Bonus of £518,900 has been received for 2023/24. This is a one year allocation for 2023/24. As the New Homes Bonus scheme is being withdrawn and no indications around a potential alternative have yet been provided, no income has been assumed for 2024/25 onwards.
- 6.8 The Lower Tier grant received in 2022/23 has been discontinued but the Services Grant has been continued in the 2023/24 settlement, albeit at a lower level. The reduction is to remove the National Insurance compensation previously included, as the increase in National Insurance is no longer being collected. A new Minimum Funding Guarantee has been included in the 2023/24 settlement. It has been assumed that the Service Grant and the Funding Guarantee funding streams will continue in some form going forwards, although this is unknown.

6.9 The settlement provided only limited indications of funding after 2023/24. Whilst overall resources for local government have increased, individual allocations are uncertain, due to the lack of progress on the Fair Funding Review and the current emphasis on Levelling Up. The assumptions made around the continuation of some income streams increase the financial risk for the Council.

7 Council Tax

7.1 As part of the budget setting process, the tax base for the Borough is updated each year to reflect new properties, demolitions and changes to the valuation bands of existing properties. Allowances are also made for properties which are exempt from Council Tax, or where the residents receive discounts. The tax base has been updated for 2023/24 and is attached as Appendix G.

7.2 A review of potential new build in the tax base has taken place, along with a review of exemptions and discounts. Balancing the growth in properties against an expected increase in exemptions and discounts, a growth rate of 1.24% in the tax base has been used in projecting Council Tax income for 2023/24, with 1.5% assumed for 2024/25 onwards.

7.3 The Authority has estimated the Council Tax position that will be brought forward from 2022/23, which is an expected surplus. All major precepting authorities have been notified of the amounts they will receive. North Warwickshire Borough Council will receive a sum of £74,140 for 2023/24.

7.4 In general terms, an inflationary increase in Council Tax is built into the budget on an annual basis. Given the significant pressure on the Council's budget, this budget forecast has used a permitted increase of 2.95% in 2023/24 and has assumed a further 2.95% increase each year in subsequent years.

7.5 A Council Tax increase of 2.95% per annum for ratepayers gives the Council an additional £142,920 in income in 2023/24. The Council could choose to opt for a different Council Tax increase; however, a lower tax increase would not be sustainable. Previous decisions to freeze Council Tax have had an ongoing and cumulative effect on the Council's financial position, reducing council tax income by around £1 million per annum.

7.6 The Government wants to ensure that Council Taxpayers are protected against authorities that impose excessive Council Tax rises. A referendum will be required for any District that proposes a Council Tax increase over 2.99%.

8 Expected Resources

8.1 Expected Resources from the sources covered above are set out in the table below:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Council Tax	(4,986)	(5,210)	(5,444)	(5,689)
New Homes Bonus	(519)	-	-	-
Business Rates	(1,993)	(2,073)	(2,115)	(2,157)
S31 Compensation (Business Rates)	(340)	(353)	(360)	(367)
Additional Business Rates	(500)	(500)	(500)	(500)
RSG	(81)	(84)	(86)	(87)
Funding Guarantee Grant	(315)	(328)	(334)	(341)
Services Grant	(75)	(75)	(75)	(75)
Collection Fund Deficit / (Surplus)	(74)	(85)	(88)	(92)
Total	(8,883)	(8,708)	(9,002)	(9,308)

8.2 With Council Tax increases in line with expected Government guidelines, overall resources will increase over the life of the forecast by £425,000. This increases the gap between expenditure and income, leaving unfunded expenditure as follows:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Unfunded Expenditure	712	1,595	1,795	1,901

9 Requirement to Reduce Annual Expenditure

9.1 In October 2022, this Board agreed that reductions to the budget of £2.55 million would need to be identified over 2023/24 and the following three years. Directors were tasked with reviewing their service areas, with the aim of producing proposals to meet this challenging target.

9.2 The target for reducing the budget was set at £1.9 million for 2023/24. Amounts totalling £516,860, have been reported to Service Boards and are already built into the 2023/24 estimates. Two further proposals have been considered and approved and the budget will be amended to reflect these:

Structure changes in Community Development / Policy Support – these were approved in principle by the Community and Environment Board at its last meeting and are expected to save around £140,000.

Transfer of leisure facilities to a Local Authority Trading company – whilst there is still work needed to set the company up, the Council has decided on the transfer so a reduction reflecting the expected saving on rates could be taken into the budget.

- 9.3 In addition, some proposed reductions have not yet been considered by Members and these are set out below:

Contribution to the LEP – the Council agreed to make an annual contribution to the Coventry LEP for a fixed period, which ends in 2022/23. Given the financial pressure faced by the Council, a decision not to enter a further agreement would save £20,400 per annum.

Corporate Communications – the Council has been managing its communications electronically for the last couple of years. Continuing with this general approach would enable the Council to reduce its costs by £13,340. Hard copies of North Talk could be made available to assist those who don't have ready access to electronic communications, in partnership with Parish Councils and other local facilities.

Mayoral Spending – budget provision of £21,770 is currently made available for mayoral activity. Focusing activity primarily on attendance at local events would enable costs to be reduced. Budget provision of £10,000 would still cover the allowances to both the Mayor and Deputy Mayor and allow around £4,700 for travel and other expenses.

- 9.4 Reductions in the budget, both agreed and proposed, are summarised in Appendix H.

- 9.5 Although the target of £1.9 million was not reached for 2023/24, the draft financial settlement is better than expected and will reduce the immediate shortfall. Even with the approval of the additional reductions set out in paragraph 9.2 and 9.3, the revised forecasts still require budget reductions of £1.9 million over the remainder of the strategy period. If some of these are not approved, then the target for budget reductions will increase. If none of the reductions are agreed, then earmarked reserves of £341,010 will need to be used in 2023/24 to keep balances at the required level. In addition, the target for budget reductions in 2024/25 will increase to £1.841 million, with the overall target increasing to £2.241 million.

- 9.6 Any decision not to increase Council Tax by the assumed 2.95% will lead to a direct loss of funding and would increase the required reduction in expenditure in future years by a further £142,920. Given the expenditure reductions highlighted above, this is not sustainable.

10 **Performance Against the Budget Strategy**

- 10.1 The budget strategy agreed at the October meeting envisaged reductions in expenditure and the following use of balances over the next four years.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Use of / (Contribution to) Balances	102	115	(135)	94
Level of Balances 31 March	1,424	1,309	1,444	1,350
Reduction in Expenditure needed	1,900	100	550	-

- 10.2 Each Board has projected its expenditure requirements up to and including 2026/27, together with financing and other adjustments. Including the reductions in 2023/24 already identified, the expenditure forecast has been summarised and is shown in the table below, together with expected resources:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Spending Requirement	9,595	10,303	10,797	11,209
Cumulative Reduction in Expenditure needed	-	(1,500)	(1,750)	(1,900)
Expected Resources	(8,883)	(8,708)	(9,002)	(9,308)
Use of / (Contribution to) Balances	712	95	45	1
Level of Balances 31 March	1,532	1,437	1,392	1,391

Net expenditure reductions will need to be found in line with the plan to ensure that there are sufficient balances at the end of 2026/27. Additional detail is given in Appendix M.

...

- 10.3 This predicted use of balances is based on limited growth and a 2.95% increase in Council Tax for 2023/24, with increases of 2.95% for subsequent years. The anticipated General Fund balance at 1 April 2023 is £2,244,000, which is higher than expected in the Budget Strategy. This is due to a lower use of balances in 2021/22.
- 10.4 In order to keep the level of balances in each following year broadly in line with the strategy, the need to reduce expenditure in 2024/25 is still significant, at £1.5 million. A further reduction of £250,000 in 2025/26 and £150,000 in 2026/27 will also be needed. This takes the reductions still needed for 2024/25 onwards to £1.9 million.

11 Risks to the Council's Financial Position

- 11.1 As with all types of forecasting, there are certain inherent risks that may affect the financial position of the Council over the forthcoming periods. These risks require that the Council maintains a sufficient level of general reserves. The individual estimate reports to each Board have included a range of potential risks that could impact upon the budgetary position of services. In addition to these specific service risks, there are a number of risks that could impact more

generally on the Council's financial position. The major risks to the Council's budget are highlighted below.

- 11.2 **Business Rates** - the Council has risks it cannot currently quantify, around the retention of business rates in place of revenue support grant and the impact of appeals against valuations. We currently anticipate collecting more business rates than assumed in our baseline funding level. This means that we will retain a proportion of any additional rates collected.
- 11.3 Projections include a benefit of £500,000 in 2023/24. Plans to reset business rates have been delayed but are still expected, and this could remove the growth mentioned above. In this event, the Volatility Reserve will be used to provide an additional £500,000 in 2024/25, 2025/26 and 2026/27, and this has been included in the Strategy.
- 11.4 Any major changes to the Council's tax base through successful appeals, or removal of premises from the rating list over and above those allowed for, could impact on the additional rating income figures mentioned above. Given the increased valuations resulting from the 2022 valuation and the current economic uncertainty, this risk has increased.
- 11.6 **Fair Funding Review** – a national review is planned, which may adversely change the assumed spending need of the council, and therefore the level of government support that is received. The additional resources received in 2023/24 may not continue, or at a different level to that assumed in this forecast.
- 11.7 **New Homes Bonus scheme** – although a scheme for 2023/24 has been announced, there is no detail for further years. The indications seem to be that if it continues, funding will be allocated using a different mechanism.
- 11.8 **Growth in the Borough** – if new homes and estates are delivered in line with expectations, there will be a significant impact on some Council services, for example, refuse and recycling and grounds maintenance. Provision for extra refuse collection has been built into the figures but the actual timing of the additional resources required will need to be monitored and assessed.
- 11.9 **Other Risks** – the current economic position could increase demand for services such as benefits and homelessness could increase, whilst reducing demand in income generating areas. Unexpected changes in the remuneration of the workforce could impact on the financial position, as could any significant loss of employees which required additional resources to complete statutory functions.
- 11.10 An overall risk assessment for 2023/24 has been completed to determine the minimum level of general reserves that the Corporate Director Resources considers it is appropriate for the Authority to hold, and this is shown in Appendix J. This is based on the expected or 'most likely' position and the assumption that not all risks will occur within the next year.

...

- 11.11 As can be seen, the balance between future risks and the adequacy of general reserves held by the Council is a key part in establishing a medium-term financial strategy. Provided that expenditure is reduced in line with the targets identified, the level of balances is expected to remain around £1.4 million over the next four years, although careful monitoring of this will still be necessary. The Council has used some earmarked reserves in 2022/23 to offset some of the additional costs arising from the volatility of the utility markets and the higher than expected pay settlement which limits the ability to do this again in the future.
- 11.12 As already mentioned, there is the potential for the Council to benefit from any additional rates collected, but there is also the risk that if rating income falls, there will be a direct impact on the Council's finances. There is a lot of uncertainty around the collection of business rates and the impact of appeals and refunds.
- 11.13 However, if a general reserve of £1.4 million is held, it is felt that this amount, together with other provisions, reserves and balances held by the Council, is adequate to protect the Council's financial position for both the forthcoming year and in the medium-term.
- 11.14 Although not all risks are likely to occur in 2023/24, there is a real possibility that the position could be worse than that anticipated. It could also be better. Best and worst case scenarios are indicated in Appendix K, and show that in the event of the worst case scenario being realised in 2023/24, the Authority would need to adjust its financial strategy, and manage any changes required in 2024/25. Budgets are monitored throughout the year, with the budgetary position reported to Boards on a regular basis, so the Authority is in a good position to identify risks as they occur.

...

12 Availability of Reserves

- 12.1 The Local Government Act 2003 requires the Corporate Director Resources to make an annual statement on the adequacy of financial reserves. General reserves or balances are held to provide a general contingency for unavoidable or unforeseen expenditure, and also give stability for longer term planning. The level of general reserves held is based on an assessment of the financial risks attached to the budget, and this is covered in section 11.
- 12.2 In addition to its general financial reserves, the Council holds a number of earmarked reserves, for both revenue and capital purposes. It also holds some reserves on behalf of other organisations.
- 12.3 General Council policy has been not to use earmarked reserves to fund ongoing service activity, so that the base budget position is not understated. An exception to this was made with regards to the pandemic and has also been needed in 2022/23 due to the significant pressures brought about by the current economic position. However going forward, further use will not be assumed. So, for example, external grant received in advance for specific projects will be held in an earmarked reserve until the activity takes place and the grant is

spent. Timing differences on particular activities will also be dealt with through earmarked reserves, to remove unnecessary fluctuations in the base budget, whilst ensuring sufficient budget provision is available.

- 12.4 The Council will use earmarked reserves to set aside funding for capital schemes and projects. The main source of revenue funding for the capital programme currently is from the Business Rate Volatility Reserve.
- 12.5 Where earmarked reserves are used for revenue activities, the expenditure is included within the appropriate service budget, together with the contribution from the reserve to offset this. These movements are highlighted in the budget reports considered by Members. As mentioned above, it was agreed to use the Business Volatility Reserve in order to reduce the call on general balances in 2022/23.
- 12.6 The expected position on earmarked reserves at the end of 2022/23 relating to the General Fund is outlined below, with more detail on the larger reserves given in Appendix I.

Earmarked Reserves	Expected Balance 31 March 2023 £000
Capital	3,016
Revenue	6,691
Total	9,707

Some of the reserves set aside for capital are for specific equipment replacement and are not yet due to be spent.

13 **Budget Consultation**

- 13.1 It is planned to use electronic means to carry out budget consultation for 2023/24, in place of the usual meeting set up for business ratepayers.

14 **Council Tax Resolution**

- 14.1 A Council Tax resolution will be prepared for consideration at the Council Meeting, using the recommendations agreed by this Board.

15 **Workforce Estimate for the Year 2023/24**

- 15.1 Within the Authority's revenue and capital estimates, allowances have been made for the required workforce provision. Appendix L sets out the workforce estimates for 2023/24, compared with 2022/23.

16 **Delivering Value for Money**

- 16.1 All Councils will be looking for reductions in net expenditure in the coming year, to sustain their financial position. Efficiencies will be introduced wherever possible to minimise the impact on service provision.

17 **Conclusion**

- 17.1 It is clear that even with Council Tax increases of 2.95%, there is an imperative need to reduce the net expenditure of the Council. Reductions of around £1.9 million will inevitably impact on service levels. However if these expenditure reductions can be achieved, current forecasts indicate that reserves will remain around the minimal acceptable level of £1.4 million by the end of 2026/27, although this is subject to the uncertainties inherent in budgetary forecasting, and subject to the level of Council Tax increase agreed.
- 17.2 There are a number of factors that could affect these forecasts. The major factors are set out in section 11. In addition:
- The Council may struggle to deliver the necessary reductions in the required timeframe.
 - The General Fund currently has no external borrowing. However, there is an underlying borrowing requirement, which may increase costs in the future.
 - The ability to earn income from investments is expected to increase significantly, particularly in the short term. This has been taken into account in the budget forecast, along with assumptions on future movements. Any difference in actual experience will affect the financial projections; this could be beneficial or detrimental and will be reliant on how the economy performs.
- 17.3 The options available to the Council to meet these future pressures are restricted: increases in Government funding, higher increases in Council Tax (subject to a referendum) and reductions in service costs. As service delivery pressures increase, the options for reducing expenditure whilst maintaining existing service levels decrease.

18 **Report Implications**

18.1 **Financial Implications**

18.1.1 As detailed in the body of the report.

18.2 **Legal Implications**

18.2.1 As referred to at section 12 above, the Corporate Director Resources has a statutory duty to prepare a report to the council including information about the robustness of the estimates provided for calculating the budget and the adequacy of proposed financial reserves. In turn, the legislation concerned requires the Council to have regard to the content of the report when making the budget calculations concerned.

18.3 Safer Communities Implications

18.3.1 The Council provides services and takes part in initiatives that work to improve Crime and Disorder levels within the Borough, and provision is included within the budgets for this.

18.4 Environment and Sustainability Implications

18.4.1 The financial strategy is linked to the delivery of targets and actions identified in the Corporate Plan and service plans. Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of these targets and without disrupting essential services. Progress against both performance and financial targets are reported regularly to Service Boards.

18.4.2 Parts of the corporate and service plans directly support the sustainability agenda, for example, recycling and the green space strategy.

18.5 Equality Implications

18.5.1 Equality Assessments should be undertaken when making financial decisions to determine what the adverse impact on individuals or communities will be.

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Financial Strategy 2022/27	NWBC	Report to Executive Board	12 Oct 2022

**NORTH WARWICKSHIRE BOROUGH COUNCIL
COMMUNITY AND ENVIRONMENT BOARD
SUMMARY OF GENERAL FUND REVENUE ESTIMATES**

Codes	Description	Actual 2021/2022 £	Approved Budget 2022/2023 £	Revised Budget 2022/2023 £	Original Budget 2023/2024 £
3072	Polesworth Sport Centre	182,694	117,180	9,490	(3,390)
3073	Polesworth Gym Hub	43,357	-	197,340	228,330
3075	Colleshill Leisure Centre	356,579	285,450	327,610	417,680
3077	Atherstone Leisure Complex	492,977	341,640	518,680	852,180
3082-3	Memorial Hall	142,721	121,680	116,730	159,350
4002	Public Health (Commercial Pollution Control)	237,324	337,700	343,660	379,290
4003	Public Health (Domestic Pollution Control)	25,431	960	3,150	2,140
5000	Domestic Refuse Collection	865,971	688,490	866,570	818,190
5001	Streetscene Grounds Maintenance	63,573	21,240	62,450	40,950
5002	Trade Refuse Collection	(58,406)	(60,020)	(51,190)	(54,530)
5003	Cesspool Emptying	(7,706)	(57,670)	2,170	(20,190)
5004	Recycling	820,902	712,150	1,049,440	865,790
5005	Animal Control	32,935	10,290	12,910	12,690
5006	Abandoned Vehicles	2,804	2,240	3,950	3,470
5010	Amenity Cleaning	576,616	558,080	540,650	598,250
5013	Unadopted Roads	13,874	8,050	8,050	8,290
5014	Flooding And Land Drainage	3,706	-	-	-
5015	Street Furniture	3,576	1,380	1,900	1,440
5016	Atherstone Market	3,219	1,900	2,100	2,770
5019	Green Space Budget	410,105	448,060	455,210	504,160
5021	Public Health (Control of Disease) Act 1984 Burials	4,163	1,670	1,670	1,720
5023	Consultation	1,362	4,740	4,740	4,880
5025	Corporate Policy	57,213	49,190	49,190	20,110
5030	Rural Regeneration	23,819	37,980	37,980	42,450
5034	Landscape	10,982	10,780	11,110	11,440
5040	Marketing and Market Research	2,491	8,930	15,310	7,970
5044	Support to Voluntary Organisations	58,863	56,430	35,550	35,710
5055	Community Development Health Improvement	53,490	42,550	42,620	45,940
5056	Community Development Safer Communities	55,769	61,810	61,810	65,760
5064	QE - Artificial Grass Pitch	(5,740)	(10,610)	(10,610)	(11,590)
7361	England's Rural Heart LEADER Partnership	4,406	-	-	-
72**	Covid-19	77,214	-	-	-
Sub Total	Net Controllable Expenditure	4,556,285	3,802,270	4,720,240	5,041,250
Sub Total	Departmental Support	586,260	702,590	702,590	847,930
Sub Total	Central Support	591,447	628,100	628,100	755,560
Sub Total	Capital	2,189,548	888,950	888,940	889,760
Sub Total	Net Expenditure	7,923,539	6,021,910	6,939,870	7,534,500

**NORTH WARWICKSHIRE BOROUGH COUNCIL
ALCOHOL AND GAMBLING LICENSING COMMITTEE
SUMMARY OF GENERAL FUND REVENUE ESTIMATES**

Code	Description	Actual 2021/2022 £	Approved Budget 2022/2023 £	Revised Budget 2022/2023 £	Original Budget 2023/2024 £
4000	Licensing Authority	(23,759)	(51,030)	(54,470)	(54,430)
4019	Gambling Act Authority	(8,094)	(9,660)	(8,380)	(9,080)
Sub Total	Net Controllable Expenditure	(31,852)	(60,690)	(62,850)	(63,510)
Sub Total	Departmental Support	30,627	37,170	37,170	39,650
Sub Total	Central Support	15,984	4,070	4,070	6,170
Sub Total	Capital Charges	-	-	-	-
Total	Net Expenditure	14,759	(19,450)	(21,610)	(17,690)

**NORTH WARWICKSHIRE BOROUGH COUNCIL
LICENSING COMMITTEE (TAXI & GENERAL) SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES**

Code	Description	Actual 2021/2022 £	Approved Budget 2022/2023 £	Revised Budget 2022/2023 £	Original Budget 2023/2024 £
4001	Licences and Registration	(7,549)	(8,710)	(8,830)	(4,460)
4008	Hackney Carriages	(11,466)	(15,680)	(16,930)	(4,740)
Sub Total	Net Controllable Expenditure	(19,015)	(24,390)	(25,760)	(9,200)
Sub Total	Departmental Support	30,877	62,690	62,690	64,860
Sub Total	Central Support	25,738	3,620	3,620	7,320
Sub Total	Capital Charges	-	-	-	-
Total	Net Expenditure	37,600	41,920	40,550	62,980

**NORTH WARWICKSHIRE BOROUGH COUNCIL
RESOURCES BOARD (REMAINING)
SUMMARY OF GENERAL FUND REVENUE ESTIMATES**

Code	Description	Actual 2021/2022 £	Approved Budget 2022/2023 £	Revised Budget 2022/2023 £	Original Budget 2023/2024 £
3000	Cost of Democratic Services	364,878	369,760	364,230	421,030
3001	Election Expenses	7,880	5,620	7,990	100,120
3002	Registration of Electors	31,296	28,000	28,000	28,620
3003	Non Domestic Business Rates	954	(32,770)	(31,350)	(56,070)
3004	Council Tax Collection	264,571	87,080	202,300	88,590
3050	Finance Miscellaneous	(638,363)	-	(15,200)	-
3051	Compensation and Pension Increases	335,174	345,000	344,100	309,270
3052	Assisted Car Purchase	(289)	(180)	(180)	(120)
3054	Electricity at Work	24,491	19,300	19,300	20,270
3059	Finance Unused Land	3,592	790	790	1,210
3060	Corporate and Democratic Core	161,801	78,730	202,980	88,580
3061	Unallocated Central Support Services	(508)	120,610	120,470	122,110
3065	Coleshill Shops and Flats	(66,664)	(70,700)	(69,440)	-
3067	The Pavilions, Holly Lane	(68,300)	(80,360)	(88,720)	(93,630)
3068	Carlyon Road Industrial Estate	(130,227)	(130,170)	(131,150)	(131,300)
3069	Innage Park Industrial Estate	(218,323)	(226,290)	(215,710)	(233,000)
3079	Maya Bar & Restaurant	(17,046)	(18,830)	(18,750)	(18,880)
3080	Football Stadium	475	-	1,120	-
3084	Homeless Persons	88,436	77,050	74,840	95,300
3085	Meadow House Young People Support	(14,677)	-	-	-
3086	Homeless Project Watling Street Dordon	-	-	-	-
3089	Public Conveniences	40,678	2,580	1,600	-
3094	Customer Contact	39,659	35,540	35,540	1,680
3097	Rent Allowances	99,027	7,760	47,720	22,760
3098	Housing Benefit Administration and Rent Reba	(23,268)	46,740	65,170	29,660
3101	Council Tax Support	31,088	61,140	57,980	217,690
3102	Car Parks	76,773	117,070	55,920	60,170
5008	Private Sector Housing Assistance	27,616	37,180	37,180	40,490
5035	CCTV	6,971	21,670	26,530	4,060
5036	Community Support	177,775	-	-	-
72**	Covid	22,643	-	-	-
	Net Controllable Expenditure	628,113	902,320	1,123,260	1,118,610
	Recharged to Services	(271,520)	(266,890)	(308,910)	(286,480)
	Departmental Support	916,459	967,470	967,470	1,030,270
	Central Support	1,150,970	905,490	922,290	1,138,340
	Capital	208,368	242,030	241,890	229,490
	Resources Board (Remaining) Total	2,632,390	2,750,420	2,946,000	3,230,230

**NORTH WARWICKSHIRE BOROUGH COUNCIL
RESOURCES BOARD (RECHARGED)
SUMMARY OF GENERAL FUND REVENUE ESTIMATES**

Code	Description	Actual 2021/2022 £	Approved Budget 2022/2023 £	Revised Budget 2022/2023 £	Original Budget 2023/2024 £
Various	Chief Executive	211,248	226,620	226,620	243,330
Various	Corporate Director - Resources	909,723	1,092,930	1,092,930	1,181,000
Various	Chief Executive - Other Services	1,124,120	1,230,970	1,245,360	1,385,550
Various	Corporate Director Resources - Community Services	1,374,749	1,371,350	1,381,850	1,519,950
Various	Director of Housing	1,950,314	1,912,320	1,912,320	1,986,230
Various	Corporate Director Streetscape	838,172	1,053,530	1,053,530	1,130,610
Various	Director of Leisure and Community Development	404,844	596,780	596,780	633,580
3006-3039	Building Maintenance Fund	232,397	232,670	232,670	248,100
3040-3041	Council Offices	149,448	183,380	217,070	322,900
3043	Central Telephones	18,658	11,030	11,030	11,390
3045	Recruitment	28,370	25,200	25,200	25,950
3046	Printing and Stationery	54,514	42,040	42,040	30,190
3047	Training	9,432	84,250	84,250	84,510
3048	Depot and Stores	81,034	83,660	90,490	141,730
3110	Postal Services	35,696	55,060	55,060	30,000
3226	Central Services	330,372	-	-	-
3290	Information Services	755,576	760,430	760,430	882,400
3291	Procurement	48,665	99,990	99,990	109,980
3292	Staff Welfare	20,552	26,730	26,730	27,420
3300	Transport Management Account	766,979	848,710	901,860	939,710
	Net Controllable Expenditure	9,344,863	9,937,650	10,056,210	10,934,530
	Recharged to Services	(11,000,991)	(11,918,620)	(11,984,160)	(13,146,490)
	Departmental Support	20,657	25,610	25,610	30,320
	Central Support	1,308,335	1,539,040	1,539,040	1,760,380
	Capital	325,911	416,320	416,320	421,260
	Resources Board (Recharged) Total	(1,225)	-	53,020	-

**NORTH WARWICKSHIRE BOROUGH COUNCIL
PLANNING AND DEVELOPMENT BOARD
SUMMARY OF GENERAL FUND REVENUE ESTIMATES**

Code	Description	Actual 2021/2022 £	Approved Budget 2022/2023 £	Revised Budget 2022/2023 £	Original Budget 2023/2024 £
4009	Planning Control	(51,273)	(61,680)	(87,240)	15,220
4010	Building Control	36,924	35,900	35,200	36,260
4012	Conservation and Built Heritage	52,009	44,580	44,580	48,150
4014	Local Land Charges	(62,735)	(45,080)	(30,140)	(43,500)
4018	Street Naming and Numbering	(51)	(5,830)	(5,830)	(6,160)
Sub Total	Net Controllable Expenditure	(25,126)	(32,110)	(43,430)	49,970
Sub Total	Departmental Support	108,166	156,890	156,890	148,130
Sub Total	Central Support	154,748	127,400	127,400	145,090
Sub Total	Capital Charges	1,481	16,390	16,390	16,390
Total	Planning and Development Board Total	239,268	268,570	257,250	359,580

**NORTH WARWICKSHIRE BOROUGH COUNCIL
EXECUTIVE BOARD SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES**

Code	Description	Actual 2021/22 £	Approved Budget 2022/2023 £	Revised Budget 2022/2023 £	Original Budget 2023/2024 £
2000	Housing Strategic Service Review	5,296	-	-	-
2001	Outreach and Access to Services	55,630	2,300	2,300	-
2002	Corporate Communications	50,894	62,050	53,210	63,390
2003	Community Strategy	58,905	43,970	43,970	49,630
2007	Emergency Planning	7,720	6,160	3,050	6,260
2009	North Warwickshire Local Development Framework	224,505	276,560	217,560	288,410
5050	Support to Parishes	7,452	-	-	-
Sub Total	Net Controllable Expenditure	410,402	391,040	320,090	407,690
Sub Total	Departmental Support	157,870	204,340	204,340	145,500
Sub Total	Central Support	149,531	167,230	167,230	102,140
Sub Total	Capital Charges	4,793	9,870	9,870	-
Total	EXECUTIVE BOARD TOTAL	722,595	772,480	701,530	655,330

SUMMARY OF REVENUE REQUIREMENTS

Revised Budget

2022/2023 Gross Expenditure	2022/2023 Gross Income	2022/2023 Net Expenditure		2023/2024 Gross Expenditure	2023/2024 Gross Income	2023/2024 Net Expenditure
£	£	£		£	£	£
10,034,130	3,094,260	6,939,870	Community and Environment	10,770,750	3,236,250	7,534,500
925,030	667,780	257,250	Planning and Development	1,042,510	682,930	359,580
128,510	109,570	18,940	Licensing	145,650	100,360	45,290
12,890,100	9,891,080	2,999,020	Resources	12,782,000	9,751,770	3,030,230
721,530	20,000	701,530	Executive	658,390	3,060	655,330
12,637,560	12,637,560	-	Council Housing	13,589,210	13,589,210	-
88,290	-	88,290	Contingencies	277,600	-	277,600
377,970	688,700	(310,730)	Additional costs of pay award / additional vacancies	-	-	-
-	955,000	(955,000)	Use of Earmarked Reserves	-	-	-
-	-	-	Further reductions proposed	(341,010)	-	(341,010)
-	515,000	(515,000)	Interest on balances	-	1,160,000	(1,160,000)
-	936,260	(936,260)	Financing adjustment	-	806,420	(806,420)
37,803,120	29,515,210	8,287,910		38,925,100	29,330,000	9,595,100
97,290	-	97,290	Use of balances	-	712,390	(712,390)
37,900,410	29,515,210	8,385,200		38,925,100	30,042,390	8,882,710
1,130,856.51	-	1,130,856.51	Special items - Parish precepts	-	-	-
39,031,266.51	29,515,210	9,516,056.51		38,925,100	30,042,390	8,882,710
		(2,421,960)	Business Rates			(2,493,570)
		(157,890)	S31 Grant - Business Rate Multiplier			(339,580)
		(722,970)	New Homes Bonus			(518,900)
		(86,200)	Lower tier Grant			-
		(132,470)	Services Grant			(74,650)
		-	Funding Guarantee			(314,900)
		-	RSG			(80,840)
		(79,720)	(Surplus) / Deficit on Collection Fund			(74,140)
		5,914,846.51				4,986,130

North Warwickshire Borough Council 2023/24

APPENDIX G

	Band A disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of dwellings		6,709.00	7,459.00	6,447.00	4,024.00	2,559.00	1,376.00	770.00	81.00	29,425.00
Plus additions		30.31	20.25	39.63	34.25	17.50	5.00	5.75	-	152.69
Less reductions		-	-	(1.00)	-	(1.75)	(1.75)	-	-	(4.50)
Less exemptions		(155.00)	(154.00)	(73.00)	(47.00)	(29.00)	(15.00)	(9.00)	-	(482.00)
Less orig. band for disabled		(30.00)	(53.00)	(56.00)	(47.00)	(33.00)	(18.00)	(16.00)	(3.00)	(256.00)
Plus new band for disabled	30.00	53.00	56.00	47.00	33.00	18.00	16.00	3.00	-	256.00
(a) Chargeable dwellings	30.00	6,607.31	7,328.25	6,403.63	3,997.25	2,530.75	1,362.25	753.75	78.00	29,091.19
25% discounts - Adjusted due to annexe disc	4.00	3,386.00	2,868.00	1,999.00	962.00	478.00	230.00	116.00	17.00	10,060.00
50% discounts - Adjusted due to annexe disc	1.00	15.00	7.00	6.00	4.00	4.00	5.00	5.00	7.00	54.00
Total discounts	6.00	2,510.00	2,338.00	1,828.00	805.00	460.00	230.00	125.00	29.00	8,330.00
(b) Discount deduction	(1.50)	(854.00)	(720.50)	(502.75)	(242.50)	(121.50)	(60.00)	(31.50)	(7.75)	(2,542.00)
Former A exemptions (25%)		4.00	5.00	4.00	2.00	-	2.00	1.00	-	18.00
Former C exemptions (2 weeks)		17.00	10.00	9.00	5.00	2.00	3.00	1.00	1.00	48.00
Total former exemptions (single equivalent)		1.65	1.63	1.35	0.69	0.08	0.62	0.29	0.04	6.31
Long Term Empty Premium		29.00	21.00	20.00	7.00	12.00	11.00	15.00	-	115.00
Council Tax Support	8.90	1,184.47	828.78	349.97	114.25	50.87	27.04	9.57	-	2,573.85
Band D equivalent	4.94	789.65	644.61	311.08	114.25	62.17	39.06	15.95	-	1,981.71
(c) Adjustments	-	-	-	-						
(a)-(b)+(c) Net dwellings	19.60	4,581.69	5,787.84	5,559.56	3,643.31	2,364.30	1,280.09	719.89	70.21	24,026.49
Band D equivalents	10.89	3,054.46	4,501.65	4,941.83	3,643.31	2,889.70	1,849.03	1,199.82	140.42	22,231.11
Total Band D		22,231.11								
Collection rate		98%								
Taxbase		21,786.83								

SAVINGS INCLUDED WITHIN 2023/2024

Board	Description	2023/2024 £
C&E	Reduced gate fee for the disposal of recycling	146,230
C&E	Increase in Cesspool charges	20,000
C&E	Reduced subscriptions to voluntary organisations	18,480
Resources	Reduced vodaphone contract cost	3,500
Resources	Lease car savings	6,920
Corporate	Use of Volatility Reserve to fund the purchase of Refuse Vehicles in stead of borrowing	276,720
Corporate	Investment income from the Material Recycling Facility	45,000
	Total Savings Included	516,850

SAVINGS PROPOSED FOR INCLUSION IN 2023/2024

Board	Description	2023/2024 £
C&E	Reduction in Community development / Policy support	140,000
C&E	Move to Digital communications	13,340
C&E	Set up of the LATCo	155,500
Resources	Reduced Mayoral budget	11,770
Resources	Stop the contribution to the LEP	20,400
	Total Further Savings Proposed	341,010

TOTAL POTENTIAL SAVINGS

857,860

EARMARKED RESERVES

Purpose of Reserve	Balance March 2023 £000
Revenue Reserves	
Business Rates – a volatility reserve to cover fluctuations in the level of appeals and rating income	4,608
External Grants Received – Resources received towards specific projects, such as homelessness, welfare reform, neighbourhood plans, delivery of housing sites (local plan), community development and environmental sustainability, which will be spent in future years	1,165
HRA Reimbursement to General Fund – to compensate the General Fund for the loss of investment income	40
Planned Work - the Council has set priorities and initiatives where work is planned and may have been started, but has not yet been completed. Provision has been made from existing budgets to fund this work in future periods. This includes work on conservation, amenity cleaning, recycling promotion and Broadband UK.	245
Approved growth not yet spent – to cover Environmental Issues, HS2 and Health and Wellbeing.	41
Invest to Save – This reserve is to provide ‘pump priming’ for the initial costs that arise from new initiatives, which will ultimately reduce existing costs. Savings achieved will be used to repay the contribution from the Reserve, so that other services will have similar opportunities to implement new schemes.	64
Other – A number of other reserves are held to cover areas such as corporate communications and Sickness fund	83
Contingencies – to cover possible costs arising from non-recovery of VAT.	90
Maintenance of Assets – To cover future maintenance requirements on some council owned assets	149
Training – These funds have been set aside to provide resources for one off training requirements in the future, for both staff and members.	106
Consultation – for consultation with residents of the Borough and service users. The requirement to consult varies from year to year and the reserve allows fluctuations between years to be managed, without affecting other revenue expenditure.	22
Insurance – to cover costs arising from changes to excess levels	78
Capital Reserves	
Equipment Replacement – These funds are earmarked for the future replacement of leisure equipment, CCTV equipment, Play Area equipment, Refuse Freighters and the replacement of PC's.	156
General Fund Capital - Some funding has been set aside for capital spending.	2,860

COUNCIL WIDE - RISK ANALYSIS

	Likelihood	Provision
Income Generation – decrease in fees and charges of 10%	High	500,000
Lower vacancies than expected (provision for vacancies = £200k)	Medium	100,000
Investment Income – loss of cash flow	Medium	170,000
Further Public Inquiries (potential £100k)	High	100,000
Housing Benefit – reduction in reimbursement	Low	43,000
Possibility of overspending the agreed budget by 1%	Medium	130,000
Housing Benefit – Local Authority error & overpayments (£278k)	Medium	90,000
Increased cost of maintaining mechanical equipment	Low	50,000
General Contingency		250,000
Total		1,433,000

Likelihood of Risk

High	100%
Medium	50%
Low	0 –10%

ALTERNATIVE SCENARIOS – GENERAL BALANCES

Best Case

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Estimated use of balances	712	95	45	1
1% increase in the tax base (new homes)	-	(50)	(100)	(150)
Sustained improvement in planning income	(100)	(100)	(100)	(100)
Improvement in leisure income	(50)	(100)	(100)	(100)
Additional surplus in the Collection Fund	-	(20)	(20)	(20)
Contingency provision for the additional refuse round not required in 23/24	(145)	-	-	-
Alternative to New Homes Bonus	-	(500)	(500)	(500)
Potential Use of/ (Cont to) Balances	417	(675)	(775)	(869)
Potential Balances at Year End	1,827	2,502	3,277	4,146

Worst Case

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
	712	95	45	1
Additional 0.5% on the pay award in 2023/24	61	63	65	67
Increase in planning appeals	100	100	100	100
Planning Income is not sustained	100	100	100	100
Improvement in leisure income is not achieved	50	50	50	50
Additional waste collection costs	100	100	100	100
Reduced recovery of housing benefits	40	40	40	40
S31 Grant for business rate multiplier is not maintained		353	360	367
2023/24 Funding Guarantee Grant is a one off		328	334	341
Potential Use of/ (Cont to) Balances	1,163	1,229	1,194	1,166
Potential Balances at Year End	1,081	(148)	(1,342)	(2,508)

WORKFORCE BUDGET

The Board estimates contain the effect of the following changes in employee numbers.

	2022/23 Estimate (original) FTE	2023/24 Estimate FTE
Monthly Paid	319	320
Total	<hr/> 319 <hr/>	<hr/> 320 <hr/>

APPENDIX M

REVISED MEDIUM TERM FINANCIAL FORECAST

	2022/23 Revised £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000
Net Service Expenditure	10,694	11,561	11,610	11,882	12,262
Use of Earmarked Reserves	(955)	-	-	-	-
Investment Income	(515)	(1,160)	(823)	(644)	(620)
Financing Adjustment	(886)	(766)	(484)	(441)	(433)
e/m res - contribution from HRA	(50)	(40)	-	-	-
Requirement to reduce expenditure – 24/25	-	-	(1,500)	(1,500)	(1,500)
Requirement to reduce expenditure – 25/26	-	-	-	(250)	(250)
Requirement to reduce expenditure – 26/27	-	-	-	-	(150)
Net Expenditure	8,288	9,595	8,803	9,047	9,309
Council Tax	(4,784)	(4,986)	(5,210)	(5,444)	(5,689)
NDR – Baseline	(1,922)	(1,993)	(2,073)	(2,115)	(2,157)
NDR – Additional rates	(500)	(500)	(500)	(500)	(500)
Section 31 Grant – business rate multiplier	(158)	(340)	(353)	(360)	(367)
RSG	-	(81)	(84)	(86)	(87)
New Homes Bonus	(723)	(519)	-	-	-
Lower Tier Grant	(86)	-	-	-	-
Services Grant	(132)	(75)	(75)	(75)	(75)
Funding Guarantee Grant	-	(315)	(328)	(334)	(341)
Collection Fund (Surplus) / Deficit	(80)	(74)	(85)	(88)	(92)
Use of / (Contribution to) Balances	(97)	712	95	45	1
Balances at the Year End	2,244	1,532	1,437	1,392	1,391

Agenda Item No 13

Executive Board

13 February 2023

Report of the Chief Executive

**Constitutional and Delegation
Matters**

1 Summary

- 1.1.1 The purpose of this report is to seek approval for some limited constitutional and delegation changes.

Recommendation to the Council

That the delegations and changes to the constitution set out in the report are agreed.

2 Consultation

- 2.1 None given the nature of the matters involved.

3 Introduction

- 3.1 Members will recall that during the discussion regarding the report of the Member Remuneration Panel at its last meeting, the Board expressed a wish to clarify the use of the term 'Deputy Leader' within the constitution.
- 3.2 At present, the term is defined within the constitution as meaning the Chairmen of the Resources, Community and Environment and Planning and Development Boards, whereas in current practice the Deputy Leader of the Council is the Deputy Leader of the largest political group, in this case the Vice Chairman of the Executive Board.
- 3.3 Given the discussion at the last Board, this report suggests a recommendation to full Council to make that change to the definition of Deputy Leader.
- 3.4 As Members will also be aware, the Council has received an indicative allocation of £1.9m in respect of the UK Shared Prosperity Fund and had its investment plan approved by Government before Christmas. The investment plan suggested draft governance similar to the arrangements for the LEADER project. Part of this includes a decision making Panel of Members and it is suggested that this consists of 3 Councillors, politically balanced which at

present would mean 2 Conservatives and 1 Labour. The Board is asked to seek Council approval for this delegation in respect of spending allocations for the UK Shared Prosperity Fund.

The Contact Officer for this report is Steve Maxey (719438).