

**To: The Deputy Leader and Members of the Executive Board  
Councillors D Wright, Bell, Chambers, Deakin, Gosling, Hayfield, D Humphreys, Morson, Reilly, Simpson and Symonds,**

**For the information of other Members of the Council**

For general enquiries please contact Democratic Services, on 01827 719221 or via e-mail [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk).

For enquiries about specific reports please contact the officer named in the reports.

The agenda and reports are available in large print and electronic accessible formats if requested.

## **EXECUTIVE BOARD AGENDA**

**21 July 2021**

The Executive Board will meet in The Chamber, The Council House, South Street, Atherstone on Wednesday 21 July 2021 at 6.30 pm.

The meeting can also be viewed on the Council's YouTube channel at [NorthWarks - YouTube](#).

### **AGENDA**

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests**

#### 4 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members.

Members of the public wishing to address the Board must register their intention to do so by 9:30am two working days prior to the meeting. Participants are restricted to five minutes each.

If you wish to put a question to the meeting, please register by email to [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk) or telephone 01827 719221 / 01827 719226.

Once registered to speak, the person asking the question has the option to either:

- a) attend the meeting in person at the Council Chamber;
- b) attend remotely via Teams; or
- c) request that the Chair reads out their written question.

If attending in person, precautions will be in place in the Council Chamber to protect those who are present however this will limit the number of people who can be accommodated so it may be more convenient to attend remotely.

If attending remotely an invitation will be sent to join the Teams video conferencing for this meeting. Those registered to speak should dial the telephone number and ID number (provided on their invitation) when joining the meeting to ask their question. However, whilst waiting they will be able to hear what is being said at the meeting. They will also be able to view the meeting using the YouTube link provided (if so, they made need to mute the sound on YouTube when they speak on the phone to prevent feedback).

#### 5 **Minutes of the meeting of the Board held on 29 March 2021** – copies herewith, to be approved and signed by the Chairman.

### **PUBLIC BUSINESS (WHITE PAPERS)**

#### 6 **External Auditor's Report** - Report of the Corporate Director – Resources

##### **Summary**

The main purpose of this report is to inform Members of the External Auditors' plan for their work related to the 2019/20 financial year.

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

- 7 **Budgetary Control Report 2021/22 Period Ended 30 June 2021**- Report of the Corporate Director - Resources

### **Summary**

The report covers revenue expenditure and income for the period from 1 April 2021 to 30 June 2021. The 2021/22 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

The Contact Officer for this report is Nigel Lane (719371).

- 8 **Capital Accounts 2020/21** – Report of the Corporate Director – Resources

### **Summary**

The capital accounts for 2020/21 have been prepared. This report shows expenditure for the year, together with the methods of funding used.

The Contact Officer for this report is Nigel Lane (719371).

- 9 **Capital Programme – 2021/21 Final Position** – Report of the Corporate Director - Resources

### **Summary**

The purpose of this report is to update Members on the position of the 2020/21 Capital Programme at the end of March 2021.

The Contact Officer for this report is Daniel Hogan (719337).

- 10 **Annual Governance Statement 2020/21** – Report of the Corporate Director – Resources

### **Summary**

The Annual Governance Statement for 2020/21 sets out the arrangements the Council has put in place for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. These ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for and is used economically, efficiently and effectively.

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

- 11 **Appointment to Boards** – Report of the Head of Legal Services and Monitoring Officer

**Summary**

This report proposes amendments to the membership of Boards and Committees and the appointment of members accordingly following Councillor Rose's cessation of membership of the Labour Group, together with consideration of Councillor Rose's appointment to an outside body.

The Contact Officer for this report is Clive Tobin (719251).

- 12 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2020 - March 2021**– Report of the Chief Executive

**Summary**

This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April 2020 to March 2021.

The Contact Officer for this report is Robert Beggs (719238).

- 13 **Local Development Scheme (LDS) July 2021**– Report of the Chief Executive

**Summary**

This report brings to Members a revised up to date Local Development Scheme.

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

- 14 **Nuneaton and Bedworth Borough Plan Review - Issues & Options (2021) consultation** – Report of the Chief Executive

**Summary**

This report informs Members of the consultation on the Nuneaton and Bedworth Borough Plan Review Issues & Options (2021) consultation. Further comments raised at Board will be forwarded for inclusion along with the Council's initial response.

The Contact Officer for this report is Mike Dittman (719499).

15 **The South Warwickshire Local Plan, Scoping and Call for Sites Consultation (2021) – Report of the Chief Executive**

**Summary**

This report informs Members of the consultation on the South Warwickshire Local Plan, Scoping and Call for Sites (2021) consultation. The Board report relates primarily to the Scoping exercise for the consultation and not in response to the Call for Sites element of the consultation. Any comments raised at Board will be forwarded for inclusion along with the Council's initial response.

The Contact Officer for this report is Mike Dittman (719499).

16 **West Midlands Strategic Employment Study May 2021 – Report of the Chief Executive**

**Summary**

The report brings to board the West Midlands Strategic Employment Study May 2021 for information and consideration of the next steps.

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

17 **Financial Management Code**

**Summary**

To inform Members of the Board on progress in achieving compliance with CIPFA's Financial Management Code.

18 **Exclusion of the Public and Press**

**Recommendation:**

**To consider whether, in accordance with Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

19 **Extract from Executive Board minutes - 29 March 2021**

STEVE MAXEY  
Chief Executive

## NORTH WARWICKSHIRE BOROUGH COUNCIL

### MINUTES OF THE EXECUTIVE BOARD

29 March 2021

Present: Councillor D Wright in the Chair

Councillors Bell, Gosling, D Humphreys, Reilly, Rose, Simpson and Symonds.

An apology for absence was received from Councillor Deakin.

Councillors Bell, Chambers, D Clews, T Clews, Davey, Farrow, Gosling, Hayfield, D Humphreys, Jenns, Lees, McLauchlan, Morson, Moss, Parsons, H Phillips, Reilly, Rose, Simpson, Smith, Symonds and D Wright, were also in attendance. With the consent of the Chairman Councillor Chambers spoke on Minute No 49 (Corporate Plan 2021/22).

#### 45 **Declarations of Personal or Prejudicial Interest**

None were declared at the meeting.

#### 46 **Minutes of the Executive Board held on 15 February 2021**

The minutes of the meeting of the Board held on 15 February 2021, copies having been circulated, were approved as a correct record and signed by the Chairman.

#### 47 **External Auditors' Report**

The Corporate Director – Resources presented the 2018/2019 Annual Audit Letter received from the Council's External Auditors, Ernst & Young LLP.

#### **Recommended:**

**That the report, as presented within Appendix A of the report of the Corporate Director – Resources, be noted.**

#### 48 **Earmarked Reserves 2020/21**

The Corporate Director – Resources informed Members of the balances on the Council's reserves as at 31 March 2021, which were subject to audit, and updated on the proposed use of reserves in 2020/21.

#### **Resolved:**

**That the reserves held at 31 March 2020 be noted.**

49 **Corporate Plan 2021/22**

The Chief Executive presented the Corporate Plan to Members for consideration.

**Recommended:**

- a **That the Corporate Plan, as set out in the Appendix to the report of the Chief Executive, be agreed;**
- b **That the Chief Executive be given delegated authority to finalise the format of the Plan; and**
- b **That the Performance Working Group be expanded to 6 Members (4 Conservative, 2 Labour) in order to consider the performance information to be reported to Members.**

50 **Minutes of the Safer Communities Sub-Committee held on 16 March 2021**

The minutes of the Safer Communities Sub-Committee held on 6 March 2021 were received and noted.

51 **Exclusion of the Public and Press**

**Resolved:**

**That under Section 100a(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

52 **Green Homes Grant: Local Authority Delivery (Phase 2)**

The Director of Housing provided the Board with information about funding which would be received by the Council to support the delivery of energy efficiency measures in both public and private properties.

**Resolved:**

- a **That the Director of Housing be given the authority to make a proposal to access funding for phase 2 of the Green Homes Grant;**
- b **That the supplementary estimate set out at section 5.1.1 of the report of the Director of Housing be agreed; and**

- c That should the funding bid be successful, the Contractors referred to at 5.1.3 and 5.1.4, of the report of the Director of Housing, be appointed to undertake the works as an exemption to Contract Standing Orders.**

**53 Confidential Extract of the Minutes of the Executive Board held on 15 February 2021**

The confidential extract of the minutes of the meeting of the Board held on 15 February 2021, copies having been circulated, were approved as a correct record and signed by the Chairman.

David Wright  
CHAIRMAN

**Agenda Item No 6**

**Executive Board**

**21 July 2021**

**Report of the Corporate Director -  
Resources**

**External Auditors' Report**

**1 Summary**

- 1.1 The main purpose of this report is to inform Members of the External Auditors' plan for their work related to the 2019/20 financial year.

<p><b>Recommendation to Council</b></p> <p><b>That the contents of the External Auditors' report be noted.</b></p>
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**2 Introduction**

- 2.1 The Council's appointed auditors for 2019/20, Ernst & Young LLP, considered the work they needed to carry out relating to the financial year, to meet their audit responsibilities. A report detailing the scope of their work and the audit approach that is being taken is attached as Appendix A.

- 2.2 Delays with the audit of the 2018/19 Financial Statements and the impact of the pandemic had a knock-on effect on the preparation of the 2019/20 Financial Statements. It also affected the normal work programme of the Auditors and the timing of reports brought to this Board. The planning report would normally have been brought to the Board at a much earlier stage.

**3 Report Implications**

**3.1 Finance and Value for Money Implications**

- 3.1.1 These are covered in the Auditors' report.

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

A photograph of a meeting table with several white papers and documents spread across it. Several hands are visible, pointing at different sections of the papers, suggesting a collaborative review or discussion. A smartphone is also visible on the table. The background is slightly blurred, focusing attention on the documents and hands.

**North Warwickshire  
Borough Council**  
**Draft Audit planning report**  
Year ended 31 March 2020

May 2021

Private and confidential

May 2021



Executive Board  
North Warwickshire Borough Council  
Council House  
South Street  
Atherstone  
CV9 1DE

Dear Board Members

### **Audit planning report**

We are pleased to attach our audit planning report, which sets out how we intend to carry out our responsibilities as auditor, for the forthcoming meeting of the Executive Board. The purpose of this report is to provide the Board with a basis to review our proposed audit approach and scope for the 2019/20 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Board's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for North Warwickshire Borough Council. We have aligned our audit approach and scope with these risks, with this plan outlining our planned audit strategy in response.

This report is intended solely for the information and use of the Executive Board and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you at the next Executive Board Meeting on 14<sup>th</sup> June 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Henshaw  
For and on behalf of Ernst & Young LLP

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website ([www.PSAA.co.uk](http://www.PSAA.co.uk)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated April 2018 )" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Executive Board and management of North Warwickshire Borough Council in accordance with the Statement of responsibilities. Our work has been undertaken so that we might state to the Executive Board, and management of North Warwickshire Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Executive Board and management of North Warwickshire Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

# Overview of our 2019/20 audit strategy



# Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Executive Board with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

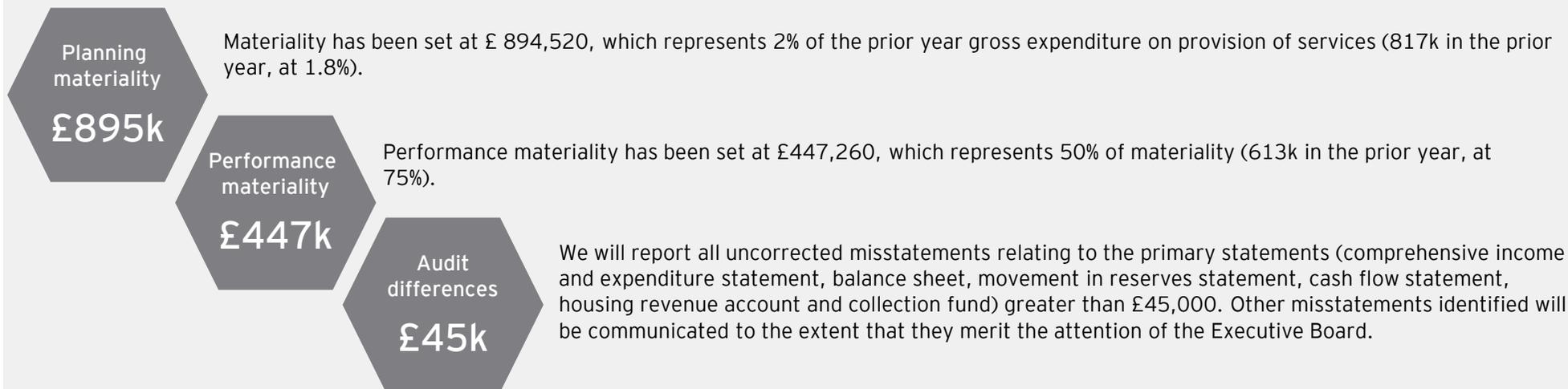
Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. For a local authority, we consider that the potential for the incorrect classification of revenue spend as capital is a particular area of risk.
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Linking to our fraud risk above we have considered the capitalisation of revenue expenditure on property, plant and equipment as a separate risk, given the extent of the Council's capital programme.
Valuation of Council Dwellings, Other land and buildings and Investment Property	Significant Risk	Increased risk	<p>The fair value of Council Dwellings, Other land and buildings and Investment Properties represent significant balances in the Council's accounts, totalling £147,8 million, £17,7 million and £7,5 million respectively at 31 March 2020.</p> <p>These balances are subject to valuation changes, impairment reviews, and depreciation charges. In calculating amounts recorded in the Council's balance sheet, management are required to make material judgements and apply estimation techniques. We consider that where assets are valued at either depreciated replacement cost or existing use value, or on the basis of their market value, the judgments and estimates made by management are more likely to have a significant impact on the valuation of the asset; we will therefore focus our work on assets valued on this basis.</p> <p>A significant risk is also present here due to the use of experts and misstatements identified with regards to valuation of Council Dwellings, Other land and buildings and investment property in the prior year.</p>
NNDR Appeals Provision	Higher Inherent Risk	Increased risk	The Council calculates an NNDR (business rates) appeals provision in relation to appeals made by businesses which believe that the NNDR that they have paid in previous years was inflated due to an unreasonably high RV (Rateable value). The calculation involves a significant amount of estimation uncertainty and typically includes the use of an expert. As such, the value of the NNDR appeals provision is identified as an area which has an increased risk of material misstatement.

# Overview of our 2019/20 audit strategy

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
IAS 19 Valuation	Higher inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the pension fund administered by Warwickshire County Council.</p> <p>The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019 this totalled £35.8 million.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

## Materiality



# Overview of our 2019/20 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of North Warwickshire Borough Council give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

## Audit team changes

Key changes to our team.



### **Engagement Partner - Helen Henshaw**

Helen has over twenty years of audit experience working for EY with significant experience across both the public and private sector.



02

# Audit risks



# Audit risks

## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

### Misstatements due to fraud or error\*

#### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

#### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including:
  - ▶ testing of journal entries and other adjustments in the preparation of the financial statements;
  - ▶ assessing accounting estimates for evidence of management bias; and
  - ▶ evaluating the business rationale for significant unusual transactions.

# Audit risks

## Our response to significant risks

### Risk of fraud in the capitalisation of revenue expenditure\*

#### Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts. These accounts had the following balances in the audited financial statements for 31 March 2019:

Income Account: £47m

Expenditure Account: £45m

#### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For North Warwickshire Borough Council, we consider this risk to be present in:

- Additions to property, plant and equipment; and,
- Inappropriate transfers between the Housing Revenue Account (HRA) and the General Fund.

Linking to our risk of misstatements due to fraud and error above, we have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Council's capital programme.

In addition there is a risk where transfers between the HRA and General Fund result in incorrect treatment of HRA revenue expenditure.

#### What will we do?

In order to address this risk we will carry out a range of additional procedures, including:

- Sample testing additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.
- Testing transfers between the HRA and General Fund to ensure such transfers are appropriate.

## Our response to significant risks

### Valuation of Council Dwellings, Other land and buildings and Investment Property

#### Financial statement impact

Misstatements that occur in relation to the risk of valuation of Council Dwellings, Other and buildings and Investment Property affect multiple balances and disclosures throughout the financial statements

The fair value of Council Dwellings, Other and Buildings and Investment Properties represent significant balances in the Council's accounts, totalling £147,8 million, £17,7 million and £7,5 million respectively at 31 March 2020.

#### What is the risk?

The fair value of Council Dwellings, Other land and buildings and Investment Property (IP) represent significant balances in the entity's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The Authority will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually assets are assessed to identify whether there is any indication of impairment. As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/ overstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Many of the property valuations involve future yields within the calculation. Due to the impact of Covid 19 there is greater uncertainty around the future yields obtainable in relation to properties. As a result, we recognise a significant risk due to enhanced levels of uncertainty in the valuation calculations.

#### What will we do?

We will:

- ▶ Consider the work performed by the external valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation;
- ▶ Test accounting entries have been correctly processed in the financial statements; and
- ▶ Engage EY Real Estates team to perform a review of the valuer's estimation methods and to review the valuation of a sample of assets.

## Audit risks

### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

#### What is the risk/area of focus?

##### **Pension Liability Valuation - inherent risk**

The Local Authority Accounting Code of Practice and IAS 19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Warwickshire County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019 this totalled £35.8 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund (Hymans Robertson LLP). Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

##### **NNDR Appeals Provision**

The Council calculates an NNDR (business rates) appeals provision in relation to appeals made by businesses which believe that the NNDR that they have paid in previous years was inflated due to an unreasonably high RV (Rateable value). The calculation involves a significant amount of estimation uncertainty and typically includes the use of an expert. As such, the value of the NNDR appeals provision is identified as an area which has an increased risk of material misstatement.

#### What will we do?

We will:

- ▶ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS 19.

We will:

- ▶ Review the methodology behind the calculation for the NNDR appeals provision, testing the assumptions used and the calculations applied.
- ▶ Assess the data used in the calculation - agreeing the values and attesting the completeness of appeals by agreeing to third party source information
- ▶ Enquire of management's specialist - obtain an understanding of their input into their process, their qualifications and expertise. Critically evaluate the work performed.

## Audit risks

### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

#### What is the risk/area of focus?

##### Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.'

#### What will we do?

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Council obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ improved transparency with a new reporting requirement for public interest entities, listed and large private companies to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. While the Council are not one of the three entity types listed, we will ensure compliance with any updated reporting requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern.

We will discuss the detailed implications of the new standard with finance staff the during 2019/20 audit ahead of its application for 2020/21.

## Other areas of audit focus (continued)

### Impact of Covid-19

The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for the Council to date has been to ensure the safety of staff and the delivery of business critical activities. However, the financial statements will need to reflect the impact of Covid-19 on the Council's financial position and performance. Due to the significant uncertainty about the duration and extent of disruption, we have referenced the potential impact of Covid-19 on risk areas, such as property and pension valuations, but in addition we wish to highlight the wide range of ways in which it could impact the financial statements. These may include, but not be limited to:

- ▶ Going concern - management's assessment of whether the Council is a going concern will need to consider the impact of the current conditions on the Council's future performance. Additional narrative disclosure will be required, including on the future principal risks and uncertainties, including the impact on operations for 2020/21 and beyond.
- ▶ Revenue recognition - there may be an impact on income collection (Council and Business rates) if businesses and residents are unable to work and earn income due to the lockdown and restriction of movement due to Covid-19.
- ▶ Tangible assets - there may be impairment of tangible assets if future service potential is reduced by the economic impact of the virus. The Council may also have already incurred capital costs on projects where the economic case has fundamentally changed.
- ▶ Receivables - there may be an increase in amounts written off as irrecoverable and impairment of year-end balances due to the increased number of businesses and residents unable to meet their financial obligations.
- ▶ Holiday and sickness pay - the change in working patterns may result in year-end staff pay accruals which are noticeably different to prior years.
- ▶ Government support - any Covid-19 specific government support is likely to be a new transaction stream and may require development of new accounting policies and treatments.
- ▶ Annual Governance Statement- the widespread use of home working is likely to change the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme.

We will provide an update on the impact of Covid-19 on the Council's financial statements, and how we have responded to the additional risks of misstatement, later in our audit.

In addition to the impact on the financial statements themselves, the disruption caused by Covid-19 may impact on management's ability to produce the financial statements and our ability to complete the audit to the planned timetable. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above.



03

## Value for Money Risks





# Value for Money

## Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and,
- Work with partners and other third parties.

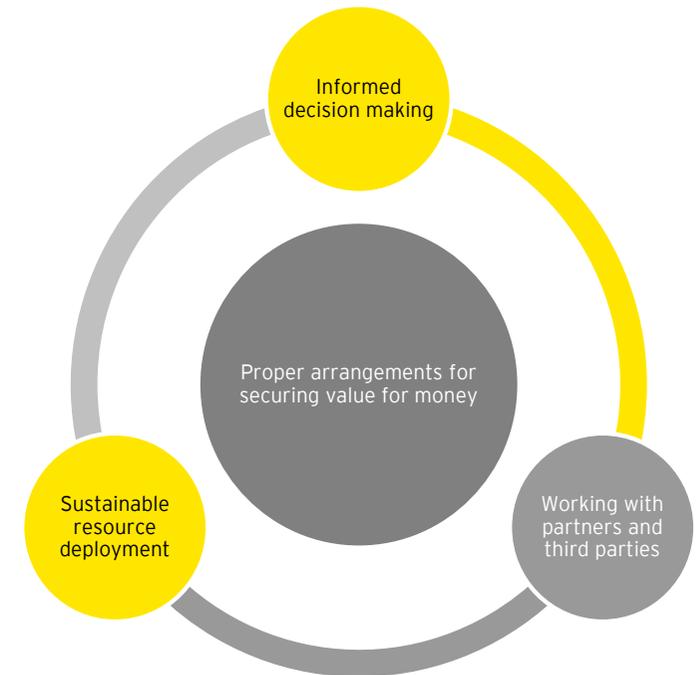
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. On the basis of the planning work we have undertaken to date, we have identified that we expect the presence of a significant risk in our value for money conclusion, in relation to the financial resilience of the Council in respect of budget deficits and therefore significant use of reserves.





## Value for Money Risks

### What is the significant value for money risk?

#### Securing financial resilience

In common with other Local Government entities, the Authority is facing significant financial pressures in the medium term.

The Authority has a General Fund Balance of £2.9m at 31/03/2020.

The Medium Term Financial Strategy (MTFS) provides levels of funding and expenditure requirements which would leave the Authority with adequate reserves at the end of the 2022/23 period. However, the sensitivity analysis within the MTFS shows that with reductions in income due to the phasing out of the New Homes Bonus and other factors, on a worse case basis, the reserve balances would be forecasted at:

- 2020/21 - £1,037k
- 2021/22 - £157k
- 2022/23 - £454k (deficit)

Considering that this is the worse case scenario, it would drive the councils reserves below their required minimum limit and given the uncertainty of the funding settlement post 2020/21 and the financial pressures set out above, we have considered this to be a significant area of focus in forming our value for money conclusion.

### What arrangements does the risk affect?

#### Deploy resources in a sustainable manner.

Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions

### What will we do?

We plan to review:

- ▶ the MTFS including the adequacy of any major assumptions;
- ▶ how the organisation has monitored progress of strategic delivery plans;
- ▶ how the Authority has considered the impact of the Local Government settlement on the MTFS;
- ▶ the adequacy of plans that have been developed to identify future savings and the level of reported savings delivered in year.



04

## Audit materiality



## Materiality

### Materiality

For planning purposes, materiality for 2019/20 has been set at £894,520. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Executive Board confirm its understanding of, and agreement to, these materiality and reporting levels.

### Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £447,260 which represents 50% of planning materiality. This is due to the misstatements identified in the prior year.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund financial statements that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Executive Board, or are important from a qualitative perspective.

**Specific materiality** - We have set a materiality for remuneration disclosures, related party transactions and members allowances. As these disclosures are considered to be of interest to users of the accounts we have adopted judgement in ensuring that we have tested the disclosures in sufficient detail to ensure they are free from material misstatement.



05

## Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

#### Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and,
- Auditor independence.

#### Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

#### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and,
- ▶ Substantive tests of detail of transactions and amounts.

Our intention is to carry out a fully substantive audit in 2019/20 as we believe this to be the most efficient audit approach to obtain the level of audit assurance required to conclude that the financial misstatements are not materially misstated. Although we are therefore not intending to rely on individual system controls in 2019/20, the overarching control arrangements form part of our assessment of your overall control environment and will form part of the evidence for your Annual Governance Statement.

#### **Analytics:**

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Executive Board.

#### **Internal audit:**

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit planning, where they raise issues that could have an impact on the financial statements.



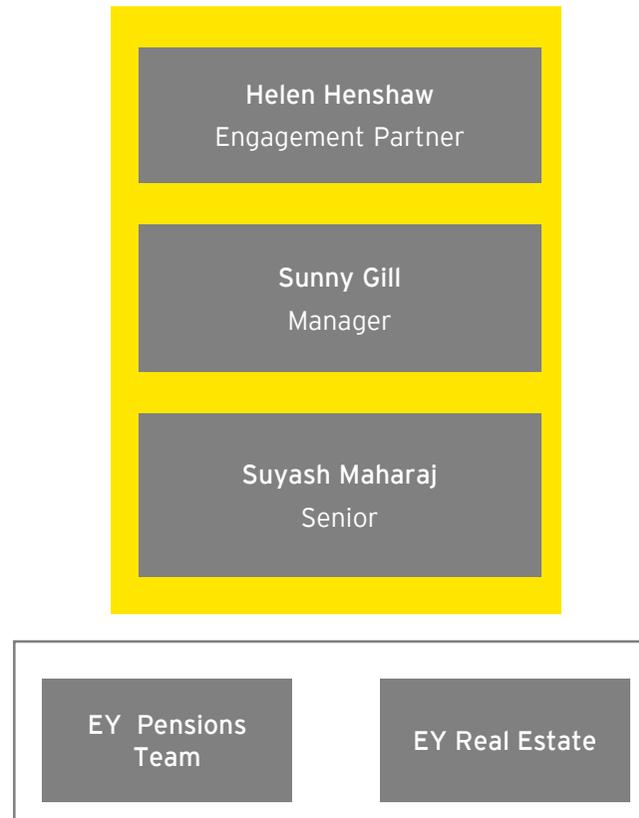
06

## Audit team



## Audit team

### Audit team structure:



### Audit team changes

We recognise that there is a new engagement team for the Council in 2019/20. However, all members of the engagement team have extensive local government experience, and the new team have held extensive handover meetings with the outgoing audit team, ensuring that the transition for the Council will be a smooth process.

## Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings and Investment Property	Management's expert: The Council's external Valuer Auditor's expert: EY Real Estate
Pensions disclosures	Management's expert: Hymans Robertson LLP, actuarial specialists to the Warwickshire Pension Fund Auditor's expert: EY Pensions Advisory Team

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

## Audit timeline





## Audit timeline

# Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the Executive Board and we will discuss them with the Chair of the Executive Board as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Executive Board timetable	Deliverables
Planning: Risk assessment and setting of scopes.	September 2020	Executive Board	Audit Planning Report*
Interim audit testing Walkthrough of key systems and processes	September 2020		
Year end audit	Jan - current 2021		
Audit Completion procedures	July 2021	Executive Board	Audit Results Report Audit opinions and completion certificates
Conclusion of reporting	July 2021	Executive Board	Annual Audit Letter

\* Audit Planning Report presented in June 2021 due to late running and conclusion of the 19/20 audit.



**08**

# Independence



## Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

### Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young LLP (EY) including consideration of all relationships between the you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence; and,</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.</li> </ul>	<ul style="list-style-type: none"> <li>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Written confirmation that all covered persons are independent;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and,</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Helen Henshaw, your audit engagement partner, and the audit engagement team have not been compromised.

### Self-interest threats

A self-interest threat arises when EY has financial or other interests in the Group. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long-outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long-outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and where we do so, we will comply with the policies that you have approved, the Financial Reporting Council's Ethical Standards, and the National Audit Office's Auditor Guidance Note 01. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, We are currently in the process of conducting a housing benefit audit for north Warwickshire borough council. We have applied the necessary policies and have concluded that the ratio of non-audit service fees to audit fees does not exceed 70%. Therefore no additional safeguards are required.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self-interest threats at the date of this report.

### Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self-review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

## Relationships, services and related threats and safeguards

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.  
There are no other threats at the date of this report.

## Other communications

### EY Transparency Report 2020

Ernst & Young LLP (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report was published in November 2020 and can be found here:

[https://www.ey.com/en\\_uk/who-we-are/transparency-report-2020](https://www.ey.com/en_uk/who-we-are/transparency-report-2020)

## New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December 2019 and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

### Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates.
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries.
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation.
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
  - Tax advocacy services;
  - Remuneration advisory services;
  - Internal audit services; and,
  - Secondment/loan staff arrangements.
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firms whose work is used in a group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

### Next Steps

We do not provide any non-audit services which would be prohibited under the new standard.



09

# Appendices



## Appendix A

### Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies.

The duty to prescribe fees is a statutory function delegated to PSAA by the Secretary of State for Housing, Communities and Local Government. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2019/20	Scale fee 2019/20	Fee 2018/19
	£	£	£
Total Fee - Code work	32,618	32,618	32,618
Other non-audit services not covered above (Housing Benefits)	See below	See below	58,500
Scale fee Variation (Additional procedures carried out over our scope of work) -	Note 1	-	*26,764
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>	<b>117,882</b>

*All fees exclude VAT*

#### Non-audit services

For 2019/20 we have a separate engagement letter for the Housing Benefit work, where our fee for this work had been agreed as £15,960 in total plus VAT for the baseline certification work. However, the estimated amount subsequently increased to £30,000 in total, for both the certification of pooling of Housing Receipts and the audit of NDR/Benefits. We will update the amounts for extended testing once the final amount for additional work required is known.

The fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and,
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

\*subject to PSAA approval

#### **Note 1:**

Whilst we will be unable to quantify the scale fee variation required until our work concludes, there are various areas of the 19/20 audit which we know will give rise to a scale fee variation, as follows:

- Impact of Covid-19 on our risk assessment
- Going Concern considerations in light of Covid-19
- Lower level of performance materiality due to volume of prior year errors
- Delays in the receipt of audit evidence

We will provide an update in our Audit Results Report.

## Appendix B

# Required communications with the Executive Board

We have detailed the communications that we must provide to the Executive Board.



Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Executive Board of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud), including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report
Significant findings from the audit	We communicate: <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>▶ Significant difficulties, if any, encountered during the audit;</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management;</li> <li>▶ Written representations that we are seeking;</li> <li>▶ Expected modifications to the audit report; and,</li> <li>▶ Other matters, if any, significant to the oversight of the financial reporting process.</li> </ul>	Audit results report

## Appendix B

# Required communications with the Executive Board (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty;</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and,</li> <li>▶ The adequacy of related disclosures in the financial statements.</li> </ul>	Audit results report	
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation.</li> <li>▶ The effect of uncorrected misstatements related to prior periods.</li> <li>▶ A request that any uncorrected misstatement be corrected.</li> <li>▶ Corrected misstatements that are significant.</li> <li>▶ Material misstatements corrected by management.</li> </ul>	Audit results report	
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Executive Board to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity.</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist.</li> <li>▶ A discussion of any other matters related to fraud.</li> </ul>	Audit results report	
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management;</li> <li>▶ Inappropriate authorisation and approval of transactions;</li> <li>▶ Disagreement over disclosures;</li> <li>▶ Non-compliance with laws and regulations; and,</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit results report	

## Appendix B

# Required communications with the Executive Board (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals' involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats;</li> <li>▶ Safeguards adopted and their effectiveness;</li> <li>▶ An overall assessment of threats and safeguards; and,</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence.</li> </ul>	Audit Planning Report and Audit results report
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations.</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off.</li> <li>▶ Enquiry of the Executive Board into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Board may be aware of.</li> </ul>	Audit results report
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit results report
Representations	Written representations we are requesting from management and/or those charged with governance.	Audit results report
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Audit results report

## Appendix B

# Required communications with the Executive Board (continued)

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Auditor's report	Key audit matters that we will include in our auditor's report: <ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor's report.</li> </ul>	Audit results report
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed.</li> <li>▶ Breakdown of fee information at the completion of the audit.</li> <li>▶ Any non-audit work.</li> </ul>	Audit Planning Report and Audit results report

## Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

#### Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Executive Board reporting appropriately addresses matters communicated by us to the Executive Board and reporting whether it is materially inconsistent with our understanding and the financial statements; and,
- ▶ Maintaining auditor independence.



## Appendix C

# Additional audit information (continued)

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and,
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

## Agenda Item 7

### Executive Board

21 July 2021

#### Report of the Corporate Director - Resources

#### Budgetary Control Report 2021/22 Period Ended 30 June 2021

### 1 Summary

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2021 to 30 June 2021. The 2021/22 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

#### **Recommendation to Council**

**To consider if any further information is required.**

### 2 Introduction

- 2.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services. The figures contained within this report are calculated on this basis.

### 3 Overall Position

- 3.1 Net expenditure for those services that report to the Executive Board as at 30 June 2021 is £148,874 compared with a profiled budgetary position of £188,799; an underspend of £39,925. Appendix A to this report provides details of the profiled and actual position for each service reporting to this Board, together with the variance for the period.

- 3.2 Where possible, the budget to date figure has been calculated with some allowance for seasonal variations, in order to enable a better comparison with actual figures.

#### 3.3 Corporate Communication

- 3.3.1 The production of North Talk has been suspended during the pandemic, leading to an underspend against the budget.

### 3.4 North Warwickshire Local Development Framework

- 3.4.1 A delay in the timing of the work on the Local Development Plan as a result of the pandemic, has given an underspend against the budget.

## 4 Risks to the Budget

- 4.1 The key risks to the budgetary position of the Council from services under the control of this Board are:-

	Likelihood	Potential impact on Budget
The Local Plan process is becoming more costly due to the Duty to Cooperate and also needs to be repeated more often as national guidance requires.	High	High
The Emergency Planning budget may be insufficient to cover the costs of any major local emergency.	Low	High

## 5 Estimated Out-turn

- 5.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. The anticipated out-turn for this Board for 2021/22 is £749,550, the same as the Original Budget.
- 5.2 The figures provided above are based on information available at this time of the year and are the best available estimates for this Board and may change as the financial year progresses. Members will be updated in future reports of any changes to the forecast out turn.

## 6 Report Implications

### 6.1 Finance and Value for Money Implications

- 6.1.1 Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment at future meetings.

### 6.2 Environment and Sustainability Implications

- 6.2.1 The Council has to ensure that it adopts and implements robust and comprehensive budgetary monitoring and control, to ensure not only the availability of services within the current financial year, but in future years.

The Contact Officer for this report is Nigel Lane (719371).

## North Warwickshire Borough Council

## Executive Board

## Budgetary Control Report 2021/22 as at 30 June 2021

Description	Approved Budget 2021/22	Profiled Budget June 2021	Actual June 2021	Variance	Comments
	£	£	£	£	
Housing Strategic Service Review	32,190	8,048	8,048	-	
Outreach and Access to Services	139,720	36,645	35,202	(1,443)	
Corporate Communications	64,740	15,826	11,553	(4,273)	Comment 3.3
Community Strategy	134,200	33,550	33,168	(382)	
Emergency Planning	50,100	12,525	10,985	(1,540)	
N.Warks Local Development Framework	325,610	81,458	49,171	(32,287)	Comment 3.4
Support to Parishes	2,990	747	747	-	
<b>Total Expenditure</b>	<b>749,550</b>	<b>188,799</b>	<b>148,874</b>	<b>(39,925)</b>	

## **Agenda Item No 8**

### **Executive Board**

**21 July 2021**

#### **Report of the Corporate Director - Resources**

#### **Capital Accounts 2020/21**

### **1 Summary**

- 1.1 The capital accounts for 2020/21 have been prepared. This report shows expenditure for the year, together with the methods of funding used.

#### **Recommendation to the Council**

**That the methods of funding to meet capital expenditure incurred in 2020/21 be approved.**

### **2 Capital Expenditure and Financing**

- 2.1 Capital expenditure incurred by the Council in 2020/21 totalled £8,468,469.30 of which £794,560 related to disabled facilities grants received from the government and passed onto the Heart shared service project, leaving £7,673,909.30 spend on council assets. In addition, an amount of expenditure relating to 2019/20, totalling £293,206.12 remained un-funded from the previous financial year. The Authority has used a variety of sources to fund this expenditure.
- 2.2 In preparing the funding statement, the use of resources has been considered with a view to maximising the total resources available to the Council going forward. There are funding conditions attached to some sources of funding and these conditions have prevented the use of additional Right to Buy receipts held for the provision of new build housing properties in 2020/21.
- 2.3 Grants and contributions have been used for the schemes they relate to. Other sources of funding were also used, which include income from earmarked reserves previously approved by Members and capital receipts. Capital creditors 2020/21 are amounts relating to the 2020/21 financial year, which were not paid before the year end and therefore will not be financed until 2021/22.

- 2.4 The funding for the total expenditure of £8,761,675.78 is set out in the table below.

	<b>HRA</b>	<b>General Fund</b>	<b>Total</b>
Capital Receipts	1,721,105.93	718,572.70	2,439,678.63
Grants and Contributions	291,904.33	910,560.00	1,202,464.33
Revenue / Reserves	4,528,500.32	317,581.34	4,846,081.66
Capital Creditors 2020/21	234,950.32	38,500.84	273,451.16
<b>Total</b>	<b>6,776,460.90</b>	<b>1,985,214.88</b>	<b>8,761,675.78</b>

- 2.5 The 2020/21 accounts will include these methods of funding. The accounts of the Authority will not be audited until later in the year. Any adjustments to the funding statement will be reported to this Board following the conclusion of the audit.

### 3 Report Implications

#### 3.1 Finance and Value for Money Implications

- 3.1.1 The funding of the 2020/21 programme uses external resources where possible and has taken the pressure on the General Fund revenue budget into account.

#### 3.2 Environment and Sustainability Implications

- 3.2.1 The Council invests in new and existing assets to enable the provision of services to continue to be delivered to the people of North Warwickshire.

#### 3.3 Links to Council's Priorities

- 3.3.1 The proposed funding arrangements contribute towards the Council's priority of maximising its resources.

The Contact Officer for this report is Nigel Lane (719371).

### Background Papers

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

## Agenda Item No 9

### Executive Board

21 July 2021

#### Report of the Corporate Director - Resources

#### Capital Programme – 2020/21 Final Position

### 1 Summary

- 1.1 The purpose of this report is to update Members on the position of the 2020/21 Capital Programme at the end of March 2021.

#### **Recommendation to the Council:**

- a That the Board notes the level of expenditure incurred to the end of March 2021 against the 2020/21 Revised Capital Programme; and**
- b That the requests to carry forward schemes identified in column 6 of Appendix A be approved and added to the 2021/22 Capital Programme.**

### 2 The Current Position

- 2.1 The Council's Revised Capital Programme for 2020/21, approved by this Board in February 2021, is set out in Appendix A. The Appendix also shows the expenditure incurred on each scheme at the end of March 2021.
- 2.2 The Appendix shows total expenditure of £10,681,594. Payments of £8,468,469 have been made within the financial year, with a further £2,213,125 due to be paid in 2021/22. This gives an under-spend of £955,145 against the approved programme of £11,636,740.

### 3 Outcomes from Capital Expenditure

- 3.1 The £8,468,469 paid on capital schemes in 2020/21 has achieved a number of outcomes, and some of these are highlighted in the following paragraphs.
- 3.2 In terms of housing capital expenditure, the main programmes undertaken in the year related to roof works, external wall insulation and window replacement. Other programmes, such as heating, were affected by the pandemic and started part way through the year. Adaptations to a number of houses were made which has enabled tenants with disabilities to continue living in their current Council property and a number of fire doors in flats were replaced. Major structural works were required at a number of individual

properties within the Multi Trade scheme, following the vacation of properties, and works were carried out to the layby at Hunters Car Park, Baddesley Ensor.

- 3.3 Remedial work to flats is ongoing. Extensive works to the flats at Oldbury View were carried out during the year, with work to the flats at Alder and Heather Court continuing. Within the Housing Vehicle Replacement programme, 12 new Ford Transit Couriers were purchased, together with 3 Ford Transits Vans.
- 3.4 Four new properties have been developed at Trinity Close/Hatters Close, in Warton and further properties for our own stock are now being developed.
- 3.5 On the General Fund, within Information Services, a web mapping update was applied to the Graphical Information System. The planned upgrades to the Payment Management System began in December, with a further upgrade due to take place in 2021/22. Purchases of servers and core switches to enhance the infrastructure of the Application Server have been made and the existing Virtual Server has now been replaced.
- 3.6 The planned replacement of the existing CCTV system has been carried out and will be funded primarily through contributions from Atherstone Town Council.
- 3.7 Within the Vehicle Replacement programme, two mowers, three refuse vehicles and a Ford Ranger were purchased.
- 3.8 Partner contributions of £74,915 have been paid to Coventry City Council for the project to develop the sub-regional Materials Recycling Facility.
- 3.9 Asbestos removal works were carried out in March on the ground floor of the Sheepy Road Depot. The demolition works are scheduled for completion during 2021/22. Engineering works were undertaken at Water Orton Car Park, with the remainder of this scheme taking place in 2021/22.
- 3.10 Within Leisure Services, the approved pitch improvement works have begun at Boot Hill Recreation Ground, whilst at Wood End Recreation Ground, a new gate and footpath have been installed. Various types of equipment have been purchased across the three leisure centres.

#### **4 Committed Spend in 2021/22**

- 4.1 Of the capital programme expenditure of £10,681,594, there are commitments of £2,213,125 which will be required in 2021/22 to fulfil contracts already let or to continue the progress of on-going schemes. These amounts are shown in column (4) of Appendix A.

## **5 Requests to Carry Forward Budget Provision**

- 5.1 Officers are requesting to carry forward budget provision of £872,920, as shown in column (6) of Appendix A.
- 5.2 The Leisure Service is requesting to carry forward the unspent budget for the Gym Equipment at Atherstone Leisure Complex and the underspend in respect of the Play Area Development budget. It is also requested to carry forward £26,700 in relation to the Playing Pitch Strategy budget.
- 5.3 The Streetscape service have requested that the unspent budget on the Pavilions Roof scheme be carried forward. It is also requested to carry forward funding of £30,600 for the demolition phase of the Depot Works scheme.
- 5.4 Information Services are requesting to carry forward the underspends in relation to the Computer Hardware and Software Purchase, Infrastructure Development and Network Infrastructure schemes. It is also requested to carry forward the unspent budget for the replacement of the Environmental Health System.
- 5.5 It is requested to carry forward budgetary provision for the underspend relating to the HRA Vehicle Replacement Programme.

## **6 Report Implications**

### **6.1 Finance and Value for Money Implications**

- 6.1.1 Payments made up to the end of March 2021 amount to £8,468,469, with further commitments of £2,213,315 due for payment in 2021/22. In addition, Members are also requested to carry forward schemes totalling £872,920, where expenditure has been delayed in 2020/21.

### **6.2 Sustainability Implications**

- 6.2.1 Expenditure incurred as part of the Council's Capital Programme enables the Council to continue to deliver a range of services to the people of North Warwickshire which contributes towards improving the quality of life for the communities of North Warwickshire.

### **6.3 Risk Management Implications**

- 6.3.1 If the financial provision requested is not carried forward, the achievement of some of the Council's objectives may be at risk.

### **6.4 Equalities Implications**

- 6.4.1 The Council is required to ensure it meets the requirements of the Equality Act 2010. The Act brings together all previous equality legislation and includes a public sector duty (the equality duty) replacing previous separate duties

relating to race, disability and sex and extends this duty to those with other protected characteristics including age, pregnancy and maternity, sexual orientation, gender reassignment and religion or belief. The capital programme includes some provision for improving accessibility as previously required under the Disability Discrimination Act and extended by the Equality Act 2010. The Equality Act 2010 prohibits direct and indirect discrimination, harassment and victimisation, and provides that three prescribed requirements to make adjustments amounts must be complied with.

The Contact Officer for this report is Daniel Hogan (719337).

	(1)	(2)	(3)	(4)	(5)	(6)
Expenditure Proposals	Total 2020/21 Revised Budget	Payments in 2020/21	Commitments due for payment in 2021/22	Total Variation to Revised Budget	Requests to c/fwd schemes into 2021/22	
<b>HRA Assets</b>						
Staffing	275,540	270,090		(5,450)		
Heating	447,995	150,459	288,000	(9,536)		
Windows and Doors	257,257	41,039	213,600	(2,618)		
Energy Saving Measures	614,561	136,175	183,500	(294,886)		
Disabled Facility Adaptations	400,710	339,873	39,500	(21,337)		
Kitchens & Bathrooms	144,740	1,565	143,000	(175)		
Roofing	503,781	222,455	267,300	(14,026)		
Electrics	1,136,322	1,060,702		(75,620)		
Infrastructure Improvements	-	29,433		29,433		
Remedial Work to Flats	774,784	905,780		130,996		
Alder & Heather Court Flats	184,910	191,414		6,504		
Multi Trade Contract	760,000	1,025,414		265,414		
Housing Vehicle Replacement Programme	332,410	202,292		(130,118)	130,120	
New Build	2,982,920	1,976,146	1,006,700	(74)		
<b>HRA TOTAL</b>	<b>8,815,930</b>	<b>6,552,838</b>	<b>2,141,600</b>	<b>(121,492)</b>	<b>130,120</b>	
<b>General Fund Assets</b>						
Disabled Discrimination Adaptations	5,000	3,800		(1,200)		
Atherstone Leisure Complex - Gym Equipment	250,000	-		(250,000)	250,000	
Play Area Development	200,000	4,931	9,747	(185,322)	185,300	
Playing Pitch Strategy	120,130	53,889	3,256	(62,985)	26,700	
Wood End Recreation Ground	-	35,585	652	36,237		
Leisure Equipment	20,000	14,199	5,800	(1)		
Pavilions Roof	105,000	-		(105,000)	105,000	
Depot Works	70,000	13,725	1,850	(54,425)	30,600	
Materials Recycling Facility	60,000	74,915		14,915		
Water Orton Car Park	59,000	33,935	25,065	-		
Replacement of Vehicles	623,460	632,974		9,514		
Computer Hardware and Software Purchase	40,000	21,032	5,650	(13,318)	13,300	
ICT Infrastructure Development	45,400	10,342	13,755	(21,303)	21,300	
Network Infrastructure	40,000	14,317		(25,683)	25,600	
Payment Management System Replacement	18,000	12,250	5,750	-		
Server Virtualisation	50,000	57,862		7,862		
Environmental Health System Replacement	85,000	-		(85,000)	85,000	
CCTV System	69,560	94,579		25,019		
Capital Salaries - Management	17,970	17,970		-		
Borough Care Lifelines	23,000	5,194		(17,806)		
Disabled Facilities Grants	794,290	794,560		270		
Decent Homes Grants and Works (Private Sector)	25,000	-		(25,000)		
Community Fund Local Partnership	100,000	19,572		(80,428)		
<b>GENERAL FUND</b>	<b>2,820,810</b>	<b>1,915,631</b>	<b>71,525</b>	<b>(833,654)</b>	<b>742,800</b>	
<b>OVERALL TOTAL</b>	<b>11,636,740</b>	<b>8,468,469</b>	<b>2,213,125</b>	<b>(955,145)</b>	<b>872,920</b>	

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**Agenda Item No 10**

**Executive Board**

**21 July 2021**

**Report of the  
Corporate Director - Resources**

**Annual Governance Statement  
2020/21**

**1 Summary**

- 1.1 The Annual Governance Statement for 2020/21 sets out the arrangements the Council has put in place for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. These ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and accounted for and is used economically, efficiently and effectively.

**Recommendation to the Council**

... **That the Annual Governance Statement for 2020/21, attached as Appendix A, is approved.**

**2 Background**

- 2.1 The Council has an approved Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The code was updated in 2020/21 and a copy of that code is available on our website. It has been reviewed and is applicable for 2021/22.
- 2.2 The Annual Governance statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations.
- 2.3 The Council has also reviewed the Chartered Institute of Public Finance Association (CIPFA) Financial Management Code, to ensure its financial management arrangements conform to the governance requirements of the CIPFA Standard.

### **3 Review of the Effectiveness of Internal Audit**

- 3.1 The Council has a system of Internal Control, to which the internal audit system contributes significantly. The internal audit section is responsible for the provision of much of the system, although some responsibilities are carried out by others. Fraud work is carried out within the Internal Audit section. However, a specialist contractor is used for IT audits where necessary. All of these also contribute to internal audit within the authority.
- 3.2 Public Sector Internal Audit Standards require an external assessment of the internal audit service at least every five years. An external assessment was undertaken in November 2017 and identified some areas where improvements could be made. All recommendations were put in place during 2018/19.
- 3.3 The pandemic impacted on all Council services and as a result work had to be reprioritised. The significant increase in home working also meant that accessibility to information was restricted. In addition, there were changes in the Internal Audit Team during the year, which reduced the staff available to work on the audit programme. Whilst fewer audit reviews were completed than planned, the Head of Internal Audit was still able to conclude that the Council has a suitable range of strategies, policies and procedures to address the corporate governance agenda.

### **4 2020/21 Annual Governance Statement**

- 4.1 The Statement (Appendix A) presented to Members this evening for approval provides some narrative around the governance arrangements in place during 2020/21.
- 4.2 Members are kept informed throughout the year about the various areas that make up the system of internal control. Much of this information comes through Board reports. All Boards receive progress reports on the service areas that come within their remit. Higher level reports include progress against the Corporate Plan and budgetary control reports. However, other more detailed reports are used to deal with specific areas, such as Leisure Services and Refuse and Recycling.
- 4.3 Responsibility of monitoring against corporate activity has also been assigned to individual Boards, for example, the Resources Board considers Risk Management and Treasury Management activity and the work of Internal Audit, whilst the Executive Board considers the outcomes of the work of the external auditors.
- 4.4 Where appropriate, all Members are involved in major reviews. Other means are also used to monitor the activity of the Council, such as the use of Task and Finish Groups. In addition, Members are involved in areas such as appeals, and can ensure that agreed policies are being adhered to.

- 4.5 There was a suspension of normal Board activity at the start of the year, whilst arrangements were put in place for virtual meetings. Normal reporting resumed fully from September, with any catch up reporting incorporated.
- 4.6 In reviewing the corporate governance arrangements, a number of areas have been highlighted for further action. These are included within the Annual Governance Statement.
- 4.7 Once approved by this Board, the Statement will need to be signed by the Leader of the Council and the Chief Executive.

## **5 Report Implications**

### **5.1 Finance and Value for Money Implications**

- 5.1.1 The governance arrangements put in place by the Council ensure that its financial position is safeguarded and that only approved expenditure is incurred on behalf of the Council and income is only generated for goods and services it actually provides.

### **5.2 Legal Data Protection and Human Rights Implications**

- 5.2.1 The governance arrangements put in place by the Council ensure that its legal position is safeguarded, it complies with relevant laws and regulations and that expenditure is lawful.
- 5.2.2 Under the requirements of the General Data Protection Regulation and the Data Protection Act 2018 there are new requirements for the processing of personal information. One of the new requirements is to appoint a Data Protection Officer who has responsibility for overseeing compliance with the new legal requirements. This role is being carried out by the Head of Legal Services.
- 5.2.3 The continued implementation of the steps set out in the Annual Governance Statement will ensure that the Council complies with these requirements.

### **5.3 Environment and Sustainability Implications**

- 5.3.1 As part of the Council's governance arrangements, there is a requirement for officers and Members to consider the environmental impacts and sustainability of decisions taken.

### **5.4 Human Resources Implications**

- 5.4.1 There are systems in place which ensure that health and safety considerations are taken into account, along with legal requirements. The Council also has a number of policies which set out expected standards of behaviour for both officers and Members.

## 5.5 Risk Management Implications

5.5.1 The Council manages its risks by having good internal control mechanisms in place. The improvements identified in the statement for the future will strengthen these mechanisms.

## 5.6 Equalities Implications

5.6.1 As part of the Council's governance arrangements, there is a requirement for officers and Members to consider the equalities implications of decisions taken.

## 5.7 Links to Council's Priorities

5.7.1 The governance arrangements ensure that the achievement of the Council's priorities is monitored on a regular basis, and action taken where this is appropriate.

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

## NORTH WARWICKSHIRE BOROUGH COUNCIL

### 2020/21 Annual Governance Statement

#### Executive Summary

#### Responsibility for Governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. To do this, it puts arrangements in place for the governance of its affairs, which include arrangements for the management of risk.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

#### Commitment to Review Governance Arrangements

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of its effectiveness is informed by:

- the work of the Senior Management Team and other managers within the Authority who have responsibility for the development and maintenance of the governance environment;
- work carried out by Internal Audit;
- comments made by the external auditors, Ernst & Young plc, in their annual audit letter and other reports. The external auditors also comment on the value for money achieved by the Council, as part of their opinion on the financial statements;
- feedback from other review agencies and inspectorates;
- the results of user surveys and feedback from residents; and
- feedback from Service Boards and Member Groups.

To ensure that the governance framework remains effective, senior officers and Members have reviewed individual elements of the framework. As part of that review, work has been undertaken by the Council's statutory officers.

Service Boards use Task and Finish Groups or Working Groups to review and scrutinise individual areas, such as Health and Wellbeing.

#### Overall Opinion on the Level of Assurance Provided by Governance Arrangements

The Annual Governance Statement has confirmed that the controls in place have largely continued to operate as intended. There are a few areas where alternative controls were introduced on a temporary basis as part of management arrangements during the pandemic. Where these have resulted in process improvements, they will be incorporated into normal procedures. Otherwise, we will return to previous controls and processes as we return to more normal conditions.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained.

**Significant Governance Issues Identified**

We propose over the coming year to address a number of matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

These include:

- Compliance with the Financial Management Code;
- Restarting our staff appraisal process and continuing to progress workforce planning;
- Resuming the use of internal working groups, suspended during the pandemic, where appropriate;
- The continued use of virtual meetings where appropriate and efficient;
- The provision of additional detail on risk management to Resources Board;
- A review of the revised corporate plan and performance indicators.

**Signed:**.....  
Leader of the Council

**Signed:**.....  
Chief Executive

## Introduction

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on our website.

## Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risks at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance statement has been in place at North Warwickshire Borough Council for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

## Council Structure and Corporate Governance

The Council operates using a Committee system. This involves a number of Service Boards/Committees, responsible for specific areas of activity, which report back to the full Council. This meeting cycle of Board and Council meetings normally runs five times throughout the year. The remit and responsibilities of the Boards and Committee are set out in the Constitution of the Council, and include:

- Executive Board
- Resources Board
- Community and Environment Board
- Planning and Development Board
- Licensing Committee.

We have a number of ways that concerns of any kind can be raised, by employees, Members of the Council or the public. These include Confidential Reporting arrangements and complaint procedures. Any concerns will be followed up by trained investigators and action will be taken in proven cases.

The Council has approved Anti-Fraud and Anti-Money Laundering Policies. We take fraud of any kind seriously, and our first aim is to prevent opportunities for fraud to occur, by building sufficient controls into systems and procedures. The Council also contributes to National and Regional Fraud Initiatives using data matching techniques.

## Statutory Officers

All local authorities are required by law to have officers who fulfil three specific roles. At North Warwickshire Borough Council, these roles are carried out by the following post-holders within the Council:

- The Head of Paid Service – Chief Executive

- The Chief Financial Officer (CFO) – Corporate Director Resources
- The Monitoring Officer – Head of Legal Services (the Corporate Director Streetscape took this role between October 2019 and June 2020)

The Head of Paid Service leads and takes responsibility for the running of the local authority on a day to day basis. The role requires the Chief Executive to work closely with elected Members to ensure strong and visible leadership and direction, ensure staff adhere to the strategic aims of the Authority and follow the direction set by elected Members. The Chief Executive acts as the principal policy advisor to elected Members, delivers the political objectives set by elected Members, leads and develops strong partnerships across the local community to achieve improved outcomes and better public services for local people, and oversees service development and all aspects of management within the Council.

The Chief Financial Officer must be a member of a specified accountancy body. The CFO is responsible for the proper administration of the Council's financial affairs and has specific legislative responsibilities, as he/she has a fiduciary responsibility to the local taxpayer. The CFO's duties include a requirement to report to all the local authority's members, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

The Monitoring Officer effectively acts as the guardian of the Council's constitution and the decision making process. He/she is responsible for advising the Council on the legality of its decisions and providing guidance to elected Members on the Council constitution and its powers. He/she has the specific duty to ensure that the Council, its Officers and its elected Members maintain the highest standards of conduct in all that they do. This includes: reporting to the Council if a decision is unlawful or amounts to maladministration, maintaining Registers of Interests, and arranging for investigations into any matters or complaints referred to the Standards Committee.

### **Management Team**

Two of the statutory officers, the Head of Paid Service and CFO, are members of the Senior Management Team of the Council and the third statutory officer attends as required. The Corporate Director Streetscape is also a member of the Senior Management Team which meets on a weekly basis.

The Council also had three Service Directors for the majority of the year covering: Corporate Services, Housing Services and Leisure and Community Development. These Directors, together with the Senior Management Team and the Head of Development Control, make up the Extended Management Team, who meet on a monthly basis. The Director of Corporate Services post was taken out of the establishment in February 2021. The Head of Legal Services attends meetings of the Extended Management Team.

### **Standards**

The Council expects its Members and officers to maintain appropriate standards of conduct and behaviour. These are set down in codes of conduct, standing orders, financial regulations, policies and processes, which are regularly reviewed. Compliance is monitored on an ongoing basis, and supplemented by information through the complaints and compliments procedure and confidential reporting policy.

Both Members and officers are required to declare gifts and hospitality received, for inclusion on the register of interests maintained by the Monitoring Officer throughout the year.

### **Performance Management**

The Council assesses the needs of the area through the Sustainable Community Strategy process and work with the North Warwickshire Community Partnership. The Corporate Plan is approved before the start of each year and identifies the headline targets for the coming year, which are supported by greater detail within individual service plans. Services are monitored and discussed on a monthly basis at Extended Management Team meetings.

All members of the senior management team contribute actively to cross organisational issues and to corporate decision making to match resources to the authority's objectives. The CFO and monitoring officer provide financial and legal advice and support to elected representatives to inform their decision making.

Normally progress against Corporate Plan targets is reported to senior managers, Management Team and to service boards on a quarterly basis, along with performance indicator information. A final position is collated at the end of the year, which is again reported to Members and is also published on the Council's website. Reduced reporting took place in some areas during 2020/21, due to the need to set up our on line capability to hold virtual meetings. Instead information was reported on a half yearly basis. Members did take the opportunity to update the format of the Corporate Plan for 2021/22.

As well as monitoring achievement of identified outcomes, the Council wants to ensure that an excellent quality of service is provided. It ensures this in a number of ways: obtaining user feedback, through independent inspection and audit and through system reviews. The Council takes part in Peer Challenge reviews periodically. Peer challenges are improvement-focussed and tailored to meet individual councils' needs, to complement and add value to a council's own performance and improvement focus. During March 2021 the Council took part in a virtual LGA facilitated Recovery Panel review.

Obtaining traditional customer feedback was not appropriate, but general feedback on the Council was obtained in different ways. Although contact with vulnerable residents was primarily aimed at providing support, some feedback was received on council services during calls to residents. Feedback through the complaints and compliments process was reviewed as normal.

### **Information Management**

Information management is a key concern for the Council, with all Members and officers having responsibilities for its governance. To ensure compliance with the General Data Protection Regulations, the Council has a Data Protection Officer and a Senior Information Risk Owner.

The Council's Data Protection Officer provides policies, training and guidance to ensure compliance with legislation, and investigates any breaches or suspected breaches that may arise. It is mandatory for all employees to complete an e learning module on data protection issues. Employees are required and encouraged to report suspected breaches, so that processes can be improved.

The Senior Information Risk Owner is responsible for implementing a risk assessment programme and advising the Executive Board of the effectiveness of the Council's information risk management procedures. Requirements for information management are set out in the Council's Information Security Policy. The effectiveness of the Council's arrangements is normally tested annually through a cyber essential assessment, but this did not take place in 2020/21 due to the pandemic. However, the Council's servers were updated during the year,

with the aim of reducing the risk of cyber attacks. In addition, the Council is now actively working with the Warwickshire LRF Cyber Resilience Working Group.

### **Financial Management**

The Chief Financial Officer is responsible for the proper administration of the Council's financial affairs. In England, the CFO has a statutory duty to report to the authority at the time the budget is considered and the council tax set, on the robustness of the budget and the adequacy of financial reserves. With regard to capital spending, there is a statutory requirement to set and arrange the Council's affairs to remain within limits for borrowing and capital investment.

The CFO must also be proactive in the management of change and risk, be focussed on outcomes and help to resource the authority's plans for change and development in the public services it provides.

The Council has comprehensive forecasting and budgeting procedures. A medium term business and financial planning process is used to deliver the authority's strategic objectives, including:

- A 30 year Business Plan for the Council's housing stock to ensure ongoing viability, which is reviewed annually;
- A Medium Term Financial Strategy to ensure sustainable finances for all other Council services, which is updated twice a year, in February and September;
- A Capital Strategy which is updated annually;
- A 3 year capital programme and a 10 year capital projection, which are updated annually;
- A Treasury Management and Investment strategy, which is updated annually; and
- A monitoring process that enables this to be delivered.

Financial information is generally provided on a monthly basis to the Management Team, and three times during the year to each Service Board. Periodic and annual reviews of financial reports indicate financial performance against forecasts for all of the Council's spending. Summary information is also published. Although taking a different format during 2020/21, financial updates were discussed regularly at Management Team. Service Boards received financial monitoring reports, and the MTFs was updated in September in line with usual practice.

Financial Regulations and Contract Standing Orders are in place, for use by all Members and Officers. These ensure there is effective use and control of resources, and robust and transparent decision making. The Financial Regulations were reviewed during the year.

The CFO ensures that the Council's financial management arrangements conform to the governance requirements of the CIPFA Standard. This includes ensuring that all members of the Senior Management Team have the financial capabilities necessary to perform their respective roles. The CFO also accesses expert advice on specific areas such as Treasury Management and VAT, as required.

### **Risk Management**

There are risks involved with the provision of any services, so the Council uses a system of risk management to minimise and manage the risks it faces. It does this by identifying both strategic and operational risks, looking at existing controls in place to reduce these, and amending these or bringing in new controls where this is beneficial.

The system involves an annual review of strategic risks by the Senior Management Team and an annual review by senior managers of operational risks in their service areas. This enables all Senior Managers to complete Annual Statements of Assurance, and to identify actions that are needed to manage risk in the coming year, including the identification of any new risks.

The annual report for 2019/20 was provided during the year, and included information on the strategic risks for 2020/21, as well as the more significant operational risks. Risks are reviewed corporately part way through the year, and specific checking is carried out during the year by the Internal Audit section, as part of their audit work. The Resources Board normally receive a mid year update on risk management activity, but this did not happen in 2020/21 due to the pressures of the pandemic.

As part of our risk management, the Council has insurance in place to cover the risk of loss. The levels of cover and the excess amounts are kept under continual review.

### **Internal Audit**

A key feature of regulations the Council needs to comply with is the requirement for internal audit. A local authority must maintain an adequate and effective system of internal audit of its accounting records and its system of internal control. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's Internal Audit team has demonstrated compliance with the Public Sector Internal Audit standards. The team use a risk based approach to formulate audit plans and determine the scope of audit reviews.

The Council has a zero tolerance to all forms of fraud and corruption, and employs a counter fraud officer who works closely with the Revenues, Benefits and Housing teams to identify, deter and prevent all forms of fraud. We also have a joint working agreement with the Department for Works and Pensions.

### **Responsibilities of Officers and Members**

The Council ensures that it is operating efficiently by specifying the different roles and responsibilities of both Councillors and Officers. The remit of each decision making Board is set down in the constitution, along with the roles of individual Councillors. The Council does not have an Audit Committee, but instead divides the core functions between the Executive Board and the Resources Board. The constitution also outlines the responsibilities of senior officers, and areas where they have been given delegated powers. Employee contracts include job descriptions, and these give the detail of individual roles, for all employees.

The Council uses workforce planning to identify future staffing requirements. This projects future service needs and the workforce that would be needed for their delivery. Recruitment difficulties in some service areas had highlighted the need to review and update workforce plans. Although work was undertaken in some areas, this was not progressed fully across the Council due to pressures arising from the pandemic.

The Council uses an appraisal system to set specific targets for individual staff on an annual basis. These targets reflect their Division's targets in the Corporate Plan and the Divisional Service Plan and are subject to a six monthly review. The appraisal system is also used to assess the training and development needs of individual employees, and ensure that they

have the skills and abilities to carry out the tasks required. Appraisals were generally suspended for the year, due to other pressures. However team meetings continued to monitor performance. Staff surveys were used to gauge the impact of the revised working arrangements on staff and identify potential barriers to performance. Normal communication methods were supplemented by the use of additional electronic mediums.

Induction training is carried out whenever a new Member is elected. After that, Member training is generally identified by individuals, or in response to issues that arise. An exception to this is the area of planning, as increasing changes in planning laws and regulations have resulted in fairly regular sessions being arranged.

### **Impact of Covid on the Council and its Governance Arrangements**

The Council had to adapt to the restrictions of Covid with regard to its working arrangements. Office based staff moved to home working where possible, and as quickly as additional IT equipment could be procured. New processes were introduced within the offices, in order to comply with Covid guidance issued and protect those staff who needed to be in. New procedures were also introduced for front line services, to enable social distancing wherever possible and to ensure appropriate PPE was available and used. Arrangements were revised during the year for some front line services, as lock down arrangements varied.

Alternative control measures were used wherever possible, for example, physical authorisation of documents were replaced by an agreed electronic procedure. In some areas, an alternative control was used, such as the replacement of Health and Safety Group meetings by the Emergency Management Team meeting held on a weekly basis. However some controls were affected, with a reduction in reporting during the early part of the pandemic whilst work was undertaken to enable virtual Board and Council meetings.

The Council provided a number of additional services during the year, ranging from support for the Clinically Extremely Vulnerable (CEV's) at the start of the lockdown, the administration of business grants throughout the year, advising businesses on required Covid measures and assisting with the enforcement of business closures.

The Council suffered a significant financial impact as a result of the pandemic. Some service costs increased significantly due to new working arrangements, and although it was possible to reduce some other costs, there was still an overall increase. The larger impact came as result of lost income. Whilst some government funding was received in compensation, the Council still had a shortfall.

CIPFA brought out a Financial Management Code in October 2019. Local Authorities were required to comply with the Code from April 2021, with 2020/21 used to supplement any shortfalls against the Code. As a result of the additional work due to the pandemic, the planned review against the Code was not completed in 2020/21. The difficulties posed by the pandemic have been recognised and whilst CIPFA still require compliance with the Code, it has been accepted that full compliance from 1 April may not be achievable. Instead, a plan to achieve full compliance during the year should be implemented.

### Evaluation of the Effectiveness of Governance Arrangements

Progress has been made with the implementation of the Corporate Governance Action Plan approved last year:

- The style and format of the Corporate Plan has been updated to highlight the priorities of the Council, and this has been agreed for the 2021/22 Corporate Plan;
- Procedures were set up to enable virtual meetings of Boards and the Council. These were monitored throughout the year, to ensure compliance with legislation;
- Communication with residents and service users was undertaken through a variety of mediums, to ensure it was effective;
- The new Head of Legal Services post was filled from June 2020, providing an increase in legal resource for the Council and strengthening governance arrangements. Work to review and update the constitution progressed;
- The Council's financial position was kept under review, with information provided to the government on a regular basis and claims for income compensation made where possible;
- Workforce planning continued with rationalisation in some areas. Changes in a number of areas were agreed by Special Sub Group and Council as necessary.

The challenges of the last year have been considered in reviewing the governance arrangements of the Council. Although there was a reduction in the frequency of some monitoring reports, it is considered that sufficient were provided to Service Boards to allow them to monitor activity. Management Team provided corporate monitoring across the organisation as an alternative to some officer working groups. A few areas did not receive the same level of attention they would have been given under normal circumstances, for example, transport was not reviewed in the same level of detail.

The assessment against the Financial Management Code was completed by the end of 2020/21, requiring an action plan to achieve any shortfalls against the Code. This will need to be produced and achieved during 2021/22.

Whilst there was a reduction in the volume of internal audit work carried out, due to both the restrictions of the pandemic and a reduction in staff resources, the Head of Internal Audit considers that sufficient work was undertaken to provide an opinion on the Council's control environment. The work undertaken by Internal Audit has enabled the Head of Internal Audit to conclude that the Council has a range of appropriate strategies, policies, procedures and protocols to address the corporate governance agenda.

**Agenda Item No 11**

**Executive Board**

**21 July 2021**

**Report of the Head of Legal Services  
and Monitoring Officer**

**Appointment to Boards**

**1 Summary**

- 1.1 This report proposes amendments to the membership of Boards and Committees and the appointment of members accordingly following Councillor Rose's cessation of membership of the Labour Group, together with consideration of Councillor Rose's appointment to an outside body.

**Recommendation to Board:**

- a That Executive recommend to Council that Councillor Rose remains a member of the bodies referred to in paragraph 3.4 below;**
- b That Executive recommend to Council that, in order to facilitate the above, the number of members of the bodies referred to in paragraph 3.6 are amended and seats on those bodies allocated to groups and Councillor Rose as an independent member as set out in that paragraph; and**
- c That Executive recommend to Council that it considers whether Councillor Rose remains the substitute member appointed to Age UK.**

**2 Consultation**

- 2.1 Councillors D. Wright, Gosling and Rose have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

**3 Report**

**Appointment to Boards**

- 3.1 Members will be aware that the Council is split into political groups. Legislation requires the Council to allocate the seats on various bodies, such as Boards, Committees and Sub-committees in proportion to the number of members of

each political group, and to give effect to those allocations at its Annual Meeting and on the occurrence of certain other events. The legislation does not require a review of membership of those bodies and re-allocation of seats when a member leaves a political group without joining another group.

- 3.2 These requirements are repeated in the Council's Constitution which states that at the Annual Meeting of the Council it shall appoint such Boards, Committees, Panels and Portfolio holders as it is required to appoint, and will decide how many members will serve on each. It also states that the Council can at any time dissolve or alter the membership of any Board, Committee, Panel or Body.
- 3.3 Members will also be aware that in June of this year Councillor Rose gave notice of cessation of his membership of the Labour Group and is now an independent member of the Council rather than a member of a political group. In accordance with its Constitution and previous practices, this authority allocates seats on Boards, Committees, Panels and Bodies to independent members. At this time the Council may therefore review its appointment of bodies and its allocation of seats on those bodies.
- 3.4 It is now proposed that Councillor Rose continues to be a member of the:
  - a) Community and Environment Board;
  - b) Planning and Development Board;
  - c) Alcohol and Gambling Licensing Committee; and,
  - d) Taxi and General Licensing Committee.
- 3.5 Members should note however, that in consequence of allowing Councillor Rose to retain his seats on these bodies, due to the change in composition of the Council as a result of the by-elections in May this year, the remaining allocation of seats on the Council's various bodies would no longer meet the rules on political balance. As a consequence, it will be necessary to increase the number of members of certain bodies and allocate additional seats to groups to ensure that the overall allocation of seats is in accordance with the legislation concerned.
- 3.6 It is therefore proposed that the following changes are made:
  - 3.6.1 Executive Board is reduced to 10 members with an allocation of 7 Conservative members and 3 Labour members;
  - 3.6.2 Resources Board is increased from 11 to 12 members with an allocation of 8 Conservative members and 4 Labour members;
  - 3.6.2 Community and Environment Board is increased from 12 to 14 members with an allocation of 9 Conservative members, 4 Labour members and 1 Independent member; and,
  - 3.6.3 Planning and Development Board is increased to 16 members with an allocation of 10 Conservative members, 5 Labour members and 1 Independent member.

No changes are proposed to any of the other bodies appointed by the Council.

3.7 Details of the proposed allocations and the percentage of membership for each body are included in Appendix A to this report. Members should note that the maximum membership of the Alcohol and Gambling Licensing Committee is fixed by law at 15 members and therefore may not be increased beyond that number.

**Appointments to Outside Bodies**

3.8 Members will also be aware that the Constitution makes provision for the appointment of members to Outside Bodies. These appointments are also made at the Annual Meeting of the Council, although Executive Board has delegated authority to make such appointments.

3.9 At the Annual Meeting of Council in May this year the Council appointed Councillor Smith as its representative on Age UK and Councillor Rose as substitute. Council may now wish to review that appointment and decide whether Councillor Rose remains as the substitute member. If it is decided that an alternative member is appointed as substitute the Council should nominate an alternative member to hold that role.

3.9 Accordingly, Members are asked to determine whether Councillor Rose remains as substitute and, if not, nominate a member for that role.

**4 Report Implications**

**4.1 Legal and Human Rights Implications**

4.4.1 The legal implications are mainly set out in the body of this report. The Council is required to review its allocation of seats to political groups in certain circumstances in accordance with legislation and as reflected in the Constitution. If the Council carries out a review at other times it can not circumvent the requirement for political balance which is contained in the legislation. Carrying out the review and allocating seats as recommended will ensure that the Council continues to meet its obligation to allocate seats on bodies in accordance with the political balance of members.

**4.2 Links to Council’s Priorities**

4.2.1 Good governance in appointment of members to Council Board, Committees and Sub-committees and appointment of members to outside bodies supports the Council’s Priority of Responsible Financial and Resource Management.

The Contact Officer for this report is Clive Tobin (719251).

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

**Note allocation of seats & political balance 2021/22**

Council membership post Councillor Rose's cessation of Labour Group Membership

(35 members therefore 1 member = 2.86% of Council)

<b>Group</b>	<b>Percentage of Council</b>
23 Conservatives	65.7% (23x2.86%)
11 Labour	31.42% (11x2.86)
1 Independent	2.86% (1x2.86)

<b>Body</b>	<b>No. of Members 2020/21</b>	<b>No. of members fixed for 2021/22 (Con / Lab members)</b>	<b>Percentage of groups based on groups at Annual Council</b>	<b>Percentages based on alternative proposals in report &amp; current group membership</b>
			<b>a. Con</b> <b>b. Lab</b>	<b>a. Con</b> <b>b. Lab</b> <b>c. Ind</b>
Executive	10	11 (7/4)	a. 63.64 b. 36.36	10 (7/3) a. 70.00 b. 30.00
Special Sub-Group	6	6 (4/2)	a. 66.6 b. 33.3	No change proposed
Resources	10	11 (7/4)	a. 63.64 b. 36.36	12 (8/4) a. 66.66 b. 33.33

## Note allocation of seats &amp; political balance 2021/22

Community & Environment	13	12 (8/4)	a. 66.6 b. 33.3	14 (9/4/1) a. 64.28 b. 28.57 c. 7.14
Planning & Development	15	15 (10/5)	a. 66.6 b. 33.3	16 (10/5/1) a. 62.5 b. 31.25 c. 6.25
Alcohol & Gambling Licensing *	15	15 (10/5)	a. 66.6 b. 33.3	15 (10/4/1) a. 66.66 b. 26.66 c. 6.66
Taxi & General Licensing *	15	15 (10/5)	a. 66.6 b. 33.3	As for A&GLC
Standards	6	6 (4/2)	a. 66.6 b. 33.3	No change proposed
Safer Communities Sub-committee	11	11 (7/4)	a. 63.64 b. 36.36	No change proposed
LDF Sub-committee	6	6 (4/2)	a. 66.6 b. 33.3	No change proposed

\* appointed / established January 2021 to reflect different legal provisions

Principles for allocations in s15(5) Local Government & Housing Act 1989 – see: [Local Government and Housing Act 1989 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/1989/10/section/15)

**Note allocation of seats & political balance 2021/22**

Total allocation of seats:

Total seats available – 111 (including A&GLC which is strictly not an LGA 1972 Committee so does not need balance)

Conservative – 73 (65.76%)

Labour – 34 (30.63%)

Ind – 4 (3.60%)

## Agenda Item No 12

### Executive Board

21 July 2021

#### Report of the Chief Executive

#### Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2020 - March 2021

### 1 Summary

- 1.1 This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April 2020 to March 2021.

#### **Recommendation to Council**

**That Members consider the performance achieved and highlight any areas for further investigation.**

### 2 Consultation

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

### 3 Background

- 3.1 This report shows the year end position with the achievement of the Corporate Plan and Performance Indicator targets for 2020/21. This is the fourth report showing the progress achieved during 2020/21.

### 4 Progress achieved during 2020/21

- ... 4.1 Attached at Appendices A and B are reports outlining the progress achieved for all the Corporate Plan targets and the performance with the national and local performance indicators during April 2020 to March 2021 for the Executive Board.
- 4.2 Members will recall the use of a traffic light indicator for the monitoring of the performance achieved.

Red – target not achieved (shown as a red triangle)

Green – target achieved (shown as a green star)

## 5 Performance Indicators

- 5.1 The year end returns are subject to review by Internal Audit and therefore may be subject to changes. Any amendments to the returns will be reported to a future meeting of the board. Information for the Forward Planning indicators is currently being collated. An updated appendix will be provided to the board once the returns are finalised.

## 6 Overall Performance

- 6.1 The Corporate Plan performance report shows that 82% of the Corporate Plan targets and 60 % of the State of Borough Indicators performance indicator targets and 25% of the Council Indicators have been achieved. Targets have not been achieved relating to the setting up of a flood forum and development of a sub-regional planning policy for sustainable construction. Some of the targets for the indicators for Environmental Health services, responding to information requests, violence without injury, and for forward planning have also not been achieved. Members should note that the indicator returns for Forward Planning are for the 2019/20 year due to a delay in the collation of the data required. The report shows the individual targets that have been classified as red or green. Individual comments from the relevant division have been included where appropriate. The table below shows the following status in terms of the traffic light indicator status:

### Corporate Plan

Status	Number	Percentage
Green	9	82%
Red	2	18%
Total	11	100%

### Performance Indicators

#### State of the Borough Indicators

Status	Number	Percentage
Green	6	60%
Red	4	40%
Total	10	100%

#### Council Performance Indicators

Status	Number	Percentage
Green	1	25%
Red	3	75%
Total	4	100%

## **7 Summary**

- 7.1 Members may wish to identify any areas that require further consideration where targets are not currently being achieved.

## **8 Report Implications**

### **8.1 Safer Communities Implications**

- 8.1.1 The community safety performance indicators are included in the report.

### **8.2 Legal, Data Protection and Human Rights Implications**

- 8.2.1 The national indicators were specified by the Secretary of State for Communities and Local Government. They have now been ended and replaced by a single list of data returns to Central Government from April 2011.

### **8.3 Environment and Sustainability Implications**

- 8.3.1 Improvements in the performance and quality of services will contribute to improving the quality of life within the community. There are targets and indicators included which contribute towards the priorities of the sustainable community strategy including financial inclusion, core strategy, community safety and affordable housing,

### **8.4 Risk Management Implications**

- 8.4.1 Effective performance monitoring will enable the Council to minimise associated risks with the failure to achieve targets and deliver services at the required performance level.

### **8.5 Equality Implications**

- 8.5.1 There are contributions towards equality related targets and indicators including, informing customers about opportunities to influence decision making, customer access, consultation, domestic abuse and financial inclusion highlighted in the report.

### **8.6 Links to Council's Priorities**

- 8.6.1 There are targets and performance indicators contributing towards the priorities of protecting our countryside and heritage, creating safer communities, responsible financial and resource management, supporting employment and businesses and promoting sustainable and vibrant communities.

The Contact Officer for this report is Robert Beggs (719238).

## 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

Executive Board 20/21										
	Action	Priority	Reporting Officer	Quarter 3	Status	Direction	Quarter 4	Status	Direction	
1	To achieve the savings required by the Medium Term Financial Strategy including a £5 annual rise in Council Tax	Responsible Financial & Resource Management	Executive Board/Special Sub	Sue Garner	Work on savings continued and is still ongoing.	Green	↔	The savings target was achieved	Green	↔
2	To update the Medium Term Financial Strategy in September 2020 and February 2021, to take account of external funding changes relating to Business Rates and the Fair Funding Review	Responsible Financial & Resource Management	Executive Board	Sue Garner	An update of the MTFS was taken to the Executive Board in September. Work on the February update is progressing.	Green	↔	Updates of the MTFS were taken to the Executive Board in September and February.	Green	↔
3	To carry out a full review of the Council's Capital and Investment Strategy by February 2021	Responsible Financial & Resource Management	Executive Board	Sue Garner/Richard Dobbs	An updated position will be reported to Executive Board in February. Work is ongoing.	Green	↔	An updated position was reported to Executive Board in February.	Green	↔
8	To progress the review of the Administrative Services as part of a transformation programme for the Council's operations and, once completed, consider further areas for review, including vehicle maintenance	Responsible Financial & Resource Management	Executive Board/Resources Community and Environment/Safer Communities Sub-Committee/Special Sub	Steve Maxey/Linda Bird/EMT	The revised report, to take into account changes brought on by COVID 19, has now been received, and plan for implementation are being worked up. These will be reported to Members shortly.	Green	↑	Final Structure and JD's have been agreed and produced.	Green	↑
14	To ensure that the Council is prepared for emergencies and has suitable emergency and business continuity plans, as required by the Civil Contingencies Act, and to review both the emergency and business continuity plans, reporting quarterly to Board	Creating Safer Communities	Executive Board	Robert Beggs	Work in response to the coronavirus pandemic is on going. The joint Warwickshire & West Midlands LRF Strategic and Tactical Groups are now meeting twice per week. Warwickshire District and Borough Councils share representation at both groups. The key contacts for the Council's Emergency and Business Continuity cascade were updated in December. An EU Exit working group has been meeting on a joint Warwickshire & West Midlands LRF basis. No significant issues are apparent during this period for our business continuity due to the coronavirus or from the EU Exit to date.	Green	↔	On going responses being made to the coronavirus pandemic. The joint LRF arrangements are still in place although to a less frequent level. Increases in the rates of COVID 19 in North Warwickshire have been responded to robustly with enhanced levels of targeted communications being arranged. Weekly Incident Management Team meetings with Public Health and other partners held. A revised emergency plan call out cascade will be prepared for the new year. The LRF usual working groups are gradually being brought back on stream.	Green	↔
15	To establish a North Warwickshire Flooding Forum and continue to work with Warwickshire County Council, the Environment Agency and local communities to mitigate the effects of, and protect against, the impacts of localised flooding and to update as part of the quarterly performance reports	Creating Safer Communities	Executive Board	Richard Dobbs/Steve Maxey	Work on setting up a flood forum has been delayed due to COVID 19 restrictions. Progress with implementing measures at Piccadilly is being made. Works to line sections of the sewer are planned. The County Council are in discussions with a land owner about mitigation works on the Thistle Brook watercourse. Recent periods of severe weather warnings and high rainfall have not seen significant flooding events.	Amber	↑	Work on setting up a flood forum has been delayed due to COVID 19 restrictions. During quarter four some flood alerts were issued by the Environment Agency. Some flood sacks were distributed to a small number of areas. No significant flooding incidents have been seen. The stocks of our aqua sacks and sandbags was supplemented in December. Work with the Local Resilience Forum on the Warwickshire Flood Response Plan starting to be re-established.	Red	↑
30	To progress the Local Plan through Inquiry towards adoption and commence further work as agreed by the Local Development Framework Sub-Committee, including work to protect valued views, Member steering groups on major allocation sites (to include Section 106 requirements) and consideration of work for the next Local Plan period (2033-2045)	Protecting our Countryside & Heritage	Executive Board/Planning & Development Board/LDF Sub-Committee	Dorothy Barratt	Local Plan work is continuing with adoption expected early 2021. Virtual Hearings are in the process of being arranged with the Planning Inspectorate.	Green	↔	Main Modification consultation ended on 14 April. The 46 representations were sent to the Local Plan Inspector. His final report is awaited.	Green	↔
48	To ensure that, as part of the Council's corporate Communications Strategy, we effectively engage residents, businesses and all sections of our communities to inform them of the Council's services and priorities and made clear the opportunities for them to be involved in decision making via consultation and social media, including developing an Engagement Strategy by December 2020, reviewing the operating model of North Talk and an events calendar.	Promoting Sustainable & Vibrant Communities	Executive Board	Linda Bird/Steve Maxey	Engagement activities are principally focused on COVID activities.	Amber	↔	Engagement activities are principally focused on COVID activities.	Green	↔
49	To develop an Economic Development Strategy focusing in particular on reducing the reliance on logistic industries in favour of industries promoted by the UK and WM Industrial Strategies, working with Warwickshire County Council, including projects which could attract funding from the proposed UK Shared Prosperity Fund, by December 2020	Supporting Employment & Business	Executive Board	Steve Maxey	A draft Economic Strategy has been produced and will be considered by the COVID 19 Member working group. This has been delayed slightly due to Officers needing to concentrate on the final Local Plan hearings in the latter part of 2020, and the need to consider the economic impacts of further phases of the COVID 19 outbreak.	Amber	↔	A draft Economic Strategy has been produced and will be considered by the COVID 19 Member working group. This has been delayed slightly due to Officers needing to concentrate on the final Local Plan hearings in the latter part of 2020, and the need to consider the economic impacts of further phases of the COVID 19 outbreak.	Green	↔
50	To continue to work with partner organisations in the Coventry, Warwickshire and Hinckley Joint Committee and West Midlands Combined Authority and to consider further options for joint work in the light of Central Government proposals for greater devolution, if this proves beneficial to the local economy	Supporting Employment & Business	Executive Board	Steve Maxey	A White Paper is expected at some point this year setting out the next steps with regard to devolution to local areas	Amber	↔	A White Paper is expected at some point this year setting out the next steps with regard to devolution to local areas	Green	↔
62	Examine the case for a sub-regional Planning Policy Framework for sustainable construction to ensure high levels of sustainability for new buildings in the Borough	Tackle Climate Change	Executive Board/Planning & Development Board	Steve Maxey	This will be picked up as part of the joint work on spatial planning which has been delayed slightly due to the COVID outbreak. The work programme for the joint spatial planning work has now been drafted and progressed by the CSW group of planning officers	Amber	↔	This will be picked up as part of the joint work on spatial planning which has been delayed slightly due to the COVID outbreak. The work programme for the joint spatial planning work has now been drafted and progressed by the CSW group of planning officers	Red	↔

NWPI Executive Board 20/21

Ref	Description	Section	Priority	Year End Target 202/21	Outturn 2019/20	April - Mar Performance	Traffic Light	Direction of Travel	Comments
<b>Council Performance Indicators</b>									
NWLPI 158	To respond to all complaints and requests for service within three working days	Env Health (C, L & HP)	Public Services and Council Tax	99	98	97.00%	Red	↓	The Environmental Health Department has had a massive increase in service requests up from 1309 responded to with 3 working days in 2019/2020 to 5185 in 2020/2021 within 3 working days. The team during this time were 3 members of staff down.
NWLPI 162	Percentage of Freedom of Information replies dealt with within 20 days	Policy Support	Public Services & Council Tax	100	94%	81%	Red		646 Freedom of Information requests and 11 Environmental information requests received, 518 completed within 20 days, 67 over 20 days and 61 outstanding and overdue. In addition 14 data protection related requests received and 12 dealt within specified timescales and 1 outstanding.
New	The number of LG & Housing Ombudsman complaints determined as maladministration	Policy Support	Public Services & Council Tax	0	0	0	Green	↔	No complaints investigated by the LG & Social Care Ombudsman determined as maladministration. Annual Review letter is expected in July. No complaints determined by the Housing Ombudsman.
NWLPI 126	% permitted process inspections carried out within scheduled timescale	Env Health (C, L & HP)	Public Services & Council Tax	100	50%	0	Red	↓	Due to Coronavirus, the increase in the number of service requests, planning applications and being a member of staff down long term has resulted in no permitted process inspections being carried out.
<b>State of the Borough Indicators</b>									
NWLPI 153	Number of burglary residential dwellings	Policy Support	Crime and Disorder	193	194	101	Green	↓	The levels of burglary residential dwelling have decreased by 93no compared to last year. The 2021/22 Strategic Assessment shows that residential burglary dwellings have seen the largest reduction, almost half, in the serious acquisitive crime priority area. The COVID 19 pandemic has influenced the levels seen. A downward trend was seen prior to the lockdown restrictions. Some indication of increases are being seen although the volumes are lower than last year.

Ref	Description	Section	Priority	Year End Target 202/21	Outturn 2019/20	April - Mar Performance	Traffic Light	Direction of Travel	Comments
NWLPI 154a	Number of violent offences with injury in the local authority area	Policy Support	Crime and Disorder	540	541	479	Green	↓	The levels of violence with injury have decreased by 11%. The latest Strategic Assessment shows that assault without injury are increasing whilst with injury offences are decreasing . Atherstone North and Central Wards are the main wards affected. The strategic assessment for 2021/22 has identified violent crime has a priority with a focus on knife crime, domestic abuse and alcohol related offences.
NWLPI 154b	Number of violent offences without injury in the local authority area	Policy Support	Crime and Disorder	969	970	1097	Red	↑	The levels of violence without injury increased by 13%. Increases are due to the increasing levels of malicious communications, controlling or coercive behaviour, harassment and stalking offences being recorded as a result of Home Office Counting Rules continuing to change. Atherstone Central and North wards are the most affected wards for both violence with and without injury offences
NWLPI 155	The number of vehicle crimes in the local authority area	Policy Support	Crime and Disorder	581	582	406	Green	↓	The level of vehicle crimes decreased by 30% overall. The Strategic Assessment shows that theft from a vehicle offences account for just over half (52%) of all serious acquisitive crimes. Fillongley and Curdworth wards have the highest offence rates. The locations of Corley Services and Hams Hall are both significant contributions to the levels.
@NW:NI032	Violence Against the person with injury Offences related to Domestic Violence	Policy Support	Crime and Disorder	211	212	167	Green	↓	The levels of violence with injury relating to domestic abuse has decreased by 21%. 35% of the violence with injury offences were related to domestic abuse. The latest Strategic Assessment shows that overall domestic related violence offence levels have remained fairly stable. Some restricted access to some support services during the lockdown period has been seen. The Domestic Abuse Counselling Services working in North Warwickshire have seen an increase in referrals.
@NW:NI047	People killed or seriously injured in road traffic accidents	Policy Support	Crime and Disorder	62	42	40	Green	↓	The number of killed and serious injuries during April to March 20/21 shows a reduction of 2 KSI's. The latest strategic assessment has recommended that road safety remains a priority for North Warwickshire. The lockdown restrictions have influenced the levels of traffic generally. Analysis of the impacts of the restriction is being carried out by the County Council.

Appendix B  
Performance Indicators

Ref	Description	Section	Priority	Year End Target 202/21	Outturn 2019/20	April - Mar Performance	Traffic Light	Direction of Travel	Comments
NWLPI 008	The percentage turnout for local elections	Democratic Services	Public Services & Council Tax	39		-	-	-	No local elections during this period
NW: NI 154	Net additional homes provided	Forward Planning	Countryside and Heritage	265	223	223	Red	↓	Although housing completions for 2019/2020 were less than expected, 84% of target, it is considered that the adoption of the Local Plan will result in completions rising again. This view is supported by the good 5 year housing land supply under NI159
NW: NI 155	Number of affordable homes delivered	Forward Planning	Countryside and Heritage	53	28	28	Red	↓	This corresponds to the lower than expected overall completions, 53%.
NW: NI 159	Supply of ready to develop housing sites	Forward Planning	Countryside and Heritage	100.00%	142.78%	142.78%	Green	↑	This equates to 7.13 years of housing land supply
NWLPI 015	Percentage of new homes built on previously developed land	Forward Planning	Countryside and Heritage	35.00%	14.00%	14%	Red	↔	The opportunity to develop on previously developed land (pdl) is decreasing and those remaining often have greater barriers to delivery. The amount of pdl has also been affected by gardens and agricultural buildings being designated as greenfield rather than pdl.

Please note figures for NI 154, NI 155, NI 159 and NWLIP 015 are for 2019/20 and expressed mainly in percentage format.

**Agenda Item No 13**

**Executive Board**

**21 July 2021**

**Report of the Chief Executive**

**Local Development Scheme (LDS)  
July 2021**

**1 Summary**

- 1.1 This report brings to Members a revised up to date Local Development Scheme.

<p><b>Recommendation to Executive Board</b></p> <p><b>That the Local Development Scheme is approved.</b></p>
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**2 Consultation**

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

**3 Local Development Scheme**

- 3.1 This report brings to Members an update of the Local Development Scheme (LDS) to reflect the work that is to be carried out and to ensure that the legal process for the production of the documents is adhered to.

- ... 3.2 The revised document is attached as Appendix A. It can be altered / updated at any time.

- 3.3 The revised LDS reflects the likely adoption of the Local Plan in September 2021.

- 3.4 The Gypsy and Traveller Development Plan Document continues to be part of the work programme.

- 3.5 The LDS also lists the Supplementary Planning Documents (SPD's) which it is intended to produce.

**4 Report Implications**

**4.1 Finance and Value for Money Implications**

- 4.1.1 The costs of the programme of work are funded through the Local Development Framework budget.

## **4.2 Legal and Human Rights Implications**

4.2.1 It is a requirement of the Planning and Compulsory Purchase Act 2004 that a Local Development Scheme is prepared, and maintained, outlining the work programme to produce the various Local Development Documents required under that Act and other legislation. The Scheme must also specify the geographical area to which each such document relates, set out those documents which will be prepared jointly with others and give a timetable for preparation of the documents concerned.

## **4.3 Environment and Sustainability Implications**

4.3.1 Sustainability appraisals are required to accompany all Local Development Documents identified by this Local Development Scheme. Consultants are engaged to work alongside the Forward Planning Team. The Local Development Scheme and the associated plans and documents take into account evidence of housing needs, landscaping appraisal, habitat biodiversity audit and other assessments to inform future development frameworks. All the various assessments help inform a sustainability appraisal.

## **4.4 Equality Implications**

4.4.1 An equality impact assessment has been carried out on the Local Plan which sets out the overarching spatial vision for the Borough over the next 15 years.

## **4.5 Links to Council's Priorities**

4.5.1 The delivery of the Local Development Framework is linked to all of the Council priorities.

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

***Local Development  
Scheme  
for  
North Warwickshire***

**July 2021**



**North Warwickshire  
Borough Council**

- 1 North Warwickshire Borough Council is required by the Planning and Compulsory Purchase Act 2004 to prepare and maintain a Local Development Scheme (LDS). An LDS sets out a timetable for the production of new or revised Development Plan Documents (such as a Local Plan) over a three-year period to 2024. It is regularly reviewed to keep it up to date. This LDS version supersedes previous versions.
- 2 The Development Plan Documents for North Warwickshire will be following the adoption of the Local Plan:
  - North Warwickshire Local Plan 2021 – this will replace the North Warwickshire Core Strategy (adopted October 2014) and saved policies from the 2006 Local Plan
  - Warwickshire Waste Core Strategy (adopted July 2013)
  - Warwickshire Minerals Local Plan
  - Arley Neighbourhood Plan
  - Austrey Neighbourhood Plan
  - Coleshill Neighbourhood Plan
  - Fillongley Neighbourhood Plan
  - Hartshill Neighbourhood Plan
  - Mancetter Neighbourhood Plan
- 3 The Statement of Community Involvement was adopted in April 2007 and was updated during the lockdown for the pandemic reflecting the difficulties of depositing documents at the Council House, libraries, etc... The document will be reviewed in 2021 to see if it requires further updating.
- 4 A further 6 Neighbourhood Plan Areas have been formally designated. These are:
  - Atherstone Town Council
  - Corley Parish Council
  - Nether Whitacre Parish Council
  - Polesworth Parish Council
  - Dordon Parish Council
  - Water Orton Parish Council
- 5 Consideration of a CIL (Community Infrastructure Levy) charge is ongoing and it is envisaged that if approved a charging schedule would be in place by 2023.
- 6 This LDS confirms the updated work programme which is attached as Appendix A.
- 7 The Borough Council is looking to adopt the new Local Plan by September. This document will replace the 2014 Core Strategy and saved policies from the 2006 Local Plan. The evidence underpinning the Local Plan will be reviewed over the next few years to assess as and when a review will be required.
- 8 The needs of the Gypsy & Traveller community have been incorporated into the new Local Plan. However new evidence requires additional sites / pitches being brought forward so a separate development plan document will be prepared.
- 9 The Minerals and Waste Documents are the responsibility of Warwickshire County Council. The County Council is reviewing the Minerals Plan and it is currently at

examination. Further information can be found on the County Council's website: [www.warwickshire.gov.uk](http://www.warwickshire.gov.uk).

- 10 With the adoption of the Local Plan the focus of the Forward Planning team will move to the implementation of the Local Plan. A number of Supplementary Planning Documents (SPD's) will be prepared to assist with the interpretation of policy. These are also outlined in Appendix A.

**Appendix A**

**Development Plan Document**

<b>Document Title</b>	<b>Subject matter and geographical area</b>	<b>Chain of Conformity</b>	<b>Consultation</b>	<b>Publication of Submission Draft DPD &amp; Public Consultation</b>	<b>Submission and Examination of DPD</b>	<b>Adoption and Publication of DPD</b>	<b>Policies it will replace</b>
<b>North Warwickshire Local Plan</b>	Planning policies for the whole Borough	NPPF	Various	Various	Various	Likely to be September 2021	Core Strategy and save policies
<b>Gypsy and Travellers DPD</b>	It will look at allocating sites for the Gypsy and Traveller community.	Local Plan and NPPF	Winter 2021	Spring 2022	Mid 2022	Late 2022 / Early 2023	N/A

**Supplementary Planning Documents**

<b>Document Title</b>	<b>Geographical area</b>	<b>Chain of Conformity</b>	<b>Consultation</b>	<b>Adoption of SPD</b>
<b>Developer Contributions</b>	Whole Borough	Local Plan	Winter 2021	Autumn 2022
<b>Residential Design SPD</b>	Whole Borough	Local Plan	Autumn 2021	Spring 2022
<b>Design Principles SPD (Site H7)</b>	Land East of Polesworth and Dordon	Local Plan	Summer 2021	Late 2021
<b>Design Principles SPD (Site H2)</b>	Land to north-west of Atherstone	Local Plan	Early 2022	Autumn 2022
<b>Shop Fronts SPD</b>	Whole Borough	Local Plan	Winter 2021	Autumn 2022
<b>Bin Storage SPD</b>	Whole Borough	Local Plan	Winter 2021	Autumn 2022
<b>Open Space SPD</b>	Whole Borough	Local Plan	Winter 2021	Autumn 2022

### Further Information Sources

Below are links to websites which will assist should you require further information:

- The Council's website:  
[www.northwarks.gov.uk/info/20002/planning/1357/new\\_local\\_plan](http://www.northwarks.gov.uk/info/20002/planning/1357/new_local_plan)
- National Planning Policy Framework  
[www.gov.uk/government/publications/national-planning-policy-framework--2](http://www.gov.uk/government/publications/national-planning-policy-framework--2)
- Planning Practice Guidance  
[www.gov.uk/government/collections/planning-practice-guidance](http://www.gov.uk/government/collections/planning-practice-guidance)
- The Planning and Compulsory Purchase Act 2004:  
[www.legislation.gov.uk/ukpga/2004/5/contents](http://www.legislation.gov.uk/ukpga/2004/5/contents)
- The Town and Country Planning (Local Planning) (England) Regulations 2012:  
[/www.legislation.gov.uk/uksi/2012/767/contents/made](http://www.legislation.gov.uk/uksi/2012/767/contents/made)
- Neighbourhood Plan Act  
[www.legislation.gov.uk/ukpga/2017/20/contents/enacted](http://www.legislation.gov.uk/ukpga/2017/20/contents/enacted)
- Planning Advisory Service:  
[www.local.gov.uk/pas](http://www.local.gov.uk/pas)
- Planning Portal:  
[www.planningportal.co.uk/](http://www.planningportal.co.uk/)

### Further assistance:

If you require any further information, please contact the Forward Planning Team:

Email: [planningpolicy@northwarks.gov.uk](mailto:planningpolicy@northwarks.gov.uk);  
Write to: Forward Planning Team, The Council House,  
South Street, Atherstone, CV9 1DE  
Ring: 01827 719499 / 719451 / 719250

## Agenda Item No 14

### Executive Board

21 July 2021

#### Report of the Chief Executive

#### Nuneaton and Bedworth Borough Plan Review - Issues & Options (2021) consultation

### 1 Summary

- 1.1 This report informs Members of the consultation on the Nuneaton and Bedworth Borough Plan Review Issues & Options (2021) consultation. Further comments raised at Board will be forwarded for inclusion along with the Council's initial response.

#### Recommendation to Board

- a That Members take note of the consultation of the Nuneaton and Bedworth Borough Plan Review Issues and Options (2021), consultation ending 6 August 2021; and
- b To note the observations raised and forward any additional comments Members may raise following consideration of the issues at this Board.

### 2 Consultation

- 2.1 The consultation involves two planning documents;

- The [Borough Plan Review - Issues & Options \(2021\)](#), and the
- [Sustainability Appraisal Report: Borough Plan Issues and Options \(2021\)](#), a Sustainability Appraisal report supporting the Plan.

The consultation runs from the 11 June to the 6 August 2021. A series of drop-in sessions are being held for the public to discuss the documents. See following link - [Borough Plan consultation](#) .

- 2.2 A number of other consultation documents for various Supplementary Planning Documents (SPD's) have also been published for consultation including;
- [Conservation Area Appraisals and Management Plans supplementary planning documents](#)
  - [Gypsy and Travellers Site Allocations Development Plan Document - Issues and Options](#)
  - [Town Centres Area Action Plan - Publication version](#)

- [Transport Demand Management Matters - Parking Standards Supplementary Planning Document](#)

These Nuneaton and Bedworth Borough specific consultation version SPD's are not part of this Board report but noted for Members information.

### **3 Nuneaton and Bedworth Borough Plan Review - Issues and Options**

- 3.1 This document's intention is to review national policy, the regional context, consider updates to evidence and monitoring in order to set out updates to the Borough Plan. It also implements a Borough decision to undertake an immediate review of the current Nuneaton and Bedworth Borough Plan, adopted on 11 June 2019.
- 3.2 The current Nuneaton and Bedworth Local Development Scheme (2020) sets out the timetable for the production of a review of the Borough Plan aiming for submission of the Plan by July 2022 and adoption by February 2023.
- 3.3 The Issues and Options Plan's objectives in seeking economic growth and employment opportunities for regeneration, improvement in infrastructure and facilities that serve the borough, improvement and increases in open space and cycling and walking, addressing climate change and ensuring new development enhances and improves the historic and natural environments are all supported.

### **4 Observations**

- 4.1 The Borough Council is in general support of the Nuneaton and Bedworth Borough Plan Review, Issues and Options consultation but has some reservations on a particular issue and decision proposed within the Issues and Options consultation document. The broad issues highlighted in the plan are noted and the various options put forward to consider how to address these issues are also noted and agreed with. However, there are some significant concerns regarding the approach to the provision of housing and the strategic approach that is necessary to address wider housing needs and pressures. Objective 4 seeks to "To provide a steady and adequate level of suitable housing for all." This does not appear to address the current housing crisis and the need for increased housing delivery to address wider strategic housing need and issues throughout the Warwickshire sub-region.

- 4.2 Recently the Government's proposed significant changes to the planning system through the Planning White Paper 'Planning for the Future' in August 2020, and the 'Changes to the Current Planning System' consultation document. However the Government's response to the consultation was not to implement the changes suggested to the method for assessing housing needs for planning purposes (the 'new Standard Method'), and that local planning authorities should continue to apply the 'standard method' of housing assessment, based on 2014 household projections with the most recent affordability ratios applied, but with a modification to top up the number in the 20 largest cities and urban areas by 35%, reflecting Government objectives to, inter alia, drive housing into existing urban areas and encourage brownfield development. Coventry City is one of the areas affected by this 35% top up.
- 4.3 The government's publication of the 'Planning for the Future' White Paper, has also set out that the legal Duty to Co-operate would be abolished. However, Government has not provided a response to the White Paper proposals at the time of publication of the Nuneaton and Bedworth Borough Plan Review - Issues and Options document. The Issues and options document itself notes that *'Until the Duty to Co-operate is formally revoked, the (Nuneaton and Bedworth Borough) Council will have a legal obligation to co-operate with other planning authorities on strategic housing matters such as housing delivery'*. As part of the Coventry, Solihull, and Warwickshire Strategic Planning group, officers are progressing strategic evidence base for various cross-border and strategic workstreams including housing growth, economy, infrastructure, climate change and place making.
- 4.4 The issues and options documents notes that *"if the Government continues with the approach to abolish the 'duty to co-operate' and impose binding, nationally-set targets for local authorities based on the standard method, Nuneaton and Bedworth may not be required to allocate additional sites beyond the existing settlement boundary (including the Borough Plan allocations) if need is confirmed as 429 dwellings per annum.*
- 4.5 In para's 7.7 to 7.9 the issues and options document considers the issues around housing requirements and assessments, noting *"it is not yet known how much additional housing will be needed beyond 2031 to meet the timeframe of the new Borough Plan as this will be ascertained through a Housing and Economic Development Needs Assessment (HEDNA) which is to be produced by late 2021, and that the 'Office for Statistics Regulation' recently published its report<sup>1</sup> providing a review of how the Office for National Statistics assesses population estimates and projections, which notes that "more needs to be done to investigate the root and scale of the issues associated with students and outward migration", with a number of recommendations. The ONS is investigating this issue further and is expected to issue a further report in July 2021. As a result of the OSR recommendations, and the other policy changes enacted since the 2012 NPPF, Nuneaton and Bedworth Borough Council*

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<sup>1</sup> [Review of population estimates and projections produced by the Office for National Statistics \(statisticsauthority.gov.uk\)](https://www.statisticsauthority.gov.uk/reviews-and-reports/review-of-population-estimates-and-projections-produced-by-the-office-for-national-statistics/)

propose to withdraw from the current memorandum of understanding (MOU) with the sub-regional local authority planning partners and will seek to negotiate an appropriate alternative arrangement with sub-regional partners.

- 4.6 North Warwickshire Borough notes the concerns raised by the issues and options document but would urge Nuneaton & Bedworth Borough to acknowledge the need to potentially address wider than local housing need and reflect that in the assessment of housing requirement in the Plan and the relationships with and cross-boundary co-operation with adjoining Local Authorities and the wider sub-region, there may be the necessity and need to address cross border issues such as housing need, and any potential shortfalls that both Nuneaton and Bedworth and its sub-regional partners may have to face and address through joint working partnerships.
- 4.7 In December 2020 Planning Consultants Lichfields noted that the implications for the Gov'ts 'new standard method' now proposed is that nearly 90% of authorities across the West Midlands will see an increase in their LHN figure under the new proposed method and cumulatively, the West Midlands region would be expected to deliver c.27,503 dpa, a significant 40% boost in the supply by compared to the earlier original standard method, and a cumulative 25% boost on recent delivery levels across the region.<sup>2</sup> The consultants noted that "*both Coventry and Stratford-on-Avon would see the most dramatic increases when compared to the current method.*", but that although "*some of the Coventry-Warwickshire LPAs may need to consider whether their Local Plan strategies will require a review, in advance of the statutory five year requirement[4], and wider White Paper reforms*" but that Nuneaton and Bedworth's circumstances, with their recent Local Plan adoption, were potentially an exception.
- 4.8 It is considered that given these implications and differences of the changes proposed to the new 'old' standard method of housing assessment (i.e. standard method +35% for cities/urban centres) and the changes **originally proposed** in the Government white paper, these are not considered significant enough to warrant the withdrawal from a beneficial partnership and MOU, which would itself inevitably need revising as Local authorities progress through their various local plan reviews and movements towards more joint planning approaches and documents, such as currently being proposed for South Warwickshire.
- 4.9 The MoU was drawn up in 2015 and has informed the current round of Local Plans which have either been adopted or are close to adoption. A HEDNA (Housing and Economic Development Needs Assessment) has been commissioned for the Coventry and Warwickshire area and this will inform the next round of Local Plans. This and other evidence will form the basis for discussion on an updated MoU.

## 5 In Summary

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<sup>2</sup> [Under pressure: What does the new Standard Method mean for the West Midlands? \(lichfields.uk\)](https://www.lichfields.uk/under-pressure-what-does-the-new-standard-method-mean-for-the-west-midlands/)

5.1 This Council is in general support of the Nuneaton and Bedworth Borough Plan Review, Issues and Options consultation 2021. Although disappointing that NBBC state they are withdrawing from the current MOU, at this time this is not seen as a major issue. Due to the age of the MoU and the commissioning of further evidence such as the HENDA, when this is drafted in the autumn this will pave the way for discussions on a future MoU.

5.2 To note any further comments and observations Members may make towards the approach being undertaken for the Nuneaton and Bedworth Borough Plan Review, Issues and Options consultation 2021 and strategic issues impacting on the plan and other partner local authorities.

## 6 Report Implications

### 6.1 Environment and Sustainability Implications

6.1.1 The Nuneaton and Bedworth Borough Plan Review, Issues and Options consultation 2021 has a separate sustainability appraisal and Habitats Regulation assessment (HRA) included as part of the consultation process.

### 6.2 Financial Implications

6.2.1 There are no financial implications arising from this consultation.

### 6.3 Risk Management Implications

6.3.1 The withdrawal from the MoU may lead to less supply coming through NBBC and therefore having an impact on all the LPA's within that MoU. No further specific risk management implications noted.

### 6.4 Other Report Implications

6.4.1 As indicated above, although the White Paper suggests the abolition of the duty to co-operate under the Planning and Compulsory Purchase Act 2004 remains in force in relation to preparation of local plan documents. This means that Nuneaton and Bedworth must continue to work with other specified authorities and persons via effective and appropriate means (as must this Council) in the preparation of such documents.

The Contact Officer for this report is Mike Dittman (719499).

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

**Agenda Item No 15**

**Executive Board**

**21 July 2021**

**Report of the Chief Executive**

**The South Warwickshire Local Plan, Scoping and Call for Sites Consultation (2021)**

**1 Summary**

- 1.1 This report informs Members of the consultation on the South Warwickshire Local Plan, Scoping and Call for Sites (2021) consultation. The Board report relates primarily to the Scoping exercise for the consultation and not in response to the Call for Sites element of the consultation. Any comments raised at Board will be forwarded for inclusion along with the Council's initial response.

**Recommendation to Board**

- a That Members take note of the consultation on The South Warwickshire Local Plan, Scoping and Call for Sites Consultation (2021); and**
- b To note any observations raised regarding the Joint Plan approach and forward any comments Members regarding the scoping exercise.**

**2 Consultation**

- 2.1 Stratford-on-Avon District Council and Warwick District Council are working together to prepare a new Local Plan for South Warwickshire. The Plan is expected to replace the strategic policies of the existing Stratford-on-Avon Core Strategy which runs until 2031 and Warwick Local Plan until 2029. The South Warwickshire Local Plan will set out a long-term spatial strategy for housing, jobs, infrastructure and climate change for both Districts. The consultation document is available to view online at: [Scoping and Call for Sites Document \(May 2021\)](#) , including the supporting technical documents as follows;
- [Sustainability Appraisal – Preliminary assessment of Growth Options](#)
  - [Climate Change Impact Assessment – Growth Options assessment](#)
  - [Health Impact Assessment – initial screening assessment](#)
  - [Equalities Impact Assessment – initial screening assessment](#)

- 2.2 The initial Scoping and Call for Sites Consultation ran from Monday 10 May till Monday 21 June 2021. As North Warwickshire does not immediately border either Warwick District or Stratford on Avon District the Borough Council was not intending to raise any specific comments, beyond those in support of the two Joint Plan authorities, sought to satisfy their legal Duty to Co-operate requirements, as part of the Coventry and Warwickshire sub-region involved in undertaking joint planning and evidence base work.
- 2.3 This consultation is the first stage in preparing the South Warwickshire Local Plan – a new Plan for Stratford-on-Avon and Warwick Districts. Chapters 1 to 3 primarily of the scoping document deal with local plan process and the current National and Local policy context. The main chapters relevant to joint planning and the Duty to Cooperate are:
- Chapter 4 assesses the key strategic issues facing South Warwickshire centred on twelve sustainability themes. These include: People, Housing, Design, Transport, Economy, Utilities, Resources, Land, Climate, Water, Health and Cultural. Notably the plan is also intended to help plan the two authorities move towards and achieve Net Zero Carbon.
  - Chapter 5 sets out a vision and overarching principles that will underpin the approach to the whole Plan as well as ten strategic objectives the Plan will need to achieve. The four overarching principles that will sit at the heart of the South Warwickshire Local Plan are:
    - Tackling climate change
    - Promoting wellbeing
    - Improving connectivity
    - Increasing biodiversity
  - Chapter 6 suggests seven growth options which consider where future development in South Warwickshire might go. The document notes that ‘No further development is not an option’. At this first stage no detailed work has been undertaken to ascertain the suitability of the locations where future development in South Warwickshire might go.

### 3 **Observations**

- 3.1 The Planning and Compulsory Purchase Act 2004 places a legal duty on public bodies to engage constructively, actively and on an ongoing basis with each other to maximise the effectiveness of local plan preparation relating to strategic cross-boundary matters. Its aim is to encourage positive and continual partnership on planning matters that go beyond the boundaries of a single local planning authority's (LPA) administrative area. As part of the two Councils legal responsibilities towards the local planning Duty to Cooperate requirements the Borough Council was requested to comment on whether there any strategic cross boundary issues that need to be addressed and/or delivered through the South Warwickshire Local Plan (SWLP).
- 3.2 These cross-boundary matters, indicated in the SWLP, include, but are not necessarily limited to, housing, employment, commercial, retail, leisure, infrastructure provision, community facilities such as health and education, conservation and enhancement of the built and natural environment, and climate change.
- 3.3 Officers initial response concurs that these are the relevant and appropriate cross-boundary matters to be addressed and are appropriate for the SWLP, but note they are also applicable to the wider cross boundary issues for the whole of the Coventry, Warwickshire Solihull sub-regional area, as addressed through the duty to cooperate work undertaken through CSWAPO, of which both Stratford and Warwick DC are members.
- 3.4 Nevertheless, in addition, in relation to infrastructure provision and climate change, it was considered that critical infrastructure provision and supply, particularly energy distribution and supply, is an increasing issue that will need emphasising. Especially as local authorities head towards a zero carbon future, the need for development and its design to be adapting to, and planning for, the distribution and supply provision to cater for, and cope with, the increased electric supply needs of development and transport (such as for vehicles, charging facilities and heating systems) as well as address the implications of climate change is something that will impact planning locally, sub-regionally as well as nationally.
- 3.5 One further area that may be relevant to consider is around Gypsy and Traveller needs. It is noted that Stratford DC are currently producing a Gypsy and Traveller and Travelling Show people SPD, but this issue is a particular cross-border one that needs consideration across the sub-regional area, and the current work underway on this issue should be noted and perhaps reflected in the South Warwickshire local plan issues.
- 3.6 These cross-boundary issues, noted above, are considered appropriate for the SWLP, but note and acknowledge that these issues are also being addressed throughout the wider sub-region, for the whole of the Coventry, Warwickshire Solihull area, as part of the PAS supported 'Strategic Evidence Base Programme & Spatial Options'.

- 3.7 The Borough Council is generally supportive of the Joint Plan approach taken by the two District Councils as they need to undertake a local plan review. As joint evidence is being commissioned by the Coventry and Warwickshire authorities there will be an opportunity to discuss a strategic joint planning approach for the sub-regional group of authorities, which may be a more preferable long-term approach, incorporating all the relevant authorities in the sub-region. Nevertheless, this twin authority joint plan at least indicates progress towards this aim, which is to be supported.
- 3.8 Statements of Common ground and/or Memorandums of Understanding may also therefore be necessary and useful tools to address any cross-boundary issues arising or highlighted in the Plan above, most likely through the aegis of the CSWAPO group and/or between relevant individual authorities.

#### **4 In Summary**

- 4.1 Note that this Council is in general support of the of the Joint Plan approach taken by the two District Councils for the Scoping of the South Warwickshire Local Plan 2021, and support the continued wider cross-boundary work on the issues identified, for the progress towards wider joint planning opportunities for the sub-region.
- 4.2 To note the need to include and consider Gypsy and Traveller needs and critical infrastructure requirements within the cross-border issues, as well as the joint planning work underway within the Coventry/Warwickshire sub-region.
- 4.3 To note any further comments and observations Members may make towards the joint planning approach being undertaken for The South Warwickshire Local Plan, Scoping and Call for Sites Consultation (2021).

#### **5 Report Implications**

##### **5.1 Environment and Sustainability Implications**

- 5.1.1 The South Warwickshire Local Plan, Scoping and Call for Sites Consultation (2021) has a separate sustainability appraisal, climate change, health and equalities impacts assessments and technical reports included as part of the consultation process.

##### **5.2 Financial Implications**

- 5.2.1 There are no financial implications arising from this consultation.

##### **5.3 Risk Management Implications**

- 5.3.1 No specific risk management implications

#### 5.4 Other Report Implications

5.4.1 No further implications are considered to arise.

The Contact Officer for this report is Mike Dittman (719499).

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

**Agenda Item No 16**

**Executive Board**

**21 July 2021**

**Report of the Chief Executive**

**West Midlands Strategic  
Employment Study  
May 2021**

**1 Summary**

- 1.1 The report brings to board the West Midlands Strategic Employment Study May 2021 for information and consideration of the next steps.

**Recommendations to the Board:**

- a That further work be commissioned to:**
- 1 Understand the strategic employment land provision being made in the East Midlands;**
  - 2 determine the quantum of land required to be delivered in North Warwickshire;**
  - 3 consider the implications area, including highways, the Strategic Gap and the Green Belt; and**
- b A further report be brought back to Board to discuss next steps.**

**2 Consultation**

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

**3 Background**

- 3.1 In 2015 the West Midlands Strategic Employment Sites Study was produced by Peter Brett Associates (PBA) and Jones Lang Lasalle (JLL) on behalf of the West Midlands Local Authority Chief Executives. The 2015 Study identified a demand for strategic employment sites in the West Midlands, but a lack of available sites. A further study was to be carried out. This never took place until this study.

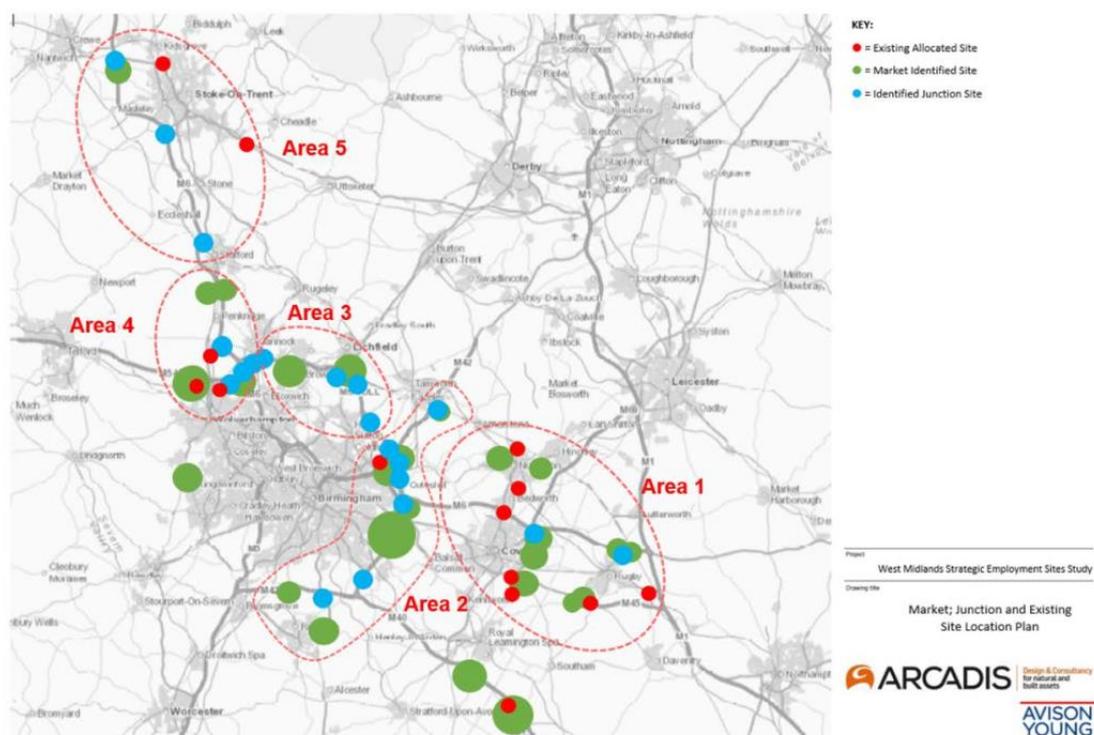
3.2 The WMES Study commissioned by Staffordshire County Council, on behalf of The Black Country Local Enterprise Partnership (BCLEP), Coventry and Warwickshire Local Enterprise Partnership (CWLEP), Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and Stoke-on-Trent and Staffordshire area to provide an update to the 2015 study. The full report can be viewed at [www.northwarks.gov.uk/documents](http://www.northwarks.gov.uk/documents) - complete when on web

3.3 Recommendations will need to be considered by all local authorities. These are discussed later in this report.

#### 4 The 2020 Study

4.1 Following consideration of the existing allocations, market identified sites and identified motorway junctions five key areas were identified. These are shown in Figure 6.4 below with policy considerations turned off. This means that just because a site may be in the Green Belt, for example, it was still identified.

Figure 6.4 – Market Locations for future Strategic Employment Sites (Source: Avison Young & Arcadis 2019)



## 5 Sites suggested in North Warwickshire:

- 5.1 North Warwickshire falls within two areas in the Study – Areas 1 and 2. Substantial amount of land has been put forward as potential sites in North Warwickshire that have been put forward:

Sites at Motorway Junctions	328 hectares
Other sites	494 hectares
Total	822 hectares

*(please be aware there potentially could be some double counting)*

## 6 Recommendations from Study:

There are 9 key recommendations of work

### 1 Further Work

- 1a More work is required as Study only provides a first step. Future work would be required to quantify demand and to support the identification and delivery of a pipeline of employment land that would be capable of meeting needs on an ongoing basis

### 2 Calculating Shortfall

- 2a It is recommended that consideration be given to this being quantified through an econometric demand forecast.
- 2b A related area of follow-on analysis should include a critical review by plan-making authorities of the capacity and deliverability of the remaining allocated sites.

### 3 A Study of Modern Business Requirements

- 3a It is recommended that further work should be undertaken that will provide a greater understanding of the market dynamics driving this demand and to fully understand the potential scale of growth and the needs of modern logistics and 'Just in Time' delivery for manufacturing plants.

### 4 Consultation

- 4a Recommend engagement with statutory consultees, including Highways England having regard to (i) the assumptions in relation to need that are adopted in this Study, and which may arise from any further econometric demand forecasting; and (ii) the Key Locations that we recommend should be the focus of employment growth.

4b It will be essential that early engagement takes place with the local authorities on the scope of follow on work that is recommended in this Study.

## 5 **Green Belt Review**

5a One next step would be for due consideration to be given to treating the need for strategic employment land across the sub-region and Study Area (as quantified by a future econometric demand assessment) as circumstances that could support the release of land from the green belt.

5b A further step would be to develop and adopt a methodology for taking a strategic and coordinated approach to the review of the green belt across the Study Area

## 6 **Assessment of Sites**

6a A key factor, however, will be a clear understanding of the capacity of the strategic road network within the Key Locations, the extent to which that may represent a barrier to growth, and the ability to mitigate capacity constraints. Discussions with Highways England should proceed to establish how public and private sector partners can most effectively evaluate the need for, costs of and timescales associated with any highway improvement works required to support the delivery of Strategic Employment Sites.

6b We recommend that consideration be given to developing a more detailed, refined and weighted set of assessment criteria to inform any individual or relative merits assessments of sites/locations that may be considered as part of any further work arising from the broader recommendations of this Study.

6c In addition to the future supply that comes from allocated and pipeline sites we suggest that an assessment is undertaken, alongside the providers, to understand the capacity/target markets for the sector specific sites identified in this Study.

## 7 **Monitoring**

7a Essential that the public sector partners carefully follow the outcome of key decisions on the allocation of sites and implementation of proposed transport infrastructure.

7b We recommend also that a framework for monitoring the progress of sites through the sub-region's development plans be established.

## 8 **Regional ‘Call for Sites’**

- 8a Study may not have captured all such sites.so merit in undertaking a more formal ‘Call for Sites’ exercise.

## 9 **Spatial Framework**

- 9a Recommend that consideration is given by the public sector partners to the delivery of a new spatial framework policy.

- 9b We recommended at paragraph 7.19 that consideration be given to adopting a similar approach to strategic employment land as that adopted for housing land supply, so that a minimum portfolio of 5 years supply for the region is identified and maintained. We recommended also that consideration be given to the merits of adopting a two tiered approach to identifying employment land, differentiating between strategic sites of 25+ ha, and local sites, and sites for target growth sectors.

- 9c These matters may be given effect initially by a joint commitment, through a Memorandum of Understanding or similar, to:

- a) consider the merits of commissioning econometric demand forecasting to test and build from the conclusions that this Study reaches in relation to Key Locations, and to act upon the conclusions of that discussion;
- b) consider and agree the methodology of a strategic, coordinated green belt review that focuses on Strategic Employment Sites, adopting the definition in this Study and informed by the demand forecasting that we recommend be commissioned;
- c) undertake, initially and subsequently, a ‘Call for Sites’ exercise;
- d) consider and agree a detailed and weighted set of assessment criteria to inform any individual or relative merits assessments of sites/locations that may be considered as part of any further work arising from the recommendations of this Study and as part of the review of Local Plans across the Study Area;
- e) agree the mechanisms for monitoring; and
- f) engage with Highways England to seek their strategic and detailed input.

## 7 Officer comments

- 7.1 The Study is in the public domain and will be used as evidence to indicate there is an overall shortage of strategic employment sites. No quantum of land has been identified specifically for North Warwickshire or for any local authority area.
- 7.2 North Warwickshire fell within Area A within the 2015 Report which was a square shown on a map. The new Report shows the Borough in Areas 1 and 2. Areas 1 and 2 are more rounded and only the central belt of the Borough does not lie within either area.
- 7.3 As part of the Local Plan examination representations were made seeking large employment sites to be allocated in the emerging Local Plan. The Local Plan Inspector considered the issue and was aware the study was being carried out. Following discussion at hearing sessions, where it was made clear the Council did not want a policy, the Local Plan Inspector recommended a new policy be included as a Main Modification. This is MM40 a new policy on Strategic Employment Sites (LP6a). The policy is

*Extract from Main Modifications*

**MM40 New Policy LP6 a LP 6a – 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 site 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) the scheme is otherwise acceptable, taking account of the living conditions of those nearby*

*Reasoned Justification:*

*7.54a Area A encompasses land covered by the Strategic Gap, designated Green Belt, and land which is not in categories 1, 2, 3 or 4 of plan policy LP2. This policy does not automatically override other policies but recognises that there are particular locational requirements specific to certain employment uses and economic benefits to addressing needs in those locations. As such, any weight accorded to proposed employment provision by virtue of this policy will be considered in the context of the policies in the plan as a whole in arriving at a balanced assessment.*

- 7.4 The Study has highlighted that there is substantial potential of sites just within North Warwickshire. As highlighted in 5.1 about this could be over 800 hectares. To put this in perspective Hams Hall is around 200 hectares and Birch Coppice/Core 42 is around 170 hectares.
- 7.5 It is recommended the Borough Council work with other LPA's and partners to move the study forward. Additional work is required to quantify the amount

and number of employment sites required within the area. Any additional work should also consider the developments happening in the East Midlands as many of the companies looking for sites over 25 hectares are multinational companies.

## **8 Report Implications**

### **8.1 Finance and Value for Money Implications**

8.1.1 There is likely to be a cost in terms of additional work. At the present time this is unknown.

### **8.2 Environment, Sustainability and Health Implications**

8.2.1 Growth of strategic employment sites could have a major impact on the local environment. Any impacts will be considered either through future policy review or through the consideration of a planning application.

The Contact Officer for this report is Dorothy Barratt (01827 719250).

## **Background Papers**

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

## Agenda Item No 17

### Executive Board

21 July 2021

#### Report of the Corporate Director - Resources

#### Financial Management Code

### 1 Summary

- 1.1 To inform Members of the Board on progress in achieving compliance with CIPFA's Financial Management Code

#### **Recommendation to the Board**

**To note the assessment against the Financial Management Code as set out in Appendix A.**

### 2 Background

- 2.1 CIPFA's Financial Management Code (FM Code) provides guidance for effective and sustainable financial management in local authorities, helping to provide assurance that authorities are managing resources effectively.
- 2.2 The Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. It identifies risks on financial sustainability and introduces a framework of assurance. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making. The broad headings of the CIPFA FM Standards in the Code which local authorities should comply with are:
- Responsibilities of the CFO and Leadership Team
  - Governance and Financial Management Style
  - Long to Medium Term Financial Management
  - The Annual Budget
  - Stakeholder Engagement and Business Plans
  - Monitoring Financial Performance
  - External Financial Reporting
- 2.3 The Code applies to all local authorities, including police, fire and other authorities. By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting the important legislative requirements set out in section 151 of the Local Government Act 1972.

### 3 **Assessment Undertaken**

- 3.1 The first full year of compliance to the Code is 2021/22. However, CIPFA has reviewed this in light of the Covid-19 pandemic and the unprecedented impact it has had on local authorities. CIPFA has concluded that 'whilst the first full year of compliance will remain as 2021/22, it can do so within a more flexible framework where a proportionate approach is encouraged. In practice this is likely to mean that adherence to some parts of the Code will demonstrate a direction of travel'.
- 3.2 The Corporate Director Resources has assessed the Council's compliance against the Code and given each criteria a risk rating. This is shown in the table at Appendix A. This demonstrates that the Council is already meeting the vast majority of the Code standards, with only 1 area rated as amber. This will be addressed by additional scenario planning when updating the Medium Term Financial Strategy.
- 3.3 There are also 5 areas where the majority of the required criteria are met but not all. Actions have been identified to address any improvements needed, as well as some minor actions to improve performance in other areas. Overall, this demonstrates a direction of travel towards full compliance of the Code during 2021/22, as required by CIPFA.

### 4 **Report Implications**

#### 4.1 **Risk Management Implications**

- 4.4.1 Adherence to the FM Code will assist with the management of risks.

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

FINANCIAL MANAGEMENT CODE – ASSESSMENT OF COMPLIANCE

Standard	CIPFA Financial Management Standard	Current Status	Further Work	Status
<b>The responsibilities of the chief financial officer and leadership team</b>				
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<p>External benchmarking assessments are used to identify areas for improvement</p> <p>Service efficiency reviews are carried out, with external challenge were appropriate</p> <p>Peer reviews are used to test assumptions</p> <p>Service boards monitor performance, using working groups as necessary</p> <p>User surveys</p> <p>Goods and services are procured using both quality and financial considerations</p> <p>Internal audit consider VFM as part of their reviews</p> <p>Partnership working is used to add value</p>	Transformation reviews	Green
B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Financial Officer in Local Government (2016)</i>	<p>The Corporate Director Resources is professionally qualified and a CIPFA member</p> <p>The CDR is a member of MT, reports directly to the Chief Executive and attends Boards / Council as necessary</p>	<p>Need to continue recruitment of Finance Team</p> <p>Need to procure a suitable finance system</p>	Green
<b>Governance and financial management style</b>				
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	<p>A governance structure is in place, with areas of responsibility defined.</p> <p>Codes of conduct are in place for both Members and Officers. Registers of Interest are maintained and advice given on disclosure requirements.</p> <p>Senior officers lead on individual areas of governance.</p>	<p>Member Working Group to review ethical standards in light of the latest guidance issued.</p> <p>Increase reporting to MT on risk management activities.</p>	Green

		<p>Formal processes are in place for areas such as finance and procurement.</p> <p>A Risk Management framework is in place. Directors and Heads of Service are asked to complete an Assurance Statement at the end of each financial year which confirms the internal controls in place and identifies areas for further work.</p>		
D	<p>The authority applies the CIPFA / SOLACE <i>Delivering Good Governance in Local Government Framework (2016)</i></p>	<p>The Council has a Corporate Code of Governance</p> <p>Annual Statements of Assurance completed by all Directors and Heads of Service</p> <p>Annual Governance Statement prepared and considered by Executive Board, which includes internal audits opinion on the effectiveness of the internal control environment</p>	<p>An overall review of consultation to be undertaken.</p>	<p>Green / Amber</p>
E	<p>The financial management style of the authority supports financial sustainability</p>	<p>The Corporate Director Resources is a member of MT and Board and Council meetings</p> <p>Financial management features prominently in the Council's Corporate Plan</p> <p>The Financial Services Team support budget holders in budgetary control. Financial monitoring is ongoing and reported regularly to Boards throughout the year.</p> <p>All services are involved in managing financial risk</p>	<p>Work towards longer term plans for the General Fund.</p> <p>Progress income generating opportunities</p>	<p>Green</p>
<b>Medium to long-term financial management</b>				
F	<p>The authority has carried out a credible and transparent financial resilience assessment</p>	<p>The budget reports include the CDR statement on the robustness of reserves and estimates.</p> <p>The MTFS is updated twice a year and in detail as part of the budget setting process. Updates include an assessment of future resilience issues and reserve levels.</p> <p>Current projections look at best and worst case scenarios at a high level.</p>	<p>Review the updated CIPFA Resilience Statement and use in the update of the Medium Term Financial Strategy</p>	<p>Green / Amber</p>

**APPENDIX A**

G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members	<p>The MTFS covers a 4 year period, is updated regularly and reported to Executive Board.</p> <p>The updated / refreshed Corporate Plan puts resources firmly in the strategic planning of the authority.</p>	<p>Work towards longer term plans for the General Fund.</p> <p>Increased scenario planning, given the shock of the pandemic to the Council's financial planning</p>	Amber
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i>	<p>The capital, treasury management and investment strategies are all reviewed and updated annually and are reported to Boards.</p> <p>Prudential indicators are set in advance of each financial year.</p> <p>All areas are monitored and reported on, during the year.</p>		Green
I	The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans	<p>A Medium Term financial strategy (covering 4 years) is updated twice per year, and reflects current service plans and the approved capital programme.</p> <p>The current plan recognises the increasing cost of refuse and recycling and is actively following a future cost reduction plan in this area. Information from external sources and partner organisations has informed this action.</p> <p>Service use is also considered eg. the reduction in demand for services, together with the alternative service providers available.</p> <p>Population changes have been very limited in the past, but there is an awareness of potential impacts on service provision.</p>	Consolidate Asset Management Plan information	Green / Amber

The annual budget				
J	The authority complies with its statutory obligations in respect of the budget setting process	Annual budget setting in February each year. Council approval of CT setting / budget/ statement on reserves. MTFS used to monitor sustainability.		Green
K	The budget report includes a statement by the chief financial officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	CDR Statement in the robustness and adequacy of reserves included in the budget report.  Recognised policy on the maintenance of a minimum level of reserves, including an assessment of the minimum required.	Review the detail provided on reserves held	Green
Stakeholder engagement and business plans				
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term-term financial plan and annual budget	Statutory business ratepayer consultation carried out as part of the budget setting process.  Consultation around service changes eg. Arley LC, Borough Care	An overall review of consultation to be undertaken and methodology developed for the 2021/22 budget setting process	Green / Amber
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	A business case is used to evaluate capital schemes, covering the rationale for the project, capital and revenue costs, benefits and risks and alternative methods of provision.  Tenders consider VFM by considering service quality as well as price.		Green
Monitoring financial performance				
N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	Proactive regular financial review by MT dipped in 20/21 Financial reports still taken to Service Boards (slight dip in frequency in 20/21) The identification of savings targets reviewed regularly Performance reviewed regularly, including that of key partners	Scheduled financial review meetings set up for MT in 2021/22	Green

**APPENDIX A**

O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	Elements of the Balance sheet are monitored and reported to Board (TM, prudential indicators) Assets are partially monitored through the capital programme Earmarked reserves and debtor write offs are reported periodically	Review budget monitoring to ensure key balance sheet items are covered	Green / Amber
<b>External financial reporting</b>				
P	The chief financial officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i>	The annual accounts are produced in compliance with the CIPFA Code, achieving an unqualified audit opinion.  Note. Recent issue with prescribed timescales, due to auditor availability in 18/19. This impacted on 19/20 timescales.	Ongoing work to get back on required timescales.	Green
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	Reports normally taken to Executive Board in June and give an overview of performance against budget. Generally, fairly close to estimate, so only limited detail given.  A revised estimate considered during January / February Board cycle has generally alerted the leadership team to potential / expected changes. Savings in danger of not being achieved generally highlighted in this way.	Review detail provided in reporting out-turn figures	Green

**Agenda Item No 18**

**Executive Board**

**21 July 2021**

**Report of the  
Chief Executive**

**Exclusion of the Public and Press**

**Recommendation to the Board**

**To consider whether, in accordance with Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

**Agenda Item No 19**

**Extract from Executive Board minutes - 29 March 2021**

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

In relating to the item listed above Members should only exclude the public if the public interest in doing so outweighs the public interest in disclosing the information, giving their reasons as to why that is the case.

The Contact Office for this report is Amanda Tonks (719221)