

Agenda for a meeting of the WARWICKSHIRE COUNTY COUNCIL to be held at the SHIRE HALL, WARWICK on TUESDAY 21 March 2017 at 10.00am.

Please note that this meeting will be filmed for live broadcast on the internet and will be available to view for 24 hours. Generally, the public gallery is not filmed, but by entering the meeting room and using the public seating area you are consenting to being filmed. All recording will be undertaken in accordance with the Council's protocol on filming and use of social media.

AGENDA

1. General

(1) Apologies for absence.

(2) Members' Disclosures of Pecuniary and Non-pecuniary Interests

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. A member attending a meeting where a matter arises in which s/he has a disclosable pecuniary interest must (unless s/he has a dispensation):

- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with.
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the Code of Conduct. These should be declared at the commencement of the meeting.

(3) Minutes

To confirm the minutes of the meeting held on 2 February 2017.
Please note that the appendices referred to in the minutes have not been printed but are available to view on the Council website.

(4) Announcements

To receive any announcements from the Chair of the Council, Leader, Cabinet Members or Joint Managing Directors.

(5) Petitions

To receive a petition from pupils of Trinity School, Leamington Spa regarding proposals for the future of the school's sixth form.

(6) Public Speaking

To note any requests to speak in accordance with the Council's Public Speaking Scheme (see note at end of the agenda).

2. Coventry and Warwickshire Local Enterprise Partnership Board Membership (CWLEP)

The CWLEP has amended its constitution which has led to the reduction of the County Council membership on the Board from two members to one member.

The County Council's current appointees are Councillor Peter Butlin and Councillor June Tandy.

The Council is invited to appoint one councillor to the Board with immediate effect and subject to review by the County Council at its Annual Meeting on 23 May 2017.

3. Coventry and Warwickshire Sustainability and Transformation Plan (STP)

Leader of the Council: Councillor Izzi Seccombe.

Chair of the STP Member Working Group: Councillor Alan Webb

The Council agreed on 13 December 2016 that it would not consider signing up to the Coventry and Warwickshire STP until expectations had been met (as set out in the minutes of the Council meeting) and also agreed that a cross-party member group be established to consider the STP.

This report summarises the progress made against the elements of the resolution made in December 2016.

4. Border to Coast Pensions Partnership

Cabinet Portfolio Holder: Councillor Alan Cockburn

The Council agreed on 17 May 2016 to join the Border to Coast Investment Pool and is now invited to acquire a shareholding in the Border to Coast Pension Partnership Limited which will be the vehicle for administering the pool and to agree the establishment of the Border to Coast Pension Partnership Joint Committee.

5. Treasury Management Strategy 2017/18

Cabinet Portfolio Holder: Councillor Alan Cockburn.

The Council is invited to approve its investment and borrowing strategy for 2017/18.

6. Review of Local Governance Arrangements

Leader of the Council: Councillor Izzi Seccombe

Chair of the Local Governance Review Member Working Group:
Councillor Peter Fowler

The Council is invited to consider the recommendations from the Member Working Group on its review of options for local governance arrangements.

7. Addition of three developer funded highway schemes to the Capital Programme

Cabinet Portfolio Holder: Councillor Alan Cockburn

Local Members: As listed in the report .

The Council approval is requested for addition of the following three highway schemes to the Council's Capital Programme:

- A452 Europa Way (Lower Heathcote Farm), Warwick.
- Butlers Leap Link Road, Rugby.
- Shottery Link Road, Stratford-upon-Avon.

8. Motions to Council

To consider the following motions submitted by members in accordance with Standing Order 5:

(1) Proposed Revisions to Schools Funding Formula

This Council wishes to put on record its total opposition to the proposed schools funding formula. A formula which leaves Warwickshire schools 120th out of 150 local Authorities in terms of a funding allocation per pupil and where pupils in Rochdale are funded on the basis of £4336 per pupil while Warwickshire pupils receive £3558 is clearly not equitable. The new formula appears to be based primarily on previous spend rather than any realistic appraisal of adequate funding per pupil. We urge the Council to make representations to Warwickshire MPs and the appropriate Minister to request that formula be amended to a published national base figure which is then added to where necessary on the basis of clear and transparent criteria to remove the inherent unfairness which has been faithfully transposed from the old to the proposed system.

Proposer: Councillor Dave Parsons
Seconder: Councillor Julie Jackson

(2) Early Years Funding

This Council is proud of its current Early Years provision, with its rich mix of maintained nursery schools, nursery classes and private/voluntary (PVI) providers. It is therefore deeply concerned at the detrimental impact of the new Early Years National Funding Formula on Warwickshire Early Years providers from 2017/18 onwards, and the risks this poses to its ability to support the best possible start to their education for all Warwickshire children. Warwickshire is one of 20% of local authorities which will lose under the new national formula, in our case £1.3 million (6%) by 2018/19.

This Council calls on the Leader to write to the Secretary of State for Education and all Warwickshire MPs to express its grave concerns at the threat to the sustainability of good quality Early Years provision across all sectors, especially after the transitional funding arrangements expire, and to seek additional funding to enable the new Early Years National Funding Formula to be implemented in a fair and sustainable way across all providers.

Proposer: Councillor John Whitehouse
Seconder: Councillor Clive Rickhards

9. Member Question Time

A period of up to one hour is allocated for question time. Extension beyond this time is at the discretion of the Chair.

9.1 Questions on Notice (Standing Order 7.2)

Cabinet Portfolio Holders and Chairs of Overview and Scrutiny Committees will be invited to respond to any written questions from Members.

9.2 Questions without Notice to Leader of the Council and Cabinet Portfolio Holders (Standing Orders 7.7 and 7.8)

The Leader of the Council and Cabinet Portfolio Holders will be invited to respond to any oral questions from Members. Supplementary questions will not be permitted.

10. Any other items of urgent business.

To consider any other items that the Chair considers are urgent.

DAVID CARTER
Joint Managing Director (Resources)
Shire Hall
Warwick
March 2017

Public Speaking

Members of the public who are resident or working in Warwickshire may speak for up to three minutes on an item in the public part of the agenda. Notice of a request to speak must be made to the Joint Managing Director at least three working days before the meeting.

For advice on the public eligibility to speak and the procedure, or any enquiries regarding this agenda, please contact Janet Purcell, Democratic Services Manager, Law & Governance, Resources Group Tel: 01926 413716.

Email: janetpurcell@warwickshire.gov.uk

**Minutes of the Meeting of Warwickshire County Council
held on 2 February 2017**

Present:
Councillor Bob Hicks (Chair)

Councillors: John Appleton, John Beaumont, Sarah Boad, Mike Brain, Peter Butlin, Les Caborn, Richard Chattaway, Jonathan Chilvers, Chris Clark, Jeff Clarke, Alan Cockburn, Jose Compton, Yousef Dahmash, Corinne Davies, Nicola Davies, Neil Dirveiks, Richard Dodd, Peter Fowler, Jenny Fradgley, Bill Gifford, Mike Gittus, Colin Hayfield, John Holland, John Horner, Philip Johnson, Kam Kaur, Danny Kendall, Bernard Kirton, Keith Kondakor, Joan Lea, Keith Lloyd, Jeff Morgan, Phillip Morris-Jones, Peter Morson, Brian Moss, Maggie O'Rourke, Bill Olnor, Dave Parsons, Mike Perry, Caroline Phillips, Wallace Redford, Clive Rickhards, Howard Roberts, Kate Rolfe, Jerry Roodhouse, Chris Saint, Izzi Seccombe, Dave Shilton, Jenny St. John, Bob Stevens, June Tandy, Heather Timms, Angela Warner, Alan Webb, Mary Webb, Matt Western, John Whitehouse and Chris Williams.

1. General

(1) Apologies for absence

Apologies for absence were submitted on behalf of Sara Doughty, Brian Hawkes and Julie Jackson.

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

Councillor Jenny St John declared a non-pecuniary interest as Chair of the Warwick Children Centres Advisory Board.

Councillor Maggie O'Rourke declared a pecuniary interest as an NHS Employee.

(3) Minutes

Resolved

That the minutes of the meeting held on 13 December 2016 be approved as a correct record.

(4) Chair's Announcements

Groundhog's Day

The Chair advised the Council that 2nd February is Groundhog Day which is said to have originated in Pennsylvania, 131 years ago, and has since been used in a film of that name where the lead character woke up on the 3rd February to find that the day repeated what happened on 2nd February with some adjustments. The Chair hoped this Council meeting would not prove to be a groundhog day!

Jim Graham, Chief Executive

The Chair reminded Council that this was the last opportunity to pay tribute to Jim Graham before his retirement on 3rd February after 11 years as the County Council's Chief Executive.

The Chair outlined Jim's career which had begun in social work with Hampshire County Council in 1974. Jim moved to the London Borough of Bromley in 1983 as a team manager, became a senior home care manager and by 1989 was Assistant Director. He became Assistant Director of Social Services at East Sussex County Council in 1992 before taking the post of Director of Social Services at Plymouth in 1997 and then Chief Executive of West Berkshire Council in 2001.

Jim joined Warwickshire County Council on 1 October 2005 and from that point drove a modernisation of the Council so that by December 2005 Council had approved a programme of modernisation and during 2006 organisational changes began with a less hierarchical officer structure, led by strategic directors, and with a focus on customers and accessibility to our services.

The Chair reflected on how Jim had led many strategic meetings with members and referred to a particular meeting where Jim had predicted that the organisation that would need to be smaller by 25-35% and how that predication had now proved to be accurate. Jim had also wished to ensure the council worked more closely with communities and partners and during Jim's time the Council has seen the development of one stop shops, locality working, increased shared services and joint working.

The Chair thanked Jim for his commitment and determination to help the Council move forward and wished him a very happy and fulfilling retirement.

Councillor Izzi Seccombe, Leader of the Council, paid tribute to Jim for his years of support and for the guidance and advice he had provided through some difficult times with the aim of making Warwickshire the best it can be.

Councillor Seccombe expressed her particular thanks to Jim for his open approach and for his continual challenge of members, staff and partners, which had not always been comfortable but had proven to be wise counsel and had resulted in the Council being more sustainable into the future and better prepared to go through further changes that will be necessary.

Councillor Seccombe paid tribute to Jim's honesty and authenticity and for continued challenge to the Council to be the best it can be, not for itself, but for the residents and people of Warwickshire.

Councillor June Tandy, Leader of the Labour Group, paid tribute to Jim's engagement with members and his honesty about the way forward for Warwickshire. Councillor Tandy added that it is evident that Jim really cares about Warwickshire and expressed her sincere thanks to Jim for his service to Warwickshire and wished him well in his retirement.

Councillor Jerry Roodhouse, Leader of the Liberal Democrat Group, paid tribute to Jim's encouragement of members to think about the Council in the context of the future of the wider public sector. Councillor Roodhouse added that Jim had been robust in challenging members and thanked him, on behalf of the Liberal Democrat Group, for his honesty which had enabled members to understand the reality of the challenges facing Warwickshire and had resulted in the County Council being in a better position than many other local authorities.

Councillor Roodhouse thanked Jim and wished him well for the future.

Councillor Howard Roberts, Leader of the Independent Group, thanked Jim for his advice support to members and wished him well in his new career whatever that may be.

Councillor Keith Kondakor, Leader of the Green Group, paid tribute to Jim's management of the organisation and service to Warwickshire and wished him well in his retirement.

Councillor Peter Butlin, Deputy Leader of the Conservative Group, expressed his thanks to Jim for the valuable advice he had given and his part in ensuring Warwickshire is in good place.

Jim Graham thanked members for their tributes but assured Council that he was merely a temporary steward of a responsible position and that the Council will continue to work well as it has brilliant officers. Jim paid tribute to members for what they had achieved and the scale of challenge they had faced which had seen a reduction of 52% of the organisation - an enormous change. This has been achieved by confronting challenge and there is likely to be further challenges over the next decade and beyond 2020. Jim added that the new administration after May 4th will need to look at further decisions.

Jim thanked members for their hard work and commended them for how the groups had engaged with each other to make difficult decisions. He added that the Council has also put the citizen first and questioned what is best for them and it is important that this vision is held throughout the period of austerity.

Jim added his thanks to the trade unions, and for the positive relationships that had been forged with them and urged the Council to continue the constructive relationship with unions and staff going forward. Jim also thanked those partners who had been willing to engage and again urged the Council to continue to forge relationships with those partners who were willing to change to tackle the challenges ahead.

Jim advised Council that he was leaving behind some words on what might have happened to the council since 1989 (the end date for the History of Warwickshire County Council written by former employee, D J Mitchell) but warned that it was not historical but purely his prejudicial views and ends with the Warwickshire bear for which he had great affection and had placed in the ante-chamber and created a fun feature for citizenship ceremonies. Jim added that one of his greatest achievements had been the refurbishment of the ante chamber and reception area which, along with the excellent reception staff, made the Council a welcoming place for its public.

Jim concluded by expressing his sincere thanks to Harpreet Rai, his PA who had proved invaluable and also paid tribute to Councillor Izzi Seccombe for her strong leadership and for her work on adult social care at a national level and with the LGA. Jim wished the Council well for the future.

The Council stood in tribute to Jim.

Bedworth Almhouses

The Chair referred to a visit to the Bedworth Almhouses which he had attended with former councillor John Haynes County Councillor Julie Jackson.

Chair's Open Evening

The Chair reminded members that the open evening would take place on the evening of 11 March 2017.

Civic Service

The Chair invited members to his civic service to be held on Sunday 19 March at Chilvers Coton Church in Nuneaton and that the theme of the service will be reconciliation.

Holocaust Memorial Service

The Chair announced that he had attended, with some other members, the holocaust memorial service in Church Street, Warwick. This had been particularly moving as it included recognition of holocaust in Eastern Europe, Rwanda, Kosovo and Kampuchea.

George Eliot - Quote for the meeting

'Stinginess may be abused like other virtues. It will not do to keep one's own pigs lean'.

(5) Petitions

None

(6) Public Speaking

None

2. 2017-18 Budget and Medium Term Financial Planning Framework

A Conservative Group Proposals

Councillor Izzi Seccombe, Leader of the Council, proposed the Conservative Group's Revenue and Capital Budget for 2017/18 as set out at **Appendix A** to these minutes.

Councillor Seccombe thanked the strategic directors and heads of service for their support to all Groups through the budget process and in particular thanked John

Betts, Head of Finance and Virginia Rennie, Strategic Finance Manager. Councillor Seccombe also thanked her Cabinet and the Conservative Budget Working Group for their work over the last eight months in preparation for the challenge ahead for this particular budget.

Councillor Izzi Seccombe reminded Council that the proposals are in the context of future changes to the way that local government will be funded, with the removal of central government grants by 2020 and funding of councils being primarily through business rate retention and local council tax. Councillor Seccombe added that this meant that the Council needed to consider where it can be more commercial in how services are delivered and where it is possible to trade. Councillor Seccombe also reminded Council that on 22 September she had announced the start of conversations with communities on shaping the future of the County Council and different ways of delivering public service in Warwickshire by 2020, in the context of delivering £67m of savings over the next three years. On 8 December the Conservative Group announced its budget proposals for other Groups to scrutinise and there have been much deliberation by Groups which has culminated in the debate today. Councillor Seccombe observed that the Council has been very successful in prudently managing its finances and has a strong track record of delivering savings focusing on efficiencies and high quality services and paid tribute to staff for achieving the savings required to date and which she believed provided a firm foundation for the new One Organisational Plan for 2017-2020 (*see minute 3 below*).

Councillor Seccombe stated that the budget proposals are consistent with and focus on the two priorities in the One Organisational Plan which are for Warwickshire's communities and individuals to be supported to be safe, healthy and independent and for Warwickshire's economy to be vibrant and supported by the right jobs, training and skills, and infrastructure. Councillor Seccombe added that these considerations have shaped the proposals as the Council faces the financial challenge of a very poor grant settlement. Whilst recognising that the Council is already a lean and efficient organisation, the proposals focus on three areas:

- Making services more efficient through the integration of services, slimming down management structures and by becoming more commercial where this is possible.
- Redesign of services, building on the success of community libraries and the Warwickshire Multi Agency Safeguarding Hub and working with partners where visions and outcomes are aligned. Services are focusing on the preventative agenda, managing down demand, investing in 40 additional social workers to reduce caseloads and provide greater support for the most vulnerable children and also investing £3m in extra care housing and in reablement for adult social care to improve services to the most vulnerable.
- Difficult choices in reduction of services but these exclude savings in routine and reactive highways maintenance; home to school transport; third sector and community libraries; Fire and Rescue retained duty systems, fire engines and crews.

Councillor Izzi Seccombe also highlighted investment proposals for a £5m Transformation Fund to ensure a modern and flexible workforce and a Capital Investment Fund of £60m to transform the County. This will include investment in

priority road safety schemes; support for extra care housing and sheltered housing with care developments; the expansion of Special Educational Needs provision on school campus and continue to provide £2m a year allocation for members to use on local highways priorities.

The proposals include an increase in council tax of 1.99% per annum over three years and include the adult social care precept of 2% each year over the next three years. The increases represent just less than £1 a week on average. Councillor Seccombe, in responding to speakers later in the debate, expressed concern that the Liberal Democrat Group proposal to put the adult social care precept at 3% for the first two years and 0% for the third year was not supported by evidence that the proposed use was deliverable and also would put an additional burden on council tax payers.

Councillor Alan Cockburn, Cabinet Portfolio Holder for Finance and Property, seconded the Conservative Group proposals and also thanked the Conservative Budget Working Group, all political groups, Corporate Board and Heads of Service and in particular John Betts, Head of Finance and Virginia Rennie, Strategic Finance Manager. Councillor Cockburn added that the input of the public had been vital in reaching a conclusion on priorities for the future of the organisation. Councillor Cockburn welcomed the proposed investment programme and was pleased to present proposals for a balanced budget for the three years that would enable the authority to meet challenges in a calm and thoughtful manner.

B Labour Group Amendment

Councillor June Tandy, Leader of the Labour Group, presented the Labour Group's proposed amendments to the Conservative Group proposals as set out at **Appendix B** to these minutes.

Councillor Tandy expressed her Group's sincere thanks to all officers who have given advice to the Group and in particular to John Betts and Virginia Rennie for their help in the budget process. Councillor Tandy added her thanks to the Chairs and members of the overview and scrutiny committees who had provided valuable advice.

Councillor Tandy referred to the challenge in presenting a budget when, once again, the Council found itself facing unacceptable cuts forced on it by government, and no assistance with meeting the pressures on adult social care other than allowing an increase on the council tax. Councillor Tandy explained that the Labour Group budget could only seek to alleviate some of the savings proposed in the Conservative Group proposals.

Councillor Tandy stated that the Labour Group priorities lay in supporting the most vulnerable people in Warwickshire and that there were many differences between their proposals and those of the Conservative Group but highlighted the following:

- Less cuts to Supporting People, allowing the elderly to live in their own homes.
- Less cuts in children centres
- Less cuts to the youth service
- Less cuts for young people who have no further education or training prospects

Councillor Tandy explained that the Labour Group proposals included use of Reserves which the Group considered the right thing to do to support vulnerable People. The proposals met the £67m savings required and also included a council tax increase of 3.99% (including the adult social care 2% precept).

Councillor Tandy expressed her disappointment at the government's response to concerns from local authorities that they should look forward to the business rate funding and was very concerned that not all of the Warwickshire MPs appear to be supporting local government when most needed.

Councillor Richard Chattaway, Deputy Leader of the Labour Group, seconded the amendment and highlighted the following when speaking later in the debate:

- The £67m savings required follow from £100m already made and was putting undue pressure on services.
- There are problems in social care, for instance in the number of 10 minute visits from care workers which he considered inadequate.
- There is a need to enhance the work in children's centres to ensure children are ready for school.
- The Labour Group proposal to invest £200,000 into Fire and Rescue Service home safety checks whilst important for home safety also enables contact with people who may be isolated and lonely.
- The Council should look at options for considering the establishment of a Warwickshire green company, the creation of a municipal transport company and a land development company to maximise benefits from the development of Council land.
- There should be investment of £3.5m for the next three years for members to use on local highways priorities and continue investment of an additional £2m a year for highways maintenance.
- There should be further work to improve town centres and create job opportunities and to ensure wealth growing potential is enjoyed by all residents across the County.

C Liberal Democrat Group Amendment

Councillor Jerry Roodhouse, Leader of the Liberal Democrat Group, presented the Liberal Democrat Group's proposed amendments to the Conservative Group proposals, as set out at **Appendix C** to these minutes.

Councillor Roodhouse thanked John Betts and Virginia Rennie for their help throughout the budget process and also thanked staff for the work they had undertaken as funding gets tighter in local government. Councillor Roodhouse added his thanks to the other political Groups for sharing proposals and also to the overview and scrutiny committees and the members of the 0-5 Strategy Group.

Councillor Roodhouse reminded Council that Lord Gary Porter, Chair of the LGA, had stated, in responding to the financial settlement, that local government will face a funding gap of £5.8bn by 2020 and that local authorities will have to make significant reductions to local services. Councillor Roodhouse also expressed his disappointment that Warwickshire MPs remain silent on this issue and he could only conclude that they supported reductions in funding. Councillor Roodhouse added

that it is evident that a new approach is needed, including participatory budgeting, and also that priorities should be set first and then obtain the resources to match rather than setting the financial framework first. He added that the level of cuts would require a transformation of the organisation and that the Group supported the principle of transformation as reflected in the One Organisational Plan

Councillor Roodhouse explained that the Liberal Democrat proposed amendments built on previous years' priorities - focusing on giving people the best start in life that is sustainable and affordable and safeguarding and supporting those who are most vulnerable regardless of where they live in the County. Councillor Roodhouse commended Councillor Izzi Seccombe for her work nationally in lobbying for support for adult social care and for pressing for a long term solution that did not put the burden on local government.

Councillor Roodhouse highlighted the following proposals:

- Investment in the youngest and most vulnerable by mainstreaming the funding from Smart Start programme into the Children and Transformation Programme as outlined in the One Organisational Plan 2020 Plan
- Defer savings in this area until 2019/20
- £400,000 for health and wellbeing - £200,000 for a 24 hour crisis response pilot and £200,000 over three years to further develop Connect Well (Social prescribing).
- To not take savings in Fire and Rescue Service but to include £80,000 per annum for road safety education and £40,000 to roll out the arson reduction service into the south of Warwickshire.
- To take 3% adult social care precept for years 2017/18 and 2018/19 to bring in an extra £7.4m to speed up the development and implementation of the integrated health and social care model.
- Investment of £2m per year to deliver identified cycle route priorities across Warwickshire.

Councillor Sarah Boad, Deputy Leader of the Liberal Democrat Group, seconded the proposed amendment and highlighted the following when speaking later in the debate:

- The importance of the pilot 24 hour response service and Connect Well investment, particularly in view of the levels of suicide in Warwickshire.
- To not take savings in children's centres in years 2017/18 and 2018/19 and concern that it is unclear how other group's proposed savings on children's centres will be made.
- The proposals for investment in the Fire and Rescue including £80,000 for CPR training to school children reflect the Fire Service's innovative approach in working with other services to serve their communities.
- Investment in cycling routes is essential (and the cycling provision in the Stanks Island scheme could be improved).
- The provision of an extra £7.4m in the adult social care economy over three years would release the £5m Transformation Fund to support the delivery of the One Organisation Plan across the rest of the organisation.

D Green Group Amendment

Councillor Jonathan Chilvers, Deputy Leader of the Green Group, presented the Green Group amendment to the Conservative Group proposals as set out in **Appendix D** to these minutes.

Councillor Chilvers thanked John Betts and Virginia Rennie for their assistance during the budget process and for the hard work of staff and members in finding innovative ways of saving money and improving services.

Councillor Chilvers stated that he presented the Group's budget under duress as the cuts already taken and to be taken in Warwickshire were the result of the government's decision to manage the national deficit by reduced funding to local government.

Councillor Chilvers explained that the Green Group proposals sought to protect the most vulnerable and was focussed on three areas:

Supporting a Council where wellbeing and a strong job creating economy are hand in hand.

- Investment of £5m capital, supported by revenue, in walking, cycling and sustainable travel infrastructure that improves the commute to work and school;
- Cancellation of the Bermuda Connect project in light of the Borough local plan which indicates jobs will not be created in the area anticipated when the project was initiated.
- Delay of the Stanks Island scheme until able to achieve improvements that match this wellbeing and strong job creating economy aim.
- Investment of £76,000 to provide additional contract monitoring to ensure high standards for customers and staff in contracted out services.
- Set aside £1m in 2017/18 to work with districts and boroughs to support those least able to afford the council tax increase.

Design services around the needs of people and families rather than bureaucracies and silos.

- Redouble efforts for a joint waste arrangement with districts and boroughs using transitional funding (£200,000).
- Join housing related support for 25+ and addictions commissioning to provide integrated addictions pathway which includes accommodation.
- Invest £250,000 to embed specialist addition treatment workers in Priority Families Teams

Invest in long term in early help and prevention

- Support the proposal for additional social workers
- Support the proposal for help for 0-3

Councillor Chilvers also highlighted the proposal that £540,000 of the additional income from growth in taxbase be used to address growth related wear and tear to roads, drainage, pavements etc.

Councillor Chilvers added, later in the debate, that the Green Group did not support using growth in tax base to support borrowing (£2.706m) for a bigger Capital Programme as they considered it should be kept in Revenue to support services. If it does go into Capital Projects then he considered it should come back to council to agree an evaluation criteria.

Councillor Keith Kondakor, Leader of the Green Group, seconded the proposed amendment and spoke later in the debate, highlighting the following points:

- Having six waste authorities is not efficient and a joint approach to waste between the County Council and District and Borough Councils could save several millions per annum and provide the opportunity to increase levels of recycling, make the approach to recycling consistent across Warwickshire and realise environmental savings as well as savings in areas such as procurement of waste vehicles.
- Transport maintenance is important, particularly in enabling the on- going maintenance of developer provided schemes (for example provision of a bridge). The proposal to use a percentage of the additional income from growth in the taxbase for maintenance will enable the enhancement of the input from developers.
- The allocation of £100,000 to improve technology and enable filming and video conferencing of meetings (including member seminars and staff training) would save on travel costs. Advantage should also be made of digital technology to integrate smart travel in Warwickshire.

VOTE

Following a debate a vote was taken as follows:

The **Labour Group Amendment** at Appendix B was put to the vote and was **LOST**, the vote being 19 for, 37 against and 3 abstentions.

The **Liberal Democrat Group Amendment** at Appendix C was put to the vote and was **LOST**, the vote being 9 for, 46 against and 4 abstentions.

The **Green Group Amendment at D** was put to the vote and was **LOST**, the vote being 2 for, 54 against and 3 abstentions.

The **Conservative Group proposal** at Appendix A was put to the vote and was **LOST**, the vote being 29 for, 30 against.

The meeting adjourned at 12.35 and reconvened at 3.25 p.m.

E Consolidated Budget Proposals

Councillor Izzi Seccombe, Leader of the Council, moved a Consolidated Revenue Budget as set out in **Appendix E** to these minutes and was seconded by Councillor June Tandy, Leader of the Labour Group.

Councillor Peter Butlin, Deputy Leader of the Conservative Group, moved a Consolidated Capital Budget as set out in **Appendix E** to these minutes and outlined the main changes to the Capital Budget proposals as follows:

- An additional £2.5m over three years in LED street lights and bringing forward an extra £500,000 from the £2.5m awarded in the investment fund that needs to spend during the next 12 months which boosts the fund to £3m.
- £1m in safer routes to schools to complete the programme for all of Warwickshire's children.
- Focussing road maintenance on residential areas in the County and reviewing the adoption process.

Councillor Butlin added that the approach now represented a change in focus to making the most of the Council's assets and increasing revenue streams.

Councillor Richard Chattaway, Deputy Leader of the Labour Group, seconded the proposals which he noted marked a different approach to Capital which he welcomed.

Councillor Keith Kondakor, Leader of the Green Group, welcomed the changes but considered that more needed to be included on sustainable transport as outlined in his Group proposals.

The meeting adjourned at 3.35 pm to enable members the opportunity to read the consolidated revenue budget proposals and reconvened at 3.45 pm.

Councillor Izzi Seccombe outlined the main changes to the Revenue Budget proposals as follows:

- Savings on Housing Related Support of £400,000 in year three only.
- Savings on Children Centres accumulative savings with £420,000 in year three.
- Stretched savings targets for departments.
- Removal of the Labour Group proposed reduction of funding for councillor grants and third sector support.

VOTE

The Revenue Budget and the Capital Budget proposals were voted on separately and a recorded vote taken on each in accordance with Standing Order 33.4.

The budgets were **AGREED**, the vote being 46 for, 10 against and 1 abstention on each vote. The recorded vote was the same for both revenue and capital budgets as set out below:

FOR

Councillors John Appleton, John Beaumont, Mike Brain, Peter Butlin, Les Caborn, Richard Chattaway, Chris Clark, Jeff Clarke, Alan Cockburn, Jose Compton, Yousef Dahmash, Corinne Davies, Neil Dirveiks, Peter Fowler, Mike Gittus, Colin Hayfield, Bob Hicks, John Holland, John Horner, Philip Johnson, Kam Kaur, Danny Kendall, Bernard Kirton, Joan Lea, Keith Lloyd, Phillip Morris-Jones, Peter Morson, Brian Moss, Bill Olnier, Maggie O'Rourke, Dave Parsons, Mike Perry, Caroline Phillips, Wallace Redford, Howard Roberts, Chris Saint, Izzi Seccombe, Dave Shilton, Bob Stevens, June Tandy, Heather Timms, Angela Warner, Alan Webb, Mary Webb, Matt Western and Chris Williams.

AGAINST

Councillors: Sarah Boad, Jonathan Chilvers, Richard Dodd, Jenny Fradgley, Bill Gifford, Keith Kondakor, Clive Rickhards, Kate Rolfe, Jerry Roodhouse and John Whitehouse.

ABSTENTION

Councillor Nicola Davies.

Resolved

That Council agrees the 2017/18 Revenue and Capital Budgets and the 2017-2020 Medium Term Financial Planning Framework as set out at Appendix E to these minutes.

3. One Organisational Plan 2017-2020

Councillor Alan Cockburn, Cabinet Portfolio Holder for Finance and Property, proposed that Council approve the One Organisational Plan for 2017 – 2020 which sets out the vision and key outcomes that the Council will seek to deliver over the life of the Plan. Councillor Cockburn added that it is evident that the Council needs to continue to transform services and that this is reflected in the Council's agreed Budget and Medium Term Financial Planning Framework agreed at this meeting.

Councillor Izzi Seccombe, Leader of the Council, stated her support for the Plan in setting the direction of travel for the Council and added that the delivery of the Plan will be supported by the Transformation Fund approved by Council at this meeting.

Councillor Kam Kaur, Cabinet Portfolio Holder for Customers, seconded the proposal to approve the One Organisational Plan, and commended the work that had taken place in achieving Phase 1 of One Organisational Plan with its focus on the customer journey and ensuring the council works as one organisation. Councillor Kaur explained that the Plan for 2017-2020 is Phase 2 of the process of transformation and sets out the direction for the redesign of services.

The proposal to approve the Plan was put to the vote and was AGREED.

Resolved

That Council approves the One Organisational Plan 2017-2020, as set out at Appendix F to these minutes.

4. Any other items of urgent business.

There were no further items of business.

The meeting closed at 4.15 p.m.

.....
Chair

County Council

21 March 2017

Coventry & Warwickshire Sustainability and Transformation Plan (STP) – Report of the Member Working Group

Recommendation

That Council note the progress made by the Working Group since the STP was considered by Council in December 2016.

1.0 Key issues

- 1.1 On 13th December 2016 the County Council considered the published version of the Coventry & Warwickshire Sustainability & Transformation Plan (STP).
- 1.2 The associated resolution set out the County Council's position on the STP (See Appendix 1) and the required next steps:
- 1.3 Subsequently a cross-party Member Working group was established to progress this work.
- 1.4 This report summarises the progress made against the elements of the resolution made in December 2016 and sets out an updated position which is considered to be in the best interests of Warwickshire residents.

2.0 Options and Proposal

- 2.1 Set out below is an update on the respective elements of the Council resolution made in December 2016.
 - 2.1.1 **Resolution - The Council agrees that it will not consider signing up to the Coventry and Warwickshire Sustainability and Transformation Plan published on 6th December until:**
 - a) There has been full public engagement
 - b) It has been co-produced along with the Health and Wellbeing Boards of both Warwickshire CC and Coventry CC
 - c) It is rewritten in language which is accessible to the public

The Working Group understand that a revised approach to engagement and public consultation for the STP is being led by the CCGs and is currently under development. The criticality of the role of Elected Members within this has been stressed and restated to the STP Board.

A public version of the STP submission has not yet been produced. This is being prepared through the Engagement Plan referred to above. Through the STP Board the County Council's Working Group have stressed the importance of accessible and meaningful engagement material.

The Council's own approach to engagement on proposals related to the development of the Budget and the One Organisational Plans OOP has been shared with STP colleagues.

2.1.2 Resolution - The Council expects that the STP in its next stage moves to a transformational level and that an independent chair is appointed to ensure the necessary challenge.

Update –At a strategic level there is a high degree of correlation between the Health & Wellbeing Strategy, the One county Council's One Organisational Plan, notably:

- Encouraging behaviours and systems which support prevention
- Developing place-based working and evidence base
- Redefining the relationship with the public to building community capacity in support self-help
- Improving information and advice offer
- Working together with partners and the public

The Working Group have reviewed the current content of the STP workstreams as set out in the December submission. It is understood that further NHS guidance is anticipated in March 2017, but at present these workstreams appear to be under development and little further detail on content is currently available to scrutinise. At a detailed level it is therefore difficult to see how and where the County Council is both impacted and can influence the STP.

However, the Council is heavily involved in one of workstreams (Proactive and Preventive) which is led by the Local Authorities Commissioners, and builds on previous work and closely relates to our OOP proposals.

To better understand the workstreams the Working Group have requested detail of the Terms of Reference and content of each workstream.

The Working Group have further stressed the importance of understanding and subsequently managing the interdependencies between workstreams if the STP is to realise the ambition system-wide change.

The proposals for an independent chair to the STP remains unresolved. The Working Group have discussed this in detail and it is being pursued as a matter of urgency to avoid further delay in development. An issue is the perceived conflict of interest for the current Chair of the STP between his role as Chief Executive of UHCW and the future of George Eliot Hospital.

2.1.3 Resolution - The Council expects that the original intent of the STP around the integration of the health and social care systems is progressed in a way which recognises the crucial role played by social care

Update - The intended transformation of Adult Social Care by 2020 as set out in the OOP builds upon existing examples of collaboration and mutual support between the County Council and the health sector, notably the Better Together Programme. Key features of the new offer include:

- An expressed commitment to prevention and improved commitment to self help
- Enhanced access to information and advice
- Expanded community capacity to support individuals and family in the community
- Local delivery of services through a network of integrated hubs
- Access to specialist services
- Integration of services

This approach has been deliberately designed so that it will complement the STP and together with the Public Health offer, will have the greatest resonance with the Proactive & Preventative workstream. It will also have a significant impact on the future of planned and emergency care, by holding the key to managing and subsequently reducing demand in the acute part of the system.

The future funding of Adult Social Care is clearly closely bound up with the funding for the NHS both at a national and local level.

In their scrutiny of the STP the Member working Group have also acknowledged the importance of working together to secure access to any available funding linked to the STP for the benefit of the whole health & care system in Warwickshire.

2.1.4 Resolution - The Council expects that the STP workstreams will recognise local and easy access to services by the whole population of Warwickshire and Coventry as a fundamental principle

Update - Access to services at a local level within the STP proposals continues to be a key concern for Elected Members. The working group will review WCC representation on all STP workstreams to ensure that the interests of residents are appropriately represented.

Notably this will include acute services elements which may be less related to Council services, but are felt to be of critical importance to the residents which Elected Members represent – these are Urgent Care (Accident and Emergency) and Maternity Services.

3.0 Timescales associated with the decision and next steps

3.1 The Council continues to be unable to sign up to the STP in its current format.

3.2 However based upon the resolution agreed by Council in December and reflecting the, discussions of the Member Working Group it is proposed that the following principles of working are adopted:

1. Acknowledgement within the next version of the STP of the County Council as an equal and critical partner within the local health and care system
2. Assurance of democratic accountability of all decision making related to the STP where it affects quality of life for residents and/or County council Services
3. Objectivity of decision making to the benefit of the overall health & care system, particularly over organisational interests.
4. Recognition of the need for:
 - An expressed commitment to prevention and improved commitment to self help
 - Enhanced accesses to information and advice
 - Expanded community capacity to support individuals and family in the community
 - Local delivery of services
 - Access to specialist services
 - Integration of services
5. Assurance of early and meaningful engagement and consultation on decisions and service change at a local level, particularly in relation to:
 - Location and service offer from acute and primary care services
 - Location, design and function of community hubs

6. Co-design and production of services between partner organisations and with the public wherever possible

7. Support work to secure Transformational Funding for the collective benefit of system wide transformation.

3.4 In support of this the Member Working group will continue to meet with the aim of:

- Restating the formal offer of support to the STP Board and seeking agreement to the principles of working
- Continuing to explore the link between the OOP 2020 plans and the STP
- Ensuring governance arrangements meet the needs of the transformation agenda and build into the scope consideration of the alignment to the STP and wider system integration.
- Testing STP engagement material intended for the public, prior to release to ensure it is easy to understand
- Tracking approach to the development of STPs which is developing at national level.
- Working with Coventry City Council on our Authorities' offer to the STP process.

Background papers

None

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The report was circulated to the following members prior to publication: Cllr Alan Webb, Cllr June Tandy, Cllr Jerry Roodhouse, Cllr Keith Kondakor, Cllr John Holland, Cllr Howard Roberts

Appendix 1 - Council resolution – December 2016

1. That the Council believes that the approach used to develop the Coventry & Warwickshire Sustainability and Transformation Plan (STP) has been opaque and veiled in secrecy. Given how critical this Plan is to the future provision of Health and Social Care Services and the future of our local hospitals in Warwickshire, the Council urgently requests that more time is allowed for full and proper public consultation and seeks assurances that all plans for the future of the NHS are developed openly and with full involvement of the users of the service.
2. That, consequently, the Council
 - (i) Agrees that it will not consider signing up to the Coventry and Warwickshire Sustainability and Transformation Plan published on 6th December until:
 - b) There has been full public engagement
 - b) It has been co-produced along with the Health and Wellbeing Boards of both Warwickshire CC and Coventry CC
 - c) It is rewritten in language which is accessible to the public
 - (ii) Expects that the STP in its next stage moves to a transformational level and that an independent chair is appointed to ensure the necessary challenge.
 - (iii) Expects that the original intent of the STP around the integration of the health and social care systems is progressed in a way which recognises the crucial role played by social care."
 - (iv) Expects that the STP workstreams will recognise local and easy access to services by the whole population of Warwickshire and Coventry as a fundamental principle.
 - (v) Establishes a cross party scrutiny group to consider the STP.

County Council

21 March 2017

Border to Coast Pensions Partnership

Recommendations

That Council:

- i) Approves the subscription by the Council as administering authority of the Warwickshire Pension Fund in one class A voting share and such number of non-voting class B shares as are equivalent to one twelfth of the agreed regulatory capital requirement in the Border to Coast Pension Partnership (BCPP) Limited
- ii) Authorises the Strategic Director for Resources to act as the Shareholder representative in BCPP Limited on behalf of the Council as administering authority for the Warwickshire Pension Fund
- iii) Approves the establishment of the Border to Coast Pension Partnership Joint Committee in accordance with section 102 of the Local Government Act 1972 to carry out the functions set out in the Inter-Authority agreement
- iv) Nominates the Chair of the Pension Fund Investment Sub-committee (and the Vice Chair of the Pension Fund Investment Sub-committee in his/her absence) to represent the Council as administering authority for the Warwickshire Pension Fund on the Border to Coast Pension Partnership Joint Committee.
- v) Authorises the Strategic Director for Resources in consultation with the Chair of the Pension Fund Investment Sub-Committee to take any further steps which he considers necessary to enable the Council to participate in BCPP Limited, to agree any further amendments and finalise the approval and execution of the legal documents necessary including the Articles of Association, the Shareholder Agreement, the Inter-Authority Agreement and the terms of reference of the Joint Committee.
- vi) Authorises the Strategic Director for Resources to make any amendments to the constitution which are necessary to reflect these arrangements.

1 Background

- 1.1 Warwickshire Pension Fund provides a pension service for 45,000 members (i.e. current employees, former employees who are not yet drawing a pension, and pensioners) across approximately 180 separate employers within Warwickshire including local authorities, academies and other not for profit organisations. 11% of the adult population within Warwickshire is a member of Warwickshire Pension Fund.
- 1.2 The Fund is financed by contributions from employee and employer contributions and holds assets that fund the current and future liabilities of the pension payments for members of the fund. As at 31st March 2016, Warwickshire Pension Fund held assets totalling over £1.6 billion to help meet these liabilities.
- 1.3 Following three years of consultation, in October 2015, the former Chancellor set out the final stages of the plans to legislate that all assets of the 89 Local Government Pension Funds in England and Wales be pooled into a few larger asset pools. In response to this, in July 2016, eight separate investment pools submitted proposals to Central Government with Warwickshire being included within the submission for BCPP.
- 1.5 The BCPP is proposed to be formed of 13 Local Government Pension Funds with combined assets of £35.9 billion (at 31st March 2015) as set out in the table below.

Table 1 - Local Government Pension Funds within the Border to Coast Pensions Partnership

BCPP Partners:	Fund Value at 31/03/2015 (£bn)
Bedfordshire Pension Fund	1.7
Cumbria Pension Fund	2.0
Durham Pension Fund	2.3
East Riding Pension Fund	3.7
Lincolnshire Pension Fund	1.8
North Yorkshire Pension Fund	2.4
Northumberland Pension Fund	1.1
South Yorkshire Pension Fund	6.3
South Yorkshire Passenger Transport Pension Fund	0.2
Surrey Pension Fund	3.2
Teesside Pension Fund	3.2
Tyne and Wear Pension Fund	6.4
Warwickshire Pension Fund	1.7
BCPP TOTAL	35.9

- 1.6 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which came into force 1 November 2016 requires administering authorities to formulate investment strategies in accordance with guidance issued from time to time by the Secretary of State. The guidance requires that 'All authorities must commit to a suitable pool to achieve benefits of scale. Administering authorities must confirm their chosen investment pool meets the investment reform and criteria published in November 2015, or to the extent that it does not, that Government is content for it to continue.' The Government has power to direct investments if administering authorities fail to comply with the guidance.
- 1.7 The Council formally approved the proposal for BCPP to be its pooling partner at its meeting on 17 May 2016. The Government in November 2016 gave its approval to the governance structures and operating principles proposed in the July 2016 submission for the creation of the BCPP and confirmed it met the required criteria.
- 1.8 The new pooled fund is now required to push forward with these proposals and set up a separate regulated asset management company, appoint staff (including TUPE transfer where appropriate) and develop the corporate and governance structures that will enable the pooling of the partners' assets by April 2018. There are no expected TUPE transfers from Warwickshire Pension Fund into the BCPP Ltd.
- 1.9 The Pension Fund Investment Sub-Committee, retain responsibility for setting the investment strategy and asset allocation of the Warwickshire pension fund. BCPP will be responsible for managing investments in line with the investment strategy and asset allocation as instructed by the Council. This will enable BCPP to:
- reduce investment costs by taking the opportunities of economies of scale;
 - improve professionalism & personnel resilience through engagement of a larger team than is present in individual funds;
 - provide opportunities for Funds to access the benefits of using partners internal investment teams;
 - provide opportunities for funds to access more complex asset classes;
 - improve risk control & performance monitoring by investing through regulatory structures
- 1.10 In developing the BCPP proposal in response to the Government's pooling requirements, both the legal and cost/benefit advisors concluded that the most appropriate model, given the constituent make-up of the partner Funds of BCPP, was for a wholly owned Teckal compliant company, operating a fully regulated structure under the Financial Conduct Authority (FCA).

1.11 Under Regulation 12 of the Public Contracts Regulations 2015, a contracting authority may directly award a public contract to a company without needing to go through a competitive process where the following (Teckal) conditions are met:

- i. the contracting authorities jointly exercise a control over the company which is similar to that which they exercise over their own departments;
- ii. more than 80% of the activities carried out by the company are carried out in the performance of tasks entrusted to it by the controlling contracting authorities or other bodies which the contracting authority controls; and
- iii. there is no direct private capital participation in the company (the exception is non-controlling and non-blocking forms of private capital participation required by national legislative provisions, or in conformity with Treaties which do not exert a decisive influence on the company)

1.12 The company would be owned by the 12 administering authorities operating pension funds within the investment pool with each authority having equal voting rights. It should be noted that South Yorkshire Passenger Transport Pension Fund will have no shareholding or voting rights in the new company. Legal advice confirms that this can provide a Teckal compliant structure that is suitable for providing the pooled investment function. The participating authorities have received external legal advice that the proposal to participate in the BCPP Pool and to subscribe for shares in BCPP Limited is in compliance with the statutory obligations which fall upon the Authorities, and there are no legal obstacles to the structure which has been proposed.

1.13 The role of the administering authorities as shareholders will be to provide oversight and control of the operation of the Company and will include the:

- Appointment and removal Directors, including non-executive directors of BCPP.
- Approval of the Annual Business plan.
- Approval of budgets, fee models and the overall cost base and cost apportionment.
- Approval of the remuneration policy.
- Approval of capital requirements.
- Approval of significant transactions (e.g. mergers and acquisitions).
- Approval of any new entrants to BCPP and the terms of entry.

- Determination of exit terms, including notice period and exit treatment.
 - Approval of Conflict of Interest policy.
 - Review of risk register.
 - Appointment of Auditor.
- 1.14 The exercise of the Shareholders rights will be governed by the constitution of the company and private company law. Meetings will be held in private.
- 1.15 BCPP Limited will be required to operate in accordance with the Financial Services Act (FCA compliance) & the Corporate Governance Code and comply with any appropriate regulations governing local authority investments.
- 1.16 It is proposed that the Board of Directors will comprise of 3 Executive Directors and 3 Non-Executive Directors. Each of these directors is required to be approved persons for Financial Conduct Authority (FCA) purposes. An external recruitment exercise will take place to secure the appointment of the most appropriately experienced and qualified people.
- 1.17 There will be no direct Administrative Authority representation on the Board of Directors. Instead a Joint Committee will be set up to ensure BCPP partners' investment issues are appropriately considered by the Board of Directors. Each partner will have one representative on the Joint Committee.
- 1.18 The Border to Coast Pension Partnership Joint Committee will act in the best interests of the individual funds acting as investors. It is expected that they will exercise scrutiny over the investment performance of the Company and its sub funds. It will also retain an advisory role over the functioning of the company. Its meetings will be governed by local government law and will normally meet in public unless the criteria for a private meeting are met. Voting will be by simple majority. (The current draft terms of reference and constitution of the Joint Committee are set out in the Appendix)
- 1.19 Due to the challenging timescales for approval, the legal documents are currently in draft form and are subject to change before finalisation (A copy of the current draft documents have been placed in each of the group rooms). Work continues on preparations for practical implementation. This report therefore recommends delegation to the Strategic Director for Resources in consultation with the Chair of the Pensions Investment Sub-committee to authorise further changes to enable the documents to be finalised.
- 1.20 Following the establishment of the Company, still further work will be required to ensure the Company can meet FCA registration requirements as well as finalising contract terms between BCPP Ltd

and the respective Councils. The company will require FCA registration before it makes any investments.

2. Value for Money Implications

- 2.1 Warwickshire Pension Fund has assets with a value of over £1.6 billion (as at 31st March 2016). Government have mandated the pooling of Local Authority Pension Funds and it is proposed that Warwickshire Pension Fund joins the Border to Coast Pensions Partnership with a combined asset value of £35.9 billion as at 31st March 2015.
- 2.2 The pooling of assets is scheduled to commence from 1st April 2018 however some assets will take longer to transfer to ensure that this is managed in a timely and cost efficient manner. To transfer the assets to the pool, the current arrangements with fund managers will have to be terminated. The Pension Fund Investment Sub Committee has the powers to approve termination of investment managers with holdings of less than 5% of the portfolio (c. £100m).
- 2.3 It is forecast that the pooling of assets will, by 2030, lead to reduced costs across the fund of between £0.7m and £1.5m per annum for the benefit of all 180 employers through reducing the pressure of increasing employer contributions set at each triennial valuation.
- 2.4 The Local Government Pension Scheme is a defined benefit scheme. This means that the pension payable to a member of the scheme is based on the service of the member up to April 2014 and final salary at date of leaving and, from then, the career average revalued earnings whilst in the scheme. Changes to the Pension Fund from the pooling of assets will have no impact on the pension received by existing pensioners, current employees or former employees who are yet to draw their pension.
- 2.5 Remuneration levels for BCPP senior staff members are currently being investigated by member funds and an executive search company

3. The Pension Fund Investment Sub-Committee

- 3.1 The Pension Fund Investment Sub-Committee (PFISC) is the body delegated in the Council to exercise all matters in relation to investing of the Fund's assets. The primary role in this regard is setting and monitoring the total portfolio asset strategy. Setting an appropriate asset strategy is also how a Fund ensures its investment strategy is aligned to its actuarial requirements. Responsibility for this role does not change under pooling. However how that allocation is exercised will change.
- 3.2 BCPP will offer a template of various asset allocation choices and the Sub-Committee, having received appropriate external advice, will determine the appropriate asset allocation from within the template.

This has been presented by BCPP to both the funds independent advisor(s) and investment consultant to assess its suitability with the funds current allocation. The PFISC will not be permitted to invest outside the range of sub- funds offered by BCPP.

- 3.3 The PFISC will be responsible for the termination of existing manager contracts and arrangements to enable new mandates to be awarded to BCPP. This is expected to start by mid-2018 for listed assets, illiquid alternative assets will take much longer to “run-off” before they can be transitioned to BCPP.

4. Background Papers

None

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The report was not circulated to members prior to publication

Border to Coast Pension Partnership Joint Committee

Terms of Reference

1.1 The primary purpose of the Joint Committee is to exercise oversight over the investment performance of the collective investment vehicles comprised in the BCPP Pool.

1.2 The Joint Committee will provide effective engagement with the Authorities as the BCPP Pool vehicles are established and ultimately operated. It will encourage best practice, operate on the basis that all partners have an equal say and promote transparency and accountability to each Authority.

2.0 The remit of the Joint Committee is:

2.1 First Phase – Period to April 2018 or operational commencement of the BCPP Pool (whichever is the later)

2.1.1 To provide support and guidance to the work being undertaken by the Officer Operations Group to give effect to the pooling arrangements.

2.1.2 To consider issues and provide feedback on relevant proposals as they are developed, ensuring effective engagement with the Authorities To scrutinise and monitor project management arrangements and proposals for the appointment of advisers by the Authorities.

2.1.3 To oversee costs to deliver the BCPP Pool, obtaining approval from individual Authorities where necessary.

2.1.4 To monitor and scrutinise responsibilities for delivery of the project and relevant support arrangements.

2.1.5 To oversee and provide feedback on positions and conclusions deriving from work streams adopted by the Officer Operations Group.

2.1.6 To formulate processes and policies for appointment and termination of membership to the Joint Committee.

2.1.7 To propose and confirm contracts and policies required by the Authorities to commence transition to the BCPP Pool arrangements.

2.1.8 To provide support and guidance to the work being undertaken by the Officer Operations Group to do all things necessary to implement the final proposal, including preparatory work for asset transition.

2.1.9 To consider the initial range of sub-funds to be provided by the ACS and to make recommendations to the BCPP Board for the creation of those sub funds

2.1.10 To review and comment on the draft ACS prospectus and supporting documents on behalf of the Authorities prior to the Financial Conduct Authority approval.

2.2 Phase 2 – Post Establishment and Commencement of Operations

2.2.1 To facilitate the adoption by the Authorities of relevant contracts and policies.

2.2.2 To consider requests for the creation of additional ACS sub funds (or new collective investment vehicles) and to make recommendations to the BCPP Board as to the creation of additional sub funds (or new collective investment vehicles).

2.2.3 To consider from time to time the range of sub funds offered and to make recommendations as to winding up and transfer of sub funds to the BCPP Board

2.2.4 To review and comment on the draft application form for each additional individual ACS sub fund on behalf of the Authorities prior to the Financial Conduct Authority approval (or the draft contractual documents for any new collective investment vehicle).

2.2.5 To formulate and propose any common voting policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.2.6 To formulate and propose any common ESG/RI policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.2.7 To formulate and propose any common conflicts policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.2.8 To agree on behalf of the Authorities high level transition plans on behalf of the Authorities for approval by the Authorities for the transfer of BCPP Pool assets.

2.2.9 To oversee performance of the BCPP Pool as a whole and of individual sub funds by receiving reports from the BCPP Board and taking advice from the Officer Operations Group on those reports along with any external investment advice that it deems necessary.

2.2.10 To employ, through a host authority, any professional advisor that the Joint Committee deems necessary to secure the proper performance of their duties.

Constitution of the Joint Committee

1. The Joint Committee shall consist of one elected member appointed by each Authority. The member so appointed must at all times during the appointment, be a member of the committee or sub-committee of that Authority which discharges the functions of that Authority with respect to pensions.

2. Each Authority may appoint a named substitute. Any named substitute must meet the eligibility requirements in paragraph 1. The substitute may attend any meeting of the Joint Committee or any of its sub-committees in place of that authority's principal member if prior written notice that the substitute will attend is given to the Secretary of the Joint Committee by the Authority concerned.
3. Where a substitution notice is in effect with respect to a particular member at a particular meeting, the substitute shall be a full member of the Joint Committee for the duration of the meeting in place of the principal member.
4. Each Authority may remove its appointed member and appoint a different member by giving written notice to the Secretary to the Joint Committee.
5. Each appointed member shall be entitled to remain on the Joint Committee for so long as the Authority appointing them so wishes, but shall cease to be a member if he or she ceases to be a member of the appointing Authority or if that Authority removes the appointed member.
6. Any casual vacancies will be filled as soon as reasonably practicable by the Authority from which such vacancy arises by giving written notice to the Secretary to the Joint Committee or his or her nominee.
7. Each member of the Joint Committee shall comply with any relevant code of conduct of his or her Authority when acting as a member of the Joint Committee.

Proceedings

8. Time and Place of Meetings

The Joint Committee will meet at least once each year and further as may be required. All meetings of the Joint Committee will take place at a suitable venue and at a time to be agreed by the Joint Committee.

9. Notice of and Summons to Meetings

The Secretary to the Joint Committee will give notice to the public of the time and place of any meeting in accordance with Part VA of the Local Government Act 1972. At least five clear days before a meeting, the Secretary to the Joint Committee will send a summons by post or email to every Member or make arrangements for it to be left at his or her usual office. The summons will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such reports as are available.

10. Chair, Vice Chair and Secretary of Joint Committee

10.1 The Chair of the Joint Committee will be appointed from time to time by the members of the Joint Committee. The Chair of the Joint Committee shall be

selected annually by election by the Joint Committee but the Chair may be re-elected for a further term.

10.2 The Vice Chair of the Joint Committee will be appointed from time to time by the members of the Joint Committee. The Vice Chair of the Joint Committee shall be selected annually by election by the Joint Committee but the Chair may be re-elected for a further term.

10.3 If there is a quorum of members present but neither the Chair nor the Vice-Chair is present at a meeting of the Joint Committee, the other members of the Joint Committee shall choose one of the members of the Joint Committee to preside at the meeting.

10.4 The Authority represented by the Chair shall appoint one of its officers to act as Secretary to the Joint Committee in accordance with clause 7 of this Agreement.

10.5 The Secretary shall provide legal and secretariat services to the Joint Committee.

11. Quorum

The quorum of a meeting will be at least 8 members who are entitled to attend and vote.

12. Voting

12.1 Majority

Each member of the Joint Committee shall have one vote. Any matter will be decided by a simple majority of those members of the Joint committee present in the room at the time the question is put.

12.2 By Substitutes

Any person appointed as a substitute shall have the same voting rights as the member of the Joint Committee for whom he or she is substituting. Where notice of substitution has been given for a particular meeting the principal member may not vote unless the notice of substitution is withdrawn in writing before the start of the meeting.

12.3 Show of hands

The Chair will take the vote by show of hands, or if there is no dissent, by the affirmation of the meeting.

13. Minutes

The Secretary to the Joint Committee or his or her nominee shall arrange for written minutes to be taken at each meeting of the Joint Committee and shall present them

to the Joint Committee at its next meeting for approval as a correct record. At the next meeting of the Joint Committee, the Chair shall move that the minutes of the previous meeting be signed as a correct record. If this is agreed, the Chair of the Joint Committee shall sign the minutes. The only part of the minutes that can be discussed is their accuracy.

14. Public Access

Meetings of the Joint Committee shall be open for members of the public to attend unless the Joint Committee determines that it is necessary to exclude members of the public in accordance with Part VA of the Local Government Act 1972 or the Joint Committee determines that it is necessary to close the meeting to the public because of a disturbance. Copies of the agenda for meetings of the Joint Committee and any reports for its meetings shall be open to inspection by members of the public at the offices of the Authorities with the exception of any report which the Secretary to the Joint Committee determines relates to items which in his or her opinion are likely to be considered at a time when the meeting is not to be open to the public.

15.1 Disturbance by member of the public

If a member of the public interrupts proceedings, the Chair will warn the person concerned. If that person continues to interrupt, the Chair will arrange for their removal from the meeting room and will suspend the meeting until the member of the public has left or been removed.

15.2 Clearance of part of meeting room

If there is a general disturbance in any part of the meeting room open to the public, the Chair may call for that part to be cleared.

16. Overview and Scrutiny

The Joint Committee and the Host Authority will co-operate with reasonable requests for information from any of the Authorities' overview and scrutiny committees.

17. Regulation of Business

17.1 Any ruling given by the Chair as to the interpretation of this constitution with respect to the regulation of proceedings at meeting shall be final.

17.2 Subject to the law, the provisions of this Constitution and the terms of any contract, the Joint Committee may decide how it discharges its business.

Council

21 March 2017

Treasury Management Strategy 2017/18

Recommendations from Cabinet

- 1) That the County Council approves the Treasury Management Strategy and Investment Strategy for 2017/18 and that its provisions have immediate effect in the current financial year 2016/17.
- 2) That the Prudential Indicators (see **Appendix A**) are noted.
- 3) That the County Council requires the Head of Finance to ensure that net borrowing does not exceed the prudential level as specified in **Appendix A**, taking into account current commitments, existing plans, and the proposals in the budget report.
- 4) That the County Council delegates authority to the Head of Finance to undertake all the activities listed in **Appendix G** of this report, subject to the use of any new financial instruments being approved by Cabinet.
- 5) That the County Council requires the Head of Finance to implement the Minimum Revenue Provision Policy as specified in **Appendix H**.

1 Introduction

Background

1.1 Treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council’s low risk appetite, providing security of capital and sufficient liquidity initially before considering investment return.

- 1.3 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasions, debt previously drawn may be restructured to meet Council risk or cost objectives.

Statutory Requirements

- 1.4 The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 1.5 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act and included in section 7 of this report). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

CIPFA Requirements

- 1.6 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (original 2001 Code) was adopted by this Council on 24 January 2002 by Cabinet. The revised Code (published in November 2009) was adopted on 25 February 2010 by Cabinet.
- 1.7 The primary requirements of the Code are as follows:
1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 3. Receipt by the full Council of an annual Treasury Management Strategy Statement, to include the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-year Review Report and an Annual (stewardship) Report covering activities during the previous year.
 4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Resources and Fire & Rescue Overview and Scrutiny Committee.

Treasury Management Strategy for 2017/18

- 1.8 The proposed strategy for 2017/18 is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Capita Asset Services (Capita).
- 1.9 The strategy covers:
- Treasury limits for 2017/18 to 2019/20
 - Prudential Indicators
 - Prospects for Interest Rates
 - Borrowing Strategy
 - Debt Rescheduling
 - Annual Investment Strategy
 - Minimum Revenue Provision Strategy

Balanced Budget Requirement

- 1.10 Under Section 42B of the Local Government Finance Act 1992, it is a statutory requirement for the Council to produce a balanced budget. In particular, Section 42A states a local authority must include the revenue costs that flow from capital financing decisions in its budget requirement for each financial year. Therefore increases in capital expenditure must be limited to a level whereby charges to revenue derived from increases in interest charges (caused by increased borrowing to finance additional capital expenditure and any increases in running costs from new capital projects) are limited.

MiFID II

- 1.11 The Markets in Financial Instruments Directive ('MiFID') was introduced due to increasing complexity of financial products and issues related to the 2008 financial crisis. Part two of the directive is due to come into effect in January 2018. Its primary feature is that it re-classifies investors into 'professional' or 'retail' clients. If we are deemed the latter then it will restrict the type of investment funds we may invest in. If enacted, this will have a major impact on our Treasury Management strategy and on our ability to function as Administering Authority to the Warwickshire Pension Fund.

We are optimistic that we can demonstrate that we have suitably qualified staff with the necessary skills, training and experience to fulfil the role of "professional client". This will enable us to continue with our current treasury management (and Pension fund investment) activity. However, if this proves difficult to demonstrate then we will need to bring the strategy back to Council for amendment.

2 Treasury Limits for 2017/18 to 2019/20

- 2.1 It is a statutory duty under Section 3 of the Act and supporting regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales, the Authorised Limit represents the legislative limit specified in the Act.
- 2.2 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and the impact upon its future council tax is ‘acceptable’.
- 2.3 Whilst termed an “Affordable Borrowing Limit”, the capital to be considered for inclusion in corporate financing is both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. Details of the Authorised Limit can be found in **Appendix A** of this report. Explanations of the terminology employed in the Appendix can be found in **Appendix B**.

3 Prudential Indicators for 2017/18 to 2019/20

- 3.1 Prudential and Treasury Indicators (**Appendix A** to this report) are relevant for the purposes of setting an integrated Treasury Management Strategy.
- 3.2 Council will approve the Prudential Indicators as part of the budget resolution in February 2017. These indicators will be revised, if necessary, for the Council approved capital programme.
- 3.3 The Prudential Indicators are relevant for the purposes of setting an integrated Treasury Management Strategy. The indicators are provisional and based on the current agreed capital programme.

4 Prospects for Interest Rates

- 4.1 The Council has appointed Capita as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. The table below sets out Capita’s view on the future Bank Rate.

Capita Bank Rate Forecast

Period	Bank Rate %
Jan 2017 to Mar 2019	0.25
Apr 2019 to Dec 2019	0.50
Jan 2019 -	0.75

- 4.2 A detailed view of the current economic background is contained within **Appendix C** to this report.

5 Borrowing Strategy

- 5.1 The Council is currently maintaining an over borrowed position. This means there is no current need for capital borrowing (the Capital Financing Requirement). Based on the estimates of medium term capital expenditure, the Council's gross borrowing covers the Capital Financing Requirement until 2019/20.
- 5.2 The Treasury Team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. Any decisions will be reported to the Resources and Fire & Rescue Overview and Scrutiny Committee at the next opportunity.
- 5.3 The Capita forecast for the PWLB new borrowing rate is as follows:

Annual Average %	PWLB Borrowing Rates % (including certainty rate adjustment)		
	5 year	25 year	50 year
Mar 2017	1.60	2.90	2.70
Jun 2017	1.60	2.90	2.70
Sep 2017	1.60	2.90	2.70
Dec 2017	1.60	3.00	2.80
Mar 2018	1.70	3.00	2.80
Jun 2018	1.70	3.00	2.80
Sep 2018	1.70	3.10	2.90
Dec 2018	1.80	3.10	2.90
Mar 2019	1.80	3.20	3.00
Jun 2019	1.90	3.20	3.00
Sep 2019	1.90	3.30	3.10
Dec 2019	2.00	3.30	3.10

- 5.4 In view of the above forecast, the Council's borrowing strategy will be based upon the following:
- The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates.
 - Internal borrowing will be weighed against potential long term costs that will be incurred if market loans at long term rates are higher in future years.
 - Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to

maintaining an appropriate balance between PWLB and market debt in the debt portfolio.

- PWLB borrowing for periods under ten years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a current concentration in longer dated debt.

5.5 Against this background and the risks within the economic forecast, caution will be adopted within the treasury operations in 2017/18. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances, for example:

- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings may be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast in world economic activity or a sudden increase in inflation risks, then the portfolio position will be reappraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Policy on borrowing in advance of need

5.6 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

5.7 In determining whether borrowing will be undertaken in advance of need, the Council will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to fund in advance of need;
- ensure the ongoing revenue liabilities created, and the implications on future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate time periods and repayment profiles;
- consider the impact on temporarily (until required to finance capital expenditure) increasing cash balances and the consequent increase in exposure to counterparty and other risks in light of the residual level of such risks given the controls in place to manage them.

Scheme of Delegation

- 5.8 The scheme of delegation in terms of financing options and decisions to be taken by the Head of Finance is shown in **Appendix G**.

6 Debt Rescheduling

- 6.1 As short term borrowing rates will be considerably cheaper than longer term rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of debt repayments.
- 6.2 The reasons for any rescheduling to take place will include:
- the generation of cash savings and/or discounted cash flow savings;
 - helping to fulfil the strategy
 - enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).
- 6.3 Consideration will also be given to identify if there is any potential for making savings by running down investment balances in order to repay debt prematurely as short term interest received on investments is likely to be lower than interest paid on current debt.
- 6.4 The Council has examined the potential for undertaking early repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt position. However, the premium that would be incurred by doing so means there would need to be careful analysis of the cost and benefit from such early repayment. The Municipal Bonds Agency will be offering loans to local authorities in the near future. It is envisaged that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority is a founder member and would consider the agency alongside the PWLB in the event that borrowing was required.

7 Annual Investment Strategy

Investment Policy

- 7.1 The Council will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").
- 7.2 The Council's investment priorities will be security first, liquidity second and then return.
- 7.3 In accordance with the above, and in order to minimise the risk to investments, the Council has stipulated in **Appendix E**, the minimum acceptable credit quality of counterparties for inclusion on the lending list.

- 7.4 Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which the institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to monitor market pricing such as Credit Default Swaps and overlay that information on top of the credit ratings.
- 7.5 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny of the suitability of potential investment counterparties. The aim of the strategy is to generate a list of highly creditworthy counterparties which will enable diversification and therefore avoid concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk.
- 7.6 Investment instruments identified for use in the financial year are listed in **Appendix E** under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices Schedules.
- 7.7 The Council on occasion will hold long term investments or provide loans for operational policy reasons, for example, to our local authority traded companies. Operational loans and investments will be assessed and approval sought from members on a case-by-case basis. This will include a full assessment of the risk, including credit risk and how this will be managed.

Creditworthiness Policy

- 7.8 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that it maintains a policy covering both the categories and types of investment that it will invest in and the criteria for choosing investment counterparties with adequate security and the monitoring of their security. This is set out in the specified and non-specified investment sections in **Appendix E**. Also that it has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 7.9 The Head of Finance will maintain a counterparty list in compliance with the criteria and will revise and submit the criteria to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
- 7.10 The Council will ensure that it maintains its policy covering both the categories and types of investment, the criteria for choosing investment counterparties with adequate security, and the monitoring of that security. Moreover, it will

ensure it has sufficient liquidity in its investments. For this purpose, it will follow procedures for determining the maximum periods for which funds may be committed according to future cash flow requirements. The Head of Finance will maintain a list of counterparties in compliance with the stated criteria, providing a high quality pool of counterparties which the Council may use.

- 7.11 Credit rating information is supplied by Capita, our treasury consultants, on all counterparties that comply with the stated criteria. Any counterparty failing to meet the criteria will be deleted from the counterparty lending list. Any rating changes, watches (notification of a likely change), or outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

Country Limits

- 7.12 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA from Fitch Ratings (or an equivalent rating from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria at the current time are shown in **Appendix F**. This list will be amended by officers as and when ratings change in accordance with this policy.

Investment Strategy

- 7.13 The Council has in-house managed funds that are mainly cash flow derived and a core balance available for investment over a maximum one year period. Investments will be made with regard to the core balance, cash flow requirements and the outlook for short term interest rates.
- 7.14 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

End of Year Investment Report

- 7.15 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report.

External Fund Managers

- 7.16 The County Council uses a number of external managers to spread risk and obtain maximum market exposure. The fund managers will use both specified and non-specified investments and must comply with the terms set out in **Appendix E**. External fund managers actively used are listed below.

Fund Manager	Product/Fund Name
CCLA	Public Sector Deposit Fund
CCLA	Local Authority Property Fund
Standard Life	Short Duration Cash Fund
Aberdeen Asset Management	Sterling Liquidity Fund
Federated Investors	Sterling Liquidity Fund
Columbia Threadneedle	UK Social Bond Fund
Aviva Investors	Sterling Core Liquidity Fund

Policy on the Use of External Service Providers

7.17 The Council uses Capita as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subject to regular review.

Role of the Section 151 Officer

7.18 Please see **Appendix G**.

Pension Fund Cash

7.19 This Council will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, implemented 1 January 2010. With effect 1 April 2010, the Council does not pool pension fund cash with its own cash balances for investment purposes. Any investments made by the pension fund directly with this local authority after 1 April 2010 must comply with the requirements of SI 2009 No 393.

8 Minimum Revenue Provision

8.1 The Council's policy on Minimum Revenue Provision (MRP) is shown in Appendix H.

Background papers

None

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The report was circulated to the following members prior to publication for the Cabinet meeting 9 March 2017:

Local Member(s): N/A

Other members: Cockburn, N.Davies, Dirveiks, Morris-Jones, Western

APPENDICES

- A. Prudential and Treasury Indicators
- B. Prudential Term Explanations
- C. Capita Economic Commentary
- D. Treasury Management Scheme of Delegation
- E. Schedule of Specified and Non Specified Investments
- F. Approved Countries for Investments
- G. The Treasury Management Role of the S151 (Responsible) Officer: Head of Finance
- H. Minimum Revenue Provision

Appendix A

(1). AFFORDABILITY PRUDENTIAL INDICATORS	2015/16	2016/17	2017/18	2018/19	2019/20
	Actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	85,733	106,989	141,630	66,071	33,058
	%	%	%	%	%
Ratio of financing costs to net revenue stream	8.86	10.34	8.47	8.97	8.95
Gross borrowing requirement	£'000	£'000	£'000	£'000	£'000
Gross Debt	388,424	363,424	362,274	362,274	352,274
Capital Financing Requirement as at 31 March	319,361	346,224	397,328	399,988	404,180
Under/(Over) Borrowing	(69,062)	(17,200)	35,054	37,714	51,906
	£'000	£'000	£'000	£'000	£'000
In year Capital Financing Requirement	14,004	26,862	51,104	2,660	4,192
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement as at 31 March	319,361	346,224	397,328	399,988	404,180
Affordable Borrowing Limit	£	£	£	£	£
Position as agreed at March 2016 Council	1.90	5.05	-2.53	-2.35	
Increase per council tax payer					
Updated position of Current Capital Programme					
Increase per council tax payer	-5.81	1.30	-17.26	10.82	-0.24
PRUDENTIAL INDICATOR	2015/16	2016/17	2017/18	2018/19	2019/20
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	approved	estimate	estimate	estimate	estimate
Authorised limit for external debt -	£'000	£'000	£'000	£'000	£'000
Borrowing	526,219	497,346	549,049	550,861	567,891
other long term liabilities	12,000	12,000	12,000	12,000	12,000
TOTAL	538,219	509,346	561,049	562,861	579,891
Operational boundary for external debt -	£'000	£'000	£'000	£'000	£'000
Borrowing	438,516	414,455	457,540	459,051	473,243
other long term liabilities	10,000	10,000	10,000	10,000	10,000
TOTAL	448,516	424,455	467,540	469,051	483,243
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	25%	25%	25%	25%	25%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£	£	£	£	£
	£0	£0	£0	£0	£0
Maturity structure of new fixed rate borrowing during 2014/15	upper limit	lower limit			
under 12 months	20%	0%			
12 months and within 24 months	20%	0%			
24 months and within 5 years	60%	0%			
5 years and within 10 years	100%	0%			
10 years and above	100%	0%			

PRUDENTIAL INDICATORS

Ratio of financing costs to net revenue stream

The ratio of financing costs to net revenue stream shows the estimated annual revenue costs of borrowing, less net interest receivable on investments, plus repayments of capital, as a proportion of annual income from council taxpayers and central government. The estimates of financing costs include current and future commitments based on the capital programme.

Gross Borrowing

Gross borrowing refers to the Authority's total external borrowing and other long term liabilities versus the Capital Financing Requirement.

Actual and Estimated Capital Expenditure

Actual and estimates of capital expenditure for the current and future years.

Capital Financing Requirement

The Capital Financing Requirement (CFR) represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. The CFR measures the Authority's underlying need to borrow externally for a capital purpose. The Authority has a treasury management strategy which accords with the CIPFA Code of Practice for Treasury Management in the Public Services.

Authorised Limit

In respect of its external debt, the Authority approves authorised limits for its total external debt gross of investments. These limits separately identify borrowing from other long-term liabilities such as finance leases. Authorised Limits are consistent with the Authority's current commitments, service plans, proposals for capital expenditure and associated financing, cash flow and accord with the approved Treasury Management Policy statement and practices. The Authorised Limit is based on the estimate of most likely prudent, but not necessarily the worst case scenario and provides sufficient additional headroom over and above the Operational Boundary.

Operational Boundary

The Operational Boundary for external debt is based on the same estimates as the authorised limit but reflects the Head of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in-year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

Limits on Interest Rate Exposure

This means that the Authority will manage fixed and variable interest rate exposure within the ranges. This provides flexibility to take advantage of any favourable movements in interest rates.

Economic Commentary (Capita's View)

Economic Background

GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme.

The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post positive growth numbers through the second half of 2016 and in 2017, albeit at a slower pace than in the first half of 2016.

The Monetary Policy Committee (MPC) meeting on 4th August was dominated by consideration of the initial shock fall in business surveys and the expected sharp slowdown in growth. The result was a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing for banks to use to lend to businesses and individuals. The Bank of England quarterly Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8% and the forecast for 2018 to 1.8%. However, some forecasters think that the Bank has been too pessimistic with its forecasts; since then, later statistics and the sharp recovery in business surveys have provided support for this view. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor, Phillip Hammond, announced, after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on 23rd November.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI had already started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 18% fall in the value of sterling on a trade weighted basis, (as at late October), is likely to result in additional upward pressure on CPI. However, this further increase in inflationary pressures will take 2-3 years to gradually work its way through the economy so is unlikely to cause major concern to the MPC unless the increases are stronger than anticipated. The MPC is, therefore, on balance, expected to look through this one off upward blip in inflation from the devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures *arising from within* the UK economy. The Bank of England will most probably have to revise its inflation forecasts significantly higher in its 3rd November quarterly Inflation Report: this rise in inflation expectations has caused investors in gilts to demand a sharp rise in longer term gilt

yields, which have already risen by around fifty basis points since mid-August. It should be noted that 27% of gilts are held by overseas investors who will have seen the value of their gilt investments fall by 18% as a result of the devaluation of sterling, (if their investments had not been currency hedged). In addition, the price of gilts has fallen further due to a reversal of the blip up in gilt prices in early August after further quantitative easing was announced - which initially drove yields down, (i.e. prices up). Another factor that is likely to dampen gilt investor sentiment will be a likely increase in the supply of gilts if the Chancellor slows down the pace of austerity and the pace of reduction in the budget deficit in the Autumn Statement - as he has already promised. However, if there was a more serious escalation of upward pressure on gilt yields, this could prompt the MPC to respond by embarking on even more quantitative easing, (purchases of gilts), to drive gilt yields back down.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

Treasury Management Scheme of Delegation

(i) County Council

- approval of annual strategy.
- budget consideration and approval.
- approval of the division of responsibilities.

(ii) Cabinet

- scrutinise the proposed annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.

(iii) Resources and Fire & Rescue Overview and Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing regular monitoring reports and acting on recommendations.

Appendix E

Specified Investments

All such investments will be sterling denominated, with maturities up to maximum of one year, meeting the minimum 'high' rating criteria where applicable.

	Minimum 'High' Credit Criteria	Use
DMO Deposit Facility	--	In-house
Term deposits: Local Authorities	--	In-house
Nationalised Banks	Short-term F1, Support 1	In-house and External Manager
Term deposits: UK Banks	Short-term F1, Long-term A, Viability a, Support 3	In-house and External Manager
Term deposits: Bank Council uses for current account	--	In-house and External Manager
Term deposits: UK Building Societies	Top five largest societies as reported semi-annually. (To be continually monitored)	In-house and External Manager
Term deposits: Overseas Banks	Short-term F1+, Long-term AA, Viability aa, Support 1	In-house and External Manager
Certificates of deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	External Manager
Money Market Funds	AA	In-house and External Manager
UK Government Gilts, Treasury Bills	--	External Manager
Gilt Funds and Bond Funds	Long-term A	External Manager

Non-Specified Investments

	* Minimum Credit Criteria	Use
Term deposits: UK banks and building societies with maturities in excess of one year with a maximum of three years allowed for in-house deposits	Short-term F1, Long-term A, Viability a, Support 3	In-house and External Manager
Fixed Term Deposit with Variable Rates and Variable Maturities	Short-term F1, Long-term A, Viability a+, Support 3	In-house and External Manager
Certificates of Deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	External Manager
UK Government Gilts with maturities in excess of 1 year	--	External Manager
Local Authority Mortgage Scheme	As per scheme conditions	In-house
Investment in the Local Government Association Mutual Bond Agency, the local Government Money Market and Property investment vehicles managed on behalf of the Local Government Association by CCLA.	--	--

Local Authority wholly owned trading company	--	In-house
--	----	----------

Approved Countries for Investments

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar
- U.K.

The Treasury Management Role of the S151 (Responsible) Officer: Head of Finance

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- entering into repurchase transactions where appropriate

MINIMUM REVENUE PROVISION

1. What is a Minimum Revenue Provision?

Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision (MRP).

2. Statutory Duty

Statutory Instrument 2008 no. 414 s4 lays down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

There is no requirement to charge MRP where the Capital Financing Requirement is nil or negative at the end of the preceding financial year.

3. Government Guidance

Along with the above duty, the Government issued guidance in February 2008 which requires that a Statement on the Council’s policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council is legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to “have regard” to the guidance therefore means that:

- a. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

- b. It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

4. Warwickshire County Council Policy

We have decided not to use any of the options outlined in the statutory guidance but to adopt an alternative approach, which we believe is prudent.

The MRP provision will be calculated on the average remaining useful life of the Council's asset portfolio. We will calculate and apply the remaining useful life over two categories of asset:

- Land, buildings and infrastructure;
- Vehicles, plant and equipment.

The proportion of debt outstanding in each category of asset will be determined by the value of assets included in the balance sheet at the end of each financial year.

The 2017 review shows that the remaining useful life of our assets is now 28 years. By using an average life of 28 years for our assets equates to an annual provision of 4% straight line MRP.

For vehicles, plant and equipment, the remaining useful life is assumed to be five years e.g. 5 years average remaining useful life will result in 20% straight line MRP.

Council

21 March 2017

Review of Local Governance Arrangements

Recommendation

That the Council note the report and refer the issues raised in the report to the new Council to consider after the County Council elections in May 2017.

1.0 Background

- 1.2 The Council on 24 September 2015 considered a review of governance arrangements and made a number of changes to the Constitution but also agreed that the issue of local decision making be subject to a further detailed review. At its meeting on 8 December 2015, the Council passed the following resolution on the issue of local decision making:

“That, as community forums across the Council have not been successful as we would wish and that the view amongst some members is that the Council should revert to the Area Committee system, the Council set up a time limited cross party working group to consider how a new system – possibly combining formal decision making (devolution to Borough/District areas) and community and Police involvement can be initiated.

The working group should consider how this Council can strengthen local community working and devolution, including delegated budgets, to all areas. In consideration of the new Divisions and a new Administration in 2017, recommendations should be brought forward by September 2016”.

- 1.3 However following the Council meeting on 8 December 2015, further consideration of local decision making was put on hold pending a review of the Council’s position on the West Midlands Combined Authority (WMCA). At its meeting on 17 May 2016, the Council agreed to become a non-constituent member of the WMCA with a view to negotiating the basis of an acceptable deal on which Warwickshire could become a constituent member which would introduce potentially 4 tiers of local government decision-making in the county i.e. the WMCA, the County Council, the District / Borough Councils, and the Town Parish Councils.
- 1.4 The Working Group was then established and began meeting from September 2016 with the following membership:

Councillors Peter Fowler (Chair), Howard Roberts, Peter Morson, Kate Rolfe, Bob Stevens, June Tandy, Heather Timms and Alan Webb.

2.0 Focus of the Working Group

2.1 The Working Group considered three aspects:

Area Committees and Community Forums

This included looking at a range of arrangements in other authorities, including decision making and advisory bodies (or a mixture of both) but also the option of no formal local arrangements (i.e. leaving it to the local member to engage with communities/partners). An initial report to the working group set out the arrangements in 23 authorities and from that the working group agreed a survey (with follow up telephone conversations) with five authorities and had detailed responses from four authorities (Worcestershire, Leicestershire, Buckinghamshire and Surrey County Councils).

Local Member Delegated Decision Making

This included options for formal delegation of decisions/budgets to individuals or bodies including priority setting/influencing at a local level.

Community Engagement

This focused on what could be done to encourage public participation, including the role of social and other forms of media/methods of engaging with communities.

2.2 The Working Group sought the views of current forum attendees, partners (in particular district/borough officers) and looked at the findings from previous reviews on the operation of local forums and information on the legal framework of different models.

2.3 The Working Group also received indicative costings for Area Committees (as they operated in Warwickshire until their disbandment in 2011) and indicative costs for the current local forums. These were broad estimates and did not include partner costs. It was noted that generally Area Committees, which were decision making bodies, required a greater level of bureaucracy and were likely to be more costly to operate than advisory bodies. However, whilst cost was recognised as important, members primary focus was on identifying a solution that would prove most cost effective by improving community engagement.

2.4 The findings of the Working Group are set out in the following sections.

3.0 Area Committees and Local Forums

3.1. Formal decision making bodies – Area Committees

If the local body is to be decision making then it needs to be constituted as a formal 'area committee' as defined in legislation to which powers are delegated and must follow the same statutory rules as other formal council bodies in relation to publication of agendas/reports and minutes and access to information etc. Voting rights are limited to the members for the area (i.e. other partners/agencies would generally be non-voting on items requiring decision).

The members of an area committee must represent electoral divisions which fall wholly or partly within it. The Council's previous area committees were based on district/borough geographical areas but it is possible for an area committee to be smaller geographical areas such as those covered by the local forums.

The decisions taken by the former area committees that would still be relevant are set out below:

- Community development grants and wellbeing grants
- School crossing patrols - consideration of outcomes of three-year review in local area. Decisions on (dis)establishment when a vacancy occurs in the interim period. *(This is a diminishing area of activity for the authority)*
- Approving changes to Schools Priority Areas for maintained schools only. *(This will diminish as academisation continues)*
- The opening hours of local waste disposal sites provided no additional cost is involved
- Road traffic management and accident prevention schemes and road traffic regulation
- The stopping up or diversion of highways

The Working Group were advised of the possibility of having joint area committees with district/boroughs. In this case both county and district members in the area have voting rights. There are usually more district/borough councillors than county councillors in an area which has an impact on the balance of voting on any particular issue. This was trialled with Stratford on Avon District Council but was abandoned.

The Working Group were given a summary of the arrangements in 23 other county councils and also looked in detail at a selection (Worcestershire, Leicestershire, Buckinghamshire and Surrey County Councils).

Only four of the 23 have decision making area committees. This includes Surrey County Council which has a well-developed system of 9 local committees and two joint committees (with equal numbers of county and district/borough members on each) and which are supported by a community partnership team of 27 staff. A key focus is on 'delivering the highways service with funding delegated to the committees'. Each meet 8 times a year (4 formal and 4 informal). Even though these are decision making bodies, Surrey has still found attendance at meetings patchy and only 1.6% of residents surveyed said their first preference would be to attend a formal meeting if they wished to raise a local issue. This has led Surrey to introduce webstreaming of meetings and a dedicated web page, twitter and Instagram account for each committee.

Leicestershire County Council was also looked at in detail as the Council used to have area committees and also forums but in the face of financial challenge have just retained 7 highways forums that meet twice a year for highways and transportation issues.

Buckinghamshire County Council also replaced their local committees with local area forums in 2008 (see below).

3.2 Community Forums/Advisory Bodies

3.2.1 Evidence from other authorities

Three of the 23 authorities surveyed (Buckinghamshire, Cumbria and Kent County Councils) operate local forums (i.e. bodies that include partners and that are advisory only). Buckinghamshire were included in the detailed survey and have 19 local areas, 18 with a forum and the 19th where engagement is through individual parish councils. They have a budget (in 2016/17 it was reduced to £450k across the forums which is allocated according to local priorities (but formal decisions taken by officers). They have operated some participatory budgeting exercises but these are limited due to the officer resource required.

Leicestershire County Council did operate forums but changed their approach as they found that, although forums were successful in some areas, attendance was patchy. The Council decided to focus reduced resources on having a few meetings a year for specific local issues but retaining 7 highways forums which meet twice a year and cover each district area.

The feedback from the county councils on the benefits and challenges facing the forums reflected those found in Warwickshire. In particular other Councils had found them useful for engagement with partners but had the same issues with regard to levels of public attendance.

3.2.2 Evidence from review of Warwickshire forums/consultation with partners

Previous surveys

The extensive review of locality working carried out in 2010 revealed that the majority of attendees consider the forums provide an opportunity to raise issues and enabled people to engage with public sector agencies. However just over two thirds of respondents 'disagreed' or 'tended to disagree' that attendance at the forums was adequate and representative of the local community.

34 members responded to a survey in 2014. This gave similar results in that the forums seem to be valued in terms of providing contact with local people and partners (in particular the police) and in solving problems locally. 74% considered that issues and concerns are responded to well and 62% considered partners and organisations offered solutions and work well together to resolve issues.

The biggest concern was level of public attendance and it being representative of the local community. Only 29% agreed it was representative and only 16% thought the level of attendance was adequate. A majority (20 to 10) felt that the current structure of localities and forums should not be retained.

2016 Survey of attendees

The Working Group agreed that they should get further feedback and in December considered the results of an on line survey of attendees and key stakeholders. 335 responses were received. Over 60% agreed that forums provide a good opportunity to raise concerns about highways, local policing, access to services and the local environment but fewer than 50% agreed that they gave a good opportunity to discuss housing, youth, older people or health. However around 65% considered they do focus on the right sort of issues.

The issue of levels and representativeness of attendance was raised again. 106 considered there were barriers to attending, 17 because of distance of travel, 17 inadequate information and 25 time and location.

Less than 50% considered forums should continue in their current form but 60% believe they should continue with improvements. Just over 30% considered they should be replaced with different local arrangements and approximately 14% believed they should be abolished and not replaced.

Partner views

Officers also consulted district and borough officers, Warwickshire Association of Local Councils, the Police and Crime Commissioner, Police and CCGs. The

variation between forums was recognised and views on the continuance of forums also varied but partners did question whether they were currently an effective use of time and resources and considered they needed to be improved to ensure better engagement.

- 3.2.3 The Working Group concluded that forums worked better in some areas than others and that there were particular concerns about their effectiveness in some urban areas. The Working Group agreed that if local forums are retained they need to operate in a way that best suits the local area and improvements should be put in place.

The suggestions for improvements that have emerged throughout the surveys, from discussion within the working group and more widely with members are set out at 5 below.

4.0 Local Member Delegated Decision Making

- 4.1 Warwickshire County Council has agreed to provide funding for each individual member to allocate to projects within their division. The formal decision on the allocation is taken by the Strategic Director. This is not the same as delegating decision making powers to individual members which requires formal processes, in particular to meet the access to information requirements.
- 4.2 Only four of the councils in the survey delegate formal powers to individuals and these were for either highways maintenance or 'wellbeing of the community' more generally. 11 of the councils have some form of 'councillor grants scheme' similar to Warwickshire, with the final decision either being taken by a Cabinet member or officer. The operation of decision making in two Councils – Surrey County Council and Derbyshire County Council were looked at in detail.
- 4.3 The Working Group recognised that the introduction of formal delegation of decision making to individual members would have to include a level of bureaucracy in order to meet legal requirements, which would inevitably require more time and resource. The working group did not see any particular benefit from departing from the current arrangement.

5.0 Community Engagement

- 5.1 This was the primary focus of the working group as one of the key messages from consultation was that the effectiveness of the forums and level of public attendance was varied. The working group explored the reasons for this and how the operation of forums could be improved if it was decided to retain the forums.

- 5.2 One key area that the group looked at was the current digital landscape in Warwickshire and how social media could be used to complement traditional methods of public engagement. This could be through those who already follow or subscribe to the Council's social media accounts but also used with particular groups and communities. This was identified as an important area, particularly in the light of feedback that indicates many people are not inclined or able to attend formal meetings. The Working Group concluded that social media could be used as an effective engagement tool where used appropriately but that it should be used alongside other forms of communication given that there are still many people who do not have the resources to access the internet and to focus solely on social media would prevent the voices of these people being heard. The results of the survey of attendees support the view that both approaches should be used.
- 5.3 Another consistent theme is that people need a genuine reason to attend a forum and that they will attend if the issue is important to them. Holding meetings for specific local issues tends to attract large numbers. Members saw the need for balance between arranging specific meetings for one off topics and also allowing issues to be raised at a meeting in a less formal way.
- 5.4 As well as topic selection, feedback had indicated that time of day and venue of meetings was important. This could be dependent on the issue under discussion and it was agreed that thought should be given to choosing an appropriate time and venue according to the target audience. For example holding a daytime meeting within an older person's facility when discussing issues which predominantly affect older residents. The number of meetings per year should also be appropriate to the local area.
- 5.5 The Working Group also considered whether, if the forums are retained, their geographical boundaries should be reviewed in the light of the new electoral divisions which will be in place in May 2017. A range of options was considered (including localities having 'no boundaries') and it was clear that it would not be possible to achieve perfect coterminosity with all partners in all areas. The working group concluded that, where possible, electoral division boundaries should be used but recognised that there would be difficulties in some areas and concluded that whilst they could comment on the areas familiar to them and propose amendments, they did not feel they should form a view on other areas but should seek the views of other members on what they consider would work. The Working Group agreed that there should be discussion with each of the district and borough councils and the Police about the proposals in order to arrive at workable arrangements.

6.0 Conclusions

- 6.1 The evidence gathered by the working group revealed that the challenge in improving public engagement is common across local authorities, regardless of whether they have formal area committees, advisory forums and/or local member decision making.

- 6.2 Amongst partners, there are mixed views on the value of Community Forums, with some believing that they ought to be discontinued with no replacement, whilst recognising the need to deliver effective public engagement.
- 6.3 The consultation undertaken within Warwickshire has indicated that if forums continue improvements should be made in terms of agenda management, timing, venue and targeting audiences, and improving publicity. The Working Group agreed that there should be some flexibility of approach and that approaches should be tailored to meet local circumstances.
- 6.3 The Working Group have concluded that, should the forums continue, the geographical basis for the forums should be the new electoral divisions but that the boundaries of each forum should be subject to consultation with partners.

7.0 Next steps

That the Council note the report and refer the issues raised in the report to the new Council to consider after the County Council elections in May 2017.

Background papers

Agenda, reports and minutes of the meetings of the Local Governance Working Group.

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This report was circulated to the following members of the Local Governance Member Working Group prior to publication:

Councillors Peter Fowler (Chair), Howard Roberts, Peter Morson, Kate Rolfe, Bob Stevens, June Tandy, Heather Timms and Alan Webb.

Group Leaders: Councillors Izzi Seccombe, Jerry Roodhouse and Keith Kondakor. (Group Leaders Councillors June Tandy and Howard Roberts consulted as members of the Working Group).

Council

21 March 2017

Addition of three Developer-funded Highway Schemes to the Capital Programme

Recommendation

Council approves the addition of the following three schemes to the 2017/2018 capital programme subject to the applicable Section 278 Agreements being signed by the Developers which will provide for 100% of the funding.

- A452 Europa Way (Lower Heathcote Farm), Warwick. Developer – Gallagher Estates Ltd. Approximate cost £2.8m
- Butlers Leap Link Road, Rugby. Developer – Urban and Civic PLC. Approximate cost £2.7m
- Shottery Link Road, Stratford-upon-Avon. Developers – J S Bloor (Tewkesbury) Ltd and Hallam Land Management Ltd. Approximate cost £1.5m

1.0 Key Issues

- 1.1 These three schemes will be fully funded by a developer contribution ring-fenced for the works specified. For developer funded schemes, there are no alternative uses for the contribution and the addition of these schemes will not affect the overall level of available capital resources.
- 1.2 Within each section of this report there is reference to plans showing the proposed highway improvements in accordance with the appropriate planning decision. These schemes are subject to an on-going technical approval process and the final detail of the scheme may differ slightly to that shown here.

2.0 A452 Europa Way (Lower Heathcote Farm), Warwick

- 2.1 A planning application was submitted to Warwick District Council by Gallagher Estates Ltd for a development of up to 785 dwellings and community facilities on land at Lower Heathcote Farm, Harbury Lane, Warwick. Planning permission was granted on 17 September 2015 (ref: W/14/0661) and this requires the Developer to implement a traffic signal controlled junction on Harbury Lane as one of the three access points into the development.
- 2.2 A plan showing the proposed highway improvements is included in **Appendix A**. The implementation of traffic signals will be subject to a separate statutory notice and consultation procedure and any objections will be reported to the Portfolio Holder for Transport and Planning.

- 2.3 Subject to the recommendation being agreed, the County Council will enter into a Section 278 agreement with the Developer to undertake the works at an estimated cost of **£2,800,000** including fees. Under the agreement the costs will be fully funded by the Developer. Tenders are expected to be invited during April 2017 and, subject to the signing of the S278 agreement, works are expected to commence in June 2017.

3.0 Butlers Leap Link Road, Rugby

- 3.1 A planning application was submitted to Rugby Borough Council by Rugby Radio Station Limited Partnership for an urban extension to Rugby for up to 6200 dwellings and a mix of retail, commercial, employment and community uses. Planning permission was granted on 21 May 2014 (ref: R11/0699) and this requires the Developer to provide a link road from the Clifton Road / Butlers Leap junction across Hillmorton Lane to the western edge of the site.

- 3.2 There are three highway improvement schemes which are proposed to be delivered by the County Council:

- The alteration to the existing traffic signal controlled junction at Clifton Road / Butlers Leap;
- New traffic signal controlled junction at Hillmorton Lane / link road; and
- New traffic signals at the bridge on The Kent with associated footway improvements.

The link road itself will be delivered by the Developer who will enter into a S38 agreement with the County Council. The link road will be offered for adoption as highway once it has been completed to the satisfaction of the County Council.

- 3.3 Plans showing the proposed highway improvements are included in **Appendix B**. The implementation of traffic signals will be subject to a separate statutory notice and consultation procedure and any objections will be reported to the Portfolio Holder for Transport and Planning.

- 3.4 Subject to the recommendation being agreed, the County Council will enter into a Section 278 agreement with the Developer to undertake the works at an estimated cost of **£2,700,000** including fees. Under the agreement the costs will be fully funded by the Developer. Tenders are expected to be invited during May 2017 and, subject to the signing of the S278 agreement, works are expected to commence in July 2017 at the Clifton Road / Butlers Leap junction.

4.0 Shottery Link Road, Stratford-upon-Avon

- 4.1 A planning application was submitted to Stratford-on-Avon District Council by J S Bloor (Tewkesbury) Ltd and Hallam Land Management Ltd for a development of up to 800 dwellings and community facilities. Planning permission was granted on appeal on 24 October 2012 (ref: 09/02196/OUT and APP/J3720/A/11/2163206) and this requires the Developers to provide a link road from A422 Alcester Road to B439 Evesham Road.

4.2 There are three highway improvement schemes which are proposed to be delivered by the County Council:

- A new access with ghost right turn lane on A422 Alcester Road;
- A Puffin crossing on A422 Alcester Road; and
- A new roundabout on B439 Evesham Road.

The implementation of a Puffin crossing on Alcester Road will be subject to a separate statutory notice and consultation procedure and any objections will be reported to the Portfolio Holder for Transport and Planning.

4.3 The link road will connect to the A46/A422 at the Wildmoor roundabout and the Developers will enter into an agreement with Highways England regarding the delivery of these works. The link road itself will be delivered by the Developers who will both enter into a S38 agreement with the County Council. The link road will be offered for adoption as highway once it has been completed to the satisfaction of the County Council. Plans showing the proposed highway improvements are included in **Appendix C**.

4.4 Subject to the recommendation being agreed, the County Council will enter into a Section 278 agreement with the Developers to undertake the works at an estimated cost of **£1,500,000** including fees. Under the agreement the costs will be fully funded by the Developers. Tenders are expected to be invited during June 2017 and, subject to the signing of the S278 agreement, works are expected to commence on Alcester Road in September 2017 and on Evesham Road during Spring 2018.

Background papers

None

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The report was circulated to the following members prior to publication:

Local Member(s):

A452 Europa Way (Lower Heathcote Farm), Warwick

Cllr Warner (Warwick South), Cllr Caborn (Bishops Tachbrook)

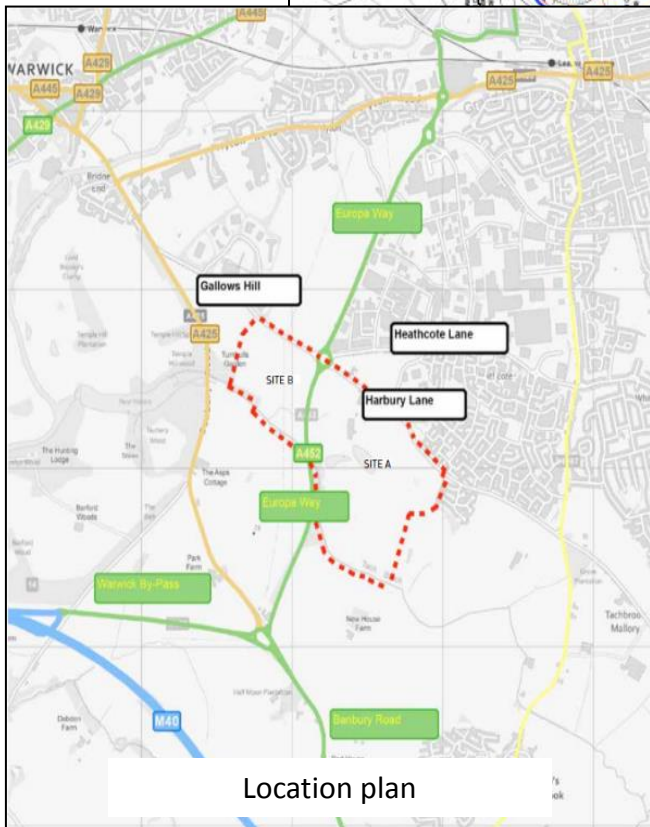
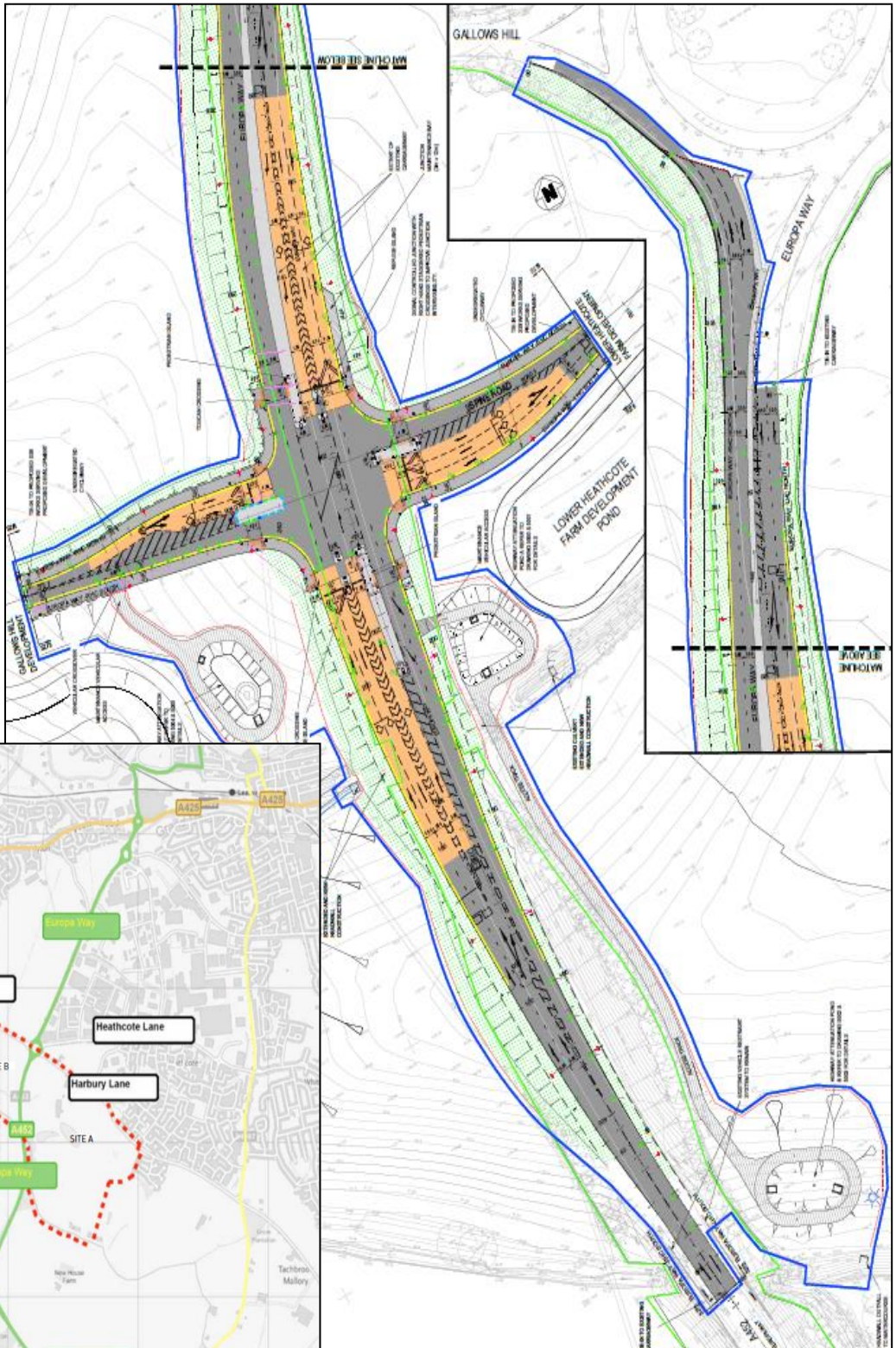
Butlers Leap Link Road, Rugby

Cllr A Webb and Cllr M Webb (Brownsover), Cllr Morris-Jones (Fosse),

Cllr Dodd and Cllr Roodhouse (Eastlands and Hillmorton)

Shottery Link Road, Stratford-upon-Avon

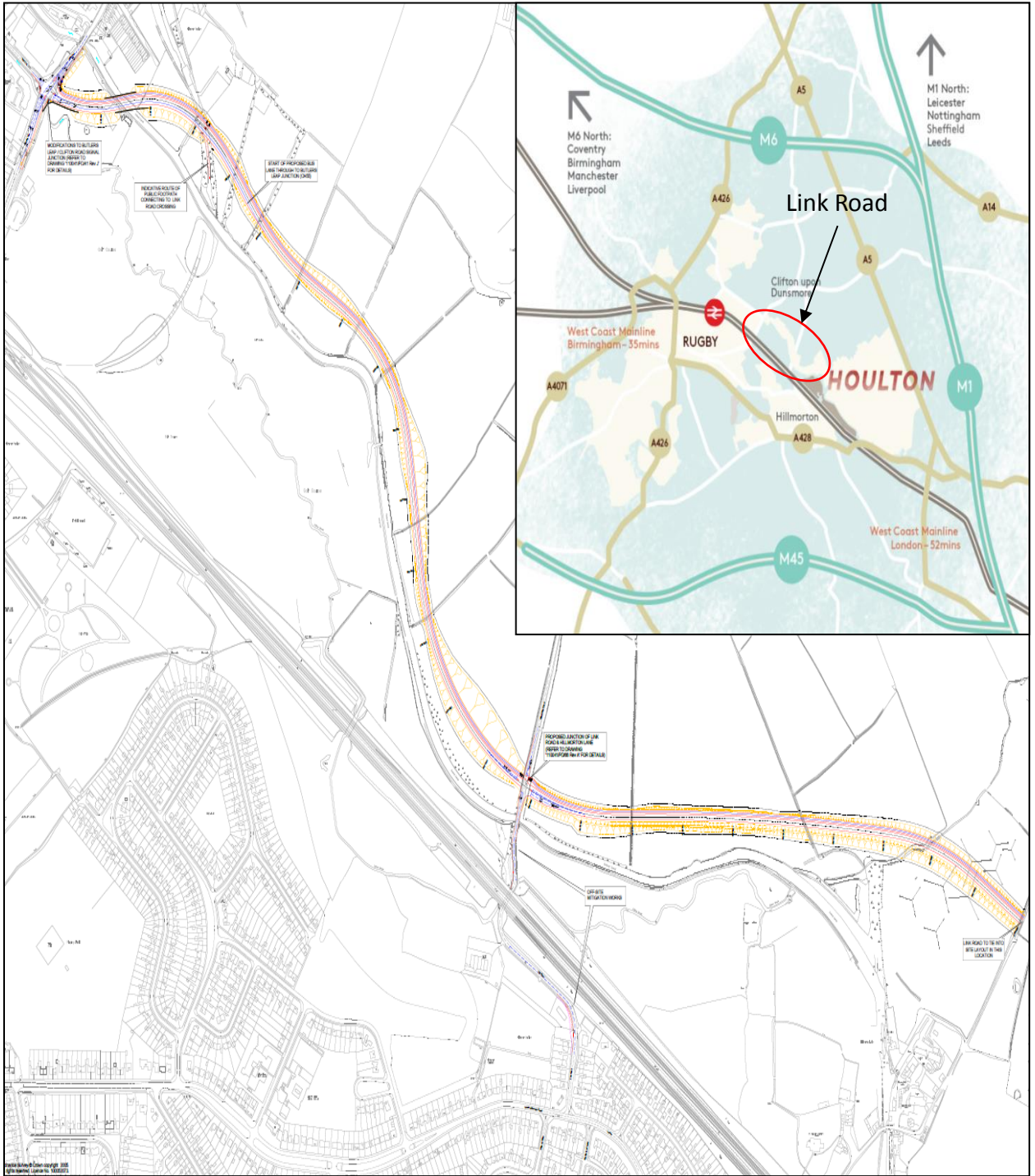
Cllr Fradgley and Cllr Rolfe (Stratford South), Cllr Horner (Aston Cantlow)



Location plan

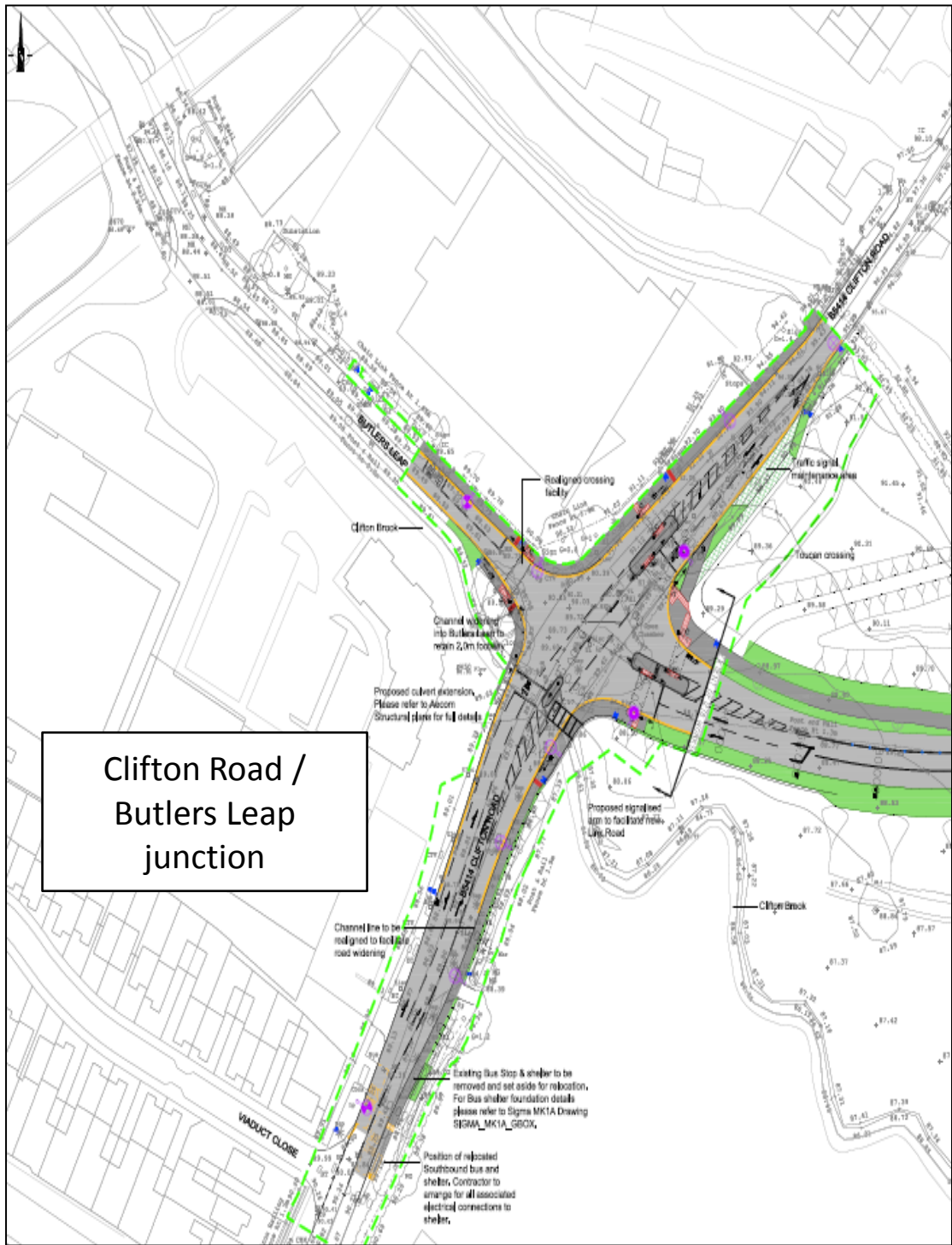
S278 scheme:
A452 Europa Way,
Warwick

Appendix B (1)



Overall plan

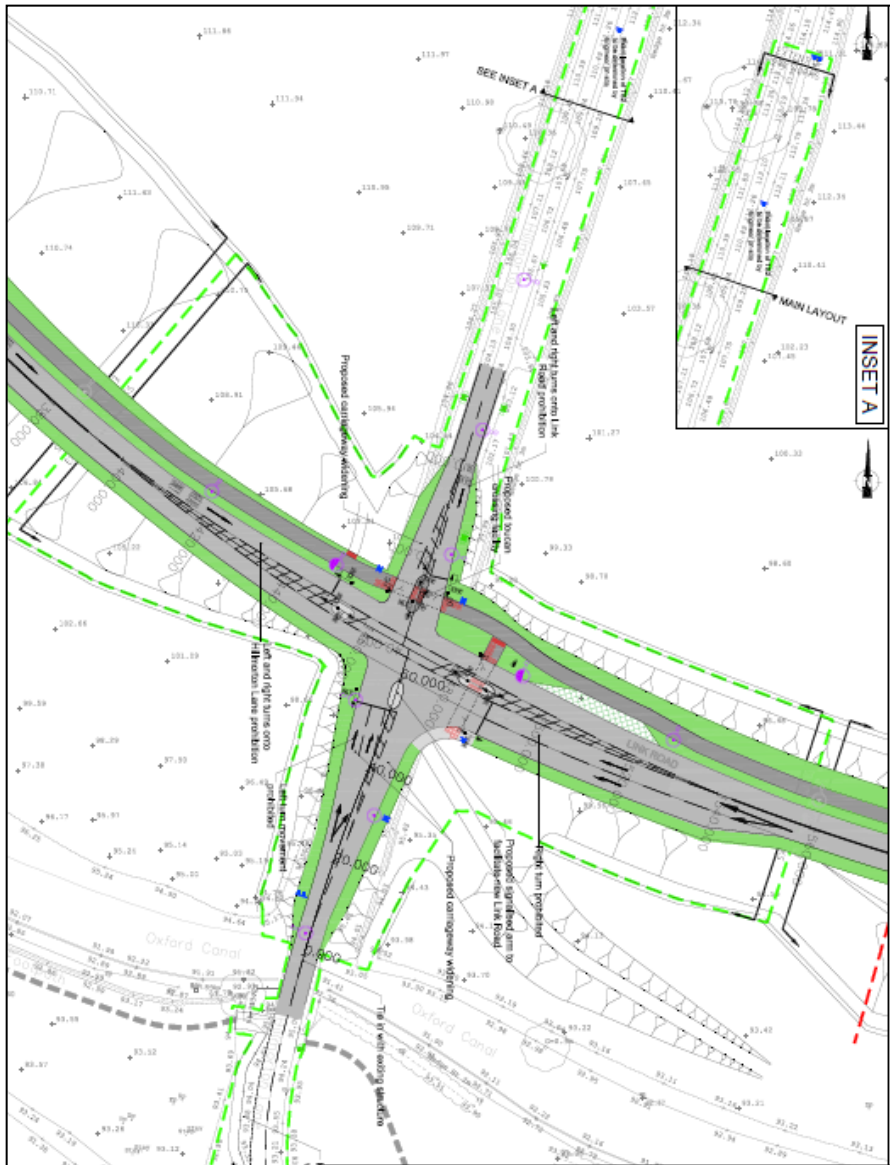
S278 scheme:
Butlers Leap Link
Road



Clifton Road /
Butlers Leap
junction

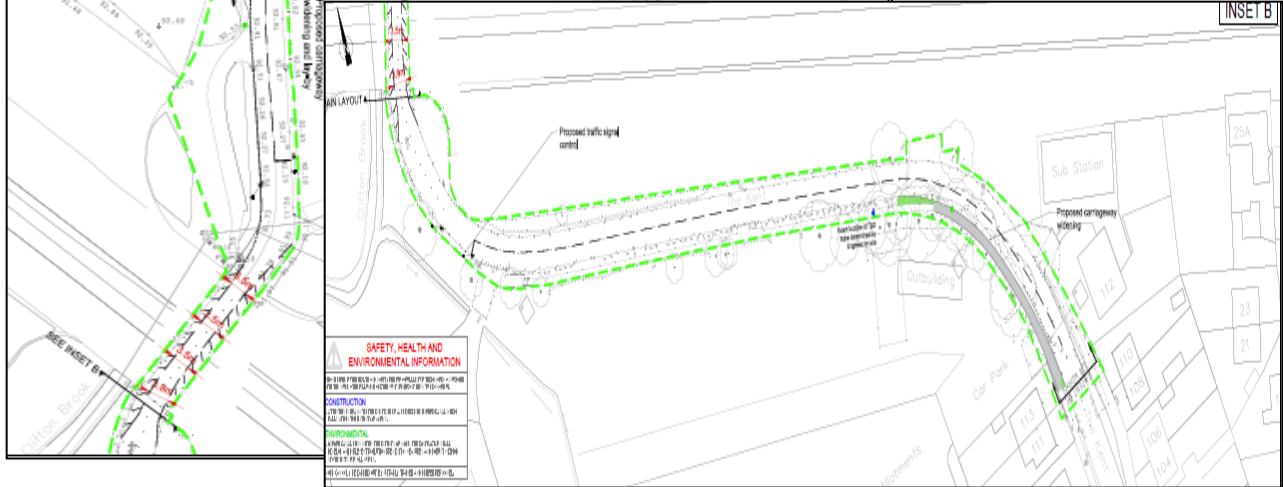
S278 scheme:
Butlers Leap Link Road

Appendix B (3)



Hillmorton Lane / link road junction

The Kent



S278 scheme:
Butlers Leap Link Road



01 NEW RELIEF ROAD

03 NEW SCHOOL

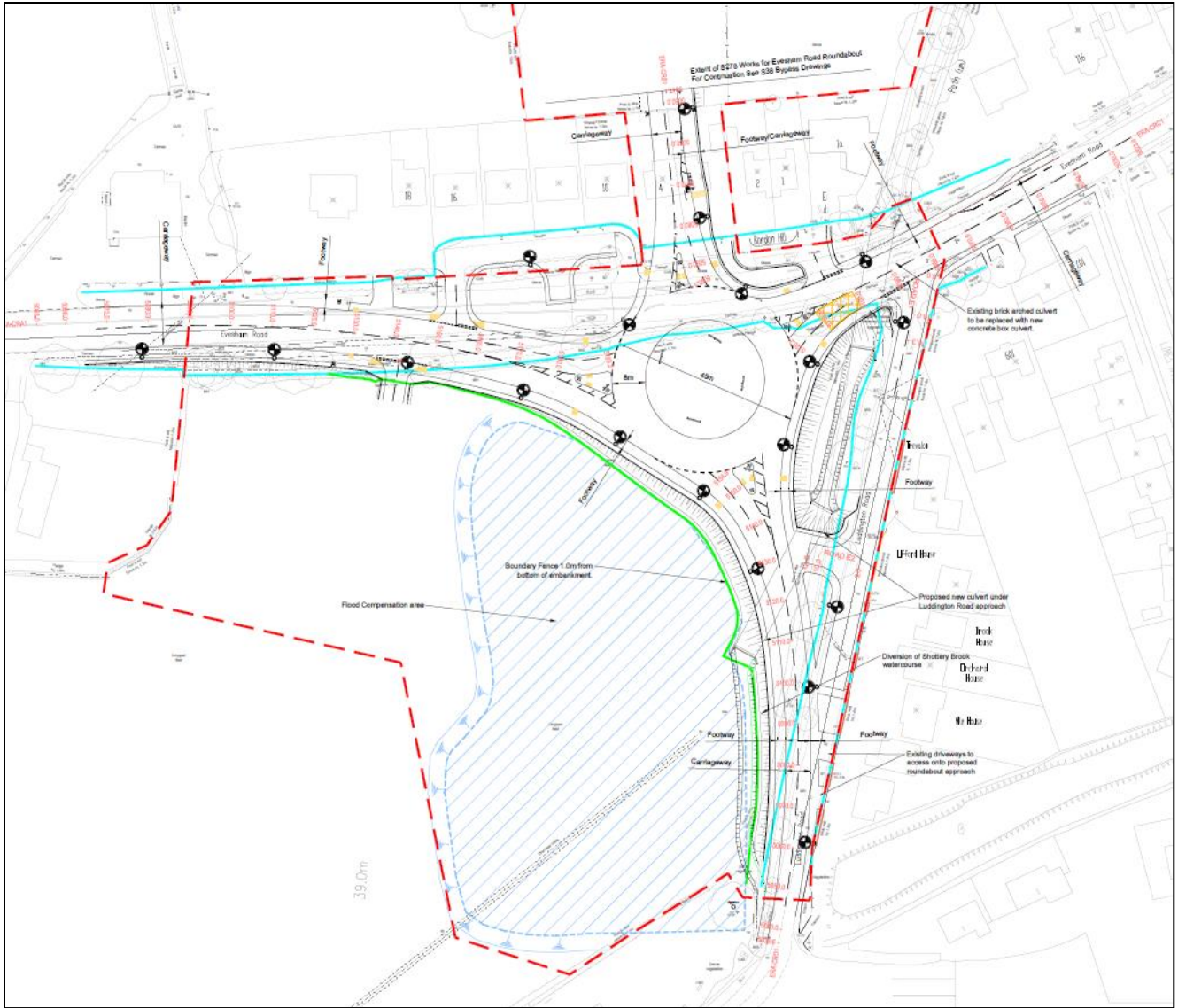
05 STRATFORD PARK & OPEN SPACES

02 NEW HOMES

04 NEW NEIGHBOURHOOD FACILITIES

S278 scheme:
Shottery Link Road

Appendix C (2)



B439 Evesham Road roundabout



A422 Alcester Road access and Puffin crossing