

**To: Leader and Members of the Executive Board  
(Councillors Humphreys, Bell, Farrell, Gosling, Hayfield, McLauchlan, Rose, Reilly, Simpson and D Wright)**

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

**For general enquiries please contact the Democratic Services Team on 01827 719221 or 719450 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**

**10 FEBRUARY 2020**

The Executive Board will meet in the Committee Room at the Council House, South Street, Atherstone, Warwickshire on Monday 10 February 2020 at 6.30pm

### **AGENDA**

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

- 4 **Minutes of the meeting of the Board held on 25 November 2019** – copies herewith to be agreed as a correct record and signed by the Chairman.

5 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members. Questions should be submitted by 9.30am 2 working days prior to the meeting. Participants are restricted to five minutes each. If you wish to put a question to the meeting please contact the Democratic Services Team on 01827 719221 or 719450 or email [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk) .

## **ITEMS FOR DISCUSSION AND DECISION (WHITE PAPERS)**

- 6 **Garden Waste Service** – Report of the Corporate Director – Streetscape

**Summary**

This report asks Members to introduce a charge for the collection of garden waste with effect from 1 June 2020.

The Contact Officer for this report is Richard Dobbs (719440).

- 7 **The Capital Strategy** – Report of the Corporate Director – Resources

**Summary**

This report updates the Capital Strategy approved by the Council in February 2019.

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

- 8 **The Proposed 3 Year Capital Programme 2020/21 – 2022/23** – Report of the Management Team.

**Summary**

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

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

- 9 **General Fund Revenue Estimates 2020/21 – Report of the Corporate Director - Resources**

**Summary**

This report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

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

- 10 **General Fund Revenue Estimates 2020/21 and Setting the Council Tax 2020/21 - Report of the Corporate Director - Resources**

**Summary**

This report sets out the proposed General Fund Revenue Estimate for 2020/21 and the options available when setting the 2020/21 Council Tax for the Borough in the context of the Authority's Settlement Funding Assessment, and the effect on General Fund balances.

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

- 11 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets – April 2019 - December 2019 – 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 to December 2019.

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

- 12 **Pay Policy Statement 2020/21 - Report of the Corporate Director - Resources**

**Summary**

There is a requirement under Section 38 of the Localism Act 2011 for Councils to have and to publish a Pay Policy Statement, agreed by full Council, which will be subject to review at least annually. This report details the purpose for and the areas to be covered in the Pay Policy Statement.

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

- 13 **Minutes of the meetings of the Safer Communities Sub-Committee held on 18 November 2019 (copy herewith), to be received and noted.**
- 14 **Minutes of the meeting of the Special Sub-Group held on 10 December 2019, copy herewith, to be received and noted.**

STEVE MAXEY  
Chief Executive

## NORTH WARWICKSHIRE BOROUGH COUNCIL

### MINUTES OF THE EXECUTIVE BOARD

25 November 2019

Present: Councillor D Humphreys in the Chair

Councillors Bell, Farrell, Gosling, Hayfield, McLauchlan, Rose, Reilly, Simpson and D Wright.

Councillor Symonds was also in attendance.

#### 32 **Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared.

#### 33 **Minutes of the meeting of the Board held on 16 September 2019**

The minutes of the meeting of the Board held on 16 September 2019 copies having been circulated, were approved as a correct record and signed by the Chairman.

#### 34 **External Auditors' Report**

The Corporate Director Resources reported that the 2018/19 Annual Audit Letter had not yet been received from the Council's external auditors, Ernst & Young LLP.

**Resolved**

**That the item be deferred until the letter is available.**

#### 35 **Budgetary Control Report 2019/20 Period Ended 31 October 2019**

The Corporate Director Resources reported on the revenue expenditure and income for the period from 1 April 2019 to 31 October 2019. The 2019/20 budget and the actual position for the period, compared with the estimate at that date was also given, together with an estimate of the out-turn position for services reporting to the Board.

**Resolved:**

**That the report be noted.**

**36 Draft Terms of Reference for land east of Polesworth and Dordon (Site H7)**

The Chief Executive presented to the Board a Draft Terms of Reference for a Member Steering Group to guide strategic housing allocations. Initially this would be for Site H7 - land east of Polesworth and Dordon.

**Resolved:**

**That the Terms of Reference for a Member Steering Group for Site H7 as set out in Appendix A to the report be approved with the addition of Councillor H Phillips being added to the Group.**

**37 Review of Polling Districts and Polling Places**

The Council was invited to approve the polling districts and polling places scheme for North Warwickshire.

**Resolved:**

- a That the report be noted; and**
- b That the Chief Executive bring a further report to the next Executive Board on a number of issues raised by Members.**

**38 Constitution – Procedural Standing Orders**

Members were asked to consider changes to the Procedural Standing Orders in the constitution.

**Recommended:**

**That no change is needed to Procedural Standing Orders nor how Motions to Council are considered by Full Council.**

**39 Calendar of Meetings 2020/21**

Members were asked to approve a calendar of meetings for 2020/21.

**Recommended:**

**That the calendar of meetings for 2020/21 as submitted at Appendix A to the report of the Chief Executive be approved.**

**40 Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April – September 2019**

Members were informed of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Board for April to September 2019.

**Resolved:**

- a That the report be noted; and

**Recommended:**

- b That each Group nominate a Member lead for performance management.

41

**Minutes of the meetings of the Special Sub Group held on 10 September and 8 October 2019**

The minutes of the meetings of the Special Sub group held on 10 September and 8 October 2019 were received and noted.

Councillor D Humphreys  
Chairman

## Agenda Item No 6

### Executive Board

10 February 2020

### Report of the Corporate Director – Streetscape

### Garden Waste Service

## 1 Summary

- 1.1 This report asks Members to introduce a charge for the collection of garden waste with effect from 1 June 2020.

### Recommendations to the Board

- a That Members agree to introduce a charge for garden waste collection as set out in para 3.1 with effect from 1 June 2020; and
- b If agreed, a further report detailing how the service will be promoted, introduced and delivered be brought to the next Community and Environment Board meeting.

## 2 Background

- 2.1 The Council currently collect garden and food waste fortnightly in a 240 litre green lidded bin. The annual cost of delivering the garden waste collection service to every participating household in the Borough is currently £498,000.
- 2.2 In 2018 the Council introduced the Extra Garden Waste Service whereby residents could choose to have more than one green bin emptied for an annual fee of £40 per bin. Over 461 households (and 516 bins) are signed up for the service providing an income of £17,000.
- 2.3 The Council is currently having to make significant cuts to its revenue budgets which can only be achieved through a combination of cost savings and increasing income. There is no statutory requirement to collect garden waste from households and 59% of UK local authorities who collect garden waste (65% in England) now charge for the service. Some local authorities do not provide a garden waste collection service at all.
- 2.4 Over the last few years a number of authorities within Warwickshire and the local area have introduced chargeable collections and Stratford District Council are introducing chargeable collections from 1 June. A list of nearby authorities which charge for garden waste collections can be found in Appendix 1.
- ...

### **3 Service operation**

#### **3.1 It is proposed that:**

- An optional annual charge of £40 per green bin is levied, in line with the Council's existing charge for additional green bin collections and other Warwickshire local authorities.
- The collection service continues to operate fortnightly with no collections for one week over Christmas/New Year and during the winter service break.
- The service commences on 1 June 2020, well into the growing season and to bring the new service into line with the current Extra Garden Waste Service.
- Officers work with Warwickshire County Council to promote home composting and the use of household waste recycling centres as an alternative to paid for collections.

3.2 The Extra Garden Waste Service would be absorbed into the new service as the charge would apply to every green bin.

### **4 Impact on refuse tonnage and recycling rates**

4.1 In preparation for compiling this report, nearby local authorities were contacted and asked about their experience of introducing chargeable garden waste collections. Officers were asked what affect the service had on tonnages.

4.2 The reduction in garden waste tonnage and increase in refuse tonnage varied across authorities. Hinckley and Bosworth reported a 5% reduction in garden waste with no impact on refuse or HWRC tonnage whereas Tamworth and Lichfield reported a 30% reduction in garden waste tonnage and a seasonal increase in refuse tonnage of 5%. The average reduction in garden waste tonnage was 15.4%. Tamworth and Lichfield were the only authority surveyed who reported a noticeable change in refuse tonnage. These results suggest that those residents making the greatest use out of the green bin sign up to the service and continue to use it and those who do not produce great quantities of garden waste find an alternative method to dispose of it. Encouraging home composting is the preferred alternative to collection of garden waste as it has a lower environmental impact.

4.3 Neighbouring authorities were also asked about the impact which introducing the charge had on take-up and on the amount of waste being diverted to household waste recycling centres. Figures from Rugby and NBBC indicate that a take up of around 55% can reasonably be expected within the first 12 months and is likely to continue to grow. This level of take up typically represents up to 85% of available garden waste (as the figures above demonstrate). Available data suggests that although some waste is taken by householders to the HWRC, the amount is not significant and the saving on

disposal costs means the impact on the Waste Disposal Authority is relatively small.

- 4.4 Any change in garden waste and refuse tonnage will have an impact on the Council's recycling rate (which includes green bin contents). If garden waste tonnage reduced by 12%, there was no increase to refuse tonnage and the dry recycling service increased by 2% as expected with the new commingled service, using figures from 2018-19, the Council's recycling rate would be 46.95%, down from 48.47%.
- 4.5 None of the local authorities contacted reported an increase in garden waste fly tipping.

## 5 **Food waste**

- 5.1 Local authorities cannot make a charge for food waste collection however if a chargeable service was introduced residents signing up to the service could continue to put their food waste in green bins as the contents would still be treated by in vessel composting under Warwickshire County Council contract arrangements.
- 5.2 Rugby Borough Council and Nuneaton and Bedworth Borough Council continue to accept food waste in paid for green bins.
- 5.3 Officers recommend continuing to allow residents to recycle food waste in the green bin whilst making it clear that the authority does not make a charge to collect this.

## 6 **North Warwickshire Gardener's Club**

- 6.1 To add value and offset the cost to residents of chargeable garden waste collections, officers have begun investigating the opportunity of providing discount vouchers or promotions with local garden centres to encourage sign up. Early discussions with local garden centres (referring to the Extra Garden Waste Service only) have been positive. Further discussions are required, pending approval, but it is the intention that the value of the vouchers would equal or exceed the cost of the service if possible. If residents signed up to the service take full advantage of the discounts linked to membership, this would have the net effect of saving the cost of the collection charge.

## 7 **Income and cost savings**

- 7.1 The proposed charge of £40 is based on the existing collection arrangements of 45-47 service weeks (owing for one week at Christmas and a four or six week winter service break).
- 7.2 Neighbouring authorities have experienced between 50% and 70% of properties with gardens sign up for chargeable collections. A chargeable garden waste service, at £40 (£33.33 excluding VAT) per bin, has the potential to realise an income of:

<b>Take up</b>	<b>Households</b>	<b>Income</b>
40%	11,343	£378,062
50%	14,179	£472,586
55%	15,597	£519,848
60%	17,015	£567,110
70%	19,851	£661,634

7.3 An alternative option is to discontinue the winter service break and offer the service for 51 service weeks (owing for one week at Christmas). The proposed charge for a year round service is £44. Officers do not recommend this option due to the low tonnages produced during this time of year which would still require a vehicle, driver and loaders to collect. Many local authorities making a charge for green bin collection continue to operate a winter service break.

7.4 There would be some costs associated with introducing the service however these are not prohibitive. Based on 55% sign up, these include:

- Communication to residents about the service change - £7,000
- Printing and posting out scheme stickers - £16,375
- In-cab system - £85,000 (year one), £40,000 (subsequent years)

Officers recommend the introduction of an in-cab system linked to back office systems which would enable the proposed opt-in system to be managed as effectively and efficiently as possible. The system would bring additional benefits across the whole range of refuse and recycling collection services and previous analysis of the benefits of an in-cab system suggest a significant amount of the set up and annual running cost would be offset by resultant service efficiency savings. The start-up costs for the in-cab system would be partly met by reserves with part of the ongoing costs met from existing budgets.

7.5 It is not recommended to immediately collect unpaid green bins back in as residents may change their mind and wish to sign up to the service later. It is proposed that residents continue to be given the option to request the collection of a spare green bin (as currently available).

7.6 Dependent on the level of take up there may be the potential to reduce the level of resources deployed to collect green bins, at least for part of the year. Using the new in-cab system and the Council's route optimisation software, this would facilitate a subsequent move to zonal working which would allow all waste management collection services to operate more efficiently. This has the potential to save money, increase productivity and absorb new housing growth more readily. More efficient collections systems will also contribute to the Council's climate change targets.

## 8 Report Implications

### 8.1 Financial Implications

8.1.1 The table below provides a range of potential savings / additional net income for the Council dependant of the level of take up of the revised service.

Take up %		40%	50%	55%	60%	70%
Total Households	28,358	11,343	14,179	15,597	17,015	19,851
	£	£	£	£	£	£
Income exclude VAT	33.33	(378,062)	(472,586)	(519,848)	(567,110)	(661,634)
Revenue Costs						
Communication with residents		7,000	7,000	7,000	7,000	7,000
Printing and Postage of Stickers		11,909	14,886	16,375	17,864	20,841
In Cab System - Annual Running costs		40,000	40,000	40,000	40,000	40,000
In Cab System - Purchase costs		45,000	45,000	45,000	45,000	45,000
Funding from E/M Reserve		(88,312)	(88,312)	(88,312)	(88,312)	(88,312)
Use of revenue underspend on Tracker system		(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Net Saving		(377,465)	(469,012)	(514,785)	(560,558)	(652,105)

8.1.2 The initial costs of implementation identified in the above table can be funded using earmarked reserves and existing revenue budgets. Authorities who have introduced a charging mechanism have seen initial take up of between 40% and 55%. This would give net income in the range of £377,000 and £514,000.

### 8.2 Risk Management Implications

8.2.1 The pressures on the Council's budgets are extremely high. The proposed charge would generate additional revenue from a non-statutory service thereby protecting the Council's ability to continue to provide other essential services. Take-up of the scheme is voluntary and residents can choose not to participate. If the Gardener's Club proposal proves successful, many residents will be able to offset the cost of subscribing to the service through savings at local retail outlets.

### 8.3 Equality Implications

8.3.1 There are no adverse impacts identified arising from the proposals outlined in the report relating to the protected characteristics. The report provides some comparison information from neighbouring authorities about the take up of the service when a charge is made. There are options outlined in the report about alternative methods of green waste disposal or home composting for people who do not wish to take up a paid for service.

## **8.4 Environment and Sustainability Implications**

8.4.1 Introducing a charge for the service will make continued service provision more viable and it is estimated that the effect on the Council's overall recycling rate is unlikely to be significant. Cancelling the service would have a major impact on recycling and local environmental sustainability.

The Contact Officer for this report is Richard Dobbs (719440).

## Appendix 1 – Nearby authorities charging for garden waste collection

	Charge per bin (240 litre)
<b>Warwickshire</b>	
Nuneaton and Bedworth Borough Council	£40
Rugby Borough Council	£40
Stratford District Council (from 1 <sup>st</sup> June 2020)	£40
<b>Leicestershire</b>	
Blaby District Council	£36
Charnwood Borough Council	£40 - £45
Harborough District Council	£40
Hinckley and Bosworth Borough Council	£24
Melton Borough Council	£63.96
Oadby and Wigston Borough Council	£40
<b>Staffordshire</b>	
Tamworth Borough Council	£36
Lichfield District Council	£36
Newcastle Under Lyme Borough Council	£36
<b>Worcestershire</b>	
Wychavon District Council	£48
Malvern Hills District Council	£77.50
Bromsgrove District Council	£45
Redditch Borough Council	£45
Worcestershire City Council	£62.50
<b>Other</b>	
Birmingham City Council	£50
City of Wolverhampton Council	£35

**Agenda Item No 7**

**Executive Board**

**10 February 2020**

**Report of the  
Corporate Director - Resources**

**The Capital Strategy**

**1 Summary**

- 1.1 This report updates the Capital Strategy approved by the Council in February 2019.

**Recommendation to the Council**

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

**2 Introduction**

- 2.1 In December 2017, CIPFA issued a revised Prudential Code with a focus on non-treasury investments and especially on the purchase of property with the intention of generating income. Such purchases may involve undertaking external borrowing to finance these acquisitions or utilising cash balances which exposes the council to risk. The revised code now requires all authorities to produce a detailed Capital Strategy.
- 2.2 The Council has had an approved Capital Strategy, which is updated on a regular basis, for a number of years.

**3 Capital Strategy**

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

3.4 One of the aims of the capital strategy is to secure the long term availability and viability of key facilities. This update of the strategy has acknowledged the shortfalls of our current leisure provision and has included reference to some preliminary work to inform decisions on future investment.

3.5 The revised strategy is attached as Appendix A.

#### **4 Report Implications**

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

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

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

4.2.1 The Council has a duty to maintain its assets.

##### **4.3 Environment and Sustainability Implications**

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

##### **4.4 Risk Management Implications**

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

##### **4.5 Equalities Implications**

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

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

#### **Background Papers**

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>
The Capital Strategy	NWBC	Report to Executive Board	11 Feb 2019

## THE CAPITAL STRATEGY 2020/21

### 1 Introduction

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

### 2 Capital Investment Programme

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

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

### 3 Funding for Capital Investment

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

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

### 4 Approach to Prioritising Investment

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

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

	3 Years £000	10 Years £000
HRA	19,394	56,501
General Fund	8,143	13,467
<b>TOTAL</b>	<b>27,537</b>	<b>69,968</b>

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

	3 Year Programme £000
HRA	15,629
General Fund	7,202
<b>TOTAL</b>	<b>22,831</b>

## 5 Revenue Implications of Capital Investment

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

## **6 Managing and Monitoring the Capital Programme**

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

## **7 Disposal of Capital Assets**

- 7.1 The Authority does not have a large portfolio of assets that can be used to fund future investment. We are subject to Right to Buy legislation for council housing and have assumed the sale of 30 properties in projecting the resources in this strategy.
- 7.2 Any decision to dispose of other assets will be taken with full consideration of the economic position, and requires the approval of the Resources Board. Decisions on the use of any additional receipts will be made by the Executive Board, taking into account the priorities of schemes that are currently excluded from the capital programme.

## **8 Commercial Activities**

- 8.1 The Council has previously entered into some relatively low level commercial activity, in order to provide economic development opportunities for small businesses, through the provision of industrial units. These have worked well, and also provide a contribution towards the Council's overheads in the revenue budget. However additional spending on these assets is required in the future, which will require an assessment of the future value of the industrial units.
- 8.2 The Council is interested in looking at new commercial ventures, which will assist in service delivery and provide revenue income streams. Each commercial investment opportunity will be assessed on an individual basis, by the appropriate Service Board and Executive Board. They will only be progressed where there is a viable business case, following consideration of the costs and risks involved. Where appropriate, the Council will procure additional external resource when either there is insufficient officer availability or when specialist advice and support is required.
- 8.3 The Council has started to identify possible commercial opportunities for investigation. In the event that a commercial vehicle is needed to progress any of the opportunities, the Council will need to take professional advice on both financial and legal issues.
- 8.4 Any commercial activity undertaken will be monitored by the Resources Board, as part of its budgetary control monitoring.

## **9 Risk Appetite**

- 9.1 Financial risks are closely monitored as part of the corporate risk management framework. The Council's risk appetite for commercial activities is likely to evolve as opportunities are assessed. Whilst recognising the importance of generating income to support services, the Council will seek

to balance income from commercial ventures against the overall level of risk and the amount of reserves available to mitigate this risk.

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

## 10 Debt and Borrowing and Treasury Management

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

CFR	Original 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000
HRA	46,259	43,959	41,649
General Fund	15,270	15,657	17,078
<b>Total</b>	<b>61,529</b>	<b>59,616</b>	<b>58,727</b>

- 10.2 External borrowing was taken out to fund the 'buy out' of the housing stock from the national subsidy system. This is being repaid in line with the agreed strategy, which will reduce a substantial part of the debt, whilst giving opportunities in later years to maintain some debt if borrowing is required.
- 10.3 In recent years, internal borrowing has been used by the General Fund to fund some spending. It is currently a cheaper alternative than borrowing externally and the Council has sufficient cash flow to allow this. As reserves get spent, this internal borrowing will need to be replaced by external borrowing. Market rates are monitored, so that external debt can be sourced when appropriate.
- 10.4 Treasury Management, including the Council's approach to Investments, is covered in more detail within the Authority's Treasury Management Strategy.

## 11 Authorised Limit and Operational Boundary

- 11.1 There are two limits on external debt: the Authorised Limit and the Operational Boundary.
- 11.2 The Authorised Limit is a statutory limit determined under section 3 (2) of the Local Government Act 2003, which sets a boundary for overall borrowing by the Council. It provides for some headroom in the event of unexpected activity which results in an increased call on the Council's budgets, but is not sustainable in the longer term.
- 11.3 A key control for treasury activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should

not (except in the short term) exceed the total of the CFR in the preceding year plus estimates of any additional capital borrowing in the years covered by the Medium Term Financial Strategy. The Operational Boundary is calculated using the expected activity included within the Council's budgets, with a small allowance for timing issues.

- 11.4 Both of these limits are monitored by the Resources Board as part of its monitoring of treasury management activity.

## **12 Provision for the repayment of debt**

- 12.1 The Council is required to make prudent provision, by way of a charge to the revenue account, to repay the debt taken out. This must be over a period that is reasonably commensurate with that over which the capital expenditure provides benefit.

- 12.2 The Council has chosen to repay older General Fund debt using 4% per annum of the Capital Financing Requirement relating to the General Fund. Any borrowing taken out from 2011/12 onwards is repaid on a prudential basis, which requires an assessment of the life of the asset that the borrowing has been used for. Where possible the Council uses borrowing to fund longer dated spending, rather than assets with relatively short lives.

- 12.3 Repayment of HRA debt is in line with the external loans taken out.

## **13 Skills, Knowledge and Professional Advice**

- 13.1 Internally the Council employs fully qualified and experienced staff such as accountants, surveyors and solicitors, and supports those staff to complete their Continuing Professional Development requirements.

- 13.2 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. They assist with advice on the management of cash flows, investments and borrowings and with market information. The Council's VAT advisers are PSTax.

- 13.3 Treasury Management training for members of the Resources Board is provided periodically, or when requested.

## **14 Long Term View of Capital Expenditure Plans and Financing**

- 14.1 After programming in all previously approved schemes and those which have been deemed essential, the Council has a small surplus in General Fund capital resources over the next ten years. However, funding pressures remain.

- 14.2 As detailed in the Council's Medium Term Financial Strategy, the Council is facing a significant reduction in its anticipated financial resources for General Fund activities. Given the current financial position, borrowing to fund the shortfall is unlikely to be an option, unless individual capital schemes are self funding. In order to progress these schemes therefore, external funding from other sources will be essential.

- 14.3 Some of the Council's existing leisure facilities are coming to the end of their useful lives. Work to deliver long term and sustainable investment in leisure facilities provision, which meets corporate and community based objectives, will commence in 2020/21.

**Report of the Management Team**

**The Proposed 3 Year Capital Programme 2020/21 to 2022/23**

**1 Summary**

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

**Recommendations to the Board**

- a That the Board adopts the Revised Capital Programme for 2019/20 as set out in Appendix A;**
- b That the Board adopts the 3 Year Capital Programme for the period 2020/21 to 2022/23 as set out in Appendix B; and**

**Recommendation to Council**

- c That the prudential indicators set out in Section 9 are approved, subject to any changes that may be required as a result of decisions taken during this evening's meeting.**

**2 Background**

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

### **3 2019/20 Revised Capital Programme**

- ...
- 3.1 In relation to capital expenditure, Appendix A shows the originally approved programme for 2019/20 alongside the in year movements. The revised position is £1,325,890 less than the approved programme.
  - 3.2 The revised budget for HRA Housing has been amended to reflect the timing of work associated with the demolition and rebuild of flats at Long Street and Coleshill Road, Atherstone and Trinity Close, Warton. The tender process is now complete, with demolition work expected to begin late in March and rebuild work in 2020/21. Budget provision of £736,100 has been moved into 2020/21 for this.
  - 3.3 Due to timing changes within the HRA vehicle replacement programme, a further £68,620 has been moved into 2020/21.
  - 3.4 Within the General Fund schemes, some provision has been left in the Atherstone Leisure Complex budget to fund the costs of new lighting to the pool hall and repairs to the roof, with the remaining budget of £210,000 being moved into 2020/21. The replacement of the roof cladding at Innage Park will be delayed to 2020/21 and £195,000 has been pushed back for this.
  - 3.5 Part of the upgrade of the Payment Management System has been delayed as the functionality currently available in the Call Secure Solution from Capita doesn't meet the Council's needs. £18,000 has been moved into 2020/21 in relation to this.
  - 3.6 Changes in the timing of vehicle replacements have moved costs of £98,170 into 2020/21.
  - 3.7 The final actual expenditure out-turn for 2019/20 could still differ to the revised position shown. It is difficult to predict when some work will be completed and some schemes, like the Decent Homes Grants for Private Sector Housing are reliant on the timing of client claims for works over which the Council has no control. In line with normal practice, the Executive Board may be asked to approve the carry over of some of these budgets into 2020/21, once the final spend for 2019/20 is established.

### **4 Formulating the Capital Programme**

- 4.1 The Council needs to control its capital programme carefully, firstly to ensure that available resources are targeted effectively towards meeting corporate targets and secondly, to take into account the effect that capital expenditure has on revenue budgets.
- 4.2 The capital programme, by its nature, is long term and therefore the initial programme drawn up is for a ten year period to 2029/30. However, as both expenditure and funding is difficult to predict so far in advance, a more detailed three-year programme has also been developed.

## 5 10-Year Capital Resource Forecast - 2020/21 to 2029/30

5.1 The resources for 2020/21 to 2029/30 have been estimated using the following assumptions:

- Capital receipts will be received from Right to Buy sales, with some receipts used to fund General Fund (GF) programmes. The Council has entered into an agreement with the government which allows the retention of a greater proportion of these receipts. The additional receipts retained must be used for the construction/purchase of new affordable properties within 3 years of receipt;
- Future year estimates of the Disabled Facility Grant have not been included on the basis that all government funding in relation to this grant will be transferred from the Council to the Heart project;
- The use of revenue contributions to fund the majority of HRA expenditure;
- Borrowing will be used for the purchase of General Fund vehicles and to contribute to the construction of the Materials Recycling Facility, amounting to £8,792,940 over the 10 year programme.

5.2 The expected resources for the period 2020/21 to 2029/30 are shown in the table below:

	<b>HRA £'000</b>	<b>Gen Fund £'000</b>	<b>Total £'000</b>
Resources b/f	(4,878)	(3,037)	(7,915)
Use of earmarked reserves	-	(234)	(234)
Revenue Contributions to capital schemes	(38,959)	-	(38,959)
Borrowing/Leasing	-	(8,793)	(8,793)
Capital receipts	(12,664)	(1,403)	(14,067)
<b>Total</b>	<b>(56,501)</b>	<b>(13,467)</b>	<b>(69,968)</b>

5.3 This gives a total of £69.968 million available resources over the ten-year period to 2029/30. However, it must be emphasised that figures for 2021/22 onwards are indicative only, and firmer figures will only be available a few months ahead of the relevant year.

## 6 Ten Year Capital Expenditure Forecast – 2020/21 to 2029/30

6.1 An initial forecast of all potential capital projects has been collated covering the next 10 years, including both HRA and GF schemes. This followed an analysis of the general fund building maintenance requirements and a detailed breakdown of the key components needed to maintain the Decent Homes Standard within the Council's housing stock in the future.

- 6.2 A draft 10 year capital programme commencing in 2020/21 has been compiled based on the approved schemes from 2019/20. The opportunity has been taken to assess any new schemes and review schemes previously classed as non-essential, to assess whether this classification is still valid. The review also gave the opportunity to reconsider the timing of existing schemes.
- 6.3 There is a continuation of the scheme to increase new build homes in the HRA. This is required under the Section 11 agreement that the Council has entered into with the Government to retain some of the capital receipts relating to the sale of Council houses. This expenditure will be focused on specific schemes at Long Street and Coleshill Road, Atherstone in 2020/21.
- 6.4 The current Environmental Health system will be unsupported by Civica beyond 2020. Due to the risks associated with continuing to use an unsupported system, and to enable Environmental Health to improve customer satisfaction, a new system will be required in 2020/21. This is expected to cost £85,000.
- 6.5 The draft programme is summarised below and the details are shown in Appendix B:

<b>Initial Forecast 2020/21 to 2029/30</b>	<b>£000</b>
HRA	54,148
General Fund	13,227
<b>TOTAL</b>	<b>67,375</b>

- 6.6 As shown in the previous section, the total estimated resources for the ten-year period are £69.968 million compared with the expenditure bids of £67.375 million. This leaves a surplus of £2.593 million. This expenditure reflects the total bids put forward for consideration that have been identified to ensure the continuity of current services.

## 7 Unallocated Schemes

- 7.1 The level of schemes put forward for inclusion in the capital programme outweighed the General Fund resources available. As a consequence projects which have been assessed as non-essential have not been included in the proposed programme. Details of these schemes are outlined in Appendix C.
- 7.2 £330,000 of works have been identified at the various industrial units that the Council owns. As part of the Asset Management Plan process, a financial and operational review will be carried out. Until this analysis is carried out, commitment to expenditure would not be advisable, but should the review show that the Council should retain the assets, investment will need to be made.
- 7.3 At the Maya Restaurant the condition of the car park surface needs to be kept under review. A sum of around £50,000 would be needed to carry out remedial work.

- 7.4 The Gladstone system may require an upgrade in the coming years, to enable Leisure Services to continue to use the most up to date version of the system. The upgrade is expected to cost £5,240.

## 8 Other Unplanned Schemes

- 8.1 Improvement works are urgently needed at Water Orton car park to address capacity issues. Demand is continually far higher than the available space affecting both long stay commuters and short stay visitors. Along with an increase in capacity, the car park layout would be improved making access and egress safer and easier along with enhanced facilities for disabled users as well as laying the groundwork for the necessary infrastructure for the future provision of measures such as electric vehicle charging points and permanent CCTV.
- 8.2 There are also urgent works need to be carried out to the roof, structure and fabric of the building which comprise the row of shops and flats at 105-117 High Street Coleshill. The majority of the buildings are listed and of historic and architectural importance and there has been significant deterioration in the condition of the building over recent years which has now reached a point where action is required. The sums required are likely to be significant and the work will need to be completed within the next six to twelve months.
- 8.3 Figures for both projects are currently being assessed and will be reported as soon as possible.

## 9 Three-Year Capital Spend and Resources to 2022/23

- 9.1 As well as the long term programme, it is prudent to ensure that the Council can afford the capital schemes required in the medium term. As such, schemes included in the next 3 years have been assessed in more detail.
- 9.2 The table below highlights that there is an overall surplus generated over the 3 year period for both the General Fund and the HRA.

<b>Potential 3 year programme</b>	<b>HRA £'000</b>	<b>Gen Fund £'000</b>	<b>Total £'000</b>
Resources b/f	(4,878)	(3,037)	<b>(7,915)</b>
Total 3 year resources	(14,516)	(5,106)	<b>(19,622)</b>
Total 3 year expenditure	15,629	7,202	<b>22,831</b>
<b>Total</b>	<b>(3,765)</b>	<b>(941)</b>	<b>(4,706)</b>

- 9.3 It is prudent to have a capital programme with surplus balances. The incoming resources include Right to Buy within the resources total, which has a degree of risk associated with it. In addition, resources are not received consistently, and the surplus will be needed to fund 2023/24 onwards.

## 10 Prudential Indicators for Capital Investment

- 10.1 The introduction of the Local Government Act 2003 resulted in a change in the capital finance system for Local Authorities, and established a prudential framework for capital investment. Under this system, Councils are free to determine the affordability of their capital investment proposals and of any borrowing required to finance those proposals.
- 10.2 A prudential code was developed in 2011, which required the Council to consider the affordability of its proposals, their prudence and sustainability, value for money, asset management planning, practicality and service objectives. The prudential code was updated in September 2018.
- 10.3 In addition to the information already provided within this report, the Council is required to set and review regularly a range of indicators that have been developed as part of the Code, which will be used to support capital investment decision-making. As risk and uncertainty form a key part of capital investment planning, the Code requires three year integrated capital and revenue spending plans to determine the indicators. These need to be set as part of the overall budget-setting process.
- 10.4 The Code requires a number of indicators be set. Two sets of these indicators have already been detailed within the Treasury Management Strategy statement, MRP Policy statement and Annual Investment Strategy for 2020/21, which was reported to Resources Board on 27th January 2020. These are:
- External Debt Indicators (the Authorised Limit for Borrowing and the Operational Boundary); and
  - Treasury Management Indicators.

<b>External Debt/ Treasury Indicators</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Authorised Limit for External Debt	84,277	81,438	78,076	77,586
Operational Boundary	61,967	59,281	55,528	54,639
Upper Limit for Fixed Interest Rate Exposure	64,000	62,000	60,000	58,000
Upper Limit for Variable Rate Exposure	32,000	31,000	30,000	29,000
Upper Limit for Total Principal Sums Invested for over 364 days (per maturity date)	50%	50%	50%	50%
<b>Maturity Structure of New Fixed Rate Borrowing</b>	<b>Upper Limit</b>		<b>Lower Limit</b>	
Under 12 months	100%		0%	
12 Months and within 24 months	100%		0%	
24 months and within 5 years	100%		0%	
5 years and within 10 years	100%		0%	
10 years and above	100%		0%	

Each of the remaining sets of indicators is covered in the paragraphs below.

- 10.5 **Capital Expenditure Indicators** – the Council is required to make a reasonable estimate of the capital expenditure it plans to incur in each of the next three years, and report actual expenditure incurred at year-end. Using the proposals contained within this report, these are set out below, together with the actual position for 2018/19 and the revised position for 2019/20.

	<b>Actual 2018/19 £'000</b>	<b>Revised 2019/20 £'000</b>	<b>Original 2020/21 £'000</b>	<b>Forecast 2021/22 £'000</b>	<b>Forecast 2022/23 £'000</b>
<b>HRA</b>	4,229	7,103	3,498	3,469	3,784
<b>HRA - New Build</b>	223	1,277	2,344	1,255	1,280
<b>General Fund</b>	771	1,433	3,864	1,455	1,882
<b>Total</b>	<b>5,223</b>	<b>9,813</b>	<b>9,706</b>	<b>6,179</b>	<b>6,946</b>

- 10.6 **Capital Financing Requirement Indicators** – these indicators measure the Council's underlying need to borrow to fund capital expenditure, which is the normal level of borrowing expected. The actual capital financing requirement as at 31 March 2019, the revised estimate for 2019/20 and estimates for the next three years are set out below. The method of calculation is set out as Appendix D.

...

	<b>Actual 2018/19 £'000</b>	<b>Revised 2019/20 £'000</b>	<b>Original 2020/21 £'000</b>	<b>Forecast 2021/22 £'000</b>	<b>Forecast 2022/23 £'000</b>
HRA	49,734	48,308	46,259	43,959	41,649
General Fund	13,717	13,659	15,270	15,657	17,078
<b>Total</b>	<b>63,451</b>	<b>61,967</b>	<b>61,529</b>	<b>59,616</b>	<b>58,727</b>

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

...

	<b>Actual 2018/19</b>	<b>Revised 2019/20</b>	<b>Original 2020/21</b>	<b>Forecast 2021/22</b>	<b>Forecast 2022/23</b>
HRA	25.90%	27.02%	28.61%	29.40%	28.42%
General Fund	1.77%	1.12%	2.29%	2.80%	3.56%

- 10.7.1 HRA financing costs reflect the scheduled repayment of the debt taken out by the Council as part of the move to self financing. The increase in the General Fund amount from 2020/21 onwards reflects the additional financing costs

required to replace the Authority's existing vehicles, and to contribute to the MRF.

10.7.2 The five sets of indicators required by the Code may need to be amended, depending on the decisions on the capital programme taken by this Board.

10.8 **Net debt and the capital financing requirement** – an indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Authority must ensure that external debt does not exceed the total capital financing requirement for the preceding year and the estimates for the next two financial years. Current external borrowing is £50.239 million, well below the Capital Financing Requirement projections shown in paragraph 9.6.

## 11 Conclusion

11.1 Some sources of funding are specific to particular types of expenditure. The proposed programme takes this into account, so Members need to be mindful of this should they wish to vary the proposed programme.

11.2 Only those schemes that either meet a statutory duty or which score highly against the Council priorities and risk assessment are included in the Capital Programme.

11.3 The proposed 3 Year Programme has a level of unallocated balances which is felt prudent as there are certain risks to some income streams and potentially unforeseen costs that may be unavoidable.

## 12 Report Implications

### 12.1 Finance and Value for Money Implications

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

<b>GENERAL FUND</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
Financing costs	217,270	75,680	236,130

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

<b>HRA</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	<b>2022/23 £</b>
Financing costs	3,023,920	3,020,410	3,365,190

The majority of the financing costs for the HRA are funded through revenue contributions to capital expenditure.

## 12.2 Environment and Sustainability Implications

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

## 12.3 Equality Implications

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

## 12.4 Safer Communities

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

## 12.5 Risk Management Implications

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

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

### 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

<b>Expenditure Proposals</b>	<b>Approved Budget</b>	<b>Moved to future year</b>	<b>Revised 2019/20</b>
<b>HRA Assets</b>			
Staffing	295,430		295,430
Electrics	1,230,120		1,230,120
Kitchens and Bathrooms	688,420		688,420
Heating	585,810		585,810
Windows and Doors	217,120		217,120
Energy Saving Measures	944,630		944,630
Disabled Facilities Adaptations	180,300		180,300
Roofing	495,340		495,340
Alder & Heather Court Flats	303,220		303,220
Infrastructure Improvements	75,000		75,000
Improvement works to blocks of flats - external and common areas	1,191,150		1,191,150
Replacement of DLO vehicles	131,960	(51,460)	80,500
Replacement of Housing Inspectors vehicles	65,780	(15,780)	50,000
Replacement of Neighbourhood Warden vehicles	76,380	(1,380)	75,000
Multi Trade Contract	690,650		690,650
New Build	2,012,800	(736,100)	1,276,700
<b>HRA TOTAL</b>	<b>9,184,110</b>	<b>(804,720)</b>	<b>8,379,390</b>
<b>General Fund Assets</b>			
Decent Homes Grants & Works (Private Sector)	40,000		40,000
Borough Care Lifelines	23,000		23,000
CCTV System Replacement	136,700		136,700
Revenues and Benefits System	13,230		13,230
Computer Software	56,000		56,000
ICT Infrastructure Development	25,400		25,400
Payment Management System	32,500	(18,000)	14,500
Atherstone Leisure Complex - Replacement Roof	285,000	(210,000)	75,000
Innage Park Phase 2 - Cladding/roof works	195,000	(195,000)	0
Refurbishment of Council Owned Buildings	1,700		1,700
Disabled Discrimination Adaptations	270,240		270,240
Depot Works	100,000		100,000
Materials Recycling Facility	100,000		100,000
Replacement of Refuse Vehicles	10,050	(10,050)	0
Replacement of Street Cleaning Vehicles	228,820	(140)	228,680
Replacement of Horticulture Vehicles	61,680	990	62,670
Replacement of Leisure Services Vehicles	15,260	(15,260)	0
Replacement of Borough Care Scheme Vehicles	73,710	(73,710)	0
Community Fund	100,000		100,000
Parks and Playing Fields	148,500		148,500
Leisure Equipment	20,000		20,000
Capital Salaries - Management	17,530		17,530
<b>GENERAL FUND</b>	<b>1,954,320</b>	<b>(521,170)</b>	<b>1,433,150</b>
<b>OVERALL TOTAL</b>	<b>11,138,430</b>	<b>(1,325,890)</b>	<b>9,812,540</b>

## Draft Capital Programme - HRA Housing

Name of the Scheme	Basic Details of the Scheme	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 - 10 2023/24 to 2029/30	Total 10 Year Programme
Electrics	A scheduled programme to replace consumer units and to bring wiring in Council properties up to date.	402,370	414,440	426,870	3,369,030	4,612,710
Staffing	Housing officers who deliver the capital programme to Council properties.	275,540	280,930	286,320	2,170,060	3,012,850
Kitchens and Bathrooms	Replacement programme to ensure these facilities meet the Decent Homes Standard.	402,370	414,440	426,870	3,369,030	4,612,710
Heating	To replace heating systems which are at the end of their component life time, can't be repaired or to provide for controllable systems to meet the Decent Homes Standard.	247,610	255,040	262,690	2,073,250	2,838,590
Windows and Doors	Programmes of window and door replacements to address older installations that are not energy efficient and those that are defective.	247,610	255,040	262,690	2,073,250	2,838,590
Energy Saving Measures	External Wall Insulation & Loft Insulation programmes will be required to ensure properties meet the necessary levels for energy usage.	92,850	95,640	98,510	777,530	1,064,530
Adaptations	Undertake adaptations to properties to improve accessibility in accordance with recommendations from social care assessors.	185,710	191,280	197,020	1,554,950	2,128,960
Roofing	To replace roofs (flat or pitched) which do not meet the Decent Homes Standard and cannot be repaired to extend their use.	402,370	414,440	426,870	3,369,030	4,612,710
Improvement works to blocks of flats - external and common areas	In 2019/20 we will start a rolling priority programme of remedial works to blocks of flats. The works will deal with blocks of flats that require extensive structural repairs.	711,900	733,240	755,270	5,960,460	8,160,870
Replacement of DLO Vehicles	Replacement as per the vehicle replacement schedule.	88,420	-	214,010	528,000	830,430
Replacement of Housing Inspectors Vehicles	Replacement as per the vehicle replacement schedule.	38,490	-	-	108,000	146,490
Replacement of Neighbourhood Warden Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	90,000	90,000
Multi Trade Contract	To cover a range of capital works including remedial work following fire risk assessments and schemes for garages and sheltered scheme communal rooms as well as external works and structural works.	402,370	414,440	426,870	3,369,030	4,612,710
New Build	To fund new build schemes as they identified.	-	1,255,000	1,280,100	9,706,940	12,242,040
New Build - Atherstone	Demolition and rebuild of flats at Coleshill Road and Long Street, Atherstone.	1,217,800	-	-	-	1,217,800
New Build - Trinity Close, Warton	Demolition and rebuild of houses at Trinity Close, Warton.	278,000	-	-	-	278,000
New Build - Hatters Arms Development, Warton	Building of properties at Hatters Arms Development, Warton.	848,000	-	-	-	848,000
		<b>5,841,410</b>	<b>4,723,930</b>	<b>5,064,090</b>	<b>38,518,560</b>	<b>54,147,990</b>

## Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year				Total
		2020/21	2021/22	2022/23	2023/24 to 2029/30	
Decent Homes Grants and Works (Private Sector)	Assistance with repairs and replacements targeted at vulnerable households on a means tested basis to prevent deterioration and associated health effects.	25,000	25,000	25,000	175,000	250,000
Borough Care Lifelines	Provide new lifelines and replace units that are beyond repair and/or obsolete.	23,000	23,000	23,000	161,000	230,000
Computer hardware and software, purchase and replacement	To continue to provide PC's that meet the requirements of the increasingly complex software that is used to deliver Council services and back office functions. This budget includes the renewal of the Microsoft Software licenses.	40,000	30,000	30,000	240,000	340,000
Replacement of scanner/plotter	Replacement of the existing separate scanner and plotter with a single solution.	-	10,000	-	10,000	20,000
Replacement Financial Management System (FMS)	The current Financial Management System (TOTAL) is time limited and will be withdrawn in a few years time. As the software has not been developed for some time, this is increasingly causing issues. A replacement system is needed.	300,000	-	-	-	300,000
ICT Infrastructure Development	To further develop the network and hardware structures to ensure that the Council's aspirations of home and mobile working and self service delivery are possible.	20,000	20,000	20,000	140,000	200,000
Network Infrastructure	Replacement of the existing network infrastructure.	40,000	-	-	40,000	80,000
Telephone System	Replacement of the existing telephone system.	-	20,000	-	20,000	40,000
Server Virtualisation	Replacement of the existing virtual server.	50,000	-	-	50,000	100,000
Backing Up	Primarily used at two levels; the day to day use of the recovery of lost data or damaged systems that need to be rolled back to a previous state. The major use is in the event of fire or theft where the backups we hold would be used to restore systems.	-	25,000	-	25,000	50,000
Payment Management System	Upgrade to Payment Management System to meet new encryption standards and introduce contact less payments.	18,000	10,000	-	20,000	48,000
Replacement Environmental Health System	The current system will be unsupported by Civica after 2020. A new system is required in 2020/21 to enable Environmental Health to work more efficiently and potentially improve customer satisfaction.	85,000	-	-	-	85,000
Uninterruptable Power Supply	A large 'battery' which ensures power to all systems. This supply is unaffected by power cuts etc.	-	-	10,000	-	10,000
Atherton Leisure Complex - Replacement Roof	The leisure complex has a single ply flat roof covering virtually all of the facility that has an estimated life span of around 10 years and will need replacing.	210,000	-	-	-	210,000
The Pavilions - Cladding/roof works	Replacement of the roof cladding.	105,000	-	-	-	105,000
Innage Park Phase 2 - Cladding/roof works	Replacement of the roof cladding.	195,000	-	-	-	195,000

## Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2020/21	2021/22	2022/23	2023/24 to 2029/30	10 Year Programme
Maya Restaurant (Bear and Ragged Staff)	To replace the roof covering the building.	120,000	-	-	-	120,000
Refurbishment of Council Owned Buildings	To carry out improvements to all council owned property.	-	45,000	-	90,000	135,000
Electrical upgrade at Old Bank House	The electrical system at OBH is 30 years old and will be in need of updating to comply with current legislation.	150,000	-	-	-	150,000
Materials Recycling Facility	The Council is now a full partner in a project to develop a local authority owned and operated MRF. The Facility is to provide guaranteed capacity to process all recyclable material collected by the partner authorities over a 20 year period.	1,124,000	920,000	-	-	2,044,000
Replacement of Pool Vehicles	Replacement as per the vehicle replacement schedule.	-	20,000	28,000	56,000	104,000
Replacement of Refuse Vehicles	Replacement as per the vehicle replacement schedule.	565,050	-	1,429,620	2,752,000	4,746,670
Replacement of Cesspool Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	126,000	126,000
Replacement of Rodent Control Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	22,000	22,000
Replacement of Street Cleaning Vehicles	Replacement as per the vehicle replacement schedule.	93,000	51,740	11,280	661,010	817,030
Replacement of Horticulture Vehicles	Replacement as per the vehicle replacement schedule.	122,010	6,760	166,770	526,980	822,520
Replacement of Leisure Services Vehicles	Replacement as per the vehicle replacement schedule.	15,720	-	-	19,330	35,050
Replacement of Borough Care Scheme Vehicles	Replacement as per the vehicle replacement schedule.	75,670	-	-	-	75,670
Leisure Equipment	To replace the equipment used in the execution of various activity programmes in each of the leisure centres that conforms to industry and market standards relating to customer needs and safety requirements. The proposed investment protects significant levels of income. Whilst fitness equipment has been replaced over the last few years, there is other sports equipment that is in need of renewal.	20,000	30,000	20,000	150,000	220,000
Leisure Centre Fitness Suite Equipment Replacement	Planned full replacement of the fitness centre equipment at the three leisure centres in the Borough. This replacement will take place once the fund has built up sufficient funding for the work to take place.	250,000	-	-	250,000	500,000
PlayArea Replacement Programme	Planned replacement of play facilities - Year 2 at Ansley Common, Austrey, Coleshill, Piccadilly; Year 3 at Polesworth, Corley, Hurley, Wood End; Year 4 at Mancetter and Dordon (Kitwood Avenue).	200,000	200,000	100,000	350,000	850,000
Capital Salaries - Management	General Fund staffing.	17,970	18,300	18,630	141,200	196,100

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 - 10 2023/24 to 2029/30	Total 10 Year Programme
		3,864,420	1,454,800	1,882,300	6,025,520	13,227,040
		9,705,830	6,178,730	6,946,390	44,544,080	67,375,030

Draft Capital Programme - Not Currently in the Approved Programme

Appendix C

Name of the Scheme	Basic Details of the Scheme	Essential or Non Essential?	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 - 10 2023/24 to 2029/30	Total 10 Year Programme
Replacement Housing/Rents	The current system (IBS) will be more than 10 years old and it is Council practice to review and assess systems to ensure they still meet user needs.	Non Essential	-	-	100,000	-	100,000
Electronic Document and Record Management System (EDRMS) - Development and Corporate roll-out	To review and assess system to ensure it still meets user needs and replace if required.	Non Essential	-	70,000	-	-	70,000
Web Development (Intranet, Intranet and Extranets)	To review and assess systems to ensure they still meet user needs and replace if required.	Non Essential	-	-	50,000	-	50,000
Replacement Leisure System	To review and assess system to ensure it still meets user needs and replace if required.	Non Essential	-	-	-	70,000	70,000
Replacement Planning System	To review and assess system to ensure it still meets user needs and replace if required.	Non Essential	-	-	-	70,000	70,000
Mobile CCTV Replacement	The introduction of mobile CCTV cameras in the borough.	Non Essential	-	-	-	50,000	50,000
Maya Restaurant - Resurface Car Park	The car park at the facility is looking shabby and there is an increased risk of injury or accident as the condition of the car park surface diminishes.	Non Essential	-	-	-	44,000	44,000
Carlyon Road - Resurface Car park	The streetscape in the area of the industrial units will start to look shabby and there is an increased risk of injury or accident as the condition of the car park surface diminishes.	Non Essential	50,000	-	-	-	50,000
Innage Park Phase 1 - Resurface forecourt	The streetscape in the area of the industrial units will start to look shabby and there is an increased risk of injury or accident as the condition of the forecourt surface diminishes.	Non Essential	250,000	-	-	-	250,000
Gladstone System Upgrade	To ensure that the Council is using the most up to date version of the system.	Non Essential	80,000	-	-	-	80,000
Internal refurbishment of Piccadilly Sports Pavilion and replacement of hard standing areas	If a review shows a need to retain Piccadilly Sports Pavilion, there will be a need to carry out improvement works at the sports pavilion, particularly to improve energy efficiency, the extent and nature of which will be determined once future management options for the site have been agreed.	Non Essential	5,240	-	-	-	5,240
Improvements to Anasley Hall Sports Ground to include refurb of Pavilion	If a review shows a need to retain Anasley Hall Sports Ground, there will be a need to carry out improvement works at the sports pavilion, the extent and nature of which will be determined once future management options for the site have been agreed.	Non Essential	-	-	-	35,000	35,000
<b>Total</b>			<b>385,240</b>	<b>105,000</b>	<b>150,000</b>	<b>199,000</b>	<b>839,240</b>

	HRA (£)	GF (£)	GF Prudential Borrowing (£)	Grand Total
Fixed Assets	150,354,833	22,894,229		173,249,063
Revaluation Reserve	(9,220,676)	(4,259,910)		(13,480,586)
Capital Adjustment Account	(91,399,846)	(4,917,336)		(96,317,182)
<b>Actual CFR as at 31-3-19</b>	<b>49,734,311</b>	<b>13,716,984</b>	<b>0</b>	<b>63,451,294</b>
Repayment of HRA borrowing	(1,750,000)			(1,750,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 14/15			(1,555)	(1,555)
Repay Principal - Vehicles 15/16			(146,391)	(146,391)
Repay Principal - Vehicles 19/20	(24,937)		(27,488)	(52,425)
New prudential borrowing - Vehicles	349,120		373,290	722,410
MRP		(101,794)		(101,794)
<b>Estimated CFR as at 31-3-20</b>	<b>48,308,494</b>	<b>13,615,190</b>	<b>43,814</b>	<b>61,967,497</b>
Repayment of HRA borrowing	(2,000,000)			(2,000,000)
Materials Recycling Facility payment			1,124,000	1,124,000
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 14/15			(1,555)	(1,555)
Repay Principal - Vehicles 15/16			(144,383)	(144,383)
Repay Principal - Vehicles 19/20	(49,874)		(54,977)	(104,851)
Repay Principal - Vehicles 20/21			(72,290)	(72,290)
New prudential borrowing - Vehicles			1,012,060	1,012,060
MRP		(97,722)		(97,722)
<b>Estimated CFR as at 31-3-21</b>	<b>46,258,620</b>	<b>13,517,468</b>	<b>1,752,627</b>	<b>61,528,714</b>
Repayment of HRA borrowing	(2,250,000)			(2,250,000)
Materials Recycling Facility payment			920,000	920,000
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 15/16			(134,346)	(134,346)
Repay Principal - Vehicles 19/20	(49,874)		(54,977)	(104,851)
Repay Principal - Vehicles 20/21			(144,580)	(144,580)
Repay Principal - Vehicles 21/22			48,889	48,889
MRP		(93,813)		(93,813)
<b>Estimated CFR as at 31-3-22</b>	<b>43,958,746</b>	<b>13,423,655</b>	<b>2,233,571</b>	<b>59,615,971</b>
Repayment of HRA borrowing	(2,260,000)			(2,260,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 15/16			(58,527)	(58,527)
Repay Principal - Vehicles 19/20	(49,874)		(54,977)	(104,851)
Repay Principal - Vehicles 20/21			(144,580)	(144,580)
Repay Principal - Vehicles 21/22			(7,521)	(7,521)
Repay Principal - Vehicles 22/23			(148,484)	(148,484)
New prudential borrowing - Vehicles			2,078,770	2,078,770
MRP		(90,061)		(90,061)
<b>Estimated CFR as at 31-3-23</b>	<b>41,648,872</b>	<b>13,333,594</b>	<b>3,744,210</b>	<b>58,726,675</b>

Capital Financing Costs Indicator

Appendix E

	Actual 2018/19 £000	Revised 2019/20 £000	Original 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000
<b>HRA</b>					
Interest and Investment Income	(105)	(107)	(95)	(99)	(90)
External Interest Costs	1,569	1,539	1,504	1,460	1,406
Repayment of Borrowing	1,700	1,775	2,050	2,300	2,310
<b>Total</b>	<b>3,164</b>	<b>3,207</b>	<b>3,459</b>	<b>3,661</b>	<b>3,626</b>
Net Revenue Stream	12,214	11,870	12,092	12,452	12,758
<b>Ratio</b>	<b>25.90%</b>	<b>27.02%</b>	<b>28.61%</b>	<b>29.40%</b>	<b>28.42%</b>
<b>General Fund</b>					
External Interest Costs	10	10	10	10	10
Investment Income	(268)	(350)	(360)	(380)	(400)
Repayment of Borrowing	302	329	427	488	568
MRP	98	102	98	94	90
<b>Total</b>	<b>142</b>	<b>91</b>	<b>175</b>	<b>212</b>	<b>268</b>
Council Tax	4,396	4,316	4,466	4,639	4,817
New Homes Bonus	902	921	738	462	208
RSG	191	0	0	0	0
NDR	2,546	2,920	2,422	2,460	2,499
Net Revenue Stream	8,035	8,157	7,626	7,561	7,524
<b>Ratio</b>	<b>1.77%</b>	<b>1.12%</b>	<b>2.29%</b>	<b>2.80%</b>	<b>3.56%</b>

## Agenda Item No 9

### Executive Board

10 February 2020

#### Report of the Corporate Director - Resources

#### General Fund Revenue Estimates 2020/21

### 1 Summary

- 1.1 This report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

#### Recommendation to the Board

- a To accept the revised budget for 2019/20; and
- b To accept or otherwise vary the Estimates of Expenditure for 2020/21, as submitted, for their inclusion in the overall budget considered in a later agenda item.

### 2 Introduction

- 2.1 In consultation with other Directors, the Corporate Director - Resources has prepared an estimate of net expenditure for 2020/21 and this, together with a revised budget for 2019/20, appears in Appendices A and B. To provide a more complete picture of the spending pattern of the service, the actual figures for 2018/19 are shown.

- 2.2 At its meeting in September, the Executive Board agreed the budget strategy for 2020-2024, which required savings of £1.60 million over a four year period. This required budget savings of £800,000 in 2020/21 with additional savings of £550,000 in 2021/22 and £250,000 in 2022/23, a savings target was not included for 2023/24 at that time. Some limited growth was built into the strategy in specific areas.

- 2.3 Directors were asked to identify areas where savings could be made, either by a reduction in expenditure or through the generation of additional income.

2.4 A subjective analysis of the Board's requirement is shown below:

	<b>Original Budget 2019/20 £</b>	<b>Revised Budget 2019/20 £</b>	<b>Original Budget 2020/21 £</b>
Employee Costs	267,680	267,090	273,690
Premises	2,980	410	410
Supplies and Services	235,850	253,020	160,860
Transport	1,450	1,460	1,530
Miscellaneous Expenditure	2,060	-	-
Earmarked Reserves	(46,430)	(44,280)	(36,390)
<b>Gross Expenditure</b>	<b>463,590</b>	<b>477,700</b>	<b>400,100</b>
Income	(26,560)	(23,220)	(3,280)
<b>Net Controllable Expenditure</b>	<b>437,030</b>	<b>454,480</b>	<b>396,820</b>
Departmental Support	165,820	165,820	151,610
Central Support	164,500	164,500	173,390
Capital Charges	8,980	8,980	9,710
<b>Net Expenditure</b>	<b>776,330</b>	<b>793,780</b>	<b>731,530</b>

2.5 The Council values all of its assets using a five year rolling programme, and this can affect the level of capital charges that are made to services and can therefore significantly affect the net service cost. Although few assets are used for the services within this Board, changes in net service expenditure that are as a result of increases or decreases in capital charges are shown below net operating expenditure in the following pages.

### 3 Comments on the 2019/20 Revised Budget

3.1 The revised budget for 2019/20 is estimated to be £793,780, an increase of £17,450 on the original budget. The main reasons for variations are set out below.

#### 3.2 North Warwickshire Development Plan **£19,470**

3.2.1 An increase of £65,000 was approved as a supplementary estimate in September 2019, to cover the Inspector's additional costs for the Local Plan Examination process. However £45,000 of the original provision has been moved into next year as the delay in the decision on the A5 HIF bid has changed the timing of some of the associated work.

### 4 Comments on the 2020/21 Estimates

4.1 The 2020/21 estimates have been prepared, taking into account the following assumptions:

- A 2% pay award from 1 April 2020;
- Savings of £5,710 have been incorporated into the estimates being considered and are shown in Appendix C.

4.2 The estimated budget for 2020/21 is £731,530; a decrease of £44,800 on the 2019/20 approved budget, and a decrease of £62,250 on the revised 2019/20 budget. The main variation from the revised budget is set out below:

4.3 **North Warwickshire Development Plan (£57,860)**

4.3.1 Professional fees have reduced as the budget for inspectors fees was only required for 2019/20 and to match the anticipated work programme.

4.4 **Departmental and Central Support Services (£5,320)**

4.4.1 Departmental costs have decreased due to a reduction in the allocations from Revenues and Benefits and Central Support Costs have increased due to the pay award and to reflect a different Internal Audit work plan for 2020/21.

5 **Income**

5.1 There are no fees and charges for services under the responsibility of this Board.

6 **Risks to Services**

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

	<b>Likelihood</b>	<b>Potential impact on Budget</b>
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

## 7 Future Year Forecasts

- 7.1 In order to assist with medium-term financial planning, Members are provided with budget forecasts for the three years following 2020/21. The table below provides a subjective summary for those services reporting to this Board:

	<b>Forecast Budget 2021/22 £</b>	<b>Forecast Budget 2022/23 £</b>	<b>Forecast Budget 2023/24 £</b>
Employee Costs	279,120	284,700	290,360
Premises	420	420	430
Supplies and Services	139,590	77,740	54,300
Transport	1,570	1,600	1,650
Earmarked Reserves	(10,610)	(1,600)	-
<b>Gross Expenditure</b>	<b>410,090</b>	<b>362,860</b>	<b>346,740</b>
Income	(3,340)	(3,400)	(3,460)
<b>Net Controllable Expenditure</b>	<b>406,750</b>	<b>359,460</b>	<b>343,280</b>
Departmental Support	154,370	156,730	159,550
Central Support	176,790	179,910	183,290
Capital Charges	9,710	9,710	9,710
<b>Net Expenditure</b>	<b>747,620</b>	<b>705,810</b>	<b>695,830</b>

- 7.2 The forecasts given above have used a number of assumptions, which include pay awards of 2% in 2021/22 to 2023/24, increases in contracts and general increases in supplies and services of 2% in 2021/22 and 2023/24. In total, net expenditure is expected to increase by 2.20% in 2021/22, and decrease by 5.59% in 2022/23 and 1.41% in 2023/24.
- 7.3 These forecasts are built up using current corporate and service plans. Where additional resources have already been approved, these are also included. However, these forecasts will be amended to reflect any amendments to the estimates, including decisions taken on any further corporate or service targets.

## 8 Report Implications

### 8.1 Finance and Value for Money Implications

- 8.1.1 As detailed in the body of the report.

### 8.2 Environment and Sustainability Implications

- 8.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of essential services.

### 8.3 Risk Management Implications

8.3.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

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>

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

<b>Code</b>	<b>Description</b>	<b>Actual 2018/2019 £</b>	<b>Approved Budget 2019/2020 £</b>	<b>Revised Budget 2019/2020 £</b>	<b>Original Budget 2020/2021 £</b>
2000	Housing Strategic Service Review	2,887	-	-	-
2001	Outreach and Access to Services	64,416	44,650	43,470	45,010
2002	Corporate Communications	65,742	54,260	53,420	50,580
2003	Community Strategy	51,854	40,110	40,110	41,610
2007	Emergency Planning	6,737	6,030	6,030	6,030
2009	North Warwickshire Local Development Framework	165,104	291,980	311,450	253,590
5050	Support to Parishes	257	-	-	-
	<b>Net Controllable Expenditure</b>	<b>356,997</b>	<b>437,030</b>	<b>454,480</b>	<b>396,820</b>
	<b>Departmental Support</b>	<b>167,257</b>	<b>165,820</b>	<b>165,820</b>	<b>151,610</b>
	<b>Central Support</b>	<b>159,922</b>	<b>164,500</b>	<b>164,500</b>	<b>173,390</b>
	<b>Capital Charges</b>	<b>6,641</b>	<b>8,980</b>	<b>8,980</b>	<b>9,710</b>
	<b>EXECUTIVE BOARD TOTAL</b>	<b>690,817</b>	<b>776,330</b>	<b>793,780</b>	<b>731,530</b>

**2000 - HOUSING STRATEGIC SERVICE REVIEW**

This budget shows the cost of officer time spent on strategic decision making for Housing.

<b>DESCRIPTION</b>	<b>ACTUALS 2018/2019</b>	<b>APPROVED BUDGET 2019/2020</b>	<b>REVISED BUDGET 2019/2020</b>	<b>ORIGINAL BUDGET 2020/2021</b>
Employee Expenditure	2,887	-	-	-
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>2,887</b>	<b>-</b>	<b>-</b>	<b>-</b>
Departmental Support	28,842	29,790	29,790	30,470
Central Support	900	1,070	1,070	1,080
<b>NET EXPENDITURE</b>	<b>32,629</b>	<b>30,860</b>	<b>30,860</b>	<b>31,550</b>

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

**2001 - OUTREACH AND ACCESS TO SERVICES**

This budget covers the costs of creating and maintaining the Community Hubs and the Branching out Bus (BOB).

<b>DESCRIPTION</b>	<b>ACTUALS 2018/2019</b>	<b>APPROVED BUDGET 2019/2020</b>	<b>REVISED BUDGET 2019/2020</b>	<b>ORIGINAL BUDGET 2020/2021</b>
Employee Expenditure	56,470	35,130	35,130	35,870
Premises	-	2,570	-	-
Supplies and Services	16,533	18,590	15,330	16,170
Transport	1,413	1,450	1,460	1,530
Earmarked Reserves	(10,000)	(13,090)	(8,450)	(8,560)
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>64,416</b>	<b>44,650</b>	<b>43,470</b>	<b>45,010</b>
Departmental Support	28,675	29,130	29,130	18,340
Central Support	63,903	62,670	62,670	63,390
Capital Charges	6,641	8,980	8,980	9,710
<b>NET EXPENDITURE</b>	<b>163,635</b>	<b>145,430</b>	<b>144,250</b>	<b>136,450</b>

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

- Improving leisure and wellbeing opportunities

**2002 - CORPORATE COMMUNICATIONS**

North Talk is the Borough Council's newsletter produced two times a year and is distributed to all households in the Borough and to businesses, voluntary organisations and other partners.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	51,100	48,110	47,520	44,740
Supplies and Services	18,882	12,940	8,900	8,900
Earmarked Reserves	-	(450)	-	-
<b>GROSS EXPENDITURE</b>	<b>69,982</b>	<b>60,600</b>	<b>56,420</b>	<b>53,640</b>
GROSS INCOME	(4,240)	(6,340)	(3,000)	(3,060)
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>65,742</b>	<b>54,260</b>	<b>53,420</b>	<b>50,580</b>
Departmental Support	-	-	-	-
Central Support	13,690	12,510	12,510	13,260
<b>NET EXPENDITURE</b>	<b>79,432</b>	<b>66,770</b>	<b>65,930</b>	<b>63,840</b>

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

**2003 - COMMUNITY STRATEGY**

The Council is working in partnership to deliver improvements in the quality of life for local communities by the implementation of a Sustainable Community Strategy. This includes addressing priorities relating to health, anti poverty, raising aspirations and attainment. The budget is used to deliver projects and initiatives to support the priorities.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	50,364	38,580	38,580	40,080
Supplies and Services	23,724	29,360	9,360	29,360
Miscellaneous Expenditure	-	-	-	-
Earmarked Reserves	(22,234)	(27,830)	(7,830)	(27,830)
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>51,854</b>	<b>40,110</b>	<b>40,110</b>	<b>41,610</b>
Departmental Support	35,218	34,410	34,410	33,580
Central Support	49,875	53,670	53,670	55,050
<b>NET EXPENDITURE</b>	<b>136,947</b>	<b>128,190</b>	<b>128,190</b>	<b>130,240</b>

Contributes to corporate priorities :

- Creating safer communities
- Protecting our countryside and heritage
- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities

**2007 - EMERGENCY PLANNING**

Emergency planning budget to cover the costs of fulfilling legal duties under the Civil Contingencies Act 2004

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	3,567	-	-	-
Supplies and Services	2,881	6,030	6,030	6,030
Miscellaneous Expenditure	-	2,060	-	-
Earmarked Reserves	289	(2,060)	-	-
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>6,737</b>	<b>6,030</b>	<b>6,030</b>	<b>6,030</b>
Departmental Support	30,935	30,220	30,220	29,190
Central Support	6,491	6,850	6,850	12,230
<b>NET EXPENDITURE</b>	<b>44,163</b>	<b>43,100</b>	<b>43,100</b>	<b>47,450</b>

Contributes to corporate priority :

- Protecting our countryside and heritage
- Creating safer communities

**2009 - NORTH WARWICKSHIRE LOCAL DEVELOPMENT FRAMEWORK**

Local tier of the Development Plan and other documents required as a statutory duty.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	161,200	145,860	145,860	153,000
Premises Related Expenditure	20	410	410	410
Supplies and Services	118,937	145,930	190,400	100,400
Earmarked Reserves	(115,053)	-	(25,000)	-
<b>GROSS EXPENDITURE</b>	<b>165,104</b>	<b>292,200</b>	<b>311,670</b>	<b>253,810</b>
<b>GROSS INCOME</b>	<b>-</b>	<b>(220)</b>	<b>(220)</b>	<b>(220)</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>165,104</b>	<b>291,980</b>	<b>311,450</b>	<b>253,590</b>
Departmental Support	42,965	41,670	41,670	39,420
Central Support	22,912	25,460	25,460	26,030
<b>NET EXPENDITURE</b>	<b>230,981</b>	<b>359,110</b>	<b>378,580</b>	<b>319,040</b>

Contributes to corporate priority :

- Protecting our countryside and heritage
- Promoting sustainable and vibrant communities

**5050 - SUPPORT TO PARISHES**

To assist Parish Councils on parish plans and provide match funding for projects.

<b>DESCRIPTION</b>	<b>ACTUALS 2018/2019</b>	<b>APPROVED BUDGET 2019/2020</b>	<b>REVISED BUDGET 2019/2020</b>	<b>ORIGINAL BUDGET 2020/2021</b>
Employee Expenditure	257	-	-	-
Supplies and Services	3,477	23,000	23,000	-
Earmarked Reserves	(3,477)	(3,000)	(3,000)	-
<b>GROSS EXPENDITURE</b>	<b>257</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
GROSS INCOME	-	(20,000)	(20,000)	-
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>257</b>	<b>-</b>	<b>-</b>	<b>-</b>
Departmental Support	622	600	600	610
Central Support	2,151	2,270	2,270	2,350
<b>NET EXPENDITURE</b>	<b>3,030</b>	<b>2,870</b>	<b>2,870</b>	<b>2,960</b>

**Contributes to corporate priorities :**

- Protecting our countryside and heritage
- Promoting sustainable and vibrant communities

## SAVINGS INCLUDED WITHIN 2020/21

<b>Description</b>	<b>2020/21 £</b>
Reduction in licence costs	530
Reduction of North Talk to 2 editions per year	5,180
<b>Executive Board Total</b>	<b>5,710</b>

**Agenda Item No 10**

**Executive Board**

**10 February 2020**

**Report of the  
Corporate Director - Resources**

**General Fund Revenue Estimates  
2020/21 and Setting the Council  
Tax 2020/21**

**1 Summary**

- 1.1 This report sets out the proposed General Fund Revenue Estimate for 2020/21 and the options available when setting the 2020/21 Council Tax for the Borough in the context of the Authority's Settlement Funding Assessment, and the effect on General Fund balances.

**Recommendation to the Council**

- a To approve the savings of £409,900 shown in Appendix H;**
- b To approve the revised estimate for the year 2019/20 and the revenue estimates for 2020/21, including any amendment relating to Green Waste;**
- c To note the Council Tax base for 2020/21, as set out in Appendix G;**
- d To approve a Council Tax increase of £5 for 2020/21;**
- e To note the Corporate Director - Resources comments on the minimum acceptable level of general reserves;**
- f That the manpower estimates for the year 2020/21 in Appendix L are approved; and**
- g That a Council Tax resolution be prepared for consideration by the Council, using the recommendations agreed by this Board.**

## 2 The Council's Budget Requirement

2.1 All Service Boards have now considered their individual budget requirements for 2020/21, and these are shown in Appendices A – E, along with the revised requirements for 2019/20.

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

	<b>2019/20 Original Estimate £</b>	<b>2019/20 Revised Estimate £</b>	<b>2020/21 Original Estimate £</b>
<b>Board Summary</b>	<b>9,759,870</b>	<b>10,322,970</b>	<b>9,764,980</b>
Contingencies	4,520	19,660	4,590
Financing Adjustment	(788,020)	(791,820)	(716,190)
Investment Interest Income	(280,000)	(350,000)	(360,000)
Revenue Cont. to Capital Expend	119,000	119,000	-
<b>Service Summary</b>	<b>8,815,370</b>	<b>9,319,810</b>	<b>8,693,380</b>

2.3 Appendix F sets out the figures as presented to the Boards.

## 3 The Council's 2019/20 Estimated Out-turn

3.1 The Council's revised net expenditure requirement for 2019/20 amounts to £9,319,810 which is £504,440 more than the original estimate. The major changes in expenditure are set out below.

3.2 There has been an increase in grants and fees and charges. We have received various new burdens grants and additional fees regarding street naming and numbering from new housing developments. These have been partially offset by reductions in Riding, Animal Welfare and Pet Shop Licences, Gambling Act fees, Local land Charge fees and Car Parking Penalty notices.

(£45,500)

3.3 An increase of £65,000 was approved as a supplementary estimate in September 2019, to cover the Inspector's additional costs for the Local Plan Examination process. However £45,000 of the original provision has been moved into next year as the delay in the decision on the A5 HIF bid has changed the timing of some of the associated work.

£19,470

3.4 There is a one-off reduction in legal fee income as fewer people have been taken to court for non-payment of Council Tax. Following the conversion of the revenues system to CIVICA there has been a slight re-profile of recovery action taken to date. Although recovery action is now progressing to increase summons, it is expected the income will be lower than the original income budget.

£53,000

- 3.5 Leisure centre budgets have increased by £88,770. The main area is the loss of income predominantly from fewer direct debit members across all centres and loss of income from Gymnastics at Coleshill Leisure Centre due to staff turnover. This has been partially offset by improved income from birthday parties, use of facilities, club use, walking football and swimming. Other increases in cost are on utility costs and equipment maintenance and replacement.
- £88,770
- 3.6 Within the Refuse and Recycling services there have been increases in employee costs to help meet the demands of the service and to deal with office administration. The cost of the depot recharge from Warwickshire County Council has increased. In addition, there has been a reduction in income due to the fall in the price of paper and card and to reflect the move to a comingled collection service from November 2019. This service and Amenity Cleaning have both seen an increase in transport costs.
- £110,390
- 3.7 Changing to a new benefit system has been resource intensive, and has reduced work on the recovery of overpayments, leading to a loss of income. There has also been an impact with regard to the expected subsidy for Rent Rebates.
- £236,300
- 3.8 A reduction in Private Sector Housing Income as no income is expected in 2019/20 from the HEART partnership.
- £25,000
- 3.9 A reduction in Borough Care income due to a number of life line customers going into care, moving in with relatives or passing away.
- £20,860
- 3.10 Vacancies have exceeded the vacancy factor included in the original budget and there has been some utility savings on Council premises. However these have been more than offset by Redundancy payments and associated pension strain costs following the leisure restructure.
- £80,530
- 3.11 A decrease in the financing adjustment as prudential borrowing repayments on vehicle replacements was delayed.
- (£30,650)
- 3.12 A higher level of investment income has been generated due to the level of balances held.
- (£43,160)

#### 4 The Council's 2020/21 Expenditure Requirement

4.1 The Council's net expenditure requirement for 2020/21 amounts to £8,693,380, which is £121,990 less than the original estimate for 2019/20 and £626,430 less than the revised estimate. The main variations between the 2020/21 original budget and the 2019/20 revised budget are set out below.

... 4.2 A list of savings can be found in Appendix H. Savings are included where appropriate within the other variance lines below.

4.3 Provision has been made for those posts that were vacant in 2019/20, the payment of annual increments, and a pay award of 2%. This has been partially offset by reversing the redundancy and pension strain costs detailed earlier and changes in the vacancy factor.

£51,970

4.4 Reductions in supplies and service budgets on Mobile phones, Old Bank House, Leisure Centres, CCTV and various central support budgets. These have been partially offset by increases on the budgets for Green Space; reinstatement of the saving on the Marketing and Market Research, Planning Control for publicity, Recycling for disposal costs as a result of the move to comingled recycling and Community Support additional maintenance of equipment.

(£54,040)

4.5 Removal of revenue budgets for the future replacement of assets on CCTV, refuse vehicles and Atherstone Leisure Pool Sinking Fund, and the removal of the general revenue contribution to capital outlay.

(£161,900)

4.6 Reduction in the budget for the Local Development Framework as the budget for inspectors' fees was only required for 2019/20 and to match the anticipated work programme.

(£57,860)

4.7 Removal of the one-off budget for the Borough Elections in 2019/20

(£84,890)

4.8 Reinstatement of the income from the recovery of housing benefit overpayments and an improvement in the subsidy expected for Rent Allowances and Rent Rebates. This has been partly offset by a general reduction of 10% in the administration grant.

(£248,290)

4.9 Income has increased with an allowance for inflation and the reinstatement of income relating to one off reductions in 2019/20 for the Heart project and Council Tax Collection legal fees. Some improvement in leisure income is also anticipated. These have been partially offset by the expected continuation of reduction in income in Community Support and the removal of the one-off new burdens grant income received in the previous year.

(£111,260)

4.10 Notification has been received that lease payments could increase by an amount up to £43,000, if the lease on phase 2 of Innage Park is renewed from April 2020. Discussion with the owners over possible renewal of the lease is in progress and the outcome of the discussions will be brought to Members for a decision on how to proceed in due course. The increase has been built into the budgets, pending a decision.

£43,000

4.11 A higher level of investment income is expected to be generated. In addition, the contribution to the HRA has decreased as balances held have been utilised. The General Fund only retains a proportion of the increase.

(£21,790)

4.12 An increase in the financing adjustment to repay prudential borrowing on vehicle replacements.

£87,420

4.13 Early payment of pension contributions will reduce the amount payable to the Pension Fund.

(£80,000)

## 5 Budget Projections

5.1 In addition to preparing the 2020/21 budget, the three following years have been forecast.

5.2 Pay awards of 2% have been included for each year, whilst premise and supplies and services costs have only been given an increase in alternate years. Only limited growth has been included relating to refuse and recycling costs. The growth included reflects the additional capacity needed to match the anticipated new properties in the Borough.

5.3 The forecast has been summarised and is shown below.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Spending Requirement	8,693	9,123	9,430	9,868

An increase in the expenditure requirement of £1.175 million is expected over the forecast period.

## 6 Summary of the Finance Settlement

6.1 The Settlement Funding Assessment is made up of two elements: Revenue Support Grant and Business Rates. An authority's settlement funding assessment is added to their Council Tax and then reduced by a given percentage to keep within the national control total. From this total the Council's Business Rates baseline and Council Tax income are deducted to arrive at the level of RSG. In years where an authority's entitlement to RSG is

zero, increases to business rate tariffs were planned in order to reduce the amount of income retained by an authority.

- 6.2 The Government includes the Settlement Funding Assessment in calculating an authority's Core Spending Power. Our figures are shown below:

	<b>2020/21 £'000</b>
NDR Baseline Funding	1,922
RSG / Tariff Adjustment	-
<b>Sub-total - SFA</b>	<b>1,922</b>
Assumed Council Tax	4,482
Other Grants	815
<b>Total</b>	<b>7,219</b>

The Council had previously been informed of a negative RSG sum from 2019/20 onwards. The Government decided that negative RSG would not be deducted in 2019/20, and this decision has been repeated for 2020/21.

- 6.3 A Fair Funding Review is currently underway and will inform finance settlements for 2021/22 onwards. One of the aims of the review is to simplify the funding mechanism for local government, with a reduced number of cost drivers taken into the calculations. As Adult Social Care and Children's Services are expected to feature separately in any revised allocation methodology, there is likely to be pressure on the general funding available and the allocations for District Councils.
- 6.4 The one-year settlement for 2020/21 has allowed an inflationary increase in the NDR baseline, as well as assuming an increase in Council Tax. For this forecast, it has been assumed that the inflationary increase in NDR Baseline funding will continue, along with increases in Council Tax.
- 6.5 The Government's calculation of core spending power assumes that all District Councils will increase their Band D Council Tax in line the referendum limit for 2020/21, by whichever is the greater of £5 or 2%. No information around potential Council Tax increases from 2021/22 onwards is currently available.
- 6.6 Notification of New Homes Bonus of £738,476 has been received for 2020/21. There has been no change to the existing methodology so authorities will continue to receive bonus on growth above 0.4% in 2020/21. There are no indications for 2021/22 onwards, so only the legacy payments which would be due for 2021/22 and 2022/23 have been included in the forecast.
- 6.7 The government has indicated that there may be some reward around housing growth but have recognised that the current method of New Homes Bonus is not effective. No indications around a potential alternative have yet been provided.

## 7 Council Tax

- 7.1 As part of the budget setting process, the tax base for the Borough is updated each year to reflect new properties, demolitions and changes to the valuation bands of existing properties. Allowances are also made for properties which are exempt from Council Tax, or where the residents receive discounts. The tax base has been updated for 2020/21 and is attached as Appendix G.
- 7.2 As mentioned above, the review of potential new build in the Core Strategy has taken place. A growth rate of 1.04% in the tax base has therefore been used in projecting Council Tax income for 2020/21, with 1.5% assumed from 2021/22 onwards.
- 7.3 The Authority has estimated the Council Tax surplus and notified all major precepting authorities of the amounts they will receive. It has been estimated that North Warwickshire Borough Council will receive a sum of £97,570 for 2020/21.
- 7.4 In general terms, an inflationary increase in Council Tax is built into the budget on an annual basis. Given the significant pressure on the Council's budget, this budget forecast has used the permitted increase of £5 in 2020/21 and has assumed a further £5 increase each year in subsequent years.
- 7.5 A Council Tax increase of £5 per annum for ratepayers gives the Council an additional £105,170 in income in 2020/21. The Council could choose to opt for a different Council Tax increase; however, this is not recommended. Decisions to freeze Council Tax have had an ongoing and cumulative effect on the Council's financial position. There have been no increases in Council Tax since 2010/11, resulting in a reduction in Council Tax income of £1,007,400 as a result of those decisions.
- 7.6 The Government wants to ensure that Council Taxpayers are protected against authorities that impose excessive Council Tax rises. A referendum will be required for any District that proposes a Council Tax increase over £5.

## 8 Expected Resources

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

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Council Tax	(4,466)	(4,639)	(4,817)	(5,000)
New Homes Bonus	(738)	(462)	(208)	-
Business Rates	(1,922)	(1,960)	(1,999)	(2,039)
Additional Business Rates	(500)	(500)	(500)	(500)
Collection Fund Surplus	(97)	(100)	(105)	(114)
<b>Total</b>	<b>(7,723)</b>	<b>(7,661)</b>	<b>(7,629)</b>	<b>(7,653)</b>

8.2 Even with Council Tax increases in line with expected Government guidelines, overall resources are expected to decrease by £70,000 over the life of the forecast, due to the expected loss of New Homes Bonus. This increases the gap between expenditure and income.

## 9 **Budget Savings**

9.1 In September, this Board agreed that savings of £1.6 million would need to be identified over 2020/21 and the following three years. Directors were tasked with reviewing their service areas, with the aim of producing proposals to meet this challenging target.

9.2 A number of savings have been found towards the target of £800,000 for 2020/21, as a result of altering service procurement, amending how services are provided or discontinuing revenue contributions towards capital outlay. These savings, amounting to £302,450, have been reported to and agreed by Service Boards.

9.3 These savings are short of the target for 2020/21, so a further review has identified two further revenue contributions to capital that can be discontinued with no immediate impact. These relate to a contribution to Atherstone Pool Sinking Fund and a contribution towards refuse and recycling vehicle replacements, totalling £27,450.

9.4 At its January meeting, Resources Board considered and agreed the early payment of Pension contributions to Warwickshire Pension Fund, which is expected to reduce costs by around £80,000 in each of the next three years.

9.5 All of these savings, totalling £409,900, are summarised in Appendix H, and have been incorporated into the 2020/21 estimates. This still leaves a shortfall of £390,100 against the savings target. Without further savings in 2020/21, targets for future years will need to rise to £2.2 million.

9.6 However if the earlier report recommending charging for Green Waste has been accepted, then the savings target for 2020/21 will have been achieved. This will leave a savings target of £1.7 million over the remainder of the Strategy period.

9.7 Any decision not to increase Council Tax by the assumed £5 will lead to a direct loss of funding and would increase the savings required in future years by a further £105,000. The alternative of a higher increase in Council Tax in 2021/22 would not be an option, given the current rules around tax increases, unless a local referendum were undertaken. Given the challenging targets already required, a reduction in the assumed Council Tax increase is not recommended.

## 10 Performance Against the Budget Strategy

- 10.1 The budget strategy agreed at the September meeting envisaged savings and the following use of balances over the next four years.

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Use of Balances	454	204	262	616
<b>Level of Balances 31 March</b>	<b>2,680</b>	<b>2,476</b>	<b>2,214</b>	<b>1,598</b>
Savings	800	550	250	-

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

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Spending Requirement	8,693	9,123	9,430	9,868
Cumulative Savings	-	(1,200)	(1,800)	(2,200)
Expected Resources	(7,723)	(7,661)	(7,629)	(7,653)
<b>Use of Balances</b>	<b>970</b>	<b>262</b>	<b>1</b>	<b>15</b>
<b>Level of Balances 31 March</b>	<b>1,710</b>	<b>1,448</b>	<b>1,447</b>	<b>1,432</b>

- 10.3 If charging for green waste is approved, the figures change, and reduced savings targets are required.

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Spending Requirement	8,313	8,743	9,050	9,488
Cumulative Savings	-	(700)	(1,300)	(1,700)
Expected Resources	(7,723)	(7,661)	(7,629)	(7,653)
<b>Use of Balances</b>	<b>590</b>	<b>382</b>	<b>121</b>	<b>135</b>
<b>Level of Balances 31 March</b>	<b>2,090</b>	<b>1,708</b>	<b>1,587</b>	<b>1,452</b>

Savings will need to be found in line with the plan to ensure that there are sufficient balances at the end of 2023/24. Additional detail is given in Appendix M.

- 10.4 This predicted use of balances is based on limited growth and a £5 increase in Council Tax for 2020/21, with increases of £5 for subsequent years. The anticipated General Fund balance at 1 April 2020 is £2,680,000, which is lower than expected in the Budget Strategy. This is due to the increased use of balances in 2019/20. The level of balances at the end of each following year is lower than assumed in the strategy.

## 11 Risks to the Council's Financial Position

- 11.1 As with all types of forecasting, there are certain inherent risks that may affect the financial position of the Council over the forthcoming periods. These risks require that the Council maintains a sufficient level of general reserves. The individual estimate reports to each Board have included a range of potential risks that could impact upon the budgetary position of services. In addition to these specific service risks, there are a number of risks that could impact more generally on the Council's financial position. The major risks to the Council's budget are highlighted below.
- 11.2 **Business Rates** - the Council has risks it cannot currently quantify, around the retention of business rates in place of revenue support grant and the impact of appeals against valuations. We currently anticipate collecting more business rates than assumed in our baseline funding level. This means that we will retain a proportion of any additional rates collected.
- 11.3 Projections include a benefit of £500,000 in 2020/21. A business rate reset is expected in 2021/22, which could remove the growth mentioned above. In this event, the Volatility Reserve will be used to provide an additional £500,000 in 2021/22, 2022/23 and 2023/24, and this has been included in the Strategy.
- 11.4 Any major changes to the Council's tax base through successful appeals, or removal of premises from the rating list over and above those allowed for, could impact on the additional rating income figures mentioned above. The expected increase in appeals from businesses reacting to the 2017 valuation results has not yet materialised, but this is being affected by changes to the appeal process.
- 11.5 A further consideration is the construction of HS2 within the Borough that has now started, so there is the potential for reductions in rateable income due to successful appeals for disruption and demolition of premises. The resources in this strategy could reduce before the safety net comes into effect. There are also future risks around the implementation of 75% local retention of business rates, which is expected in 2021/22.
- 11.6 **Fair Funding Review** – a national review is currently underway, which may adversely change the assumed spending need of the council, and therefore the level of government support that is received.
- 11.7 **New Homes Bonus scheme** – although a scheme for 2020/21 has been announced, there is no detail for further years. The indications seem to be that if continued, funding will be allocated using a different mechanism.
- 11.8 **Growth in the Borough** – if new homes and estates are delivered in line with expectations, there will be a significant impact on some Council services, for example, refuse and recycling and grounds maintenance. Provision for an extra refuse round has been built into the figures for 2021/22 and a further round in 2022/23, but the actual timing of the additional resources required will need to be monitored and assessed.

11.9 **Other Risks** – Further deterioration in the economic position could increase demand for services such as benefits and homelessness, whilst reducing demand in income generating areas. Unexpected changes in the remuneration of the workforce could impact on the financial position, as could any significant loss of employees which required additional resources to complete statutory functions.

11.10 An overall risk assessment for 2020/21 has been completed to determine the minimum level of general reserves that the Corporate Director Resources considers it is appropriate for the Authority to hold, and this is shown in Appendix J. This is based on the expected or 'most likely' position and the assumption that not all risks will occur within the next year.

11.11 As can be seen, the balance between future risks and the adequacy of general reserves held by the Council is a key part in establishing a medium-term financial strategy. Provided that savings are found in line with the targets identified, the level of balances is expected to remain above £1.4 million over the next four years, although careful monitoring of this will still be necessary. Although it would be possible for the Council to use earmarked reserves to cover unforeseen events, if a particularly serious situation arose, this should be used as a last resort.

11.12 As already mentioned, there is the potential for the Council to benefit from any additional rates collected, but there is also the risk that if rating income falls, there will be a direct impact on the Council's finances. There is a lot of uncertainty around the collection of business rates and the impact of appeals and refunds.

11.13 However, if a general reserve of £1.4 million is held, it is felt that this amount, together with other provisions, reserves and balances held by the Council, is adequate to protect the Council's financial position for both the forthcoming year and in the medium-term.

11.14 Although not all risks are likely to occur in 2020/21, there is a real possibility that the position could be worse than that anticipated. It could also be better. Best and worst case scenarios are indicated in Appendix K, and show that in the event of the worst case scenario being realised in 2020/21, the Authority would need to adjust its financial strategy, and manage any changes required in 2020/21. Budgets are monitored throughout the year, with the budgetary position reported to Boards on a regular basis, so the Authority is in a good position to identify risks as they occur.

## 12 **Availability of Reserves**

12.1 The Local Government Act 2003 requires the Corporate Director – Resources to make an annual statement on the adequacy of financial reserves. General reserves or balances are held to provide a general contingency for unavoidable or unforeseen expenditure, and also give stability for longer term planning. The level of general reserves held is based on an assessment of the financial risks attached to the budget, and this is covered in section 11 below.

- 12.2 In addition to its general financial reserves, the Council holds a number of earmarked reserves, for both revenue and capital purposes. It also holds some reserves on behalf of other organisations.
- 12.3 General Council policy is not to use earmarked reserves to fund ongoing service activity, but for specific one-off expenditure, so that the base budget position is not understated. So, for example, external grant received in advance for specific projects will be held in an earmarked reserve until the activity takes place and the grant is spent. Some timing differences on particular activities are also dealt with through earmarked reserves, to remove unnecessary fluctuations in the base budget, whilst ensuring sufficient budget provision is available.
- 12.4 The Council also uses earmarked reserves to set aside funding for capital schemes and projects. The Council uses reserves to build up funding for the future replacement of assets and equipment, such as leisure fitness equipment.
- 12.5 Where earmarked reserves are used for revenue activities, the expenditure is included within the appropriate service budget, together with the contribution from the reserve to offset this. These movements are highlighted in the budget reports considered by Members.
- 12.6 The expected position on earmarked reserves at the end of 2019/20 relating to the General Fund is outlined below, with more detail on the larger reserves given in Appendix I.

<b>Earmarked Reserves</b>	<b>Expected Balance 31 March 2020 £000</b>
Capital	1,209
Revenue	4,294
<b>Total</b>	<b>5,503</b>

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

### 13 **Budget Consultation**

- 13.1 A meeting for Non-Domestic Rate Payers has been arranged for 6 February, and a verbal update will be given at the meeting.

### 14 **Council Tax Resolution**

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

## 15 **Manpower Estimate for the Year 2020/21**

15.1 Within the Authority's revenue and capital estimates, allowances have been made for the required manpower provision. Appendix L sets out the manpower estimates for 2020/21, compared with 2019/20.

## 16 **Delivering Value for Money Agenda**

16.1 All Councils will be looking for cash-backed efficiency savings in the coming year, to contribute to their financial savings targets. This will reduce the impact of cuts on the provision of services.

## 17 **Conclusion**

17.1 It is clear that even with Council Tax increases of £5, it will still be necessary to make savings of at least £1.7 million which will inevitably impact on service levels, and to draw on reserves to meet the Council's budgetary requirement. However, current forecasts indicate that reserves will remain above the minimal acceptable level of £1.4 million by the end of 2023/24, although this is subject to the uncertainties inherent in budgetary forecasting, and subject to the level of Council Tax increase agreed.

17.2 However, there are a number of factors that could affect these forecasts. The major factors are set out in section 11. In addition:

- The Council may not be able to deliver the necessary savings.
- The Council currently has no external borrowing. However, there is an underlying borrowing requirement, which may increase costs in the future.
- The Council, through sound budgetary control, has previously spent within its budget. This year our anticipated net expenditure is £504,440 more than our 2019/20 original budget, due to changes in expenditure as set out in section 3 of this report. This is not expected to continue into 2020/21.
- The ability to earn income from investments is uncertain at the moment. The Council is faced with the need to make further budgetary savings so that the Council can effectively manage its financial position. Undoubtedly this will continue in the future as new issues and initiatives emerge.

17.3 The options available to the Council to meet these future pressures are rather restricted: increases in Government funding or higher increases in Council Tax which can be mitigated by the identification of further savings than those included in the budget strategy. As service delivery pressures increase, the options for savings decrease.

## 18 Report Implications

### 18.1 Financial Implications

18.1.1 As detailed in the body of the report.

### 18.2 Safer Communities Implications

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

### 18.3 Environment and Sustainability Implications

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

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

### 18.4 Equality Implications

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

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

## Background Papers

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>
Financial Strategy 2019/24	NWBC	Report to Executive Board	16 Sept 2019

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

<b>Code</b>	<b>Description</b>	<b>Actual 2018/2019 £</b>	<b>Approved Budget 2019/2020 £</b>	<b>Revised Budget 2019/2020 £</b>	<b>Original Budget 2020/2021 £</b>
4009	Planning Control	(134,268)	(106,990)	(112,400)	(83,250)
4010	Building Control	(9,773)	35,200	35,200	35,200
4012	Conservation and Built Heritage	21,357	48,500	48,500	42,100
4014	Local Land Charges	(17,423)	(24,430)	(18,420)	(19,600)
4018	Street Naming and Numbering	110	910	(5,150)	(5,440)
	<b>Net Controllable Expenditure</b>	<b>(139,997)</b>	<b>(46,810)</b>	<b>(52,270)</b>	<b>(30,990)</b>
	<b>Departmental Support</b>	<b>91,199</b>	<b>106,670</b>	<b>106,670</b>	<b>108,460</b>
	<b>Central Support</b>	<b>165,985</b>	<b>182,610</b>	<b>182,610</b>	<b>170,790</b>
	<b>Capital Charges</b>	<b>3,890</b>	<b>16,390</b>	<b>16,390</b>	<b>16,390</b>
	<b>Planning and Development Board Total</b>	<b>121,077</b>	<b>258,860</b>	<b>253,400</b>	<b>264,650</b>

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

<b>Codes</b>	<b>Description</b>	<b>Actual 2018/2019 £</b>	<b>Approved Budget 2019/2020 £</b>	<b>Revised Budget 2019/2020 £</b>	<b>Original Budget 2020/2021 £</b>
3072	Polesworth Sport Centre	115,454	92,880	109,510	113,560
3074	Arley Sports Centre	110,095	-	-	-
3075	Coleshill Leisure Centre	196,499	172,800	205,010	182,510
3077	Atherstone Leisure Complex	218,221	187,300	228,590	198,310
3082-3	Memorial Hall (Sports and Cultural)	122,895	124,830	123,470	110,140
4002	Public Health (Commercial Pollution Control)	225,847	225,860	228,750	240,740
4003	Public Health (Domestic Pollution Control)	61,621	59,710	59,950	24,740
5000	Domestic Refuse Collection	686,535	649,890	655,200	663,450
5001	Streetscene Grounds Maintenance	39,659	13,710	12,280	8,450
5002	Trade Refuse Collection	(57,641)	(43,600)	(45,750)	(45,880)
5003	Cesspool Emptying	(41,053)	(47,600)	(48,650)	(51,870)
5004	Recycling	811,499	807,820	903,660	927,220
5005	Animal Control	14,696	16,210	15,670	16,220
5006	Abandoned Vehicles	2,241	1,740	1,970	2,010
5010	Amenity Cleaning	512,358	524,570	533,810	545,600
5013	Unadopted Roads	8,676	7,900	7,900	7,900
5014	Drain Unblocking and Land Drainage	1,623	-	-	-
5015	Street Furniture	2,005	1,350	1,350	1,350
5016	Atherstone Market	2,004	1,720	1,800	1,840
5019	Green Space Budget	415,634	414,970	415,270	432,670
5021	Public Health (Control of Disease) Act 1984 Burials	129	-	1,890	-
5023	Consultation	967	4,650	4,650	4,650
5025	Corporate Policy	48,833	43,580	43,580	44,120
5030	Rural Regeneration	32,309	26,980	26,980	27,390
5034	Landscape	9,123	9,250	10,260	10,260
5040	Marketing and Market Research	7,713	8,760	5,060	8,760
5044	Support to Voluntary Organisations	54,722	54,620	54,620	54,620
5047	Community Fund for Local Projects	-	-	-	-
5055	Community Development Health Improvement	40,174	30,210	30,130	32,100
5056	Community Development Safer Communities	63,414	62,140	62,140	62,840
5064	Queen Elizabeth School - Artificial Grass Pitch	(5,823)	(12,890)	(12,890)	(10,080)
7361	England's Rural Heart LEADER Partnership	2,009	1,520	1,530	1,050
7365	Armed Forces Covenant Veteran Hubs Development	-	-	-	-
7700	Stronger & Safer Communities	-	-	-	-
7856	High Street Innovation Grants	-	-	-	-
	<b>Net Controllable Expenditure</b>	<b>3,702,438</b>	<b>3,440,880</b>	<b>3,637,740</b>	<b>3,614,670</b>
	<b>Departmental Support</b>	<b>634,222</b>	<b>660,330</b>	<b>660,330</b>	<b>696,400</b>
	<b>Central Support</b>	<b>630,759</b>	<b>647,280</b>	<b>647,280</b>	<b>658,350</b>
	<b>Capital</b>	<b>1,091,821</b>	<b>888,160</b>	<b>888,160</b>	<b>888,760</b>
	<b>Net Expenditure</b>	<b>6,059,240</b>	<b>5,636,650</b>	<b>5,833,510</b>	<b>5,858,180</b>

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

<b>Code</b>	<b>Description</b>	<b>Actual 2018/2019 £</b>	<b>Approved Budget 2019/2020 £</b>	<b>Revised Budget 2019/2020 £</b>	<b>Original Budget 2020/2021 £</b>
4000	Licensing Authority	(31,315)	(36,780)	(36,780)	(36,500)
4001	Licences and Registration	(9,629)	(12,810)	(7,970)	(8,120)
4008	Hackney Carriages	(17,628)	(22,110)	(22,150)	(11,290)
4019	Gambling Act Authority	(10,753)	(9,830)	(9,310)	(9,310)
	<b>Net Controllable Expenditure</b>	<b>(69,325)</b>	<b>(81,530)</b>	<b>(76,210)</b>	<b>(65,220)</b>
	<b>Departmental Support</b>	<b>36,320</b>	<b>37,090</b>	<b>37,090</b>	<b>73,320</b>
	<b>Central Support</b>	<b>42,008</b>	<b>45,620</b>	<b>45,620</b>	<b>39,830</b>
	<b>Licensing Committee Total</b>	<b>9,003</b>	<b>1,180</b>	<b>6,500</b>	<b>47,930</b>

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

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
Various	Chief Executive	195,477	197,370	197,370	211,340
Various	Corporate Director - Resources	874,445	996,010	996,010	1,020,620
Various	Corporate Director - Environment	1,540,712	1,515,320	1,515,320	1,547,660
Various	Corporate Director - Community	1,402,421	1,459,870	1,459,870	1,486,740
Various	Director of Housing	2,187,575	2,314,330	2,314,330	2,325,130
Various	Corporate Director - Streetscape	448,548	459,570	459,570	478,420
Various	Director of Leisure and Community Development	549,822	621,200	621,200	559,680
3006-3039	Building Maintenance Fund	233,233	225,310	225,310	226,380
3040-3041	Council Offices	147,241	204,890	204,890	188,030
3043	Central Telephones	15,661	17,390	17,390	17,700
3045	Recruitment	35,100	26,160	26,160	26,390
3046	Printing and Copying	68,568	74,070	74,070	68,930
3047	Training	22,620	93,610	93,610	82,840
3048	Depot and Stores	73,705	70,160	70,160	76,740
3110	Postage and Franking	63,376	68,490	68,490	69,890
3226	Central Services	260,360	277,870	277,870	278,710
3290	Information Services	710,162	757,820	757,820	765,600
3291	Procurement	71,580	73,770	73,770	75,200
3292	Staff Welfare	24,165	27,160	27,160	27,860
3300	Transport	669,411	677,990	726,960	722,860
	<b>Net Controllable Expenditure</b>	<b>9,594,182</b>	<b>10,158,360</b>	<b>10,207,330</b>	<b>10,256,720</b>
	<b>Recharged to Services</b>	<b>(11,359,567)</b>	<b>(12,105,970)</b>	<b>(12,154,940)</b>	<b>(12,178,060)</b>
	<b>Departmental Support</b>	<b>20,990</b>	<b>21,530</b>	<b>21,530</b>	<b>21,490</b>
	<b>Central Support</b>	<b>1,396,938</b>	<b>1,512,210</b>	<b>1,512,210</b>	<b>1,478,920</b>
	<b>Capital</b>	<b>277,637</b>	<b>413,870</b>	<b>413,870</b>	<b>420,930</b>
	<b>Resources Board (Recharged) Total</b>	<b>(69,820)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Resources Board Summary**

Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
Totals - Recharged Services	(69,820)	-	-	-
Totals - Services Remaining	3,471,887	3,296,850	3,565,780	3,204,140
Central Vacancy Factor	-	(210,000)	(130,000)	(234,000)
Other - Contingencies	-	4,520	19,660	4,590
<b>Resources Board Total</b>	<b>3,402,067</b>	<b>3,091,370</b>	<b>3,455,440</b>	<b>2,974,730</b>

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

<b>Code</b>	<b>Description</b>	<b>Actual 2018/2019 £</b>	<b>Approved Budget 2019/2020 £</b>	<b>Revised Budget 2019/2020 £</b>	<b>Original Budget 2020/2021 £</b>
3000	Cost of Democratic Services	377,920	374,990	354,240	368,730
3001	Election Expenses	4,813	90,290	90,290	5,400
3002	Registration of Electors	24,025	29,920	26,530	26,640
3003	Business Rates	(11,205)	(29,690)	(27,190)	(25,610)
3004	Council Tax Collection	100,844	63,970	116,970	71,240
3050	Finance Miscellaneous	(18,390)	-	(52,030)	-
3051	Compensation and Pension Increases	289,714	356,780	353,670	335,650
3052	Assisted Car Purchase	(715)	(320)	(320)	(280)
3054	Electricity at Work	14,463	18,920	18,920	18,920
3059	Finance Unused Land	738	720	680	700
3060	Corporate and Democratic Core	113,650	66,200	77,570	77,350
3061	Unallocated Central Support Services	(223)	111,170	111,170	63,240
3065	Coleshill Shops High Street	(69,235)	(69,610)	(69,450)	(68,240)
3067	The Pavilions, Holly Lane	(81,216)	(81,470)	(82,160)	(84,780)
3068	Carlyon Road Industrial Estate	(127,584)	(127,720)	(128,410)	(130,850)
3069	Innage Park Industrial Estate	(170,975)	(181,870)	(185,430)	(194,900)
3070	Polesworth Workspace Units	(8,361)	(8,520)	(8,760)	(8,560)
3079	Maya Bar and Restaurant	(11,005)	(10,990)	(11,190)	(12,890)
3080	Football Stadium	-	-	6,580	-
3084	Homeless Persons	67,823	72,540	67,760	71,690
3089	Public Conveniences	41,454	36,370	35,640	35,190
3094	Customer Contact	21,520	12,550	13,780	13,490
3097	Rent Allowances	(172,564)	98,710	114,930	(10,540)
3098	Housing Benefit Administration and Rent Rebates	28,505	(53,740)	190,980	68,160
3101	Council Tax Support	131,333	111,440	86,800	90,060
3102	Car Parks	54,994	44,820	51,350	50,940
3111	Broadband Delivery UK	47,917	-	-	-
5008	Private Sector Housing Assistance	32,530	15,790	40,640	16,350
5035	CCTV	11,891	(480)	1,250	(16,180)
5036	Community Support	231,886	198,680	219,540	245,830
	<b>Net Controllable Expenditure</b>	<b>924,547</b>	<b>1,139,450</b>	<b>1,414,350</b>	<b>1,006,750</b>
	<b>Recharged to Services</b>	<b>(230,440)</b>	<b>(241,980)</b>	<b>(249,840)</b>	<b>(255,120)</b>
	<b>Departmental Support</b>	<b>1,044,389</b>	<b>1,098,570</b>	<b>1,098,570</b>	<b>1,084,270</b>
	<b>Central Support</b>	<b>944,744</b>	<b>1,056,950</b>	<b>1,058,250</b>	<b>1,081,030</b>
	<b>Capital Charges</b>	<b>788,647</b>	<b>243,860</b>	<b>244,450</b>	<b>287,210</b>
	<b>Resources Board (Remaining) Total</b>	<b>3,471,887</b>	<b>3,296,850</b>	<b>3,565,780</b>	<b>3,204,140</b>

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

<b>Code</b>	<b>Description</b>	<b>Actual 2018/2019 £</b>	<b>Approved Budget 2019/2020 £</b>	<b>Revised Budget 2019/2020 £</b>	<b>Original Budget 2020/2021 £</b>
2000	Housing Strategic Service Review	2,887	-	-	-
2001	Outreach and Access to Services	64,416	44,650	43,470	45,010
2002	Corporate Communications	65,742	54,260	53,420	50,580
2003	Community Strategy	51,854	40,110	40,110	41,610
2007	Emergency Planning	6,737	6,030	6,030	6,030
2009	North Warwickshire Local Development Framework	165,104	291,980	311,450	253,590
5050	Support to Parishes	257	-	-	-
	<b>Net Controllable Expenditure</b>	<b>356,997</b>	<b>437,030</b>	<b>454,480</b>	<b>396,820</b>
	<b>Departmental Support</b>	<b>167,257</b>	<b>165,820</b>	<b>165,820</b>	<b>151,610</b>
	<b>Central Support</b>	<b>159,922</b>	<b>164,500</b>	<b>164,500</b>	<b>173,390</b>
	<b>Capital Charges</b>	<b>6,641</b>	<b>8,980</b>	<b>8,980</b>	<b>9,710</b>
	<b>EXECUTIVE BOARD TOTAL</b>	<b>690,817</b>	<b>776,330</b>	<b>793,780</b>	<b>731,530</b>

## SUMMARY OF REVENUE REQUIREMENTS

2019/2020 Gross Expenditure	2019/2020 Gross Income	2019/2020 Net Expenditure		2020/2021 Gross Expenditure	2020/2021 Gross Income	2020/2021 Net Expenditure
£	£	£		£	£	£
8,694,010	2,860,500	5,833,510	Community and Environment	8,712,590	2,881,860	5,830,730
966,520	713,120	253,400	Planning and Development	979,530	714,880	264,650
119,730	113,230	6,500	Licensing	150,720	102,790	47,930
15,782,690	12,346,910	3,435,780	Resources	15,609,430	12,639,290	2,970,140
817,000	23,220	793,780	Executive	734,810	3,280	731,530
11,870,150	11,870,150	-	Council Housing	12,802,980	12,802,980	-
19,660	-	19,660	Contingencies	4,590	-	4,590
-	-	-	Advance Payment of Pension Contributions	(80,000)	-	(80,000)
-	350,000	(350,000)	Interest on balances	-	360,000	(360,000)
-	791,820	(791,820)	Financing adjustment	-	716,190	(716,190)
119,000	-	119,000	RCCO (Revenue Contribution to Capital Outlay)	-	-	-
<b>38,388,760</b>	<b>29,068,950</b>	<b>9,319,810</b>		<b>38,914,650</b>	<b>30,221,270</b>	<b>8,693,380</b>
-	1,069,980	(1,069,980)	Use of balances	-	969,940	(969,940)
<b>38,388,760</b>	<b>30,138,930</b>	<b>8,249,830</b>		<b>38,914,650</b>	<b>31,191,210</b>	<b>7,723,440</b>
1,019,286.07	-	1,019,286.07	Special items - Parish precepts	-	-	-
<b>39,408,046.07</b>	<b>30,138,930</b>	<b>9,269,116.07</b>		<b>38,914,650</b>	<b>31,191,210</b>	<b>7,723,440</b>
		(2,919,850)	Business Rates			(2,421,670)
		(921,170)	New Homes Bonus			(738,480)
		(93,200)	Surplus / Deficit on Collection Fund			(97,570)
		<b>5,334,896.07</b>				<b>4,465,720</b>



## SAVINGS INCLUDED WITHIN 2020/2021

Board	Description	2020/2021 £
Executive	Reduction of North Talk to 2 editions per year	5,180
Executive	Reduction in licence costs	530
Licensing	Reduction in hire of premises costs	50
C & E	Reduction in Commercial Pollution Control professional fees	680
C & E	Reduction in telephone costs	140
C & E	Reduction in poisons and traps	500
C & E	Income from Abandoned Vehicles	150
C & E	Leisure Restructure	9,960
C & E	Move to Co-mingled Recycling	8,210
C & E	Extra 2 weeks garden waste suspension	6,430
Resources Recharged	Reduction in lease car lump sum allowances	17,370
Resources Recharged	Reduction in emergency cover	1,210
Resources Recharged	Reduction in bank charges	20
Resources Recharged	Reduction in advertising, promotions and publicity costs	50
Resources Recharged	Reduction in telephone costs	1,230
Resources Recharged	Reduction in hospitality costs	150
Resources Recharged	Reduction in civic gifts	100
Resources Recharged	Reduction in internet access costs	340
Resources Recharged	Reduction in corporate subscriptions	500
Resources Recharged	Reduction in essential travel allowances	250
Resources Recharged	Reduction in train travel costs	50
Resources Recharged	Reduction in copier rental and photocopying charges	5,720
Resources Recharged	Reduction in Central Services staffing costs	4,990
Resources Recharged	Reduction in professional memberships	230
Resources Recharged	Reduction in training budgets	10,000
Resources Recharged	Reduction in provisions	1,000
Resources Recharged	Democratic Services Shared Service Arrangement	24,000
Resources Remaining	Reduction in registration of electors salary costs	600
Resources Remaining	Reduction in registration of electors postage costs	2,790
Resources Remaining	Cost of Democratic Services - Reduction in advertising, promotions and publicity	310
Resources Remaining	Reduction in corporate subscriptions	2,370
Resources Remaining	Increase in Rent Income from Industrial Units	23,390
Resources Remaining	Reduction in Public Conveniences Hire of Premises Costs	500
Resources Remaining	Reduction in overtime	4,000
Resources Remaining	Reduction in software maintenance costs	3,000
Resources Remaining	Reduction in mobile phone costs	5,000
Resources Remaining	Discontinue contribution towards replacement of CCTV assets	15,450
Resources Remaining	Empty Old Bank House (part year saving)	27,000
All	Discontinue Revenue Contribution to Capital Outlay	119,000
	<b>Total Approved</b>	<b>302,450</b>

	Further items	
C & E	Discontinue contribution towards refuse & recycling vehicle replacements	15,000
C & E	Discontinue contribution towards pool sinking fund	12,450
Resources Remaining	Payment in Advance - Pension Contributions	80,000
	<b>Overall Total</b>	<b>409,900</b>

## EARMARKED RESERVES

Purpose of Reserve	Balance March 2020 £000
<b>Revenue Reserves</b>	
<b>Business Rates</b> – a volatility reserve to cover fluctuations in the level of appeals and rating income	1,521
<b>External Grants Received</b> – Resources received towards specific projects, such as homelessness, welfare reform, neighbourhood plans, delivery of housing sites (local plan), community development and environmental sustainability, which will be spent in future years	1,268
<b>HRA Reimbursement to General Fund</b> – to compensate the General Fund for the loss of investment income	190
<b>Planned Work</b> - the Council has set priorities and initiatives where work is planned and may have been started, but has not yet been completed. Provision has been made from existing budgets to fund this work in future periods. This includes work on conservation, amenity cleaning, health and wellbeing and Broadband UK.	297
<b>Approved growth not yet spent</b> – to cover Corporate Communications, Borough Care and HS2.	121
<b>Invest to Save</b> – This reserve is to provide 'pump priming' for the initial costs that arise from new initiatives, which will ultimately reduce existing costs. Savings achieved will be used to repay the contribution from the Reserve, so that other services will have similar opportunities to implement new schemes.	42
<b>Other</b> – A number of other reserves are held to cover areas such as additional pension costs and Sickness fund	183
<b>Contingencies</b> – to cover possible costs arising from contaminated land issues, non recovery of VAT and provision for emergency planning issues.	222
<b>Maintenance of Assets</b> – To cover future maintenance requirements on some council owned assets	236
<b>Training</b> –These funds have been set aside to provide resources for one off training requirements in the future, for both staff and members.	106
<b>Human Resources</b> – This is held to cover specialist employment law advice that may be required from time to time.	10
<b>Consultation</b> – for consultation with residents of the Borough and service users. The requirement to consult varies from year to year and the reserve allows fluctuations between years to be managed, without affecting other revenue expenditure.	43
<b>Insurance</b> – to cover costs arising from changes to excess levels	55
<b>Capital Reserves</b>	
<b>Equipment Replacement</b> – These funds are earmarked for the future replacement of leisure equipment, environmental health equipment, CCTV equipment, Play Area equipment, Refuse Freighters and the replacement of PC's.	638
<b>General Fund Capital</b> - Some funding has been set aside for capital spending.	571

## COUNCIL WIDE - RISK ANALYSIS

	Likelihood	Provision
Income Generation – decrease in fees and charges of 10% (10% = approx £228,100)	Medium	114,050
Reduction in planning income	Medium	50,000
Lower vacancies than expected (provision for vacancies = £234k)	Medium	117,000
Investment Income – loss of cash flow (£20m @ 0.75% = £150k)	Medium	75,000
Further Public Inquiries (potential £100k)	High	100,000
Housing Benefit – reduction in reimbursement (approx £11m @ 5%= £550k)	Low	55,000
Possibility of overspending the agreed budget by 1% (Gross Expend = £26.2m)	Medium	131,000
Increasing cost of Refuse and Recycling	Medium	69,000
Housing Benefit – Local Authority error & overpayments (£310k)	Low	31,000
Increased cost of maintaining mechanical equipment	Low	20,000
Additional costs on fuel and utilities	Medium	20,000
Impact of continuing / increasing NDR appeals	Medium	250,000
General Contingency		400,000
<b>Total</b>		<b>1,432,050</b>

**Likelihood of Risk**

High	100%
Medium	50%
Low	0 –10%

## ALTERNATIVE SCENARIOS – GENERAL BALANCES

## Best Case

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<b>Estimated use of balances</b>	<b>970</b>	<b>262</b>	<b>1</b>	<b>15</b>
Increased tax base (new homes)	-	(22)	(45)	(68)
Sustained improvement in planning income	(100)	(100)	(100)	(100)
Additional surplus in the Collection Fund	-	(20)	(20)	(20)
0.25% increase in investment rates	(50)	(50)	(50)	(50)
Additional business rates	-	-	(200)	(200)
Alternative to New Homes Bonus	-	(100)	(100)	(100)
<b>Potential Use of/ (Cont to) Balances</b>	<b>820</b>	<b>(30)</b>	<b>(514)</b>	<b>(523)</b>
<b>Potential Balances at Year End</b>	<b>1,860</b>	<b>1,890</b>	<b>2,404</b>	<b>2,927</b>

## Worst Case

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<b>Estimated use of balances</b>	<b>970</b>	<b>262</b>	<b>1</b>	<b>15</b>
Additional 1% on the pay award in 2020/21	110	110	110	110
Increase in planning appeals	100	100	100	100
Planning Income is not sustained	100	100	100	100
Additional recycling costs	69	69	69	69
Reduction in expected income	100	100	100	100
Reduction in New Homes Bonus scheme	-	462	208	-
Poor result from fair funding review	-	96	98	100
<b>Potential Use of/ (Cont to) Balances</b>	<b>1,449</b>	<b>1,299</b>	<b>786</b>	<b>594</b>
<b>Potential Balances at Year End</b>	<b>1,231</b>	<b>(68)</b>	<b>(854)</b>	<b>(1,448)</b>

**MANPOWER BUDGET**

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

	<b>2019/20 Estimate (original) FTE</b>	<b>2020/21 Estimate FTE</b>
Monthly Paid	<b>346</b>	<b>343</b>
<b>Total</b>	<b>346</b>	<b>343</b>

## APPENDIX M

### REVISED MEDIUM TERM FINANCIAL FORECAST

	2019/20 Revised £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
<b>Net Service Expenditure</b>	<b>10,342</b>	<b>9,770</b>	<b>10,158</b>	<b>10,451</b>	<b>10,828</b>
Investment Income	(350)	(360)	(380)	(400)	(420)
Financing Adjustment	(742)	(667)	(605)	(571)	(500)
e/m res - contribution from HRA	(50)	(50)	(50)	(50)	(40)
Revenue Contribution to Capital Spending	119	-	-	-	-
Savings – 21/22	-	-	(1,200)	(1,200)	(1,200)
Savings – 22/23	-	-	-	(600)	(600)
Savings – 23/24	-	-	-	-	(400)
<b>Net Expenditure</b>	<b>9,319</b>	<b>8,693</b>	<b>7,923</b>	<b>7,630</b>	<b>7,668</b>
Council Tax	(4,315)	(4,466)	(4,639)	(4,817)	(5,000)
New Homes Bonus	(921)	(738)	(462)	(208)	-
NDR – Baseline	(1,891)	(1,922)	(1,960)	(1,999)	(2,039)
NDR – Additional rates	(1,029)	(500)	(500)	(500)	(500)
Collection Fund Surplus	(93)	(97)	(100)	(105)	(114)
<b>Use of / (Contribution to) Balances</b>	<b>1,070</b>	<b>970</b>	<b>262</b>	<b>1</b>	<b>15</b>
<b>Balances at the Year End</b>	<b>2,680</b>	<b>1,710</b>	<b>1,448</b>	<b>1,447</b>	<b>1,432</b>

### IF CHARGING FOR GREEN WASTE IS APPROVED:

	2019/20 Revised £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
<b>Net Service Expenditure</b>	<b>10,342</b>	<b>9,770</b>	<b>10,158</b>	<b>10,451</b>	<b>10,828</b>
Charging for Green Waste	-	(380)	(380)	(380)	(380)
Investment Income	(350)	(360)	(380)	(400)	(420)
Financing Adjustment	(742)	(667)	(605)	(571)	(500)
e/m res - contribution from HRA	(50)	(50)	(50)	(50)	(40)
Revenue Contribution to Capital Spending	119	-	-	-	-
Savings – 21/22	-	-	(700)	(700)	(700)
Savings – 22/23	-	-	-	(600)	(600)
Savings – 23/24	-	-	-	-	(400)
<b>Net Expenditure</b>	<b>9,319</b>	<b>8,313</b>	<b>8,043</b>	<b>7,750</b>	<b>7,788</b>
Council Tax	(4,315)	(4,466)	(4,639)	(4,817)	(5,000)
New Homes Bonus	(921)	(738)	(462)	(208)	-
NDR – Baseline	(1,891)	(1,922)	(1,960)	(1,999)	(2,039)
NDR – Additional rates	(1,029)	(500)	(500)	(500)	(500)
Collection Fund Surplus	(93)	(97)	(100)	(105)	(114)
<b>Use of / (Contribution to) Balances</b>	<b>1,070</b>	<b>590</b>	<b>382</b>	<b>121</b>	<b>135</b>
<b>Balances at the Year End</b>	<b>2,680</b>	<b>2,090</b>	<b>1,708</b>	<b>1,587</b>	<b>1,452</b>

## **Agenda Item No 11**

### **Executive Board**

**10 February 2020**

#### **Report of the Chief Executive**

#### **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April – December 2019**

### **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 to December 2019.

#### **Recommendation to Council**

- a That Members consider the performance achieved and highlight any areas for further investigation; and**
- b That each Group nominate a Member lead for performance management.**

### **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 third quarter position with the achievement of the Corporate Plan and Performance Indicator targets for 2019/20. This is the third report showing the progress achieved so far during 2019/20.

### **4 Progress achieved during 2019/20**

- 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 to December 2019/20 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)

Amber – target currently behind schedule and requires remedial action to be achieved (shown as an amber circle)

Green – target currently on schedule to be achieved (shown as a green star)

## 5 Performance Indicators

5.1 The current performance indicators have been reviewed by each division and Management Team for monitoring for the 2019/20 year.

## 6 Overall Performance

6.1 The Corporate Plan performance report shows that 100% of the Corporate Plan targets and 50% of the State of Borough Indicators performance indicator targets and 33% of the Council Indicators are currently on schedule to be achieved. The report shows that individual targets that have been classified as red, amber 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	10	100%
Amber	0	0%
Red	0	0%
Total	10	100%

### Performance Indicators

#### State of the Borough Indicators

Status	Number	Percentage
Green	3	50%
Amber	2	33%
Red	1	17%
Total	6	100%

#### Council Performance Indicators

Status	Number	Percentage
Green	1	33%
Amber	1	33%
Red	1	33%
Total	3	100%

## 7 Summary

- 7.1 Members may wish to identify any areas that require further consideration where targets are not currently being achieved. As discussed at the last Executive Board, it is suggested that each Group nominate a Lead Member for performance management to review and revise the performance information reported to Members.

## **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 a number of 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 a number of 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 a number of 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).

Executive Board 19/20							
Action	Priority	Reporting Officer	Quarter 1	Quarter 2	Quarter 3	Status	Direction
18	Protecting our Countryside & Heritage	Dorothy Barratt	The Local Plan has been through three sessions of hearings. A letter has been received from the Local Plan Inspector. Work is currently ongoing to respond to this. The outcome of the A5 HIF is key to further progression of the Local Plan	The examination is continuing with further correspondence from the Local Plan Inspector. The outcome on the A5 HIF Bid is awaited	The examination is continuing with further correspondence from the Local Plan Inspector. The outcome on the A5 HIF Bid is awaited	Green	↑
19	Protecting our Countryside & Heritage	Dorothy Barratt	A response is being prepared to the consultation on Design Refinements.	A response was made on the Design Refinements. The outcome of the Oakervee Review is awaited.	A response was made on the Design Refinements. The outcome of the Oakervee Review is awaited.	Green	↑
20	Creating Safer Communities	Robert Beggs	Work in this period has included consideration of the Crowded Places guidance, EU Exit contingency planning, Grendon Flood Group, a table top workshop to consider pipeline breaches, Local Resilience Forum Recovery and Tactical Group meetings. Our call out cascade requires further changes as a result of recent staffing changes.	Work to revise our call out cascade is continuing following additional changes. The Warwickshire LRF has been starting work on revising plans for flood responses, cyber resilience, recovery and EU Exit preparations.	Work in this quarter has included EU Exit preparations via the Warwickshire LRF, liaising with Grendon Flood Group, LRF Training and Exercising Group, Cyber Resilience Group, responding to local flooding incidents and the LRF Tactical Group.	Green	↔
21	Responsible Financial & Resource Management	Sue Garner	2019/20 savings are included within the approved budget. Work on savings for 2020/21 has commenced.	Work on finding savings for 2020/21 is ongoing.	Work on finding savings for 2020/21 is ongoing.	Green	↑
22	Responsible Financial & Resource Management	Sue Garner	Work to update the strategy will be undertaken in August.	An updated strategy was taken to Executive Board in September.	An updated strategy will be taken to Executive Board in February	Green	↑
23	Supporting Employment & Business	Steve Maxey	The work of the WMCA and the Joint Committee is ongoing. The Council is working with the WMCA on transport and housing/infrastructure delivery issues and with the Joint Committee on joint spatial planning work	The work of the WMCA and the Joint Committee is ongoing. The Council is working with the WMCA on transport and housing/infrastructure delivery issues and with the Joint Committee on joint spatial planning work	The work of the WMCA and the Joint Committee is ongoing. The Council is working with the WMCA on transport and housing/infrastructure delivery issues and with the Joint Committee on joint spatial planning work	Green	↑
24	Creating Safer Communities	Richard Dobbs/Steve Maxey	Work continues in this area with local community projects being supported and resources deployed as and when required	Work continues in this area with local community projects being supported and resources deployed as and when required	During November 19 there were flooding incidents reported at several locations including Austrey, Grendon, Herts Hill, Lea Marston and Nether Whitacre. Streetscape delivered sandbags and flood aqua sacks to a few properties to help prevent internal flooding. WCC Highways were also responding across Warwickshire. A recent development is a proposal to set up a flood forum for parishes within the Tame Valley.	Green	↔
25	Promoting Sustainable & Vibrant Communities	Linda Bird/Steve Maxey	The Council uses a software tool to help manage its social media presence. We are currently focusing on coordinating content across the corporate and service accounts. The Contact Centre responds to residents enquiries via social media.	Work has started to draft an approach to consultation and engagement. Work continues to provide residents with information that affects them.	Work has started to draft an approach to consultation and engagement. Work continues to provide residents with information that affects them.	Green	↑
26	Responsible Financial & Resource Management	Sue Garner/Richard Dobbs	To commence later in the year.	The review has started, although the majority of the work will take place in Qtr 3.	The updated capital strategy will be taken to Executive Board in February	Green	↑
27	Responsible Financial & Resource Management	Sue Garner	Investment in the Multi Recycling Facility scheme is currently being assessed.	Investment in the Multi Recycling Facility scheme has been agreed.	Investment in the Multi Recycling Facility scheme has been agreed.	Green	↑

Ref	Description	Section	Priority	Year End Target 2019/20	Outturn 2018/19	April - Dec 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	89	97	Amber	↑	The figure is down to some long term sickness events.
NWLPI 162	Percentage of Freedom of Information replies dealt with within 20 days	Policy Support	Public Services & Council Tax	100	98%	96%	Red	↔	549 Freedom of Information requests received. 526 completed within 20 days, 20 over 20 days, 3 outstanding. 24 EIR requests received. 10 Data Protection, 3 Subject Access, 1 Right to Erasure.
New	The number of LG & Housing Ombudsman complaints determined as maladministration	Policy Support	Public Services & Council Tax	0	0	0	Green	↑	
	<b>State of the Borough Indicators</b>								
NWLPI 153	Number of burglary residential dwellings	Policy Support	Crime and Disorder	268	269	158	Green	↔	The levels of burglary residential dwellings reduce in quarter 3. Overall level is currently nearly 22% lower. November and December saw the lowest number for the year so far with 13 in each month.
NWLPI 154a	Number of violent offences with injury in the local authority area	Policy Support	Crime and Disorder	512	513	411	Amber	↑	The overall levels are 1% lower than the same period in 2018/19. Quarter 3 shows a slight reduction in the offences.
NWLPI 154b	Number of violent offences without injury in the local authority area	Policy Support	Crime and Disorder	878	879	743	Red	↔	The levels overall are 9% higher compared to same period in 2018/19. The majority of offences are continuing to be domestic related incidents.

Ref	Description	Section	Priority	Year End Target 2019/20	Outturn 2018/19	April - Dec Performance	Traffic Light	Direction of Travel	Comments
NWLPI 155	The number of vehicle crimes in the local authority area	Policy Support	Crime and Disorder	600	601	418	Green	➡	Quarter 3 saw increases in vehicle crimes although still lower overall compared to 2018/19 year.
@NW: NI032	Violence Against the person with injury related to Domestic Violence	Policy Support	Crime and Disorder	196	197	162	Amber	➡	The levels overall are nearly 12% higher compared to the same period last year. Quarter 3 has seen a slight reduction in the offences.
@NW: NI047	People killed or seriously injured in road traffic accidents	Policy Support	Crime and Disorder	62	63	29	Green	➡	Figures shown are for April to November only. September and October shows increases with 6 and 7 ksl's.

2

## **Agenda Item No 12**

### **Executive Board**

**10 February 2020**

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

#### **Pay Policy Statement 2020/21**

### **1 Summary**

- 1.1 There is a requirement under Section 38 of the Localism Act 2011 for Councils to have and to publish a Pay Policy Statement, agreed by full Council, which will be subject to review at least annually. This report details the purpose for and the areas to be covered in the Pay Policy Statement.

#### **Recommendation to Council**

**To adopt the Pay Policy Statement 2020/21.**

### **2 Introduction**

- 2.1 The purpose is to provide transparency by identifying
- The methods by which the salaries of all employees are determined;
  - The detail and level of remuneration of the Council's most senior staff.
- 2.2 The policy has been reviewed in line with the requirements and is attached at Appendix A.
- 2.3 Since the policy was adopted at Full Council on 4 July 2012, it has been reviewed and updated on an annual basis.

### **3 Report Implications**

#### **3.1 Human Resources Implications**

- 3.1.1 As detailed in the report.

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

- 3.2.1 This policy statement ensures that the Council meets its obligation under Section 38 of the Localism Act 2011 for Councils and therefore ensuring compliance with legislation.

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**

### **PAY POLICY STATEMENT 2020/21**

#### **Introduction and Purpose**

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the Authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Councils approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the Group/Board responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

This policy statement is subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

#### **Legislative Framework**

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

#### **Pay Structure**

Based on the application of the Job Evaluation process, the Council uses the nationally negotiated pay spine as the basis for its local grading structure. This determines the salaries of the large majority of the workforce, together with the use of other nationally defined rates where relevant. The Council remains committed to adherence with national pay bargaining in respect of the national pay spine. No pay award has yet been agreed for 1 April 2020 onwards.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in

respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time, it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

### **Senior Management Remuneration**

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 31 January 2020;

- a) Chief Executive  
The current salary of the post is £98,756. The salary falls within a range of four incremental points between £98,756 rising to a maximum of £106,254.
- b) Corporate Director (Resources)  
The current salary of the post is £70,920. The salary falls within a range of four incremental points between £69,187, rising to a maximum of £74,387. The Corporate Director (Resources) is the Council's Section 151 Officer and this was included in the evaluation of the role.
- c) Corporate Director (Streetscape)  
The current salary of the post is £70,446. The salary falls within a range of four incremental points between £66,727, rising to a maximum of £70,446.
- d) Directors  
The salaries of posts designated as Directors fall within a range of four incremental points between £61,904 rising to a maximum of £66,586.

Chief Officers' roles are subject to job evaluation under the JNC Job Evaluation Scheme and are paid a salary, which is considered a market rate within districts in the local government sector.

Employment of Chief Officers is in accordance with collective agreements negotiated from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities for Local Government Services, those set out in the National Agreement on Pay and Conditions of Service (currently known as The Blue Book) and as supplemented by:-

- local collective agreements reached with trade unions recognised by the Council
- the rules of the Council

### **Recruitment of Chief Officers**

When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Recruitment, and Redeployment Policies. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements.

Where the Council remains unable to recruit Chief Officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers engaged under such arrangements.

Elected Members appoint all Chief Officers. The pay level offered, on recruitment is typically the bottom point of the salary grade. In situations, however, where the individual recruited has a high level of knowledge or skills, and/or previous relevant experience, a higher salary, up to the maximum salary for that post, may be authorised, by the Chief Executive and the Elected Member recruitment panel. The recruitment panel would authorise this for an appointment of a Chief Executive.

### **Additions to Salary of Chief Officers**

The Council does not apply any bonuses or performance related pay to its Chief Officers.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties;

- All Chief Officers were entitled to a lease car. Following consultation this was phased out by April 2015. There is some protection in that when the car was returned the Chief Officer received the 'spot value' less 10% as a travel allowance so long as he/she remains in the role. The 'spot value' depends on the officer's grade. The 'spot values' for each grade are detailed at Appendix 1.

Newly appointed Chief Officers will use their own vehicle, and receive an Essential User Allowance. Employees who are not Chief Officers may also receive the Essential User allowance. Essential User Allowances are also detailed at Appendix 1.

The Chief Executive is the Council's Returning Officer and the Electoral Registration Officer (who also manages the elections service) and receives an Election Allowance. The relevant bodies set this

allowance. It varies each year depending on the number and type of elections in each year. There is the Police and Crime Commissioner election during 2020/21.

A Chief Officer may be awarded an honorarium when they 'act up' in a role. The Special Sub Group of Executive Board can authorise these. An honorarium either is a one off payment or can be a monthly allowance for a temporary period. Following the resignation of the Council's Monitoring Officer, the Corporate Director Streetscape is temporarily undertaking this duty and receiving an honorarium, which will terminate on the appointment of the newly created Head of Legal role, expected to be May - June 2020.

### **Payments on Termination**

In the case of redundancy, a redundancy payment would be made to a Chief Officer in line with the Council's Retirement Policy & Procedure, and the Redundancy Policy & Procedure, which applies to all staff.

In the case of termination due to ill health, then there would be no termination payment but a higher pension benefit may be approved by the Warwickshire local government pension scheme. The pension benefit may include a lump sum in addition to an on-going pension payment.

On termination of employment, if it is not possible or desirable for the Chief Officer to serve their contractual or statutory notice period, then a payment may be made in lieu of the notice period not worked.

Any contractual payments such as outstanding annual leave are usually included in payments on termination of employment. Similarly, any monies owing to the Council would be deducted from payments made on termination.

The Council may choose to make a payment under a Compromise Agreement to protect against compensation claims that could be expensive or bring the Council into disrepute. The Special Sub Group of the Executive Board would approve any such payment.

Where a Section 151 Officer or Monitoring Officer cease carrying out these statutory roles, then the post would be re-evaluated to exclude these duties.

### **Increases to Pay**

Any cost of living increases agreed through NJC are applied to Chief Officers pay. This is typically on 1<sup>st</sup> April each year.

Chief Officers appointed on a salary scale will receive an incremental increase to their pay as follows:

Chief Officers appointed between 1<sup>st</sup> October and 31<sup>st</sup> March will receive an increment after six months service.

Chief Officers appointed between 1<sup>st</sup> April and 30<sup>th</sup> September will receive an increment on the following 1<sup>st</sup> April.

Thereafter, all Chief Officers will receive increments annually on 1<sup>st</sup> April.

Chief Officers' pay will be measured against the market, normally on a three to five yearly basis, to ensure we maintain consistency with peer local authorities. Where there are significant changes in market rates then a pay benchmarking assessment will be carried out for Chief Officers. The last pay benchmarking on Chief Officers was completed in 2018 as part of the review of the senior management structure, when the role of Deputy Chief Executive was removed. Salary increases were made at this time to all Chief Officer posts, with the exception of the Chief Executive post. In October 2019, a pay benchmarking assessment was carried out on the revised Corporate Director role. The Council's Executive Board approves increases to Chief Officers pay.

### **Publication**

Upon approval by the full Council, this statement will be published on the Councils Website. In addition, for posts where the full time equivalent salary is at least £50,000, the Councils Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

This policy will be available on our web site [www.northwarks.gov.uk](http://www.northwarks.gov.uk)

### **Lowest Paid Employees**

Our lowest paid employees' salary is determined by the grade for their post, which is underpinned by a job evaluation scheme, rather than being paid a market rate for their job. Market supplements are given to some posts where there are recruitment and retention difficulties. Currently none of our lowest paid employees receives a market supplement on their salary to bring it up to market rates. Some of our lower paid posts were given a supplement to bring them up to the Government's new National Living Wage.

Whilst we may employ apprentices on a lower wage, i.e. the minimum wage, during their apprenticeship they do have a structured training plan leading to a qualification.

With regard to other aspects of remuneration policy, there is equity across all our employees. The same policies set out above apply to our lowest paid employees.

## **Relationship Between Remuneration of our Chief Officers and Other Employees**

Currently the average (mean) of our Chief Officers pay is 2.86 times that of the rest of our employees. Our top earning Chief Officer earns 4.14 times the mean of the rest of our employees.

Currently the average (mean) of our Chief Officers pay is 3.93 times that of our lowest paid employees. Our top earning Chief Officer earns 5.69 times the mean of our lowest paid employees.

Currently the median Chief Officers pay is 3.15 times that of the rest of our employees. Our top earning Chief Officer earns 4.67 times the median salary of the rest of our employees.

These figures are as at 31 January 2020 and do not include travel allowances, essential car user allowances.

Our policy for 2020/21 is to maintain Chief Officers pay within the following maximums:

Ratio of mean pay (Chief Officers: rest of employees) = 3.31

Ratio of median pay (Chief Officers: rest of employees) = 3.67

And not to exceed the following multipliers for our top earning Chief Officer:

5.5 X mean pay of other employees

5.5 X median pay of other employees

### **Accountability and Decision Making**

In accordance with the Constitution of the Council, the Special Sub Group and the Executive Board are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

### **RELATED DOCUMENTS**

Retirement Policy & Procedure  
 Redundancy Policy & Procedure  
 Recruitment Policy  
 Disciplinary Procedure  
 NJC Job Evaluation Scheme Outline  
 Hay Job Evaluation Scheme

Date of this review

February 2020

**Appendix 1****Annual Spot Value Less 10%**

Chief Executive	£3,456
Corporate Director (Resources)	£3,456
Corporate Director (Streetscape)	£3,456
Directors	£3,456

**Annual Essential Car User Allowance**

451-999cc	£846
1000-1199cc	£963
1200cc & above	£1,239

**NORTH WARWICKSHIRE BOROUGH COUNCIL**

**MINUTES OF THE SAFER COMMUNITIES  
SUB-COMMITTEE**

**18 November 2019**

Present: Councillor Reilly in the Chair

Councillors D Clews, Davey, Deakin, M Humphreys, Jarvis, Jenns, Lees, Gosling, Osborne and Parsons.

Apologies for absence were received from Councillors

**7 Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

**8 Minutes of the Meeting of the Sub-Committee held on 1 July 2019**

The minutes of the meeting of the Sub-Committee held on 1 July 2019, copies having been previously circulated, were approved as a correct record and signed by the Chairman.

**9 Fly Tipping Progress Report**

The Chief Executive provided Members with an update on progress on the action plan for tackling fly tipping across the Borough.

**Resolved:**

**That the progress report be noted.**

**10 North Warwickshire Community Safety Partnership Update**

The Chief Executive provided Members with an update on recent activities with the North Warwickshire Community Safety Partnership. The report included information about the agreed priorities from a Strategic Assessment 2019/20, latest 2019/20 crime statistics and updates about actions in the partnership plan 2019/20, the current position with the Warwickshire Police Alliance with West Mercia and the launch of a new Rural Crime Unit.

**Resolved:**

**a That the update be noted;**

- b That the current position with the ongoing arrangements between Warwickshire and West Mercia Police forces with their Strategic Alliance be noted;**
- c That the launch of the new Rural Crime Unit for Warwickshire be noted; and**
- d That an additional meeting of the Safer Communities Sub-Committee, with attendance by the Police and Crime Commissioner, be agreed.**

**5 Progress Report on Achievement of Corporate Plan Targets April 2019 – September 2019**

The Chief Executive informed Members of the progress with the achievement of the Corporate Plan targets relevant to the Safer Communities Sub-Committee for April to September 2019.

**Resolved:**

**That the report be noted.**

**6 North Warwickshire Improving Road Safety Action Plan Progress Report**

The Chief Executive provided Members with an update on the progress with the North Warwickshire Road Safety Action Plan and the allocation of road safety grant funding by the Warwickshire Police and Crime Commissioner. Members were also provided with details about recent road safety information.

**Resolved:**

**That the report be noted.**

Councillor Reilly  
Chairman

**NORTH WARWICKSHIRE BOROUGH COUNCIL**

**MINUTES OF THE SPECIAL SUB-GROUP**

**10 December 2019**

Present: Councillor D Humphreys in the Chair

Councillors Gosling, Jenns and Parsons

Apologies for absence were received from Councillor Hayfield

**13 Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

**14 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 item of business, on the grounds that it involves the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

**15 Extension of Temporary Contract**

The Corporate Director – Resources asked the Sub-Group to consider extending the temporary contract of the Financial Inclusion Support Officer.

**Resolved:**

**That the contract of the Financial Inclusion Support Officer be extended from 1 February 2020 to 31 January 2021.**

CHAIRMAN