Cabinet

Date: Thursday 10 December 2020
Time: 1.45 pm
Venue: Microsoft Teams

Membership
Councillor Izzi Seccombe (Chair)
Councillor Peter Butlin
Councillor Les Caborn
Councillor Jeff Clarke
Councillor Andy Crump
Councillor Colin Hayfield
Councillor Kam Kaur
Councillor Jeff Morgan
Councillor Heather Timms

Items on the agenda: -

1. General

(1) Apologies

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

(3) Minutes of the Previous Meeting 5 - 16

To approve the minutes of the meeting held on 12 November 2020.

(4) Public Speaking

To note any requests to speak on any items that are on the agenda in accordance with the Council's Public Speaking Scheme (see footnote to this agenda).

2. 2021/22 Budget and 2021-26 Medium Term Financial Strategy - Background Information and Proposals from Corporate Board 17 - 120

This report makes available, for Elected Members, the latest financial information that will underpin the 2021/22 budget and MTFS and the views of Corporate Board on that information.

11. Exclusion of the Press and Public

To consider passing the following resolution:

'That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972'.

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

To download papers for this meeting scan here with your camera

Disclaimers

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
The public reports referred to are available on the Warwickshire Web
https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1

Public Speaking

Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Democratic Services in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

Cabinet

Thursday 12 November 2020

Minutes

Attendance

Committee Members
Councillor Izzi Seccombe (Chair)
Councillor Peter Butlin
Councillor Les Caborn
Councillor Colin Hayfield
Councillor Kam Kaur
Councillor Jeff Morgan
Councillor Jeff Clarke
Councillor Andy Crump
Councillor Heather Timms

Other Members Present

Councillors Adkins, Bell, Singh Birdi, Boad, Falp, Gifford, Kondakor, Parsons, Roodhouse and Simpson-Vince

1. General

(1) Apologies

There were no apologies given.

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

With reference to agenda item 13, Councillor Keith Kondakor expressed a non-pecuniary interest as a member of the charity, 100% Renewable Energy.

(3) Minutes of the Previous Meeting

The minutes of the meeting of Cabinet held on 8 October were agreed as a true record.

(4) Public Speaking

Councillor Izzi Seccombe (Leader of the Council and Chair of Cabinet) welcomed two members of the public to speak.

1) Zoe Holynska (speaking regarding agenda item 8) stated, “I am a full-time mother at

the moment but am a secondary and A level teacher by profession. Today I want to bring to your attention the gap in adequate primary school provision for children currently aged 6 to 11 within Nuneaton North and East. I just want to start by outlining my family's situation. We moved to Weddington from Worcestershire just before Christmas and our youngest daughter, now in year one, got a place at Weddington Primary.

Unfortunately, there are no places locally for our older son, now in year 2. Lower Farm Academy, the school being built for the purpose of dealing with the increased demand for school places in the area, currently only caters for year one and reception pupils. After a failed appeal to get him into Weddington Primary, we accepted a place at Whitestone Infant School, on the other side of Nuneaton. It has placed a great deal of strain on our family having two drop-offs and pick-ups on different sides of town with frequent traffic congestion to exacerbate the situation. We cannot afford wrap around care and, as a result, often have no other option but to drop one child off late and collect the other early, meaning valuable school time is being missed by both children. As I am sure you will agree, this is not fair on any child as it is likely to have a long-term, detrimental impact on their learning and cause unnecessary disruption to lessons. I am fully aware that for families without a car, the situation must be even worse. Furthermore, our son's time at Whitestone will be coming to an end at the end of this academic year, as it is an infant school. Being out of catchment of any junior school, this puts our son and family in a very unpleasant situation.

Figures that we have obtained through the Freedom of Information Act show that there is a significant current shortfall of places for older year groups in this area. As an example, for year two, the waiting list for Weddington Primary has eight pupils, Milby Primary, five and St Nicholas C of E Academy, seven. To add to this, there are over 100 children in the CV10 and CV11 area being home-schooled, some of whom it is likely a consequence of inadequate local schooling options. From the data that we obtained, we can see that already many existing local schools have had to increase class sizes above 30 to cater for demand. In year four at Weddington, they have already taken on 6 extra pupils, meaning class sizes of 33. This situation will only worsen as further planned housing is built, which will in turn affect more families and put pressure on established local primary schools. Added to the still growing development in Weddington, another is due to start shortly in Whitestone, where the schools are currently absorbing the overflow from Weddington and other new-build areas.

As I am sure you are aware, the construction of Lower Farm Academy is now underway and set for completion on the 27th August next year. Once built, the school has the space to open classes to cater for the children and families that are currently being left without adequate schooling options. Classrooms will be standing unused, which is appalling when you consider the demand and the impact that it is having on so many families and children within the area. We would like to back Cllr Keith Kondakor in his efforts to open-up further year groups within the school. This would put an end to the difficult and unfair situation that many local families and young children have been placed in. If class sizes are initially too small to make this option attractive, the possibility of combining year groups, as they do in many small rural primary schools, could be an alternative.

2) Susan Rasmussen (speaking regarding agenda item 6 addressed he meeting partly as Mayor of Leamington. She stated that one of the outcomes of the public consultation exercise on the Leamington Local Plan had been strong evidence that people want more cycleways to be created. A cycleway along the Emscote Road would be very popular. Speaking in her role as Chair of Clean Air for Leamington, she informed the meeting that she and that organisation endorses the governments stated aim of increasing cycling. Cabinet was thanked for considering the proposed improvements along the Emscote Road and it was noted that it can be quicker to cycle between Warwick and Leamington (or vice versa) than to drive and have to find somewhere to park.

Councillor Seccombe thanked the speakers for their contributions and invited them to remain in the meeting to hear the debate on the areas in which they were interested.

2. Council Plan 2020-2025, Quarter 2 Performance Progress Report, Period under review: April 2020 to September 2020

Councillor Kam Kaur (Portfolio Holder for Customer and Transformation) introduced the published report. Cabinet's attention was drawn to paragraph 2.1 (page 21) and a list of eight performance measures that have been paused during the current Pandemic. Paragraph 2.3 highlighted five measures where performance was not on target.

A significant improvement in performance in two areas was noted. These were,

1) % of Children in Care (CIC) aged under 16 who have been looked after continuously for at least 2.5 years, who were living in the same placement for at least 2 years, or are placed for adoption; and,

2) the Number of days sick leave per FTE (rolling 12 months).

Councillor Kaur thanked all staff for their hard work during the Pandemic. She added that the County Council must continue to be mindful that stress, mental health and general wellbeing are an issue for staff.

Five measures of particular concern were highlighted. (Pages 22 to 26). These are

- No. of Children in Care (CiC) excluding unaccompanied asylum-seeking children.

- % times a fire appliance arrives at life risk or property incidents within agreed response standards

- Cost (£) of SEND Home to School transport provision

- % of residents in Warwickshire aged 16 - 64 who are in employment, compared to the England average

- Value of Revenue Savings Achieved Against Agreed MTFS (Whole Council)

Councillor Helen Adkins (Leader of the Labour Group) expressed her concern over budget performance with the SEND home to school transport service. Councillor Adkins observed that cost savings should not be a prime consideration when determining where a child is schooled. Mainstream school inclusion is not appropriate for many children. Parents should be given more of a say in the matter as should the child's school. Changes, she suggested, are being introduced too quickly. A task and finish group has been established and its outcome should be awaited.

In response, Cabinet was informed,

- that the objective of current work on SEND is not solely to save money,
- the SEND Strategy had been co-produced with parents,
- the task and finish review will address the roll out of the strategy and will focus on the needs of the child.
- The report set out performance to September.

Councillor Jerry Roodhouse (Leader of the Liberal Democrat Group) recognised the eight measures that had been paused. He understood why Ofsted and CQC inspections had halted but requested that a message go to them, possibly via the Local Government Association, that they need to resume some form of inspection regime to begin to understand the current position. That proxy school attainment measures are to be introduced was welcomed. It was hoped that these would be included in the next report to Cabinet. In addition, it was considered that it would be useful to see trend data included as well as forecasts for future performance. Regarding employment data (page 24) Councillor Roodhouse suggested that the information provided should be broken down by age. This would help to highlight the challenges to be faced around skills and training.

In response to Councillor Jerry Roodhouse's comments regarding inspections, Councillor Les Caborn (Portfolio Holder for Adult Social Care and Health) assured the meeting that although some inspection regimes had been paused the County Council continues to undertake its own inspections.

In response to Councillor Jerry Roodhouse, Councillor Kam Kaur informed Cabinet that a briefing is to be provided to the Adult Social Care and Health Overview and Scrutiny Committee on care and quality.
Councillor Kaur offered to explore opportunities to provide forecast information. Regarding employment it was noted that it will be important to work with businesses over the forthcoming months to keep skills current.

Councillor Keith Kondakor stated that flooding in Weddington continues to be a problem that needs to be monitored closely. Regarding the economic downturn, Nuneaton and Bedworth Borough Council has been unable to appoint an Economic Development Officer. Cabinet was asked to consider whether the County Council could offer assistance to the Borough Council on this matter.

Concerning the flooding issue in Weddington Councillor Andy Crump (Portfolio Holder for Fire & Rescue and Community Safety) stated that after a very wet October the Fire and

Rescue Service is reviewing its winter plans. Councillor Andy Crump offered to discuss the particular issues in Weddington with Councillor Keith Kondakor.

Resolved

That Cabinet notes the progress of the delivery of the Council Plan 2020
- 2025 for the period as contained in the report.

3. 2020/21 Quarter 2 Budget Monitoring Report

Councillor Peter Butlin (Deputy Leader – Finance and Property) introduced the published report. An underspend of £4.784m for the year was highlighted. Cabinet was informed that this is largely money that had been provided by government in the form of Covid-19 emergency funds. This, it was suggested, will be significantly reduced during the second lockdown. Four further aspects of the report were highlighted. These were,

- The overspend in SEND
- An underspend in adult social care due in part to excess deaths caused by Covid-19
- The impact on business failures and unemployment on the tax base.
- An increase in the cost of capital projects brought about in part by the need for social distancing.

Councillor Keith Kondakor expressed his concern that the A47 Hinckley cycle scheme was to be slipped back to 2021/22. He asked Cabinet why it appears possible to afford road schemes but not cycle schemes. Cabinet was reminded of the need for a new access point to Nuneaton station from the Weddington side. In addition, Councillor Keith Kondakor reminded members that Warwickshire County Council had provided £1m to Coventry City Council for the provision of a bay platform at Coventry station. This platform had yet to be delivered. Councillor Kondakor asked whether the money would be returned to the County Council.

In response to Councillor Keith Kondakor, Councillor Jeff Clarke (Portfolio Holder for Transport and Planning) stated that the Weddington access to Nuneaton station continues to be planned. The A47 cycle scheme is scheduled for 2021/22. This will be ahead of the junction improvements that are planned for that location. Regarding the bay platform at Coventry station. This is still planned to be delivered.

Councillor Jerry Roodhouse requested more information on disability care placements with particular reference to current market activity.

The general pattern of underspends and overspends was noted by Councillor Jerry Roodhouse but in he asked for an update on the position regarding business support. In reply, Councillor peter Butlin stated that target savings for business support are being reviewed as part of the work around the Covid-19 Recovery Strategy.

Regarding the reference on page 82 to an overspend in mental health, Councillor Jerry Roodhouse suggested that this could increase during the pandemic with an increase in domestic abuse and alcohol and drug abuse. Councillor Peter Butlin agreed with Councillor

Jerry Roodhouse adding that many people are isolated in small properties often with no garden. Business failures and unemployment will also add to the pressures on people.

Concerning the reported overspend on SEND, Councillor Colin Hayfield (Portfolio Holder for Education and Learning) suggested there is no one single answer to the challenges faced by the service. Government has been asked for more resources, but the service must work with what it has at its disposal. Councillor Hayfield stated that a seminar on SEND had been arranged.

Councillor Dave Parsons (Deputy Leader of the Labour Group) observed that the underlying trend for Adult Social Care is an overspend. The Pandemic will result in more pressures and it will be necessary to look at the long-term picture both nationally and locally. Councillor Les Caborn responded that the County Council has been supporting the private care market throughout the Pandemic. The market has changed in recent months with many families reluctant to see their relatives living in care homes. However, in Warwickshire there is no evidence that any care providers are struggling to continue operating. Councillor Peter Butlin empasised that private care homes receive a significant amount of support from the County Council.

Councillor Helen Adkins requested a comparison of the underspends in Adult Social Care between 2019/20 and 2020/21. She welcomed the member seminar on SEND adding that since September 2020 she had received around 10 inquiries regarding educational inclusion. In response to a request from the Chair that such information should be shared, Councillor Adkins stated that in many instances parents and carers are unwilling to have their experiences shared.

Resolved

That Cabinet:

a) Notes the forecast underspend of £4.784m for the 2020/21 financial year on the Council's revenue budget.

b) Notes there is a forecast under-delivery of the 2020/21 savings requirement to the value of £2.694m.

c) Notes the increases to the approved 2020/21 capital programme of £0.363m since the programme was last reported in Quarter 1.

d) Approves the carry forward of the reprofiled spend on the capital programme of £7.847m in 2020/21 into future years.

e) Acknowledges that at the date of writing this report, the National Lockdown commencing on 5 November had not been announced. As such, it is important to note that the inevitability of potentially significant changes to the forecast position. This will be driven by changes to Covid related income and expenditure pressures and also Covid funding changes.

4. Treasury Management Monitoring Report

Councillor Peter Butlin introduced this item by explaining that as a result of the Pandemic it has been necessary to create liquidity by moving from long term to short term investment. In addition, interest rates have decreased. The Council is now moving back to long term investments.

Councillor Keith Kondakor expressed concern over lending to other local authorities. He noted that some of the local authorities that the Council has lent to are some distance from Warwickshire and asked whether it would be better support more local councils. In response, Councillor Peter Butlin stated that it has long been the practice to lend to other councils. Councils are a good, safe investment. Councillor Peter Butlin agreed to brief Councillor Keith Kondakor on loans to other local authorities.

Resolved

That the Cabinet notes the Treasury Management activity and performance in respect of the first six months of 2020/21.

5. Capital Investment Fund 2020/21 Quarter 3

Councillor Peter Butlin explained the schemes set out in the published report. These are;

1. Purchase of Waste Containers at Household Waste Recycling Centres

2. Partial Replacement of Bus Fleet (Transport Delivery – Home to School Transport)

3. Redevelopment of Gypsy and Traveller Estates (Griff Hollows, Pathlow and Alvecote)

4. Digital Creative Office Space, Holly Walk, Leamington Spa

Concerning project 3 Councillor Keith Kondakor expressed his concern over the number of fires at Traveller sites. He suggested that contracts concerning residents' behaviour should be used. Councillor Dave Parsons agreed that behaviour on some sites was unacceptable.

In response, Councillor Heather Timms (Portfolio Holder for Environment and Heritage & Culture) informed the meeting that strict measures concerning behaviour are in place at maintained sites. However, there are occasions when there are unauthorised encampments on these sites.

Resolved

That Cabinet:

1) Approves £0.238 million from the Capital Investment Fund for the purchase of Waste Containers at the Household Waste Recycling Centres and add to the Capital Programme;

2) Approves £0.810 million from the Capital Investment Fund for the replacement of 15 Bus Fleet vehicles (Home to School Transport) and add to the Capital Programme at a cost of

£0.885 million, with the remainder funded from capital receipts generated from the disposal of existing vehicles;

3) Approves £0.660 million from the Capital Investment Fund to redevelop and upgrade three WCC owned Gypsy and Traveller sites at Griff Hollows, Pathlow and Alvecote, and add to the Capital Programme;

4) Approves £0.512 million from the Capital Investment Fund to create office space at Holly Walk, Leamington at a cost of £1.012 million, with £0.500 million funded from CWLEP grant and add to the Capital Programme; and

5) Authorises the Strategic Director for Communities to procure and enter into any agreements to give effect to the proposals on terms and conditions acceptable to the Strategic Director for Resources.

6. Emscote Road Corridor Improvements

Councillor Jeff Clarke explained the background to the report. Additional housing development in the area would lead to more traffic along the Emscote Road; a highway that already experienced severe congestion at peak hours. Of particular concern is the Portobello Bridge which requires widening and maintenance.

Councillor Bill Gifford welcomed the scheme adding that he was pleased that Sustrans had been involved in its development. He suggested that another highway improvement required is the junction with Warwick New Road and Princes Drive in Leamington.

Councillor Les Caborn commended the Portfolio Holder and staff for the quality of the scheme.

Councillor John Holland commended the scheme. He recognised that cycleway connectivity is good in Leamington Spa and in Warwick the Emscote Road scheme will need to link to other schemes that are in development. He suggested that the junction of the Emscote Road with Greville Road will require traffic lights. This view was echoed by Councillor Helen Adkins.

Councillor Parminder Singh Birdi commended the scheme and asked that schemes proposed for Warwick town centre be progressed.

Councillor Sarah Boad (Deputy Leader of the Liberal Democrat Group) agreed with the scheme adding that it should enable more children to cycle in safety to school. She requested an indication of the completion date and was informed that this would be 2023.

Councillor Pam Williams agreed that the Greville Road junction requires improvement adding that there is land either side of the carriageway that could be used.

Councillor Jeff Clarke suggested that the proposed enhancements ease the issues at Greville Road. He added that the scheme before Cabinet is intended to link with the Warwick town centre schemes. Cycle groups will be consulted as part of further design work and it is expected that the placing of a new deck on Portobello Bridge will allow for a cycleway that is segregated from motor vehicles.

Resolved

That Cabinet:

1) Recommends that Council:

• Approves the allocation of £6.645m from the Capital Investment Fund to the Emscote Road Corridor Improvements Scheme;

• Adds the scheme to the capital programme at a total cost of £10.239m; and

• Agrees that the allocation from the Capital Investment Fund is reduced by the amount of any alternative external funding secured in the future.

2) Subject to Council approving recommendation 1), authorises the Strategic Director for Communities to invite tenders and award all necessary contracts, on terms acceptable to the Strategic Director for Resources, and secure all necessary consents and take all such other steps as the Strategic Director for Communities considers necessary to deliver the scheme.

7. Warwickshire Safeguarding Annual Report 2019-2020

Councillor Les Caborn opened this item by congratulating the Chair of the Safeguarding Board, Elaine Coleridge Smith and staff and thanking them for their hard work. He then proceeded to provide a summary of the key elements of the report. It was explained that 2019/20 had seen a focus on four areas, namely,

1. New ways of working – Implementing new governance structures
2. Quality Assurance – Developing a robust assurance framework
3. Learning & Improvement – Developing a learning culture to support improvement in practice
4. Safeguarding Reviews – Streamlining reviews processes to comply with the requirements of Working Together 2018 and the introduction of 15 Rapid Reviews

Councillor Jeff Morgan (Portfolio Holder for Children’s Services) echoed comments regarding the Safeguarding Board’s Chair and staff. He observed that there has recently been a slight reduction in contacts and referrals but attributed this to the Pandemic. He counselled that the full effects of lockdown had yet to be seen. 0-5 years is the largest cohort of plans and domestic violence is a prevalent factor in safeguarding.

Councillor Jerry Roodhouse noted the reference on page 190 to self-harm adding that the Pandemic had made the relationship between schools and self-harm less clear. He stated that whilst annual reports are of interest it is also important to be able to review the current position. Up to date information is necessary if actions occur in a timely fashion. Councillor Jeff Morgan offered to speak with Councillor Jerry Roodhouse regarding this.

Councillor Les Caborn offered to provide a briefing with up to date information on the incidence of domestic and adult abuse.

Resolved

That Cabinet:

1. Welcomes the Warwickshire Safeguarding Annual Report for 2019-2020 (Appendix) and notes the progress that Warwickshire Safeguarding has made in its transition to its new partnership arrangements and the progress that has been made to strengthen assurance activities and learning and development opportunities,

2. Notes the progress made against the strategic priorities and how partner agencies have collaborated to support vulnerable members of our communities to be supported to be independent and safe,

3. Asks the Strategic Director for People to implement arrangements for continuing to raise awareness, understanding and ownership of the
safeguarding agenda across the Council.

8. Education Sufficiency Annual Update 2020

In introducing this report Councillor Colin Hayfield explained that the picture regarding primary school places is mixed across the County but most secondary schools are under pressure for places. A seminar had been provided for members and it was expected that further, more local seminars will be arranged.

Councillor Keith Kondakor thanked Zoe Holynska for her earlier contribution. He noted that pressures for school places come at the beginning of the school years and in-year. Cabinet was informed that of the 14 classes being constructed as part of the new Lower Farm Academy only 4 will be opened in September 2021. The rest of the classes will be complete, but the school has a choice as to when it will open these. Council was requested to fund the places in the new classrooms to ease the pressure for local children. Councillor Kondakor observed that it had been known that the housing would be built and asked why school places had not been planned accordingly.

Councillor Dave Parsons observed that Local Plans operate on a 15 year cycle but primary schools plan on a five year cycle and secondary schools on a seven year cycle. Developers can operate outside of the Local Plan but all plans (education and development) need to be aligned.

Councillor Jerry Roodhouse regretted that the County Council was no longer the Local Education Authority. He questioned the formula used to establish demand for school places and suggested that it should be reviewed.

Councillor Izzi Seccombe agreed that parental choice has complicated the issue of school place provision. She suggested that if the new classrooms at Lower Farm Academy were made available, they could be taken by children from across the town. She suggested that the Overview and Scrutiny Committee may wish to consider ways in which school place planning could be improved.

Councillor Jeff Clarke observed that by transporting children across towns to schools adds to congestion.

Resolved

That Cabinet endorses the Annual Education sufficiency Update 2020 and the proposed schemes to ensure sufficiency of school places in Warwickshire.

9. Warwickshire Youth Justice Service Report 2020/21

Councillor Jeff Morgan opened this item by thanking the Youth Justice Team for its hard work. He was particularly impressed by its strength and commitment.

The report before Cabinet was different to previous years as there had been a need to reflect on Covid-19 recovery. It was not possible to benchmark performance in Warwickshire as data was not being collected and processed. However, it was known that throughout the Pandemic the service had been able to maintain contact with all of the young people on its books. Budget pressures continue with the cost of secure placements having increased.

Resolved

That Cabinet approves the the Warwickshire COVID 19 Recovery Plan, which for this year only replaces the more regular Youth Justice Plan.

10. 5G and Digital Connectivity

Councillor Kam Kaur thanked officers for their continuing hard work. She added that the need to develop digital provision and 5G is essential. Funding for the project will be required and this was set out in paragraph 6.2 of the report.

Councillor Jerry Roodhouse observed that Warwickshire has long fought hard to secure good connectivity. However, this will only be as good as the supplier. He observed that in many instances customer care is found to be inadequate and added that pressure should be applied to government to agree customer care standards.

Councillor Keith Kondakor suggested that broadband provision should be spread equitably. At present providers tend to focus on more affluent areas. People are also concerned over heath risks associated with 5G. It will be important to ensure that radio signals are safe.

Councillor Jeff Clarke considered that there are many opportunities in Nuneaton and Bedworth to exploit digital and 5G developments. He was satisfied that the County Council will do what it can to ensure equitable provision across Warwickshire.

Councillor Kam Kaur thanked members for their contributions. She drew Cabinet's attention to the partnership work now being developed with BT and Warwick University and the work being undertaken with the Transforming Nuneaton Board to maximise the benefits of 5G.

Resolved

That Cabinet:

1) Agrees that there is a need to extend and improve gigabit digital connectivity across Warwickshire and approves and adopts the Digital Infrastructure Strategy (at Appendix C) to support the Council Plan 2020 – 2025, the Council's Covid–19 Recovery Plan and the Warwickshire Place
Shaping Programme.

2) Agrees to establish a Digital Connectivity Board supported by a Digital Infrastructure Team (as set out at paragraph 5.2 and subject to funding being available) to develop and promote a Digital Infrastructure Programme for and to coordinate and manage the deployment of full fibre connectivity and 5G mobile networks across Warwickshire.

3) Authorises the Strategic Director for Resources to develop the governance and project management arrangements for the Digital Infrastructure Programme in line with the objectives of the Digital Infrastructure Strategy and the Council Plan 2020 – 2025 and the requirements of the constitution.

11. Exclusion of the Press and Members of the Public

Agreed

12. Exempt Minutes of the Meeting of Cabinet held on 8 October 2020

The exempt minutes of the meeting of Cabinet held on 8 October were agreed.

13. (Exempt) Update on Commercial Renewable Energy Initiatives

The recommendations as set out in the exempt report were agreed.

14. (Exempt) Property Sales - Warwickshire

The recommendations as set out in the exempt report were agreed.

15. (Exempt) Property Service Review

With one additional element the recommendations as set out in the exempt report were agreed.

The meeting rose at 16:15

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Chair

Cabinet

10 December 2020

2021/22 Budget and 2021-26 Medium Term Financial Strategy – Background Information and Proposals from Corporate Board

Please note the content of this report was prepared before the Chancellor of the Exchequer announced the outcome of the 2020 Spending Review on 25 November 2020. As Members will be aware, the Chancellor's statement included additional council tax flexibilities for local authorities and a range of additional one-off grants to support activity in response to the covid-19 pandemic and to share the financial impact of the pandemic to date on local authorities finances more generally.

Rather than delay the release of the key information and advice that will underpin the 2021/22 Budget and 2021-26 MTFS until the full implications are understood and to allow Members the maximum amount of time to develop their budget proposals the report continues to set out the position prior to 25 November 2020.

An addendum to this report has been prepared which sets out, for Members, the estimated financial impact of the proposals in the Chancellor's statement on the information presented in this report. The financial impact of the Chancellor's statement, when confirmed through the Local Government Finance Settlement, will be consolidated into the Budget and MTFS Update report due to be considered by Cabinet in January.

Recommendations

Cabinet is recommended to:

(1) Develop their draft 2021/22 Budget and 2021-26 Medium Term Financial Strategy proposals, taking into account the information presented in this report and the views of Corporate Board on that information;

(2) Authorise Corporate Board to begin any preparatory work necessary to deliver the budget proposals, prior to the final decision on the budget on 8 February 2021; and

(3) Ask Corporate Board to continue work to identify further invest-to-save opportunities that improve the efficiency and effectiveness of the Authority, minimise the service reductions needed and release some of the reserves being used to balance the Medium Term Financial Strategy to deliver the ambitions of the Council Plan.

1. Introduction and Background

1.1. The Council's financial strategy requires the annual budget to be set in conjunction with a 5-year Medium Term Financial Strategy (MTFS), aligned to the Authority's 5-year Council Plan. This rolling approach to resourcing services allows longer term issues and objectives to be catered for financially at the same time as balancing funding with the immediate budget pressures and delivery requirements.

1.2. At the meeting on 9 July 2020, Cabinet considered a report entitled "A Financial Framework for the 2021/22 MTFS and Managing the Covid-19 Financial Impact". The report outlined the updated resource forecasts and the key issues that need to be considered in the 2021/22 MTFS refresh.

1.3. This report is the next step in the process of setting the 2021/22 budget and the framework for the 2021-26 MTFS. It makes available, for Elected Members, the latest financial information that will underpin the 2021/22 budget and MTFS and the views of Corporate Board on that information in an approach that will enable the Council to respond effectively to changing circumstances while maintaining a longer-term focus on the Council's financial sustainability. The report, in effect, sets out the process that will lead to the agreement of the budget and the setting of the 2021/22 council tax in February 2021.

1.4. The information presented in this report is structured over the following areas:

- The financial context within which the budget and MTFS will be agreed (section 2);
- The strategy recommended by Corporate Board (section 3);
- The proposed permanent revenue funding allocations (section 4);
- The sustainability of spend funded from the Dedicated Schools Grant for providing support for pupils with special educational needs and disabilities and the consequent impact on the MTFS (section 5);

- The resultant proposals for balancing the revenue budget and MTFS (section 6);
- The level of the authority's reserves and the scope for the effective use of those reserves to support the delivery of the MTFS (section 7);
- The summary revenue budget position and any remaining flexibility (sections 8);
- The proposed capital strategy and resultant capital programme (section 10);
- The residual financial risks and uncertainties (section 11); and
- The requirements on the organisation to deliver a balanced budget in 2021/22 (section 12).

1.5. The report will then go on to consider the timetable and next steps between now and when the final decision on the 2021/22 budget is made on 8 February 2021.

2. Context

2.1. This is an unusual and unprecedented time. The County Council is in the process of setting a budget in the midst of a global pandemic which will have long term and societal impacts. The Government has pumped billions of pounds into the economy to support the response phase of the pandemic and to protect jobs and services. In the medium-term the levels of additional borrowing and the budget deficit will need to be managed down at the same time as meeting ongoing needs to invest in recovery to achieve the growth required to repay the deficit. The Government's national strategy to address this challenge is not yet known, nor what it will mean for local government funding more generally. With the NHS, defence and school budgets expected to be protected, non-protected areas, including local government, could face significant pressures on their resources if the approach mirrors the austerity policies of the previous decade.

2.2. The international and national outlooks are further complicated by the opportunities and risks of the on-going European exit preparations and the negotiations around future trade deals. These present potential further economic challenges.

2.3. As well as another single year Spending Round and Local Government Finance Settlement, there are significant uncertainties around Government policy in terms of the Fairer Funding review and Business Rates Retention, which will only be taken forward post-pandemic, as well as potentially major reforms with Green Papers on Social Care and White Papers on Devolution and Recovery and possible Planning reform. The economic situation is hugely challenging and, at least partly as a direct result, we will continue to be faced with demand for services rising much more quickly than our resources. The direct and indirect impacts on the County Council as well as our partners are both unknown and highly volatile at this stage. Added to the mix, we have the financial impact of Covid-19 and delivering on the Authority's ambition to invest in recovery.

2.4. In this context, the County Council needs to achieve a balance of ambition, prudence and robustness in setting this MTFS. There are clear differences between ensuring that there is a robust base budget and having sufficient reserves. Reserves can only be spent once, save where the Authority decides to use an investment approach to reserves by recycling savings so they can be reinvested again for the benefit of those who live in, work in and visit Warwickshire. A more commercial approach to such investments will help deliver financial improvements and release resources to deliver the Authority's core priorities.

2.5. Table 1 below sets out our base revenue resource forecasts through to 2025/26. By 2025/26 the Council is estimated to have £518.044m revenue resource available to support the budget, including a starting assumption of a 2% annual increase in council tax. This approach has been adopted because of the financial position in which the Authority finds itself post Covid-19, but in doing so recognises that setting the council tax is a political decision. The report comes back to the issue of council tax increases when considering Corporate Board's recommended budget strategy in Section 3 and when considering the options for balancing the budget in Section 6.

2.6. The assumptions underpinning the figures in Table 1 and detailed in **Appendix A** are therefore:

- A 2% annual increase in the main element of the council tax;
- No extension to the ability to raise a further 2% social care levy[1];
- The introduction of the fair funding review and business rates retention at a later but unknown date will have a neutral impact on the resources available to the Authority outside of receiving an annual 2% inflationary uplift;
- The Better Care Fund, the Improved Better Care Fund and other longstanding government grants continue to be received at their current levels over the medium term;
- DSG high needs deficit stabilizes at £8m a year with no additional Government funding or nationally led solution provided; and

[1] Please note the Chancellor's statement provided additional flexibility to levy an additional social care levy. Details of the potential impact are in the addendum to this report.

- No additional government funding for the impact of Covid-19 in 2021/22[2] or to support local authority services in advance of any funding commitments made as part of the 2021 Comprehensive Spending Review.

Table 1: Revenue Resource Forecasts 2021-26	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Council tax (2% annual increase)	319.875	329.526	342.835	356.664	371.051
Business rates	67.695	69.049	70.431	71.839	73.275
Better Care Fund, iBCF and other social care grants	39.162	39.162	39.162	39.162	39.162
Deficit on council tax collection	(2.667)	(5.667)	(2.666)	-	-
Public Health Grant	23.254	23.719	24.193	24.677	25.171
Other Government Grants	9.385	9.385	9.385	9.385	9.385
Total Base Resource Level	**456.704**	**465.174**	**483.340**	**501.727**	**518.044**

2.7. These resource forecasts vary from those that underpinned the figures in the July report as a result of the Government issuing new statutory regulations requiring that the funding the deficit on council tax collection in 2020/21 is spread over three years rather than requiring the whole deficit to be made good in 2021/22[3]. This impacts on phasing of the forecast deficit over the next three years rather than the overall level of resources available to the Authority.

2.8. There are no further changes to the figures summarised in the table anticipated at this stage, although they will be subject to confirmation as part of the provisional 2021/22 Local Government Finance Settlement (due in mid/late-December) and the final taxbase figures will be provided by the Districts/Boroughs by the end of January 2021. One area that will be confirmed in the provisional Local Government Finance Settlement is in relation to the maximum level of council tax that can be raised before a referendum is needed. A change of 1% in the council tax increase in any one year would increase/reduce the level of resources by £3.1m.

2.9. The scenario used for the model of resource forecasting used for the MTFS is for a short-lived recession lasting up to one year with a one-year gradual recovery, which will not recover until the end of 2022, with long term scarring meaning that in 2025 the economy will be approximately 3% worse off than expected pre-Covid. However, the level of uncertainty we are now facing means we need to recognise that plans may need to be adapted for a range of

[2] This assumption no longer applies following the 2020 Spending Review. Details of the additional funding announced in the Chancellor's statement and the implications for the proposals outlined in this report are detailed in the addendum.
[3] The Chancellor's statement announced additional one-off grant for local authorities to offset 75% of the loss due to covid-19. The allocations to individual authorities will be announced as part of the local government finance settlement. Further details are in the addendum.

potential resource scenarios. Appendix A therefore also includes the resource implications of two alternative scenarios are broadly based on:

- Best Case – minimal recession, return to previously levels of activity by April 2021; and
- Worst Case – medium term recession lasting whole of MTFS period with some minimal recovery from year three onwards.

3. Corporate Board's Proposed Budget Strategy

3.1. It is within this context that the budget for 2021/22, as the first year of a 5-year rolling MTFS that will align the resources of the Authority to the objectives and ambitions set out in the Council Plan and Recovery Plan.

3.2. Warwickshire is a robust sustainable and financially resilient authority. Our strong financial position is driven by:

- A balanced budget with no unidentified savings targets;
- Healthy reserves to manage financial risk/shocks and invest in the future;
- A previously growing local economy resulting in buoyant local taxbases;
- No cashflow problems with high levels or liquidity;
- Relatively low levels of borrowing compared to our asset base giving a strong balance sheet; and
- A strategy in place to deliver a financially sustainable Warwickshire over the longer term.

3.3. This has placed the Authority in a strong position to respond to the uncertainty and financial commitments created by Covid-19 and meet ambitions to invest to support recovery for the benefit of residents and communities. Difficult decisions and choices will need to be made as part of agreeing the 2021/22 budget and 2021-26 MTFS refresh. However, Corporate Board are strongly of the view that decisions taken to address the short-term challenges we face should not undermine our financial sustainability over the medium term or leave financial 'gaps' to be closed in future years. The guiding principle is to balance the MTFS without oversteering, maintaining flexibility to invest/transform and deal with future pressures.

3.4. Reflecting this approach, Corporate Board's recommended budget strategy is to:

- Remain robust, ambitious and prudent in setting the MTFS, given the current economic uncertainties that will persist;
- Maintain the capacity to invest by retaining the capital and revenue investment funds, continuing to push outcome-focussed commercial activity in specific and limited areas (Warwickshire Property and

Development Company (WPDC), the Warwickshire Recovery and Investment Fund (WRIF), renewables), and investing in climate change mitigation;

- Sustainably tackle the major financial/demand challenges we face, particularly special educational needs and disabilities (SEND), support for children and families, including children with disability, and home to school transport;
- Ensure there is sufficient capacity to invest in ways to be more efficient and effective in maximising outcomes from local and national taxpayers' money, by driving savings/headcount reduction through digital, data and automation and setting financial return and pay-back periods for invest-to-save proposals;
- Ensure Warwickshire's communities and individuals are supported to be safe, healthy and independent;
- Ensure Warwickshire's economy is vibrant, supported by the right jobs, training, skills and infrastructure;
- Continue our efforts to bring inward investment and private and public sector businesses into the County for the benefit of employment and prosperity of our residents and the future of their children;
- Be flexible to the changing economic and political environment to both seize opportunities and deal with pressures, ensuring there is reasonable flexibility in future years to handle most plausible scenarios, whilst recognising it is impossible to guarantee this.

3.5. There remains a significant degree of uncertainty about the level of resources estimated for next year, but more importantly over the medium term. Given this context, it is the view of Corporate Board that the Authority should take the maximum 2% core council tax increase allowed by Government to place the authority in the strongest possible financial position and to ensure sustainable services over the medium term[4]. Absorbing the impact of not taking the increase in council tax permitted would not be prudent and presents too high a risk given the level of uncertainty.

3.6. Table 2 below shows the additional income that would be generated or lost by reducing the council tax.

[4] The financial impact of, and commentary on, the additional council tax flexibilities announced in the Chancellor's statement are detailed in the addendum.

Table 2: Resource Impact of Increasing the Council Tax	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Council tax (2% annual increase)	319.875	329.526	342.835	356.664	371.051
Potential additional resources from a 3% annual increase	+3.147	+6.510	+10.195	+14.219	+18.588
Potential loss of resources from a 1% annual increase	-3.128	-6.414	-9.980	-13.765	-17.799
Potential loss of resources from a 0% annual increase	-6.256	-12.771	-19.745	-27.112	-34.908

4. Proposed Revenue Funding Allocations

4.1. In developing these proposals Corporate Board have been clear that their priorities for 2021/22 should be to:

- Ensure their budget proposals deliver the long-term financial sustainability of services;
- Continue to drive forward the implementation of the Council's change agenda to ensure our core services, infrastructure and resources can be used flexibly and effectively to meet future challenges and deliver for residents, businesses and communities; and
- Deliver investment in projects and programmes that will support the ambitions and objectives set out in the Council Plan and Recovery Plan.

Inflationary Costs

4.2. As part of the MTFS is it proposed to continue to provide for an annual general inflationary uplift to ensure budgets remain sustainable in real terms. It is proposed that the Authority continues to provide for a 2% increase in pay, prices and contract costs partly offset by assuming an equivalent increase in all fees and charges. A 2% provision for inflation is in-line with the medium-term target rate set by the Government for the Bank of England.

4.3. A 2% inflationary uplift for 2021/22 will cost £8.421m. In addition, there is an additional inflation cost of £2.197m for services with contractual commitments above this level. Indicatively, over the period of the 2021-26 MTFS there is estimated to be further inflationary costs of £44.484m, bringing the total inflation provision over the period of the MTFS to £55.102m.

4.4. Price inflation is currently running below 2% and the Chancellor's statement included a partial public sector pay freeze in 2021/22[5]. Each 1% reduction in

[5] See addendum for further details on the impact of the announcement about a partial public sector pay freeze on local government.

the provision for pay inflation would reduce costs by about £1.6m, but the minimum £250 uplift for those earning under £24,000 will reduce this figure. Services have included, within their savings proposals, options for contract management savings, reductions in third party spend and the delivery of small-scale efficiencies to absorb the impact of inflation on their budgets. Therefore, in making this inflation provision it is acknowledged that the allocation to Services for inflation is an approximate cost, recognising that some costs will increase above the standard rate and some below and that once the overall allocation has been agreed a Service should retain the opportunity to allocate the funding provided to reflect where inflation will impact at a local level.

Other Permanent Revenue Budget Adjustments

4.5. Corporate Board have identified five areas where they are proposing additional budget allocations to meet known spending pressures to ensure services' financial position at the end of the MTFS period is sustainable.

4.6. The five areas where additional budget allocations are required are:

- Right-sizing budgets to correct for current structural overspends, primarily in relation to children's social care placements, supported accommodation for children leaving care and support for children with disabilities;
- Allocations to meet the continued growth in demand for services as a result of both demographic change and housing growth. The main areas of demand growth are:
  - The adult population requiring care as well as increases in the complexity of need;
  - Placements and support for children who are looked after, at risk and children with disabilities;
  - The increased cost of waste management as a result of housing growth; and
  - The provision of home to school transport, particularly in relation to children with SEND;
- Increased capacity to meet the on-going additional costs or loss of income of services in a post-covid environment such as cleaning costs, reduced trading income, reduced interest earned and the emergency duty social care team;
- Increased capacity required in services following the full implementation of the new operating model; and
- The removal of savings options agreed in previous years where Members have subsequently decided not to take them forward. These costs are in relation to parking charges and the transfer of assets for

development to Warwickshire Property and Development Company (WPDC) rather than selling the assets (see Section 10).

4.7. In addition to the specific allocations Corporate Board are also recommending an allocation is set aside as a provision of £1.000m in 2021/22 and £5.500m a year for future currently unknown and unquantified spending need including increases in the National Living Wage. Such a provision will mitigate the need to identify further options for balancing the books as new spending requirements are identified over the period of the MTFS and provide further resilience in a highly uncertain context.

4.8. The additional permanent spending allocations proposed total £19.678m for 2021/22 and a further £52.267m for indicative allocations over the remainder of the MTFS period, bringing the total permanent allocations proposed to £71.945m. **Appendix B** provides brief details of the proposed permanent budget allocations recommended for approval. All allocations beyond 2021/22 are indicative at this stage and will be subject to review as part of the rolling MTFS.

Time-Limited Revenue Allocations

4.9. Time-limited investment in key projects provides the opportunity for the Council to be ambitious in its plans whilst not risking the overall financial sustainability of the Council.

4.10. The 2020/21 Budget provided the capacity to make a step change in delivering on our ambitions through the creation of the Revenue Investment Funds. £2.653m of the £20m set aside in the Investment Funds has been allocated to date leaving £17.347m still available. In line with the proposed budget strategy, Corporate Board are <u>not</u> proposing to use this resource to balance the 2021/22 budget or the 2021-26 MTFS.

4.11. With one change, Corporate Board propose that this funding remains earmarked as originally intended to be available to support delivery of the Council's outcomes and objectives as set out in the Council Plan and the Recovery Plan. The change is to amend the evaluation criteria so that going forward a higher priority is given to schemes that deliver benefits that have a positive impact on the MTFS through either supporting the delivery of savings and/or the avoidance of future costs by reducing demand for services.

4.12. There is a risk the allocations to the Funds may have to be reduced given the funding uncertainties if we are faced with something more akin to the worst-case scenario outlined above.

4.13. Corporate Board are recommending that the time limited allocations approved in February that extend into 2021/22 are still funded. In addition, seven further time-limited allocations, totalling £1.802m in 2021/22 and £2.393m over the period of the MTFS are proposed. These are:

- £1.362m to fund covid-19 residual/back-log financial impacts including children's social care assessments, loss of income for the County Music and Legal Services, enhanced cleaning requirements/building adaptation and delays in the delivery of savings as the implementation of service redesign was paused as staff were diverted to work on Covid-response;
- £0.290m as part of a two-year allocation to provide additional capacity to take forward work on partnerships and customer excellence pending the service redesign; and
- £0.150m as part of a four year invest-to-save programme for the Finance Service to underpin the delivery of the savings plan.

4.14. **Appendix C** provides brief details of these proposed time-limited spending budget allocations.

Summary Spending Need

4.15. Bringing all these elements together indicates that the Authority has a spending need of £473.509m to be financed in 2021/22, increasing to £566.713m by 2025/26. A breakdown of this is shown in Table 3 below.

Table 3: Summary of 2021-26 Permanent Spending Need					
	Allocation	Indicative Allocations			
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Base Budget	439.533	439.533	439.533	439.533	439.533
Inflation	10.618	21.531	32.544	43.734	55.102
Additional Permanent Spending Need	19.678	33.830	46.889	59.425	71.945
Additional Time-Limited Spending Need	3.500	1.755	0.906	0.233	0.133
Total Spending to be Financed	**473.509**	**496.649**	**519.872**	**542.925**	**566.713**

5. Sustainability of Spend Funded from the Dedicated Schools Grant

5.1. At the same time as the Local Government Finance Settlement is announced the Department for Education are expected to also announce details of the Dedicated Schools Grant (DSG) for 2021/22 to provide funding for services to schools and pupils. A full report seeking approval for the allocation of the DSG will be brought to Cabinet for consideration in January and any decisions made will need to be included as part of the budget resolution to be agreed by Council in February.

5.2. However, over recent months Members have received a number of reports outlining the extent of the estimated structural deficit in the High Needs DSG and the Special Educational Needs (SEND) and Inclusion Change Programme required to bring about required change to delivering statutory duties within allocated resources. The magnitude of the numbers means that the impact of the SEND forecast deficit on the overall financial sustainability of the Council's finances has to be considered as integral to the Council's budget proposals.

5.3. At the end of each financial year any gap between the grant funding and the level of spend creates a deficit for the individual local authority, which shows up as a negative (or overdrawn) reserve on our balance sheet. As a matter of principle and proper accounting practice the negative reserve created by the shortfall in Government funding compared to our need to spend should be avoided and decisions taken as to how to make good the position as soon as it is known. In previous years we have written off the deficit from other reserves or underspends. However, earlier this year the Government issued guidance that barred local authorities from doing this without the approval of the Secretary of State.

5.4. This does not resolve the problem. Without additional funding from Government or plans in place to bring spend back into line with the resources available the deficit would just accumulate and is simply an unsatisfied (and growing) debt, which is unsustainable. Therefore, the advice from Corporate Board is that to ensure the Authority remains financially sustainable funding should be set aside to make good the deficit.

5.5. As a result of the need to ensure we do not have an unfinanced debt the Authority, based on the latest forecasts, will need to set aside £1.364m in 2021/22, increasing to £29.949m by 2025/26. It is for this reason Corporate Board and Members will need to maintain their close scrutiny of SEND activity and spend as well as looking to extend the SEND and Inclusion Change Plan to move the service towards a balanced position.

Table 4: DSG Forecast 2021-26					
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Forecast spend in -year (including deficit to be	82.080	88.910	93.840	98.788	102.054
Impact of SEND and Inclusion Change Plan	(2.707)	(5.171)	(7.516)	(8.938)	(10.348)
SEND DSG Spend to be financed	**79.373**	**83.739**	**86.324**	**89.850**	**91.706**
Expected DSG funding	(75.309)	(77.558)	(79.723)	(81.845)	(83.908)
0.5% contribution agreed by the Schools Forum	(1.700)				
Balance of reserve available after 2020/21	(1.000)	-	-	-	-
In-year deficit	**1.364**	**6.181**	**6.601**	**8.005**	**7.798**
Cumulative deficit to be funded	**1.364**	**7.545**	**14.146**	**22.151**	**29.949**

6. Options for Balancing the Budget

6.1. Over the summer it has become clear that the negative financial impact of Covid-19 would extend beyond the current financial year into 2021/22 and beyond. The impact would be felt in terms of the demand for services and, more critically, the impact of the slowdown in the economy on anticipated levels of taxbase growth. The result is the need to identify significant levels of additional savings proposals that could balance the budget.

6.2. The focus was on the identification and quantification of options that would allow services to residents to be broadly maintained, and where possible even improved, through better procurement, improvements in efficiency, increased income and reductions in demand. However, the level of savings needed meant that some service reductions would also be needed.

6.3. Proposals totalling £54.101m have been identified as being deliverable over the next five years. The cumulative impact of these on an annual basis are summarised in Table 5 below, with further detail shown in **Appendix D.** Appendix D also includes a RAG rating for each of the savings proposals based on Services assessment of their deliverability.

Table 5: Summary of Proposals for Balancing the Books 2021-26	2021/22 £m	Extra in 2022/23 £m	Extra in 2023/24 £m	Extra in 2024/25 £m	Extra in 2025/26 £m	Share of Total Saving
Better procurement	1.704	1.956	2.570	3.428	2.452	22.4%
Demand management	0.250	0.800	3.074	4.475	2.008	19.6%
Income generation	0.960	1.433	1.019	0.930	0.780	9.5%
Further rightsizing of budgets	1.709	0.979	0.164	0.077	0.090	5.6%
New model of service delivery/redesign	3.435	4.172	2.860	3.196	1.938	28.8%
Service reductions	1.415	1.406	1.458	2.189	1.174	14.1%
In-year Savings Options	9.473	10.746	11.145	14.295	8.442	
Cumulative Savings Options	9.473	20.219	31.364	45.659	54.101	

6.4. The detailed work on these proposals will continue in the run-up to February with Corporate Board focussed on the pace of delivery to ensure any capacity is released at the earliest opportunity and that there is no overlap/duplication, which is good practice to ensure the robustness of the overall proposals. Any changes identified as a result of this work will be reported to Cabinet in January in the 2021/22 Budget and MTFS Update report.

6.5. These options include a level of service reductions and it is recognised that the list includes some difficult decisions. These proposals are phased towards the end of the MTFS period. Corporate Board will continue to work to identify alternative transformation and digital/automation opportunities in the run-up to the February budget and throughout 2021/22 that would enable some of the proposed service reduction savings to be replaced. Work will also continue to identify opportunities for additional income generation as part of taking forward outcome-driven investments including those driving economic growth, regeneration and renewable energy. However, in order to present Members with options that would deliver a sustainable and balanced MTFS it is necessary to recognise the savings may be needed unless alternatives can be identified.

7. Flexibility in the Budget – Reserves

7.1. The Authority has a robust reserves position, with reserves in the latest monitoring report to Cabinet forecast to be £187.683m at the end of 2020/21. As part of the MTFS agreed in February Council agreed a new reserves strategy with the objective of ensuring we are using all our resources effectively, providing increased transparency and accountability around reserves and ensuring the framework is in place to align decision-making around the use of reserves with the Council Plan.

7.2. The primary purpose for holding reserves is to manage financial risk and promote financial sustainability and in developing the new reserves strategy this principle remained at the heart of the approach developed. However, it is recognised that there is a need to control the amount of scarce resources held in reserves and ensure this is both sufficient and reasonable. Therefore, as required by the strategy over the last few months a targeted review of reserves has been undertaken.

7.3. The outcomes from the review are that it is recommended:

- £1.574m of specific project/volatility reserves should be closed/reduced;
- Directorate risk reserves should be reduced from 5% to 3%, releasing up to £8.091m; and
- The reserves released should be set aside to support the timing differences between spending need and the delivery of savings over the MTFS period or to provide the invest-to-save resources needed to kickstart the delivery of the emerging savings proposals.

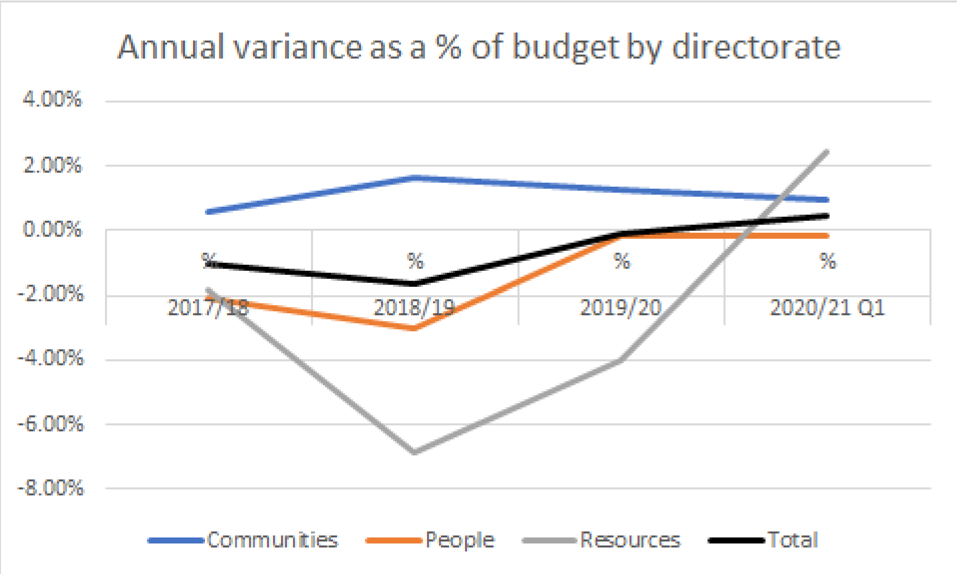
7.4. The release of £1.574m was the result of a detailed review of six specific reserves as part of a rolling programme. Table 6 below shows the amount in each reserve, the amount to be released and the reason for the decision.

Table 6: Outcomes from the Latest Review of Reserves			
Reserve	**Current Balance £m**	**Amount Released £m**	**Reason for Proposal**
Priority Families Reserve	0.606	-	The service is part-funded by Government grant, which is only confirmed on a rolling annual basis. The value in the reserve is to maintain one year of service after the grant is stopped whilst a long-term solution is considered as part of the annual MTFS refresh. <u>Recommendation</u>: The reserve is retained. However, if permanent funding is allocated through government grant system then the reserve should be removed.
Children's Transformation Fund	6.217	-	The reserve is to fund the transformation of Children's Services to reduce the underlying structural overspend. The programme of activity is now agreed and monitored regularly through Corporate Board and the Children's Overview and Scrutiny Committee. <u>Recommendation</u>: The reserve is retained, but a further review should be undertaken at the end of 2022/23 when the programme is due to have been completed.
Redundancy Fund	8.400	-	The reserve is funding set aside to meet the costs of redundancies/early retirements that arise as a result of the reduction in staff numbers as part of the MTFS or the loss of income as the result of a decision by a third party. Without this funding any costs would have to be met from within service budgets, increasing the level of savings to be delivered. Over the last 8 years, £5.3m, relating to 247 people, has been charged to the Redundancy Fund. <u>Recommendation</u>: The reserve is retained given that the level of financial uncertainty and the extent of the savings plan proposed as part of this MTFS refresh indicates the provision is still likely to be needed.
Youth Justice Remand Equalisation Reserve	0.523	-	The reserve is used to mitigate annual variations in the compulsory placement of children into Remand Centres where the cost of a placement can vary from £250 to £689 per day, with the choice of placement sitting with the national youth custody service. Whilst the service operates on a partnership the build-up of the reserve in relation to underspends against the County Council's £130,000 annual funding in previous years. <u>Recommendation</u>: The reserve is retained as a partnership reserve until the impact of the backlog in the court system as a result of Covid-19 is clearer, at which point the need for a separate reserve should be reviewed again.
Capital Fund	1.658	1.000	The Capital Fund is used to fund property disposal costs incurred in-year and to manage timing differences between disposal costs being incurred and 4% top-slice of receipts used to contribute to selling costs. <u>Recommendation</u>: Based on forecast use of the fund over the period of the MTFS £0.658m is retained and £1.0m is released.
Audit Fee Reserve	0.774	0.574	The external audit fee is variable (+/-30%) between years depending on the auditors perceived level of financial risk, the number of additional grant claims to be audited and investigations into any issue that emerge during the audit or are reported to the auditors. Over the next few years audit activity is expected to increase as a result of WPDC and new accounting standards and reporting requirements increasing variability. <u>Recommendation</u>: A £250,000 reserve is maintained, to be reviewed when the audit contract is due for renewal in 3 years.
Total	**18.178**	**1.574**	

7.5. The current MTFS set up a reserve for each Directorate to manage the short-term financial implications of unbudgeted pressures, allowing time for the pressures to be mitigated or funded through future years' MTFS while still keeping a level of financial ownership with each Strategic Director. Having operated the reserves for a year, and with the different financial climate we are now operating under, it is recommended that these risk reserves are reduced to allow more funding to be freed up to allow the phasing of service savings over the next five years.

7.6. The graph below shows the outturn overspend for each Directorate over the last 4-years and shows that a 2% value would be sufficient for each Directorate, based on historic trends alone. However, it is the view of Corporate Board that the increased uncertainty about resource levels and demand as a result of Covid-19 that exists means that a further 1% should be retained at this time.

7.7. A reduction on the Directorate risk reserve from 5% to 3% would release £8.091m to support the MTFS.



7.8. Table 7 below shows how the Authority's reserves align to the updated reserves strategy. The proposed reserves strategy itself is attached at **Appendix E** and the Authority's latest reserves flowing from the strategy are attached at **Appendix F**. The figures in the table and in Appendix F reflect the reserves position forecast as at the end of September 2020. The figures will be updated to reflect the Quarter 3 position in the budget report to Cabinet in January 2021.

Table 7: Analysis of Forecast County Council Reserves at 31 March 2021	£m
Earmarked	
Schools	7.493
External funding conditions	10.569
Total Earmarked Externally	**18.062**
Investment Funds Subject to Annual Review	
Policy Decisions	12.847
Specific Investment Projects	1.797
Total Subject to Annual Review	**14.644**
Invest-to Save Fund (previously Transformation Funds)	**37.349**
Management of Financial Risk	
General Reserves – minimum corporate risk assessment	21.223
Directorate Risk Reserves	12.137
Volatility Risk	41.117
Total Management of Risk Reserves	**74.477**
Reserves Available for Investment and to Support the MTFS	**43.151**
Total Forecast Reserves at 31 March 2021	**187.683**

7.9. The result of the proposals outlined above and the impact of spend in 2020/21 means, as shown in the table, there is £43.151m reserves available to support investment and the delivery of the MTFS. Using the available resource to support the MTFS allows the organisation time and capacity to make the ‘right’ savings that support the delivery of the Council Plan and do not stifle recovery. Without using the capacity in this way there will be a need to make short-term reductions in services just to deliver a balanced budget in 2021/22.

8. Summary Revenue Position

8.1. This section of the report brings all the elements of the budget and MTFS outlined above together to provide a summary position which provides clarity of the decisions needed to ensure the 2021/22 budget is balanced and 2021-26 MTFS is sustainable and robust.

8.2. Table 8 shows that, with a 2% annual increases in core council tax and the use of £40.992m of reserves, the Authority is estimated to have a balanced budget for 2021/22 and for the period of the MTFS providing all the savings proposals are approved and delivered at the level and pace set out in Appendix D.

8.3. However, this reliance on one-off funding, particularly over the early years of the MTFS means Corporate Board will continue to seek to identify further invest-to-save proposals and opportunities to bring the delivery of the savings forward. This will allow some of the reserves currently needed to balance the MTFS to be used to invest in services and delivery of the ambitions of the Council Plan and provide Members with a greater degree of choice about which savings to take forward.

Table 8: Summary Revenue Budget Position 2021-26					
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Spending to be Financed (Table 3)	473.509	496.649	519.872	542.925	566.713
Sustainability of the DSG (Table 4)	1.364	6.181	6.601	8.005	7.798
Warwickshire Property Development Company[6]	1.537	1.084	(0.126)	(2.982)	(3.415)
Less:					
Reserves used of fund one-off spending	(9.068)	(14.677)	(10.173)	(8.238)	(0.133)
Options for Balancing the Books (Table 5)	(9.473)	(20.219)	(31.364)	(45.659)	(54.101)
Total Spend to be Resourced	**457.709**	**469.038**	**484.830**	**494.071**	**516.882**
On-going resources available (Table 1)	(456.704)	(465.174)	(483.340)	(501.727)	(518.044)
	1.005	**3.864**	**1.490**	**(7.656)**	**(1.162)**
Use of reserves to manage phasing (Table 6)	(1.005)	(3.864)	(1.490)	7.656	-
(Surplus)/Shortfall	**0**	**0**	**0**	**0**	**(1.162)**

8.4. The table shows that for a 2% annual increase in the council tax the MTFS through to 2025/26 is balanced. Without a council tax rise £6.256m additional savings would need to be identified for 2021/22 and an additional £34.908m over the five years of the MTFS. The additional savings would need to be identified and delivered in-year as the proposals set out in this report use all the reserves flexibility available at this time.

9. Capital Programme

9.1. As part of agreeing the budget and MTFS in February 2020 Council agreed a new capital strategy with the ambition to help ensure capital and revenue spending on the asset portfolio is directed efficiently and effectively.

9.2. As a suite of documents, the capital strategy set out:

[6] The figures for the Warwickshire Property and Development Company are subject to the completion of due diligence, Cabinet approval of the business case at its meeting on 28 January 2021 and Council approval of the funding facilities as part of setting the capital budget for 2021/22.

- Our strategic intent – the aspiration and direction for our capital investment, defining the outcomes we are seeking to achieve through investment (why);
- The draft programme – the activity programmes and projects funded from our capital investment (what); and
- The governance framework – the way we will manage capital spend and the capital programme (how). It is this technical appendix that ensures we meet with statutory guidance. It also sets out how we will optimise delivery by strengthening of performance, adopting commercial principles and practice and robust benefits realisation.

Review of Year 1 of the Capital Strategy

9.3. Council is required to approve the suite of capital strategy documents on an annual basis. To support this the Capital Strategy has been reviewed following its first year of implementation to identify the progress made across each of the areas of the Strategy's action plan:

- **Focusing on our core purpose and supporting the Council's priority outcomes**
    - Investment proposals are individually assessed by the Capital Investment Fund (CIF) Technical Panel which reviews the technical elements and strategic alignment of the bids. The Gateway Group then reviews and prioritises the projects according to strategic alignment and makes recommendations to Corporate Board and Members.

- **Taking a holistic view and ensuring strategic fit**
    - Revenue investment funds have been created to pump prime place shaping initiatives and feasibility work for new capital developments; and
    - CIF Technical Panels include officers from Finance, Legal, the Project Management Office, Strategic Asset Management and one independent service to ensure cross-organisational views are incorporated in bid evaluation;

- **Being risk aware**
    - o The financial impact of investments on revenue budget targets, and vice versa, are monitored through a central finance team. Any savings identified through bids to the CIF are included in the subsequent refresh of the Revenue MTFS.

- **Building a commercial and business-like approach to investment**
    - o Investment appraisal is based on standardised evaluation criteria and this is shared to ensure commercial thinking is incorporated in initial bid development.

- **Ensuring performance**
    - o The project governance framework used for capital monitoring, involves oversight of projects, according to their outcomes, by specific Boards; and
    - o Monitoring falls into standard Council monitoring and reporting processes to ensure the wider implications on the MTFS are transparent. This is achieved through budget monitoring reports and through performance reporting to Corporate Board and Cabinet.

9.4. The review has also identified, across the same areas, where work is on-going, or it is recommended actions are taken forward in 2021/22. The areas for action in 2021/22 identified are:

- **Focusing on our core purpose and supporting the Council's priority outcomes**
    - o To record levels of investment against each strategic objective to further balance the programme to outcomes; and
    - o To make visible the pipeline work to allow oversight of near-future decisions which will need to be made.

- **Taking a holistic view and ensuring strategic fit**
    - o To incorporate a focus on Covid-19 response and the capital investment needed to support the delivery of the Recovery Plan;
    - o To reflect those aspects of the Warwickshire Property and Development Company (WPDC) and the Warwickshire Recovery and Investment Fund (WRIF) proposals which will form part of the Council's capital investment decisions going forward; and
    - o To develop standardised benefits reporting.

- **Being risk aware**
    - o To ensure statutory compliance with the technical changes to the rules around capital expenditure and it's financing; and

  - To align the capital appraisal process to the Council's emerging risk management framework to give the council-wide overview.

- **Building a commercial and business-like approach to investment**
  - To continue the culture change to a more commercial and business-like approach.

- **Ensuring performance**
  - To extend the cultural change programme to bring a focus and discipline to ensure capital is correctly assigned and spent in year to minimise slippage and unnecessary revenue cost as a result of poor performance.

Refreshed Capital Strategy

9.5. A draft of the refreshed Capital Strategy is attached at **Appendix X** and the accompanying Technical Annex is at **Appendix X**. The draft strategy builds on the progress made so far in implementing the strategy as well as incorporating changes to the operating and economic environment during 2020, including Covid-19, the Recovery Plan, the WPDC and the WRIF. The Technical Annex has also been updated to ensure considerations is given to the impacts on capital of the new accounting standard for leasing.

Approved Capital Programme

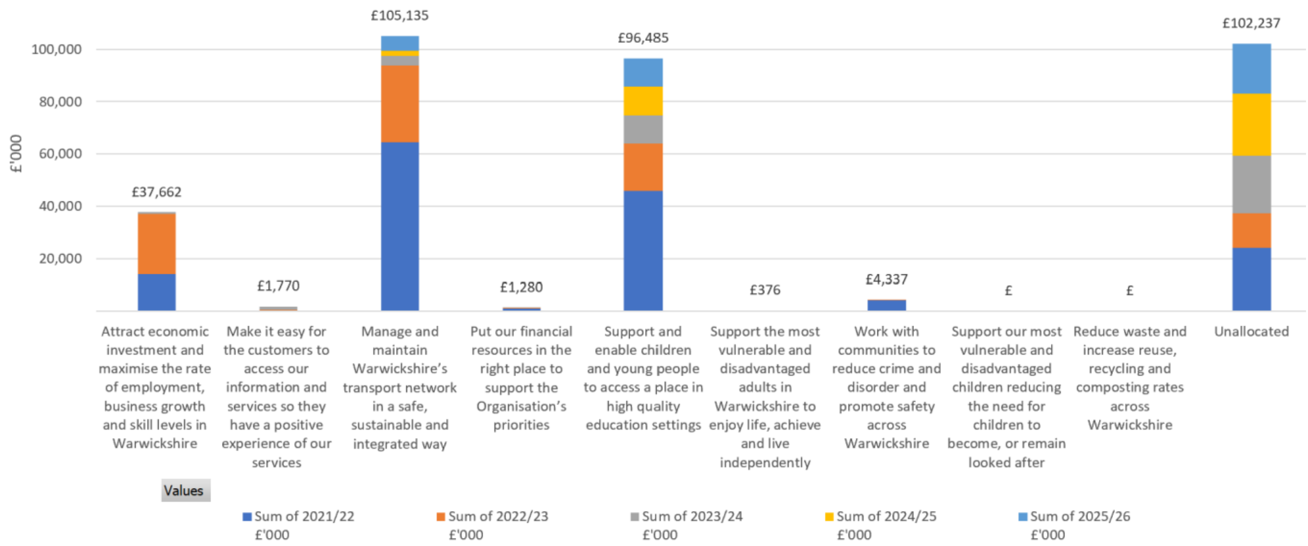
9.6. The capital programme itself is split into two elements – the maintenance programme and the development programme. There are no changes proposed to the maintenance programme for the 2021/22 MTFS Refresh, instead the cash limited allocations approved as part of the MTFS in February are continued and simply extended for a further year (2025/26).

9.7. It is proposed an additional £24.9m has been allocated to the CIF for 2025/26, continuing the annual allocation agreed last year. Together the annual maintenance and investment programmes will result in £35.6m additional borrowing each year. The cost of financing borrowing at this level is built into the 5-year Revenue Plan of the MTFS.

9.8. The chart below shows that, excluding the unallocated (CIF) funding, the Council's capital investment programme is focussed on only three key priorities:

- Manage and maintain Warwickshire's transport network in a safe, sustainable and integrated way;
- Support and enable children and young people to access a place in high quality education settings; and

- Attract investment and maximise the rate of employment and business growth and skill levels in Warwickshire.



9.9. A significant element of the Council's capital programme will always be the provision of additional school places and transport infrastructure, given the levels of population growth in Warwickshire. However, the refresh of the capital strategy provides the opportunity to reinforce the need for the pattern of allocations to be reflective of the Council's key objectives and whether a broader focus, including how capital investment can be used on an invest-to-save basis, should be incorporated. To this end Annex B of Appendix B lists the Council's capital investment priorities drawn from the list of CIF pipeline projects and the potential areas for capital investment arising from the Recovery Plan. Cabinet are asked to consider specifically whether this reflects the CIF bids reflects the priorities for investment they would wish to see coming forward for consideration.

9.10. In considering this, it is worth noting that Section 25 of the Capital Financing Regulations, which govern the content of our capital programme, requires that expenditure incurred on the acquisition, production or construction of assets by other than the local authority which would be capital expenditure if those assets were acquired, produced or constructed by the local authority must be treated as capital expenditure. As a result, our loans to WPDC for progressing the Council's policy objectives through the development of assets will form part of our capital programme going forward. Depending on the detailed operational arrangements agreed, it may also be that any purchase of equity through the WRIF will also need to be added to the capital programme, as legally the purchase of shares is defined as capital expenditure.

Warwickshire Property and Development Company

9.11. The first business plan for the WPDC will come to Cabinet for consideration in January 2021. At this stage a £3.415m on-going surplus has been included as part of balancing the revenue budget, although the final figure will depend on the decisions made when the business plan is considered by Cabinet.

The decisions to be made on the WPDC business plan will impact on the MTFS in several ways:

- The current MTFS includes £3m savings from the sale of surplus assets that are now proposed to transfer to WPDC. As a result, the expected benefits will be greater but will not be delivered on the same timescale;
- We will provide working capital loans to WPDC which will use some of our available cash balances;
- We will ‘swap’ some of our land and property assets for equity loans in WPDC. This will reduce the value of the assets in our balance sheet;
- We will provide development loans to WPDC to take forward the projects in the business plan. The value of the loans will need to be added to the capital programme and are likely to materially change the shape of the capital programme going forward;
- We will earn interest on the working capital, development and equity loans to WPDC. The first call on this income will be to meet any additional costs for the County Council arising from the creation of WPDC. Any surplus interest can be used to support the MTFS; and
- The profit generated from the sale of WPDC developments will be returned to the Council as dividends. These will be variable on an annual basis, depending on the level of activity. This income will be available to support the MTFS.

9.12. The draft Capital Strategy and the Capital Strategy Technical Appendix Capital Programme can be seen in **Appendices G and H** respectively. The final part of this suite of documents –the Capital Programme - will be reported to Cabinet in January 2020. All three of these documents will need to be updated for the February Council meeting to include the impact of the 2020/21 Quarter 3 monitoring position and any changes will be reported to Cabinet in January.

10. Residual Financial Risks and Uncertainties

10.1. Throughout the report the key financial risks for each section of the report have been highlighted. This section brings them together and identifies the risk and the potential financial impact. The addendum provides further detail on the extent to which the 2020 Spending Review has crystallised some of these risks. The key financial risks are:

- Taxbase increase – the report assumes a 0% increase in 2021/22, 1% in 2022/23 and 2% every year thereafter. Each 0.5% variation in any year impacts on the Authority's financial position by +/- £3.5m. The final figure for 2021/22 will be known towards the end of January 2021. Current informal feedback suggests the taxbase may fall in 2021/22 as a result of the additional numbers of households entitled to council tax support, although the extra grant funding announced as part of SR2020 may partially offset some of this risk. Given the late notification of this information, in the short-term further reserves would be required to balance the 2020/21 budget.
- Level of surplus/deficit on council tax collection in previous years – the report assumes an £8m loss from 2020/21 that will need to be made good over three years and a further £3m loss in 2021/22 to be made good in 2022/23. Again, the final figure for 2021/22 will be known towards the end of January 2021 and the extra grant funding announced as part of SR2020 may partially offset some of this risk.
- Business rates taxbase growth and appeals provisions – the report assumes a 5% reduction in the business rates taxbase in 2021/22 but thereafter the business rates taxbase is maintained. This is partly because in 2020/21 the government subsidies have funded an estimated 27% of our business rates taxbase which will limit the losses to be made good in 2021/22. In recent years the actual figures have been received in early February after the budget has been set. We therefore hold a volatility reserve to manage any variation. Even if we have the final information before Council in February 2021 the same approach to managing any variation can be used.
- Inflation (especially pay inflation) – currently 2% is included in the MTFS proposal for pay inflation. If the pay award is different to this, then each 1% this equates to +/-£1.5m on the level of savings required. Further details on the impact of the partial pay freeze are set out in the addendum. With both the impact of covid-19 on the economy and the impact of our exit from the European Union future inflation levels for both pay and prices are uncertain.
- Local government finance settlement – the settlement for 2021/22 is expected in mid/late-December, although this may be impacted by delays as a result of the current Covid restrictions. It is only at this point that any

grant figures and council tax referendum limits will be confirmed. It should also be remembered that the provisional Local Government Finance Settlement will be a further single year Settlement. There will still be no clarity about either the system or levels of local government funding beyond 2021/22 and no solution to the long-term approach for funding adult social care.

- Impact of Government policy initiatives – over the coming months the Government and in particular the Treasury will begin to develop plans to restore the country's finances following the unprecedented investment to support the economy over the last nine months. The impact of any policy or funding changes on the authority is unknown.

10.2. It is these financial risk and uncertainties not only for 2021/22 but also over the medium term that place an even greater importance on ensuring our budget and MTFS are balanced and sustainable over the medium term.

11. The Need for a Balanced Budget

11.1. In putting forward their proposals, Members are reminded that local authorities are required by law to set a balanced budget. An intention to set a deficit budget is not permitted. However, what is meant by 'balanced' is not defined in law. A prudent definition of a sustainable balanced budget is a financial plan based on sound assumptions which shows how income will equal expenditure over the short- and medium-term, acting in a way that considers both current and future local taxpayers.

11.2. If the budget is unbalanced then the Chief Finance Officer, supported by Corporate Board, would have to consider issuing a Section 114 notice. Such a notice is only given in the gravest of circumstances, as during that time spending and other financial activity is suspended, the External Auditors would investigate and publicly report on the circumstances and the Ministry for Housing, Communities and Local Government (MHCLG) may take over the running of the Authority.

11.3. Because Members decide on the council tax before the year begins and cannot increase it during the year, there is a need to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

11.4. To avoid setting an unbalanced budget the Local Authority has to be financially resilient. Setting a clear MTFS helps clarify expected income and expenditure. Awareness of the funding available in the forthcoming years means the Council stands a better chance of balancing the budget. Reserves are a useful option for balancing the budget in the short-term. However, reserves should not be used to pay for day-to-day expenditure, and it is important that they are replaced when the short-term need has passed. Therefore, the MTFS needs to be fully balanced on an ongoing basis, with no ongoing spending funded from one off resources meaning the Council Plan starts from a deficit position.

11.5. It is important that the Authority complies with its obligations under the Equalities Act 2010 - the public sector equality duty (PSED) - to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). The Council must have 'due regard' to the PSED when taking any decisions on service changes whilst recognising that local authorities have a legal duty to set a balanced budget. Similarly, if proposals are likely to have adverse impacts on customers, public consultation should be undertaken before any final decisions are made and consideration given to the outcomes of those consultations. This may mean that some proposals are not implemented, and alternative solutions may need to be sought. Legal challenges to local authority budget setting processes have tended to turn on whether the authority has complied with these duties.

11.6. Using the information contained in this report, Cabinet are asked to develop their 2021/22 Budget resolutions for recommendation to Council on 8 February 2021.

12. Timescales and Next Steps

12.1. An effective MTFS ensures the Authority has the financial strategies, plans and financial decision-making framework in place that will deliver a financially resilient and sustainable Authority over the short, medium and long-term. The key components of the MTFS are:

- A 5-year Revenue Plan to balance annual funding and expenditure;
- A Capital Strategy and Capital Investment Programme to optimise the way in which we generate, manage and allocate the capital funds at our disposal;
- A Reserves Strategy and an associated programme of reserves reviews to make sure the money we hold is effectively managed to meet the financial risks and uncertainties; and
- Treasury Management and Investment Strategies that govern how, and to

what extent, we can use our cash reserves and balance sheet strength to invest in the Council's priorities and plans. Draft strategies are due to come to Cabinet in January 2021 for consideration before coming to Council for approval alongside the budget.

12.2. The timetable for agreeing the 2021/22 budget and 2021-26 MTFS is set out in Table 9.

Table 9: Timetable for Agreeing the 2021/22 Budget and 2021-26 MTFS	
10 December 2020	Report to Cabinet from Corporate Board on their budget proposals
Late December 2020	Provisional 2021/22 Local Government Finance Settlement
28 January 2021	Report to Cabinet outlining the final information to be used in setting the budget
29 January 2021	Cabinet release Conservative Groups 2021/22 budget resolution(s)
31 January 2021	Statutory deadline for receive council tax and business rates information from the districts/boroughs
Week beginning 1 February 2021	Opposition Group's release any amendments/alternatives to the Conservative's proposals
5 February 2021	Comparison of budget resolutions released
8 February 2021	Council agree the 2021/22 budget and council tax

13. Financial Implications

13.1. There are no direct financial implications for the Authority arising from this report. The report is part of a series of reports that will culminate in Council agreeing the 2021/22 budget and council tax at their meeting on 8 February 2021.

14. Environmental Implications

14.1. There are no immediate environmental implications for the Authority from this report. There will be environmental implications that flow from the individual allocations and proposals agreed as part of the Council's approved budget and these should be considered by Members as part of reaching their decisions.

15. Background Papers

15.1. None

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Elected Members have not been consulted in the preparation of this report.

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Cabinet

10 December 2020

2021/22 Budget and 2021-26 Medium Term Financial Strategy – Background Information and Proposals from Corporate Board

Addendum

1. Background

1.1. On Wednesday 25 November 2020, the Chancellor of the Exchequer Rishi Sunak MP, made a statement to the House of Commons on the 2020 Spending Review (SR2020).

1.2. As Members will be aware, the Chancellor's statement included additional council tax flexibilities for local authorities and a range of additional one-off grants to support activity in response to the covid-19 pandemic and to share the financial impact of the pandemic to date on local authorities finances more generally.

1.3. The report to Cabinet was drafted before these announcements and rather than delay the release of the key information and advice that will underpin the 2021/22 Budget and 2021-26 MTFS until the full implications are understood this addendum has been prepared. It sets out, for Members, the estimated financial impact of the proposals in the Chancellor's statement on the Council's emerging 2021/22 Budget and 2021-26 MTFS proposals.

1.4. The actual financial impact of the Chancellor's statement, when confirmed through the Local Government Finance Settlement, will be consolidated into the Budget and MTFS Update report due to be considered by Cabinet in January.

1.5. The areas covered in this addendum are:

- Council tax referendum limits and the option to levy an additional 3% levy for social care;
- The one-off grant to part-fund council tax/business rates collection fund losses due to Covid-19;
- The new £670m un-ringfenced grant to offset some of the increase in council tax support payments to those on low incomes;

- The additional social care grant to be paid in response to covid-19;
- The proposed public sector pay freeze for 2021-22;
- The increase in the National Living Wage;
- The additional Covid-19 un-ringfenced Emergency Response Grant; and
- The extension of the sales, fees and charges compensation scheme.

2. Council Tax Referendum Limits

2.1. SR2020 gave social care authorities the ability to raise an additional social care precept of 3% in addition to the 2% basic precept. Whilst no such announcement was included in the SR2020 document, the Office of Budget Responsibility's accompanying document suggests that local authorities may have the option to defer some of these increases to 2022-23. Further details are expected to be included in the Provisional Local Government Finance Settlement.

2.2. The additional 3% precept would increase the resources available to support the MTFS over the next two years by around £9.7m, depending on how the increase is phased across the two years.

2.3. The net additional spending allocations included in the MTFS proposals are £15.848m in 2021/22 and £9.005m in 2022/23, as shown in Table 1. Therefore, the taking the 3% additional levy would not require additional spending allocations to be made. Instead it would provide Members with an element of choice about whether to invest the funding in services to meet priorities or allow some of the savings options in Appendix D not to be supported. If the use of the levy is restricted to adult social care, then there would be a need to phase the levy across two years unless additional investment were made, or the specific service savings reduced.

Table 1: Additional Social Care Allocations in the MTFS Proposals

		2021/22 £m	2022/23 £m
Adult Social Care	Inflation	4.942	5.116
	Spending pressures	3.731	3.680
	Savings	(1.867)	(2.786)
	Total	**6.806**	**6.010**
Children's Services (including children with disabilities)	Inflation	1.341	1.368
	Spending pressures	9.646	1.937
	Savings	(1.945)	(0.310)
	Total	**9.042**	**2.995**
Social Care	**Total**	**15.848**	**9.005**

3. Tax Income Guarantee Scheme

3.1. The Tax Income Guarantee Scheme is a new reimbursement scheme, providing an estimated £762m to compensate local authorities for 75% of irrecoverable losses of council tax and business rates in 2020-21. that would otherwise need to be funded through local authority budgets in 2021-22 and later years (the collection fund deficits.)

3.2. The MTFS proposals currently include provision for an £11m collection fund deficit over the next two years. Therefore, any grant received will mitigate the risk that our deficits could be higher than estimated or will allow some of the reserves currently being set aside to meet the deficit to be released to provide additional short-term flexibility. The basis on which this funding will be allocated will be announced as part of the Local Government Finance Settlement.

4. Council Tax Support

4.1. SR2020 also includes additional funding (£670m) for additional Localised Council Tax Support to help local authorities support the more than 4 million households that are least able to afford council tax payments. The latest national figures show claimant numbers in the first six months of the year are 10% higher than for the equivalent period, although the figures vary between authorities. The equivalent figures for each of the districts/boroughs in Warwickshire are higher than this, ranging from 12% (Nuneaton and Bedworth) to 28% (Warwick). £500m of the additional funding will be allocated to local authorities.

4.2. Changes in the level of council tax support payments to households' feeds through the local government funding system as increases/decreases in the council tax taxbase. Therefore, any grant payment received by the districts/boroughs as the billing authorities will mitigate the downside risk around the taxbase. The impact of this funding will not be known until the district/boroughs inform us of the taxbases for 2021/22 in late January 2021.

5. Social Care Funding

5.1. In addition to the potential to raise an additional 3% council tax levy for social care, local authorities will also receive an additional £300m social care grant. £150m of this is new money and £150m has been redirected. The basis of the new allocation and the funding that has been redirected will form part of the provisional Local Government Finance Settlement in December 2020. All other social care grants will continue at their 2020-21 level, as assumed in the MTFS.

6. Public Sector Pay Freeze

6.1. The government intends to freeze the majority of public sector pay for 2021-22. There will be exceptions for those working in the health service and those who earn less than £24,000 will receive a pay rise of at least £250.

6.2. Within the local government sector pay increases are agreed by the National Employers Organisation (part of the LGA) in discussion with the trade unions. It will be for these bodies to consider to what extent local government will follow the restraint outlined by the Government.

6.3. For Warwickshire, a pay freeze but with a £250 award for those earning less than £24,000, would reduce the provision for inflation needed in 2021/22 by £2.428m.

7. National Living Wage

7.1. It was announced that the National Living Wage will increase by 2.2% from April 2021. This will impact on the Council through increased contract costs, primarily in the adult social care sector. The inflation provisions shown in Table 1 already include a provision for these costs and therefore this announcement should not increase the cost pressures already included in the MTFS.

8. Covid-19 Response Grant

8.1. A further £1.55bn of un-ringfenced grant to local authorities for the pressures expected to emerge in the first few months of 2021-22 as a result of Covid-19. The formula that will be used to distribute this funding is yet to be confirmed and it is expected that allocations will be announced as part of the provisional Local Government Finance Settlement. If the Government releases all the funding and uses the same distribution methodology as used for the last round of covid-19 grant, it could provide £10.7m additional one-off funding.

8.2. This funding is not included as part of the MTFS. However, there is potential, depending on whether further additional costs as a result of the pandemic materialise over the coming months, that is funding could be used to meet some of the one-off costs associated related to covid-19 included in the proposals in the Cabinet report. A further update on the potential to fund some of the additional spending pressures with the grant will be included in the 2021-22 Budget and MTFS Update report to Cabinet in January 2021.

9. Sales, Fees and Charges Compensation Scheme

9.1. The final covid-19 related announcement in SR2020 was the extension of the Sales, Fees and Charges Compensation Scheme (which refunds 75% of eligible income loss beyond a 5% threshold) into the first three months of the next financial year. We received £1.3m from this scheme for lost income between April and July 2020, but the amount varies depending on the income lost compared to the budget.

9.2. This is not additional income to the Council but rather compensation for budgeted income that has been foregone. However, the MTFS does include some relatively small allocations to offset the loss of income in services that could instead be partially funded from this grant. The extension of the scheme also reduces the risk to budgeted income levels from covid-19 in 2021-22.

10. Summary

10.1. The key conclusions from the announcements made by the Chancellor is SR2020 are that:

- The ability to raise additional council tax through the adult social care levy provides Members with the opportunity to remove some of the savings options; and
- The one-off grant allocations in response to the impact of covid-19 on both the Council’s resource base and spending pressures provides increased resilience to the proposals and reduces the level of risk and uncertainty in the short-term.
- Over the medium-term the key risks and uncertainties outlined in the Cabinet report remain.

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Appendix A

Resource Scenarios and Underlying Assumptions

Assumption	Best Case			Most Likely			Worst Case		
	Description	Variation from "Most-Likely" Scenario		Description	Resources		Description	Variation from "Most-Likely" Scenario	
		2021/22 £m	2025/26 £m		2021/22 £m	2025/26 £m		2021/22 £m	2025/26 £m
Council tax - annual increase	2% per annum	n/a	n/a	2% per annum	n/a	n/a	0% per annum	(6.256)	(34.908)
Council tax taxbase	1% growth in 2021/22, 1.5% in 2022/23, thereafter 2%	3.198	5.566	0% growth in 2021/22, 1% in 2022/23, thereafter 2%	319.875	371.051	-1% growth in 2021/22, 0% in 2022/23, thereafter 1%	(3.199)	(17.940)
Business rates income	Taxbase maintained, deficits met from £8m NNDR appeals reserve	3.999	4.329	£8m NNDR appeals reserve used to fund deficits, 5% taxbase reduction in 2021/22, thereafter 0% as government temporary discounts removed	67.695	73.275	£8m NNDR appeals reserve used, 10% reduction in 2021/22 and 5% in 2022/23, thereafter 0%	(3.999)	(6.105)
Better Care Fund, iBCF funding and other social care grants	All social care grants continue for MTFS period, cash limited to 2020/21 level	0.000	0.000	All social care grants continue for MTFS period, cash limited to 2020/21 level	39.162	39.162	All social care grants continue for MTFS period, cash limited to 2020/21 level	0.000	0.000
Deficit on council tax collection	£8m in 2021/22 spread over 3 years plus £3m in 2022/22, phased 2021/22 - £2.7m, 2022/23 - £5.7m, 2023/24 - £2.6m	0.000	0.000	£8m in 2021/22 spread over 3 years plus £3m in 2022/22, phased 2021/22 - £2.7m, 2022/23 - £5.7m, 2023/24 - £2.6m	(2.667)	0.000	£15m in 2021/22 spread over 3 years plus £7.5m in 2022/23, phased 2021/22 - £5.0m, 2022/23 - £12.5m, 2023/24 - £5.0m	(2.333)	0.000
Public Health grant	2% annual increase	0.000	0.000	2% annual increase	23.254	25.171	Grant cash limited with no annual inflationary uplift. 2021/22 in line with previous indicative levels	0.000	(1.917)

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Appendix A

Resource Scenarios and Underlying Assumptions

Assumption	Best Case			Most Likely			Worst Case		
	Description	Variation from "Most-Likely" Scenario		Description	Resources		Description	Variation from "Most-Likely" Scenario	
		2021/22 £m	2025/26 £m		2021/22 £m	2025/26 £m		2021/22 £m	2025/26 £m
New Homes Bonus	Grant cash limited to 2020/21 level without 2020/21 top-up being retained. Benefit elsewhere in system from phasing out equals loss of grant.	0.000	0.000	Grant cash limited to 2020/21 level without 2020/21 top-up being retained. Benefit elsewhere in system from phasing out equals loss of grant.	3.065	3.065	2021/22 cash limited to 2020/21 level without 2020/21 top-up being retained and then phased out over next 2 years. No benefit from reallocating funding within the system.	0.000	(3.065)
Other Government Grants	Grant cash limited to 2020/21 level	0.000	0.000	Grant cash limited to 2020/21 level	6.320	6.320	Grant cash limited to 2020/21 level	0.000	0.000
Total		**7.197**	**9.895**		**456.704**	**518.044**		**(15.787)**	**(63.935)**

Appendix B

2021-26 Proposed Permanent Allocations

Purpose of the Allocation by Service	Proposed Funding Allocation				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Education Services					
Home to school transport - An allocation to meet the demand for home to school transport for pupils and students; thereby ensuring that eligible children have a seat to get to and from school.	1,517	1,288	1,453	1,400	1,500
Direct payments for children with disabilities - An allocation to continue to support the children and young people with disabilities who already receive a direct payment and to reflect the continuing growth in overall numbers.	308	50	53	56	59
Placements for children with disabilities - An allocation to continue to support current placements and to meet the expected demand for future placements. This will ensure looked after children are in appropriate specialist places to meet their need.	2,003	391	157	163	171
Traded Services Gross Pressure - An allocation to offset the loss of income from services trading with schools as the impact of the Covid pandemic on demand is expected to continue over the medium term.	79	0	0	0	0
Education Psychology Service - An allocation to increase capacity in the service to meet the growth in the number of Education Health and Care referrals and to engage in more preventative work with longer term benefits for students and the budget.	200	0	0	0	0
Total Education Services	**4,107**	**1,729**	**1,663**	**1,619**	**1,730**
Fire and Rescue					
Firefighter Pension Fund – An allocation to meet the administration cost of the Firefighter Pension Fund required to be accounted for separately rather than as part of the Warwickshire Pension Fund**.**	65	0	0	0	0
Total Fire and Rescue	**65**	**0**	**0**	**0**	**0**

Appendix B

2021-26 Proposed Permanent Allocations

Purpose of the Allocation by Service	Proposed Funding Allocation				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Strategic Commissioning for Communities					
Waste management - An allocation to address the increased waste management costs being incurred as a result of housing and population growth within the county and as set out in the District and Borough Council Local Plans.	300	300	300	300	300
Civil Parking Enforcement - An allocation to reduce the budgeted income from civil parking enforcement following the Cabinet decision not to fully implement proposed increases in parking charges in 2020/21.	198	0	0	0	0
Infrastructure and Sustainable Communities Resource - An allocation to increase the staffing capacity of the team to support the activity around the national cycling tours, infrastructure development and HS2.	96	0	0	0	0
Total Strategic Commissioning for Communities	**594**	**300**	**300**	**300**	**300**
Adult Social Care					
Care demand for adults - An allocation to meet the cost of increase in demand for adult social care due to population growth, the increased length of support and intensity of care need as a result of increased life expectancy and the estimated reduction in people who can fund their own care over time.	3,354	3,680	4,000	4,000	3,800
Liberty Protection Safeguards - An allocation to meet the estimated cost of implementing the new legislative requirements around Liberty Protection Standards from 1 October 2020.	250	0	0	0	0
Emergency Duty Team Capacity - An allocation to increase capacity of the out of hours social care team to meet the demand increases seen across Children and Adults. The total £0.4m cost is split between Children's Services, Adult Social Care and Business Support.	127	0	0	0	0
Total Adult Social Care	**3,731**	**3,680**	**4,000**	**4,000**	**3,800**

Appendix B

2021-26 Proposed Permanent Allocations

Purpose of the Allocation by Service	Proposed Funding Allocation				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Children and Families					
Child allowances - An allocation to meet the costs of increased demand for Special Guardianship Orders, Residential Orders and Child Arrangements Orders to support children to leave or avoid care through allowances for extended family members caring for children.	275	102	124	85	98
S17 children - An allocation to meet the increased costs associated with support for parents and children to remain together at home, providing support for families who are destitute.	55	11	12	11	12
Children leaving care supported accommodation - An allocation to fund the increased cost of supported accommodation for those aged 16 plus, particularly care leavers, due to continued increases in the complexity of placements driving cost increases.	1,026	107	113	120	127
Children's placements (exc. children with disabilities) - An allocation to meet the impact of fostering/placements framework contracts and changes to the placement mix on costs.	4,750	1,276	722	763	799
Children and Families Legal Cost Pressures - An allocation to meet the increased cost of legal fees as a result of increases in the number of cases requiring court action and in the timescales for these proceedings to be carried out.	250	0	0	0	0
Homelessness support service for Care Leavers to age 25 - An allocation to replace the previous DfE grant funding and so allow continuation the statutory service at the current level.	95	0	0	0	0
Multi-Agency Safeguarding Hub capacity - An allocation of further resource needed to provide oversight, leadership and capacity within the Multi-Agency Safeguarding Hub flowing from the interim findings of the paused Ofsted review.	265	0	0	0	0
Emergency Duty Team Capacity - An allocation to increase capacity of the out of hours social care team to meet the demand increases seen across Children and Adults. The total £0.4m cost is split between Children's Services, Adult Social Care and Business Support.	199	0	0	0	0
Children's other pressures - An allocation to meet a range of additional cost pressures across the service, including PAM system replacement, targeted staffing across Children's social care, removing internal charging for Youth community centres.	420	0	0	0	0
Total Children and Families	**7,335**	**1,496**	**971**	**979**	**1,036**

2021-26 Proposed Permanent Allocations

Purpose of the Allocation by Service	Proposed Funding Allocation				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Strategic Commissioning for People					
Agenda for Change - An allocation to meet the increased cost of Public Health contracts with the NHS to fund the health sector pay uplift**.**	627	0	0	0	0
Total Strategic Commissioning for People	**627**	**0**	**0**	**0**	**0**
Business and Customer Support					
Emergency Duty Team Capacity - An allocation to increase capacity of the out of hours social care team to meet the demand increases seen across Children and Adults. The total £0.4m cost is split between Children's Services, Adult Social Care and Business Support.	74	0	0	0	0
Total Business and Customer Support	**74**	**0**	**0**	**0**	**0**
Commissioning Support Unit					
Contract Management & Quality Assurance - An allocation to provide for increased capacity to progress commissioning savings across the Council.	128	0	0	0	0
Total Commissioning Support Unit	**128**	**0**	**0**	**0**	**0**

Appendix B

2021-26 Proposed Permanent Allocations

Purpose of the Allocation by Service	Proposed Funding Allocation				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Enabling Services					
Licence and cloud costs - An allocation to meet the additional licence and cloud costs as a result of the new approach to the delivery of ICT, including as a result of the move from Google to Microsoft.	240	300	0	0	0
Estates and office cleaning - An allocation to fund increased cleaning requirements on all centralised estates to adhere to new safety rules brought about by Covid-19 but to continue beyond.	200	0	0	0	0
Recruitment - An allocation to the HR Service to recentralise aspects of the recruitment process that is currently delegated to managers to improve the efficiency and effectiveness of the process and reduce the pressure on managers.	120	0	0	0	0
Pensions Payroll - An allocation to increase the capacity of the service to meet the requirements of the Warwickshire Pension Fund**.**	64	0	0	0	0
Total Enabling Services	**624**	**300**	**0**	**0**	**0**
Governance and Policy					
Reversal of 2020/21 saving target - An allocation to reinstate savings from increased trading and electronic record keeping not achieved, budget to be replaced and alternative savings put forward	40	0	0	0	0
Total Governance and Policy	**40**	**0**	**0**	**0**	**0**

Appendix B

2021-26 Proposed Permanent Allocations

Purpose of the Allocation by Service	Proposed Funding Allocation 2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Corporate Services					
Insurance - An allocation to meet the estimated additional cost of the Council's insurance as a result of schools moving to a nationally administered scheme reducing economies of scale and adverse market conditions, reduced market capacity and emerging Covid- related claims.	0	647	125	138	154
Coroner - An allocation to meet the Council Council's share of the appointment of an Area Coroner appointment (part time and joint with Coventry City Council).	40	0	0	0	0
Interest Income Reduction - An allocation to offset the loss of income earned on investing our cash balances as a result of continued low interest rates and alternative use of cash balances limiting the potential for investment returns**.**	1,313	500	500	0	0
Provision for Future Indicative Spending Pressures - A provision for future, currently unknown and unquantified, spending need, including future pay costs in line with National Living Wage increases. The provision will mitigate future potential costs as part of ensuring the Council's services are sustainable over the medium term.	1,000	5,500	5,500	5,500	5,500
Total Corporate Services	**2,353**	**6,647**	**6,125**	**5,638**	**5,654**
Total Annual Permanent Spending Allocations	**19,678**	**14,152**	**13,059**	**12,536**	**12,520**

Appendix C

Time-limited Investment Proposals

Purpose of the Allocation by Service	Proposed Future Allocation				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Education Services					
Specialist Provision in Nuneaton and Bedworth (Pears) - A time-limited allocation to increase state-funded specialist education provision in Warwickshire to meet population growth. This provides for short-term funding for the Dedicated Schools Grant place funding lag. Together with the allocation below for the property costs, the project will result in the better use of resources by educating young people with SEND in provision in-County.	337	982	673	0	0
Traded services gross profit target reduction - A one-year allocation to offset the loss of income to the County Music Service as a result of the lower take-up of provision post-Covid.	31	0	0	0	0
Total Allocation - Education Services	**368**	**982**	**673**	**0**	**0**
Fire and Rescue					
Fire Protection - Second year of a two-year allocation to restructure Fire Protection team in anticipation of the conclusion of the Hackitt review and meet the increasing level of demand for statutory inspections. Once the team is fully developed they will be in a position to roll out a wider offer to local businesses which should generate income and make the activity sustainable.	300	0	0	0	0
Total Allocation - Fire and Rescue	**300**	**0**	**0**	**0**	**0**

Appendix C

Time-limited Investment Proposals

Purpose of the Allocation by Service	Proposed Future Allocation				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Strategic Commissioning for Communities					
LEP Growth Hub - Second year of a two-year allocation to continue to provide funding as Warwickshire County Council's investment in the Coventry and Warwickshire wide Growth Hub. The allocation supports a simplified, co-ordinated and coherent approach to business support across the Coventry & Warwickshire area, making it easier and more likely that businesses will access support to help them grow.	128	0	0	0	0
HS2 - Annual allocation to continue work to mitigate the impacts of HS2 on Warwickshire residents and communities.	133	133	133	133	133
City of Culture - Years two and three of a three-year allocation to continue investment on the City of Culture to deliver economic benefits to Warwickshire's communities and businesses.	250	250	0	0	0
Cycle-racing - Second year of a two-year allocation to continue to provide funding to support the cycling events.	200	0	0	0	0
Total Allocation - Strategic Commissioning for Communities	**711**	**383**	**133**	**133**	**133**
Children & Families					
Covid-19 Residual effect - A one-year allocation to provide capacity to meet the increased demand for Children's Social Care due to the increased pressure on families as a result of Covid-19 requiring additional assessments and support.	631	0	0	0	0
Total Children and Families	**631**	**0**	**0**	**0**	**0**
Strategic Commissioning for People					
Homelessness - Final year of a three-year allocation to continue joint investment project with Rugby Borough Council.	150	0	0	0	0
Total Allocation - Strategic Commissioning for People	**150**	**0**	**0**	**0**	**0**

Appendix C

Time-limited Investment Proposals

Purpose of the Allocation by Service	Proposed Future Allocation				
	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Enabling Services					
Old Shire Hall - Final year of a two year allocation to provide a subsidy to the facility.	200	0	0	0	0
Covid-19 - A one-off allocation to meet the short term additional costs for adapting buildings to ensure they are covid-secure.	50	0	0	0	0
Total Allocation - Enabling Services	**250**	**0**	**0**	**0**	**0**
Business and Customer Support					
Partnerships and Customer Excellence - A two-year allocation to provide additional fixed term staffing resource pending the full implementation of the service redesign.	290	290	0	0	0
Business Support redesign - A one-off allocation to reflect the delays to the implementation of the Business Support redesign.	600	0	0	0	0
Total Business and Customer Support	**890**	**290**	**0**	**0**	**0**
Governance and Policy					
Communications posts - A one-off allocation to provide additional communications capacity.	50	0	0	0	0
Total Governance and Policy	**50**	**0**	**0**	**0**	**0**
Finance					
Invest to save for Redesign - A time-limited allocation to provide additional capacity for process redesign and to implement new digital and automation technologies including IT systems investment costs. This investment is required to support the delivery of the Finance Service savings proposals.	150	100	100	100	0
Total Finance Service	**150**	**100**	**100**	**100**	**0**
Total Time-Limited Allocations	**3,500**	**1,755**	**906**	**233**	**133**

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Appendix D

2021-26 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Education Services						
Early Years service review - A review of the Service's staffing structure and allocation of school improvement support provision.	21	116	54	0	0	
Education change programme - Further process efficiencies in the provision of Education Services coming out of the existing change programme.	0	55	336	721	721	
Attendance Service - A review of the delivery of the pupil attendance statutory services.	0	0	10	0	0	
Education transport efficiency review - Ensuring the most efficient use of multi-occupancy vehicles, route optimisation processes, transport assistants and eligibility reviews.	445	275	192	97	55	
Third party spend - A review of services purchased from third parties to ensure value for money.	34	29	32	32	0	
Maximise traded income from Education Service - Increase traded income from Governor and Attendance service as well as reviewing and modernising music services.	10	10	12	0	0	
NEET service provision review - Review of efficiency in provision of tracking and supporting the participation of 16-18 (up to 25 with an EHCP/Care Leaver) year olds into education, employment or training (EET).	0	0	50	0	0	
Vacancy management - Recognise natural underspends from staff turnover and operating under-capacity.	0	100	0	0	0	
Total Reductions - Education Services	**510**	**585**	**686**	**850**	**776**	

2021-26 Budget Balancing Plan

What the change entails	Reduction 2021/22 £'000	Indicative Additional Future Reduction 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Environment Services						
Gulley cleaning efficiencies - The use of new technology to move the gulley cleansing programme onto a 'risk based' approach with the expectation that the technological approach will reduce the need for cleansing by being able to target activity more effectively.	0	100	0	150	0	
Expansion of traded services - Improving efficiencies and increasing income from external contracts, new future external contracts and MOT sales to public.	200	100	0	0	0	
Third party spend - A review of services purchased from third parties to ensure value for money.	152	130	143	143	0	
Increased enforcement income from network management - Ensure network management income is efficiently and effectively generated and collected.	0	250	250	0	0	
Increased Income from ecology surveys - Ensure ecology survey income is efficiently and effectively generated and collected.	0	10	10	0	0	
Increased Income from forestry services - Maximising income opportunities in the forestry services.	0	0	25	80	80	
Cost management of services - Review of cost oversight and assurance processes to deliver efficiencies in the cost of externally purchased services.	0	182	185	189	197	
Management of highways maintenance costs - Review of highways maintenance spend, road conditions survey work and capitalisation of contract overheads with a view to reducing costs.	0	575	0	150	150	
Trading Standards community safety provision - A review to drive efficiencies in community safety provision.	0	0	45	0	0	
Household Waste Recycling Centres - Review the usage, sustainability and efficiency of the operation of smaller household waste recycling centres.	200	100	30	0	0	
Winter gritting - Review of the winter gritting service to identify opportunities to reduce expenditure through more efficient, or reduced, services.	0	0	0	250	0	
Winter Maintenance route review - Use of thematic routes to optimise resource use.	0	0	0	100	0	
Total Reductions - Environment Services	**552**	**1,447**	**688**	**1,062**	**427**	

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2021-26 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Strategic Commissioning for Communities						
Country Parks income - Application of a commercial approach to country parks income streams.	0	30	45	25	0	
Countywide waste collection and disposal authority - Creation of a countywide body to benefit from coordination efficiencies.	0	1,000	800	0	0	
Third party spend - Review of services purchased from third parties to ensure value for money.	37	32	35	35	0	
Household waste recycling centre storage - As a result of capital investment the purchase of storage containers will remove the revenue cost of hiring equipment.	38	0	0	0	0	
HS2 communications budget review - Review internal communication resource for HS2.	0	50	0	0	0	
Income from S106 monitoring - Ensure S106 contributions are efficiently and effectively generated and collected.	0	0	25	0	0	
Increase income funding from HS2 - Ensure HS2 contributions are efficiently and effectively generated and collected.	0	30	0	0	0	
Increased income from business centres portfolio - The introduction of virtual office space so that businesses can use the mail/phone/meeting space functions at the Business Centres but not physically rent a unit. A greater range of facilities and options at business centres, that would be beneficial to local businesses and wider partners.	0	100	0	50	0	
Parking review - Review of the cost of residents, visitor and on-street parking charges and the implementation of business parking permits.	445	463	342	715	700	
Review of staffing from further service redesign - A restructuring of teams across Communities (Strategy & Commissioning) will create a flatter and more agile service areas, and better focus resources on key priority areas and the exploitation of opportunities to lever in external funding.	0	0	285	0	0	
Road safety advice income - Maximising income opportunities from the provision of road safety advice.	0	100	100	0	0	
Rural agenda service review - Rationalise staffing resource covering rural agenda.	40	0	0	0	0	
School crossing patrol service - Target use of school crossing patrol service.	0	217	0	0	0	
Transport network service review - Remove external consultancy support for the service.	20	0	0	0	0	
Total Reductions - Strategic Commissioning for Communities	**580**	**2,022**	**1,632**	**825**	**700**	

2021-26 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Fire and Rescue Service						
Day-crew-plus - Review level of funding required to mitigate the fatigue risk posed by the day-crewed-plus (DCP) crewing system.	370	(230)	0	0	0	
Fire fleet transport savings - Revenue savings from purchase of fire transport vehicles, ending lease agreements.	0	0	60	7	0	
Third party spend - A review of services purchased from third parties to ensure value for money.	15	13	14	14	0	
	385	**(217)**	**74**	**21**	**0**	
Adult Social Care						
Business support and direct payments - Reduced cost of business support as part of the wider organisation review of support functions and the introduction of the new payments system.	300	0	0	0	0	
Commissioning approach for younger adults - Redesign the commissioning approach for younger adults to ensure a more efficient arrangement and an improved brokerage function.	200	300	0	0	0	
Third party spend - A review of services purchased from third parties to ensure value for money.	217	186	204	204	0	
Housing with support for older people - Further develop the housing with support offer to reduce the reliance on residential provision for all ages; including consideration of capital investment to secure revenue savings.	200	500	500	500	0	
Integrated commissioning with Health - Efficiencies from arrangements in the Coventry and Warwickshire Integrated Health and Care Partnership and associated system plan.	0	0	0	667	0	
Cost management of services - Review of cost oversight and assurance processes to deliver efficiencies in the cost of externally commissioned care.	700	1,000	1,499	2,000	2,064	
Prevention and self-care - Develop and implement a prevention and self care strategy and invest in programmes, projects and services that reduce people's reliance on paid care and support.	0	0	167	167	0	
Reduce demand for Adult Social Care support - Reduction in forecast demand as a result of the implementation of multiple projects across adult social care. These include an improved early intervention and prevention offer, further refinement of the in-house Reablement offer and further development of Assistive Technology.	250	800	1,000	1,539	935	
Total Reductions - Adult Social Care	**1,867**	**2,786**	**3,370**	**5,077**	**2,999**	

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2021-26 Budget Balancing Plan

What the change entails	Reduction 2021/22 £'000	Indicative Additional Future Reduction 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Children and Families						
Third party spend - A review of services purchased from third parties to ensure value for money.	52	44	49	49	0	
House project - Review accommodation solutions for young people to reduce reliance on more expensive fostering and supported accommodation.	0	0	200	0	0	
Manage demand for Children's Services - Reduction in forecast demand as a result of the implementation of multiple activities that are already in projects across Children's Services, aimed at a reduction in the number of children needing care, single assessments and Children in Need.	0	0	1,741	2,603	1,073	
Management of cost of Children's Service provision - Review of cost oversight and assurance processes to deliver efficiencies in the cost increases of externally purchased care.	313	0	201	0	201	
Maximise income and contributions to care packages - Efficient collection of health contributions to children-in-care placements and income from education safeguarding training.	275	200	150	0	0	
More efficient use of legal support - Reduce legal costs through a reduction in initiation of care proceedings.	0	0	200	0	0	
New ways of working in children's services - Delivery of reductions in staff travel, room hire, client travel and expenses from new ways of working post-Covid.	315	56	92	0	0	
Recalibration and reduction of staff - Reduction of posts across the through natural wastage and redeployment.	389	0	0	0	0	
Rightsize Children's and Families budgets - Remove the contingency budget for Early Help and consolidate the boarding school budget within existing budgets across the service.	101	10	14	0	0	
Stay and Play at children's centres - Rationalisation of stay and play with a view to reducing capacity, driving efficiency through current contracts and reducing premises costs.	0	0	0	500	0	
Vacancy management - Recognise natural underspends from staff turnover and operating under-capacity.	500	0	0	0	0	
Total Reductions - Children and Families	**1,945**	**310**	**2,647**	**3,152**	**1,274**	

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2021-26 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Strategic Commissioning for People						
Third party spend - A review of services purchased from third parties to ensure value for money.	103	89	97	97	0	
Health, wellbeing and self-care - Rationalise the public health offer, preserving budgets for mandated public health functions, and rationalising the non-mandated public health offer including redesign, removal and rightsizing of current service offer.	115	115	130	0	0	
Integrated and targeted support - Review of expenditure on domestic abuse, smoking cessation and falls prevention targeted support.	69	100	0	0	0	
Integrated commissioning with Health - Deliver efficiencies through new arrangements that will form part of the Coventry and Warwickshire Integrated Health and Care Partnership and associated system plan.	0	0	0	666	0	
Maximise income and contributions to care packages - Ensure partner contributions are efficiently and effectively generated and collected.	0	100	0	0	0	
Prevention and self-care - Develop and implement a prevention and self care strategy and invest in programmes, projects and services that reduce people's reliance on paid care and support.	0	0	166	166	0	
Redesign housing related support - Replace the housing related support service offer with appropriate care delivery consistent with standard council provision.	0	127	236	789	789	
Review subsidy of community meals service - Review subsidy of non-statutory community meals for residents.	0	0	160	0	0	
Total Reductions - Strategic Commissioning for People	**287**	**531**	**789**	**1,718**	**789**	

Appendix D

2021-26 Budget Balancing Plan

What the change entails	Reduction 2021/22 £'000	Indicative Additional Future Reduction 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Business and Customer Support						
Business and Customer process efficiencies - Deliver efficiencies through ongoing service redesign and automation.	0	0	0	0	200	
Community development - Re-commission the community development function.	0	0	20	0	0	
Customer support service redesign - Review and rationalisation of the organisation's approach to customer support.	150	266	94	0	0	
Third party spend - A review of services purchased from third parties to ensure value for money.	14	62	13	13	0	
Museums and Libraries delivery model - Customer focused review of the delivery methods of museums and libraries services.	0	167	0	200	0	
Reduced use of printing and stationery - Future reductions in spend on printing and stationery predicated on digitisation work.	100	100	100	0	0	
Vacancy Management - Natural underspends from staff turnover and operating under-capacity.	260	0	0	0	0	
Total Reductions - Business and Customer Support	**524**	**595**	**227**	**213**	**200**	
Commissioning Support Unit						
Business intelligence transformation - Future reductions in the cost of delivering business intelligence across the organisation following the introduction of new technology and refinement of information requirements.	0	640	0	0	0	
Commercial approach to contracting - Securing rebates due to the Council through commercial contracting.	0	0	0	148	148	
Third party spend - A review of services purchased from third parties to ensure value for money.	7	6	7	7	0	
Cost management of services - Review of cost oversight and assurance processes to deliver efficiencies in the cost of commissioned services.	18	18	18	19	19	
Reduction in use of consultancy, subscriptions and apprentices - Review of the use of subscriptions, consultants and apprentices to ensure value for money.	21	54	7	0	0	
Training and conferences - Efficient procurement of training and conferences through centralisation of contracts.	0	0	86	0	0	
Total Reductions - Commissioning Support Unit	**46**	**718**	**118**	**174**	**167**	

Appendix D

2021-26 Budget Balancing Plan

What the change entails	Reduction 2021/22 £'000	Indicative Additional Future Reduction 2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Enabling Services						
Implementing automation and robotics - Use of automation and robotics to drive efficiencies in processes across the Council.	0	0	50	0	50	
Enabling Services delivery review - Review of expenditure on staffing, expenses, projects in Enabling Services, medium term implementation of a single Enabling Service Centre for ICT, HROD and Property.	633	1,092	40	50	150	
Facilities cost savings from property asset rationalisation - Reduction in facilities management and maintenance cost savings linked to asset rationalisation.	44	98	100	102	127	
Third party spend - A review of services purchased from third parties to ensure value for money.	147	126	139	139	0	
HR and Organisational development activity review - Reduction in core learning and development activity, including the Apprenticeship scheme.	0	0	0	0	234	
ICT applications migration - Migrating workloads to Azure to derive efficiencies from ICT application management.	0	70	0	0	0	
ICT applications rationalisation - Ongoing focus on rationalisation of applications to reduce licence and maintenance costs.	0	50	50	0	0	
ICT service delivery review - Review of ICT budgets and a focus on driving efficiencies through development projects.	64	69	240	208	90	
Cost management of services - Review of cost oversight and assurance processes to deliver efficiencies in the cost of commissioned services.	0	0	0	306	12	
Property service delivery review - Ensure an effective mix of staff and agency use, drive efficiencies in facilities management spend and maintenance budget, close Northgate House Café.	100	50	95	32	90	
Review of maintenance and engineering work profile - Drive efficiencies in the work planning and prioritisation across maintenance and engineering.	130	70	0	0	0	
Total Reductions - Enabling Services	**1,118**	**1,625**	**714**	**837**	**753**	

Appendix D

2021-26 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Finance Service						
Finance process efficiencies - Deliver efficiencies through ongoing service redesign and automation.	0	25	50	75	0	
Third party spend - A review of services purchased from third parties to ensure value for money.	6	5	6	6	0	
Cost management of services - Review of cost oversight and assurance processes to deliver efficiencies in the cost of commissioned services.	10	10	10	10	10	
Total Reductions - Finance	**16**	**40**	**66**	**91**	**10**	
Governance and Policy						
Electronic record keeping - Reduced storage requirements as a result of the move to electronic record keeping.	10	10	10	10	0	
Third party spend - A review of services purchased from third parties to ensure value for money.	7	6	7	7	0	
Legal services additional trading surplus - Additional surplus from external trading with other local authorities and public sector bodies.	30	40	60	60	0	
Paper free meetings - Reduction in the cost of printing as a result of moving to paper free meetings.	10	10	10	0	0	
Vacancy Management - Recognise natural underspends from staff turnover and operating under-capacity.	341	45	45	45	45	
Total Reductions - Governance and Policy	**398**	**111**	**132**	**122**	**45**	

Appendix D

2021-26 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction				
	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Deliverability
Corporate Services						
Digital Solutions - Deliver efficiencies across Resources Directorate through investment in digital solutions and process redesign. (Delivery will be the responsibility of the Strategic Director for Resources).	0	0	0	150	300	
Reduction of asset sales contingency - Remove budget held to cover risk of delays in sales of assets. (Delivery will be the responsibility of the Assistant Director - Finance).	135	0	0	0	0	
Early Invoice Payment Rebates - Increased take-up of early invoice payment offer. (Delivery will be the responsibility of the Assistant Director - Finance.)	185	18	2	3	2	
Treasury Management - A target to increase returns on investment by 10 basis points based on a more pro-active approach to treasury management. (Delivery will be the responsibility of the Assistant Director - Finance.)	175	175	0	0	0	
Release of unused contingency - The 2020/21 budget included a provision for the increased cost of the pay award. The cost of the actual pay award was lower that the provision, allowing the budget to be released.	750	0	0	0	0	
Total Reductions - Corporate Services	**1,245**	**193**	**2**	**153**	**302**	
Total Annual Reductions	**9,473**	**10,746**	**11,145**	**14,295**	**8,442**	
Total Cumulative Reductions	**9,473**	**20,219**	**31,364**	**45,659**	**54,101**	

Appendix E

Reserves Strategy 2021-26

Introduction

Councillor Peter Butlin
Deputy Leader and Portfolio Holder for Finance and Property

Rob Powell
Strategic Director for Resources

I am delighted to be able to endorse this reserves strategy. It provides a clear framework for making sure the 'rainy-day' money we hold is effectively managed to meet the financial risks and uncertainties we face whilst enabling us to hold less overall and providing capacity for investing in the delivery of the Council Plan.

It faces head-on Members' concerns about the number of reserves, the amount of money tied up and the lack of clarity about how specific financial risks are being managed. Most importantly it supports the building of a common understanding that balances ensuring we remain a financially resilient authority with identifying whether resources could be released for investment in the objectives we are working towards.

Part of my role, as Strategic Director for Resources and the Council's s151 officer, is to report on the adequacy of the Authority's financial reserves and that they are sufficient to ensure the Authority remains financially sustainable and resilient over the medium-term.

This reserves strategy sets out why effective management of reserves is important, how we make decisions about the level of reserves to hold and how our approach enables us to deliver on this.

Our approach will be a success if across the Council it is understood that the money we have in reserves is proportionate to the risks and uncertainties we face, promotes financial resilience and is actively managed to identify where one-off resources that can be invested in support of our outcomes and key objectives.

Section 1: The Purpose of our Reserves Strategy

What are Reserves?

Reserves are revenue resources we have accumulated over time and set aside for a particular purpose as part of an integrated approach to the financial management of the Authority over the short, medium and long-term.

What is a Reserves Strategy?

A reserves strategy sets out the choices we make in relation to the level and purposes for which we hold the reserves we have accumulated. It is made up of three key elements:

1. Our strategic intent – what we are seeking to achieve through holding reserves;
2. Our programme – the level of reserves we hold and our plans for their use over the period of the 2021-26 Medium Term Financial Strategy (MTFS); and
3. Our framework – the way we will determine the level of reserves we need, manage those reserves and plan for their use in line with best practice and statutory requirements.

Together these elements set out our ambition for reserves, the nature of that ambition and how we provide assurance.

Why do we need a Reserves Strategy?

We plan over the short term and medium term how we will use the resources we are allocated and raise to deliver services for and to the residents and communities of Warwickshire. As a large, complex organisation there will always be variations between our actual spending/income and our plans due to variations in demand, demographic change, changes in costs and funding decisions of third parties as well as needing to deliver projects and investments spanning more than one financial year.

To ensure we can manage these financial risks whilst being able to maintain services requires that the Authority holds funds in reserve to meet these costs as and when they arrive. A reserves strategy enables us to do this in a planned way.

How does it fit with our other strategies?

The reserves strategy is part of a suite of supporting strategies that supplement the Council Plan and the 2021-26 MTFS. All the supporting strategies are aligned to the Council Plan and MTFS and provide an additional level of granularity that help create a bridge between the high-level over-arching plan and operational delivery. As such it forms part of a collective accountability framework for the management of the Authority's financial resources.

Maintaining the current high standards of financial management across the organisation is critical to the successful delivery of the Council Plan and the 2021-26 MTFS. Any weakening of financial management has a direct impact on the level of reserves needed to offset the risk of services overspending and/or the non-delivery of savings targets. The central role in the management of the Authority's reserves lies with Strategic Directors, both individually and collectively, with support and advice from Finance.

Section 3: Our Reserves

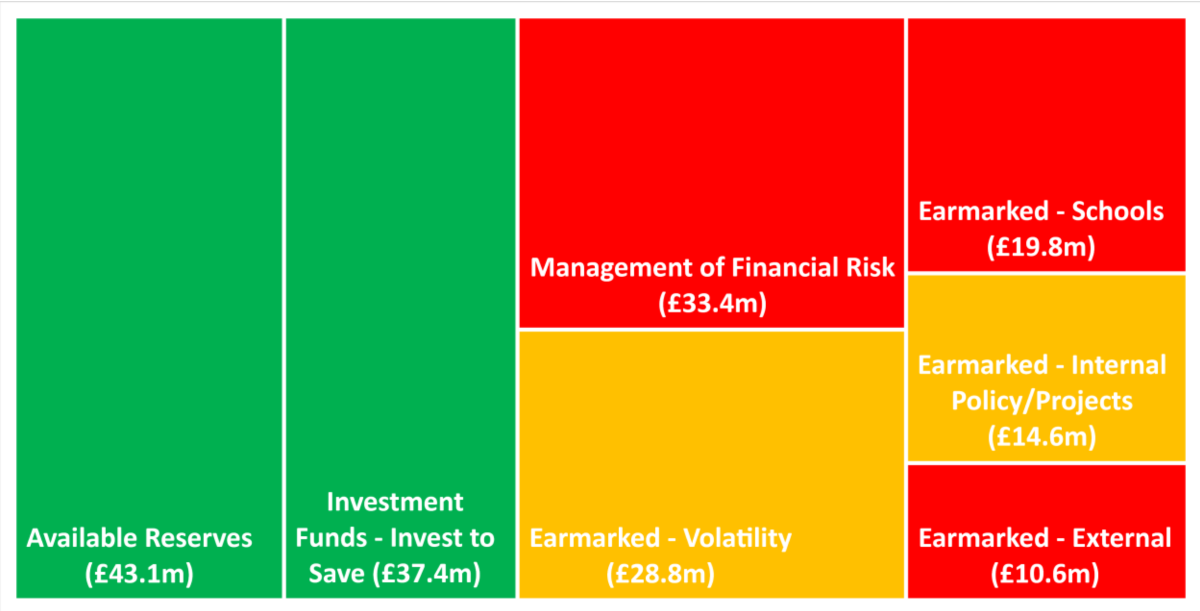
Our drivers for holding reserves are to:

a) Manage financial risk so that the risk materialising does not undermine the Authority's overall financial position or impact on service delivery;
b) Plan for the effective use of project resources over time;
c) Ensure we meet funding conditions in our use of any available resources; and
d) Retain any other accumulated underspends prior to decisions on their use.

We will always need to retain reserves for each of these reasons. All reserves that do not fall into categories a) to c) automatically fall into category d).

Our reserves are forecast to be £187.7 million at the end of 2020/21. We are holding the £187.7m for the following reasons:

a) £62.2 million to manage financial risk, including volatility;
b) £48.0 million for investment in projects to drive forward the delivery of the Council's objectives;
c) £30.4 million to meet externally set funding conditions; and
d) £43.1 million available for investing to pump-prime the delivery of the Council's key objectives and support the Medium Term Financial Strategy



Key	
Not available for use	(red)
To be reviewed on an annual basis	(amber)
Available for investment	(green)

Section 4: Our Reserves Framework

The Reserves Framework sets out our accountability and governance arrangements around the retention and use of reserves. In doing so it balances speed of decision-making with Member oversight and accountability for decisions about the effective use of the Council's resources.

Guiding principles for managing and using Reserves

Our guiding principles for managing and using reserves are:

- The primary purpose is to manage financial risk and promote financial sustainability.
- Subject to meeting this requirement we will:
  - Maximise the ability to use reserves flexibly to deliver the organisation's priorities;
  - Control the amount of scarce resources held in reserves; and
  - Hold reserves at a corporate/directorate level unless there is a business/technical reason for not doing so.
- The planned use of reserves will be agreed as part of the annual budget setting and medium-term financial planning process. Other than in exceptional circumstances the planned use of reserves is only expected to change in year as a result of:
  - Change projects approved by Corporate Board/Members; and
  - Adjustments to reflect the impact of the previous year's outturn that were not known at the time the budget for the year was agreed.
- Service risk reserves will be held at Directorate level to manage in-year financial risk and to cover any over/underspends across the Directorate at the end of the year.
- All reserves will be subject to a year-end review to ensure the reason for holding the reserve and the plans for its use aligns with the MTFS and this strategy.
- Reporting on each reserve and seeking approval for any variations or to create a new reserve will form part of the quarterly monitoring report to Corporate Board and Cabinet.

Year-end review of reserves

All reserves will be subject to a year-end review by the relevant Strategic Directors with in conjunction with the Assistant Director of Finance. At the end of each financial year for each reserve a delivery plan will be prepared that sets out:

- Plans for use of the reserve including sunset clauses/closure dates
- Benefits to be delivered from the investment
- Without an approved delivery plan in place a reserve cannot be accessed

The outcome of this review will be a report to Cabinet in June each year seeking approval for further use of reserves in the current financial year and to identify where there are additional reserves to support the MTFS roll-forward.

Managment of Financial Risk - Corporate

- Level of reserve set by the Strategic Director for Resources (as Section 151 officer) as the minimum amount required, based their assessment of the financial risks facing the orgnaisation and the extent to which these are covered elsewhere
- Allocations approved by full Council based on a recommendation from Cabinet or the Strategic Director for Resources
- Any approved use to be replenished up to the minimum level as part of setting the Council's budget for the following financial year

Management of Financial Risk - Directorate

- To manage in-year financial variations e.g. fluctuations in demand, financial risks associated with the delivery of the savings plan and to manage any overspend
- Maximum of 3% of the Directorate net revenue budget
- Held at Directorate level with the Strategic Director accountable
- Decisions and proposals reported to Cabinet as part of the outturn report each year with any use replenished as part of setting the Directorate's financial planning for the following financial year

Volatility

- To manage areas of spending where cost in any one year is variable and unpredictable but where annual fluctuations are averaged out over the medium-term
- The continued need for and level of all volatility funds will be subject to an annual review. Held at both Directorate and Corporate level with accountability at Assistant Director level
- In-year governance arrangements approved by the Strategic Director as part of the Council's scheme of delegation

Earmarked

- To manage external funding received for specific purposes where the decsions on how the funding is used is not wholly within the control of the CouncilHeld at Service level
- Held at Service level with accountability at Assistant Director level
- Governance arrangements agreed as part of the approval process for setting up the reserve, but will be determined by the requirements of the individual ring-fence

Investment Funds

- Funds set up to provide pump-priming investment to deliver on the Council's key objectives
- Held at Service level with accountability at Assistant Director level
- Governance arrangments agreed as part of the approval process for the investment if the project plan is to straddle more than one financial year
- All Investment Fund reserves expected to be time-limited and subject to annual review

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Appendix F

Reserves Schedule

Please note, this schedule will be updated as part of the January budget update report to reflect the 2020/21 quarter 3 budget monitoring position and the use of reserves to support both the 2021/22 budget and the 2021-26 MTFS.

Directorate	Service	Description	2019/20 Outturn position	Approved use in 2020/21	Impact of Forecast Outturn	Impact of Reserves Review	Reserves as at 31 March 2021	21/22 MTFS commitment	Future MTFS commitment	Uncommitted Reserves
			£	£	£	£	£	£	£	£
Earmarked - Schools Reserves										
Schools	Education Services	DSG Reserve - County Council spend	(2,957,562)	0	(4,650,037)	0	(7,607,598)	(1,364,000)	(28,585,000)	(37,556,598)
	Finance	School Absence Insurance Equalisation Reserve	924,400	0	0	0	924,400	0	0	924,400
	Other Services	School Balances	14,161,875	0	0	0	14,161,875	0	0	14,161,875
		Contingency to cover DSG Overspend	12,314,000	0	0	0	12,314,000	1,364,000	28,585,000	42,263,000
		Loans To Schools	14,300	0	0	0	14,300	0	0	14,300
		Total Earmarked Schools Reserves	**24,457,014**	**0**	**(4,650,037)**	**0**	**19,806,977**	**0**	**0**	**19,806,977**
Earmarked - External Reserves										
Communities	Education Services	School Improvement Monitoring & Brokering Reserve	645,441	(211,000)	0	0	434,441	0	0	434,441
	Fire and Rescue	Emergency Service Network	765,198	0	0	0	765,198	0	0	765,198
	Environment Services	Proceeds of Crime	163,686	0	(30,000)	0	133,686	0	0	133,686
		S38 Developer Funding	350,000	0	0	0	350,000	0	0	350,000
	Strategic Commissioning Communities	Speed Workshops	824,955	0	0	0	824,955	0	0	824,955
		Rural Growth Network	242,090	0	0	0	242,090	0	0	242,090
People	Children and Families	Adoption Central England	1,209,122	(400,000)	513,000	0	1,322,122	0	0	1,322,122
		Controlling Migration Fund	391,476	(391,000)	230,000	0	230,476	0	0	230,476
Resources	Business and Customer Services	Museum, Records and Libraries Trust Funds and Bequests	338,764	0	0	0	338,764	0	0	338,764
	Finance	LA Counter Fraud Fund Grant	15,787	0	0	0	15,787	0	0	15,787
	Governance and Policy	One Public Estate	386,925	0	(8,000)	0	378,925	0	0	378,925
Corporate	Other Services	NNDR Pool Surplus Reserve	5,531,896	0	0	0	5,531,896	0	0	5,531,896
		Total Earmarked External Reserves	**10,865,340**	**(1,002,000)**	**705,000**	**0**	**10,568,340**	**0**	**0**	**10,568,340**

Appendix F

Reserves Schedule

Please note, this schedule will be updated as part of the January budget update report to reflect the 2020/21 quarter 3 budget monitoring position and the use of reserves to support both the 2021/22 budget and the 2021-26 MTFS.

Directorate	Service	Description	2019/20 Outturn position	Approved use in 2020/21	Impact of Forecast Outturn	Impact of Reserves Review	Reserves as at 31 March 2021	21/22 MTFS commitment	Future MTFS commitment	Uncommitted Reserves
			£	£	£	£	£	£	£	£
Reserves Subject to Annual Review - Internal Policy										
People	Children and Families	Priority Families Reserve	907,195	(300,000)	415,000	0	1,022,195	0	0	1,022,195
Resources	Business and Customer Services	Warwickshire Local Welfare Scheme	475,788	0	(236,000)	0	239,788	0	0	239,788
	Governance and Policy	Going for Growth Apprenticeship Scheme	296,693	0	0	0	296,693	0	0	296,693
Corporate	Other Services	LATC Operational Reserve	248,000	0	0	0	248,000	0	0	248,000
		Local Resilience Forum - Brexit funding	262,500	0	0	0	262,500	0	0	262,500
		Corporate Apprenticeship Fund	736,725	0	59,000	0	795,725	0	0	795,725
		Redundancy Fund	8,399,648	(168,949)	0	0	8,230,699	0	0	8,230,699
		Schools in Financial Difficulty	1,821,532	(70,000)	0	0	1,751,532	(70,000)	(280,000)	1,401,532
		Total Annual Review - Internal Policy	**13,148,081**	**(538,949)**	**238,000**	**0**	**12,847,132**	**(70,000)**	**(280,000)**	**12,497,132**
Reserves Subject to Annual Review - Volatility										
Communities	Environment Services	Domestic Homicide Reviews	87,505	0	(10,000)	0	77,505	0	0	77,505
	Fire and Rescue	Pensions Reserve	332,578	0	(16,000)	0	316,578	0	0	316,578
People	Children and Families	Youth Justice Remand Equalisation	522,692	0	125,000	0	647,692	0	0	647,692
Corporate	Other Services	Financial Instruments Reserve	2,335,381	0	0	0	2,335,381	0	0	2,335,381
		Insurance Fund	9,125,000	0	(520,000)	0	8,605,000	0	0	8,605,000
		Capital Fund	1,657,888	0	0	(1,000,000)	657,888	0	0	657,888
		NNDR Appeals Reserve	7,951,025	0	0	0	7,951,025	0	0	7,951,025
		Pensions Deficit Reserve	465,593	0	110,000	0	575,593	0	0	575,593
		Quadrennial Elections	686,022	0	0	0	686,022	0	0	686,022
Corporate	Other Services	Audit Fee Reserve	773,621	0	(13,000)	(573,621)	187,000	0	0	187,000
		IT Sinking Fund	2,772,675	0	0	0	2,772,675	0	0	2,772,675
		Interest Rate Volatility Reserve	5,435,651	0	(1,445,000)	0	3,990,651	0	0	3,990,651
		Total Annual Review Volatility	**32,145,629**	**0**	**(1,769,000)**	**(1,573,621)**	**28,803,009**	**0**	**0**	**28,803,009**
Invest to Save Funds										
Corporate	Other Services	Fire Transformation Fund	863,409	(189,763)	0	0	673,646	0	0	673,646
		Children's Transformation Fund	6,217,086	(113,450)	0	0	6,103,636	0	0	6,103,636
		Council Change Fund	12,336,575	(3,369,907)	0	0	8,966,668	0	0	8,966,668
		Unringfenced (Covid) Government Grants	18,110,918	(9,026,663)	(4,444,255)	0	4,640,000	0	0	4,640,000
		Revenue Investment Funds	17,499,678	(534,183)	0	0	16,965,495	0	0	16,965,495
		Total Invest to Save Funds	**55,027,665**	**(13,233,966)**	**(4,444,255)**	**0**	**37,349,444**	**0**	**0**	**37,349,444**

Appendix F

Reserves Schedule

Please note, this schedule will be updated as part of the January budget update report to reflect the 2020/21 quarter 3 budget monitoring position and the use of reserves to support both the 2021/22 budget and the 2021-26 MTFS.

Directorate	Service	Description	2019/20 Outturn position	Approved use in 2020/21	Impact of Forecast Outturn	Impact of Reserves Review	Reserves as at 31 March 2021	21/22 MTFS commitment	Future MTFS commitment	Uncommitted Reserves
			£	£	£	£	£	£	£	£
Reserves Subject to Annual Review - Specific Investment Projects										
Communities	Education Services	Virtual School for children looked after	92,788	(40,000)	38,000	0	90,788	0	0	90,788
		Education management information system	44,139	0	0	0	44,139	0	0	44,139
	Environment Services	Flood Management Reserve	458,704	0	0	0	458,704	0	0	458,704
	Fire and Rescue	Vulnerable People Earmarked Reserve	83,948	0	0	0	83,948	0	0	83,948
	Strategic Commissioning for Communities	Kenilworth Station	552,095	0	0	0	552,095	0	0	552,095
		Skills Delivery for Economic Growth	131,412	0	0	0	131,412	0	0	131,412
		European Match Funding	166,123	0	0	0	166,123	0	0	166,123
Resources	Business and Customer Services	Corporate Customer Journey Programme	210,009	0	0	0	210,009	0	0	210,009
	Enabling Services	HR - Service Improvement Projects	59,829	0	0	0	59,829	0	0	59,829
		Total Annual Review Specific Investment Projects	**1,799,046**	**(40,000)**	**38,000**	**0**	**1,797,046**	**0**	**0**	**1,797,046**
Management of Financial Risk										
Communities		Directorate Risk Reserve	5,647,450	(515,000)	0	(2,052,980)	3,079,470	0	0	3,079,470
People		Directorate Risk Reserve	12,843,936	(280,000)	0	(5,025,574)	7,538,361	0	0	7,538,361
Resources		Directorate Risk Reserve	4,036,000	(1,504,000)	0	(1,012,800)	1,519,200	0	0	1,519,200
Corporate		General Reserves	21,223,312	19,087,918	(19,087,918)	0	21,223,312	0	0	21,223,312
		Total Management of Financial Risk	**43,750,698**	**16,788,918**	**(19,087,918)**	**(8,091,355)**	**33,360,344**	**0**	**0**	**33,360,344**
Available for Use Reserves										
Corporate		Medium Term Financial Contingency	11,834,236	10,793,614	10,858,104	9,664,975	43,150,929	(10,073,000)	(29,747,000)	3,330,929
		Total Available for Use Reserves	**11,834,236**	**10,793,614**	**10,858,104**	**9,664,975**	**43,150,929**	**(10,073,000)**	**(29,747,000)**	**3,330,929**
		Total	**193,027,709**	**12,767,617**	**(18,112,106)**	**0**	**187,683,220**	**(10,143,000)**	**(30,027,000)**	**147,513,220**

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Investing in Warwickshire-
Capital Strategy 2020-30

Warwickshire County Council

Introduction

Cllr Peter Butlin
Deputy Leader and Portfolio Holder for Finance and Property

Rob Powell
Strategic Director for Resources
Warwickshire County Council

Investing in Warwickshire is a fundamental part of our role as a County Council. We want Warwickshire to be the best it can be, sustainable now and for future generations.

As a county, we boast a broad range of strengths that make Warwickshire a great place to be. We benefit from a buoyant economy, significant business and housing growth, considerable community capital, much valued natural environment and town centres that are a vital part of local life. But looking ahead, we also face significant challenges, including the impact of Covid-19, demographic pressures and climate change.

As an organisation, we are equally well placed but face uncertainty over future funding levels and our ability to meet growing demand for the services we provide.

Together, these factors influence our approach to capital investment. To respond effectively, we need to take a strategic and holistic approach to the use of our capital investment fund and assets to deliver our key priorities.

Our refreshed Capital Strategy 2020-30 aims to optimise the way in which we generate, manage and allocate the capital funds at our disposal.

It forms a critical part of our policy and financial planning process. It is an integral part of the Medium Term Financial Strategy to help deliver our Council Plan 2025.

Our new approach aims to maximise the use of capital resources to continue to make Warwickshire an attractive place to live, work, visit and do business, ensuring good stewardship and opportunities for sound investment when they arise.

This capital strategy has been developed to ensure that our long-term approach to investment takes proper account of prudence, value for money, risk, sustainability and affordability. It is supported by a robust delivery and governance framework to guide expenditure and investment decisions; performance will be monitored at overall, programme and project levels to track progress and achievements against priorities. Together these ensure compliance with the CIPFA Prudential code.

We recognise the lasting impact and legacy of good, evidence-based capital investment and the Capital Strategy 2020-30 sets out our approach to making this happen in and for Warwickshire.

1.

Purpose of our Capital Strategy

What is Capital?

Within local government, capital is funding which is used to purchase or upgrade specific assets such as buildings, machinery, equipment, ICT, vehicles or intangible assets.

Unlike for revenue funding, these are investments that last a number of years and deliver long term benefit to the community, place and council.

Such capital investment is funded by borrowing, grants, capital receipts, developer contributions council contributions etc.

What is a Capital Strategy?

A capital strategy sets out the choices we make in relation to the amount and nature of the capital investment we spend. It is made up of three key elements:

1. **Strategic intent** – Sets out the aspiration and direction for our capital investment, defining the outcomes we are seeking to achieve through investment (Why).
2. **Programme** – Sets out the activity, programmes and projects that are funded by our capital investment (What).
3. **Framework** – Sets out the way we will plan and prioritise investments; manage capital spend and the capital programme in line with best practice and statutory requirements; execute the delivery of projects; manage risks and measure performance (How).

Together these elements set out the ambition for investment, the nature of that investment and the assurance of delivery.

2.

Why do we need a capital strategy?

Our Capital strategy sets out the direction, nature and focus of the capital programme and the framework which we operate to.

As a public body, we have a statutory duty to produce a capital strategy. An effective Capital Strategy helps ensure that the Council's capital and revenue expenditure on the asset portfolio is directed to deliver our key priorities.

The Council Plan 2025 has a clear vision to make **Warwickshire the best it can be, sustainable now and for future generations.**

Our capital investment will be aimed at delivering our Council Plan and its priority outcomes using the draft investment criteria below:

Warwickshire's communities and individuals are supported to be safe, healthy and independent (Supporting people) - invest to:

- **manage long-term demand through innovation**, sustainable service redesign, new technology and digital solutions;
- **strengthen community assets and community resilience** by investing in community capacity, self-help and capability, supporting local actions and priorities like climate change;
- **keep communities, including children, safe** by investing in safety, providing early support, preventing harm and helping to reduce crime;
- **meet future demand** through early intervention and timely provision of capital assets to support vulnerable people to live well (school places, independent living accommodation).

Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure (Shaping places) - invest to:

- make Warwickshire sustainable now and for the future through actions to secure carbon reduction, mitigate against climate change, increasing recycling, reducing waste, using products from sustainable sources and encouraging community actions;
- help economic growth by supporting the recovery from Covid, rebuilding confidence in our towns and visitor economy, reducing unemployment, improving skills, improving education provision, supporting business growth, local industries and attracting investment to Warwickshire;
- enable infrastructure improvement to support economic growth and investment, improve connectivity, enable modal shifts in travel, maintain networks etc;
- support local economic resilience through local area regeneration, sustaining town centres;
- enhance Warwickshire as a place to live and visit improving Warwickshire's attractiveness, public spaces, natural parks, visitor assets and community places.

Making the best use of our resources (Maximising our resources) - invest to:

- **generate income** through investments that generate tax revenue, grow revenue streams or deliver enhanced capital receipts;
- **create social value** through our procurement, commissioning, service delivery and estate management to produce wider social, economic or environmental benefits for our communities and
- **ensure good stewardship of Council assets** through timely maintenance, appropriate use of technology and energy efficiency.

Strengthening our strategic focus

Matching our programme to our ambition

Optimising Delivery

Our enhanced approach is to adopt:

- a portfolio view;
- a holistic and outward looking focus;
- investment to transform services;
- a streamlined approach and
- a medium/long term perspective.

Benefits of an effective capital strategy

- look to the long term future;
- influence the decisions and choices we make;
- create opportunities and influence agendas;
- focus on our place-shaping role and working with partners and
- create consistency and coherence to our investment.

How does this fit with other strategies?

The capital strategy is a key part of our strategic framework and a critical element of our Medium Term Financial Strategy (MTFS), which is in turn aligned to the Council Plan 2025.

Whilst the MTFS covers a rolling 5-year period, the capital strategy reflects the long-term nature and benefit of capital investment and is fixed over a longer timeframe, stretching to 2030, and addresses how we intend to pay for our capital investments and activities.

Our approach to capital investment is informed by our:

- Risk management strategy;
- Reserves strategy; and
- Treasury management strategy.

The outcomes are aligned to the core strategies to influence wider agendas and partnership working such as the Warwickshire Property and Development Company, the Warwickshire Recovery Investment Fund, the Health and Wellbeing Partnership, the West Midlands Combined Authority, the Coventry and Warwickshire Local Enterprise Partnership, the City of Culture, the Commonwealth Games and other local authorities.

3.

Drivers for Capital Investment

Local and national factors that will shape the need for capital investment during the next 10 years include:

- The impact from the Coronavirus pandemic has had significant impact on the UK, its businesses and its communities. The sudden impact of the pandemic caused GDP to drop by over 19% during 2020. Even though the economy has returned to some level of growth, most economic sectors remain below their February 2020 peak.
- The capital strategy can play a key role in supporting the recovery of key sectors such as construction, as well as playing a role working with partners such as the Coventry and Warwickshire Local Enterprise Partnership to invest in projects and infrastructure which will give the local economy the confidence and certainty to invest and grow. It will do this through the prioritised allocation of resources to initiatives which best meet the recovery outcomes.

Supporting People

- Warwickshire continues to be an attractive place to live, work and visit, which will experience significant population and housing growth other the next 20 years. Population growth is forecast to increase by at least 7.2% by 2041 and may well exceed this in view of housing development trends.
- The main growth will be in older age groups: those aged 70 and over are projected to increase by almost 50% by 2041 and those aged 85 plus will more than double.
- A growing ageing population is likely to see increases in those living with disabilities and other long-term health conditions, leading to additional demand pressures on public services including health, social care and fire to protect, prevent and support vulnerable people.

This will require us to work differently; to invest in early interventions, demand management encourage service innovation, reduce costly care packages and enable more self-help and resilience in our communities.

- The number of Children Looked After by the Council is projected to continue to rise, reflecting population increases and national trends.
- Our School age population is projected to increase by 3% by 2025 but this will then slow down by 2041. There is an estimated need for an additional 8,000 school places by 2025.
- The growth in population and households will mean a need for additional infrastructure requirement, particularly transport, waste and school places including special education needs.

Shaping Warwickshire

Climate Change

Optimising Delivery & maximising our resources

Shaping Warwickshire as a place to live, work and visit

- The Council has declared a climate change emergency and is developing an action plan in recognition of its role as community leader, service provider and estate manager.
- The number of households is projected to increase by 13% to 271,497 by 204. Each of the 5 District /Borough areas are projecting growth in households of 10,000 or more by 2033.
- Managing and maintaining Warwickshire's transport network poses several challenges including: the need for new infrastructure, improving connectivity, securing a modal shift away from cars, dealing with the impacts of congested town centres and improving road safety.
- Our ambitions for Warwickshire are being driven through our place-based programme which will identify specific opportunities and needs to be addressed.
- Despite Warwickshire's strong economic foundations, the impact of the Covid-19 pandemic presents challenges for our key sectors. The automotive and advance manufacturing sectors face short-term impacts in terms of disruption to work and supply chains, whilst our tourism sector faces significant pressures which could see unemployment rise as government support schemes (such (such as Furlough) come to an end.
- The capital strategy plays a critical role in recovery by supporting key sectors through specialist land and facilities, enabling the adjustments within sectors to respond to new opportunities such as green technology and transport, and adaptations in working patterns.
- The West Midlands has been selected as the preferred partner for the government's Urban Connected Communities project to develop a large-scale, 5G pilot across the region, with a hub in Coventry. 5G mobile connectivity is expected to revolutionise the digital environment, with benefits to business, public services and society, attracting investment, talent and contributing to innovation.
- Population growth helps increase the Council tax base and positively impacts on our ability to borrow for capital investment.
- Strong partnership efforts and investment will be needed to sustain the role of our town centres in the face of Covid-19, changing consumer habits and emerging opportunities.
- We need to work in different and innovative ways to reduce costs and optimise use of our assets to aid our sustainability in the face of growing demand and an uncertain financial climate for local authorities.
- There are opportunities and challenges to leverage external contributions (grants, developer contributions etc) for our capital programme.
- We need to optimise our commercial approach and activities to generate income and grow the tax base in order to deliver wider outcomes for Warwickshire.
- Technological advances and changes in the way customers interact with service providers, will lead us to maximise the use of digital and other technologies across our services.
- Our asset management strategies and estate modernisation plans will help sustain our core assets, support modern flexible ways of working, our climate change commitment and our people strategy.

4.

Guiding principles for our Capital investments.

Approach

This capital strategy represents a step chance in our approach to capital investment, and is guided by these three key principles:

1. Strengthening our strategic focus

and role as a shaper of place for Warwickshire by applying a holistic, forward looking and externally focused approach to our capital investment

2. Matching our programme to our ambition

Right sizing the capital programme to ensure it reflects the broad range of our ambition and outcomes

3. Optimising Delivery

Strengthening our performance in relation to capital projects, adopting commercial principles and practices which enhance evidence-based decision making and robust benefit realisation

The key principles of our Capital Strategy are:

Strengthening our strategic focus

Focusing on our core purpose, helping the achievement of the Council's priority outcomes and supporting Warwickshire's

The capital strategy exists to deliver the Council's Corporate Plan priority outcomes, strategic objectives and to help implement our key strategies. It will take a holistic, balanced and joined up view on investment across the full spectrum of Council objectives as outlined in the Council Plan 2025.

Matching the programme content to our ambition

Taking a holistic view and ensuring strategic fit: The capital strategy will drive the right prioritisation of capital investment through an integrated approach across the Council, to drive recovery from Covid, innovation and creative solutions for managing demand, improving productivity and reducing cost. It will support good investments, maximise returns and exploit opportunities. Our capital programme will make the best use of resources and mechanisms to meet current needs, deliver a sustainable future for the next generation and be affordable.

Being risk aware: Our capital programme will be guided by our risk appetite and tolerances. We will be risk aware, ensuring compliance with our statutory duties and providing proportionate and appropriate scrutiny to drive improvement. We will operate within agreed tolerances for risk, reading across the entire capital programme and learning from the delivery of individual projects.

Optimising delivery

Building a commercial and business-like approach to investment: The capital strategy is critical to embedding a more strategic, business-like and risk-aware approach, as encapsulated by our new commercial strategy. It will be informed by a long-term pipeline of investment and external funding opportunities. All capital investments will be supported by a robust business case, setting out the requirement, objectives of the capital expenditure, intended outcomes and benefits, the costs and the risks.

Our Warwickshire Property and Development Company will play a key role in optimising delivery of our investment strategies for our land and property assets in support of the Council Plan 2020-25.

Assurance: The capital strategy must drive a capital delivery programme which maximises the return (social value and financial benefits) from our capital investment. It will be supported by the right capabilities, plans and delivery management to minimise slippage, accelerate benefits realisation and achieve value for money.

5. Capital Programme

The Council maintains an approved capital programme, that covers a 5-year period, which is subject to an annual update as part of the budget process and Medium Term Financial Plan. The capital programme incorporates:

- the roll forward of existing approved capital projects;
- an annual 'rightsizing' of approved capital budgets to ensure optimal allocation of corporate resources;
- allocations for rolling, annual maintenance programmes; and
- a single investment pot to fund new priorities.

The effect of investment priorities is reflected in both the Medium-Term Financial Strategy and Treasury Management Strategy.

Capital Programme approval process

The capital programme is developed in line with the Medium-Term Financial Strategy and approved as part of the Capital Budget Resolution by Full Council in February each year.

The Corporate Board will review the draft future capital programme, consider its affordability and make recommendations to the Cabinet.

The Cabinet is responsible for considering the capital programme, along with recommendations on how it should be financed as a whole, its affordability and priorities, and will recommend a revenue budget and a capital programme to the Full Council for approval.

Project approval

Capital projects will be brought to Members for approval throughout the year. Capital approval rules allow for this, meaning that the capital programme evolves throughout the year.

Assessment of bids for investment will take place through the established capital governance process.

Once a need for a new asset/project has been identified, it will be developed in line with the Council's project management framework and standards. This will involve preparing an outline business case to enable an assessment of the desirability and affordability of the project.

If approved, a full business case is developed and submitted for approval through our Gateway Process via a Technical Panel of in-house independent experts from finance, legal, property, project management and independent front line services.

The full business case will include an options appraisal and will ensure that the full implications of every proposal are clearly understood to enable decisions on whether to proceed with the project and to prioritise the application of capital against our investment criteria. It will also ensure that capacity to deliver the project, risks associated with the project, and value for money have all been considered.

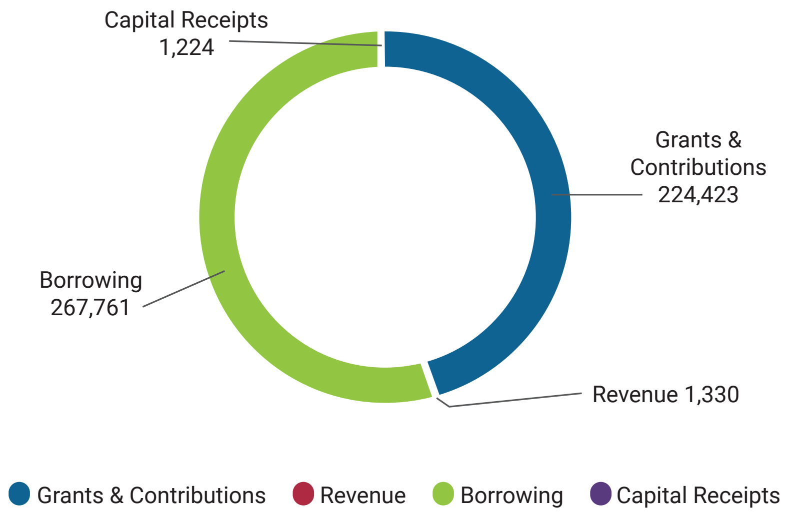
Once approved, these will be added to the Capital Programme.

Financial Monitoring

The technical appendix sets out how the capital programme is monitored to ensure that our capital spending is effectively managed to deliver value for money, together with the capital governance framework.

The funding of capital expenditure and funding principles

Our main capital resources are service specific grants, third-party contributions, capital receipts, contributions from revenue and borrowing. When assessing the level of planned capital investment to undertake, we make a judgement about the level of capital resources that are likely to be available over the period of the programme. We aim to optimise the use of all other available sources before using borrowing to fund our capital programme. The funding of the capital programme is outlined in the chart below:



Based on current estimates, WCC is expecting to spend £494.7m over the next 5 years. A breakdown of the capital programme is attached to the capital budget resolution and analysis of the allocations is included in the technical appendix. Future capital priorities not yet included in the capital programme are included in Annex D to the technical appendix.

The Council's strategy for its borrowing is set out in the Treasury Management Strategy Statement and takes account of factors such as interest rates and the spreading of loan repayment dates to reduce risk. The technical appendix outlines the approach taken to assessing sustainability and affordability of the capital programme and illustrates the effect of borrowing decisions on the revenue budget. Prudential indicators will be approved as part of the capital budget resolution.

The basis for the delivery of the overall capital programme are subject to Member approval:

- £35.600 million new borrowing annually, funded as part of the Revenue Plan proposals for the 2021-26 Medium Term Financial Strategy.
- £10.682 million of maintenance allocations funded from a top slice of this borrowing and are strictly cash limited.
- The balance of the £35.600 million annual borrowing (£24.918 million a year) will be allocated to the Capital Investment Fund where services will be invited to submit business cases to bid for funding throughout the year.
- All capital receipts (excluding those from the disposal of schools) are used to repay debt. Exceptions to this policy are only considered when as part of an invest-to-save project such that investing the capital receipt will result in bigger reductions in debt outstanding or greater revenue savings than would have been achieved by simply repaying debt (or if previously agreed by Members as being earmarked for a particular purpose).
- The disposal profile of capital receipts will be used to inform the MTFS and revenue savings targets by offsetting the revenue cost impact of new borrowing.
- The base level of investment in the school stock is fixed at the level of government capital grant for schools plus receipts generated from the sale of school assets and developer contributions. Circa £3.000 million of the government grant forms an annual contribution to the cost of school maintenance. The remainder of funding is used to invest in the provision of additional places.
- The base level of investment in the maintenance of Warwickshire's highways and street lighting and casualty reduction is fixed at the level of government grant for this purpose.
- Contributions from developers are maximised and applied to appropriate schemes ahead of Council resources whenever possible.

CIPFA Prudential Code

The 2017 edition of the CIPFA Prudential Code for Capital Finance in Local Authorities introduced the requirement for authorities to produce a capital strategy. The purpose of the capital strategy is to place decisions about borrowing in the context of the overall longer-term financial position of the authority and to provide improved links between the revenue and capital budgets. The guidance is not prescriptive and allows the capital strategy to be tailored to the individual authority's circumstances. The Council has adhered to this guidance in this Capital Strategy.

6.

Capital Framework

Our Capital Framework covers:

- how we plan for capital investment, identifying priorities, inter-relationships and a long- term pipeline;
- the selection of projects, sub-programme priorities and the total capital programme;
- governance, including decision-making, risk management, assurance and control;
- the planning and execution of projects (using PMO, Prince2 & RIBA standards); and
- performance measurement using KPIs (financial, technical, economic, environmental & social metrics) to track progress at different stages, delivery, benefits/ achievements, reporting and lessons learnt.

The capital framework includes a methodology to classify the different stages of a project based on recognised industry standards along with other best practice.

We will provide a clear definition about what performance is, and how it will be measured to allow us to assess whether our projects and investments are on track. KPIs and benchmarking will be used to capture our position and how well we are doing.

We will ensure governance through established arrangements that include a Gateway process and Investment Panel where senior officers review project proposals at project inception and at full business case stage. Projects will be scrutinised by appropriate experts and recommendations on whether to approve will be made to Corporate Board, and where appropriate to Cabinet before delivery commences.

We will use our ncil-wide project system (to record and manage all projects. Project delivery will be through cross-directorate delivery boards, led by strategic directors who will support and challenge progress. These Boards are also responsible for assuring delivery of projects and programs to time, cost, quality, benefits and risk manage.

7.

Making it happen

The following are some key actions that will help the delivery of the strategy over the next 12 months.

Focusing on our core purpose and supporting the Council's priority outcomes

Taking a holistic view and ensuring strategic fit

- Refine our strategic planning and pipeline development process and build a longer term pipeline to better inform future investment
- Refine the allocation, assessment and prioritisation processes to better deliver our ambition
- Compare project and sub-programme anticipated benefits for investment prioritisation
- Further progress the alignment between the technical and strategic assessment processes (through Verto)

Being risk aware

- Align the risk profile of the capital programme to the Risk Management Strategy
- Use early warning system to strengthen delivery

Building a commercial and business-like approach to investment

- Assess opportunities and options for investment
- Set clear investment criteria

Ensuring delivery and performance

- Enhance delivery capacity
- Performance and delivery framework
- Use of standardised recording and reporting (through Verto)

Our Capital strategy will be reviewed annually alongside the annual refresh of the Capital Programme

The enhanced assurance framework will ensure that the programme and framework and constantly reviewed and relevant.

Performance will be reported quarterly to Cabinet. December 2020

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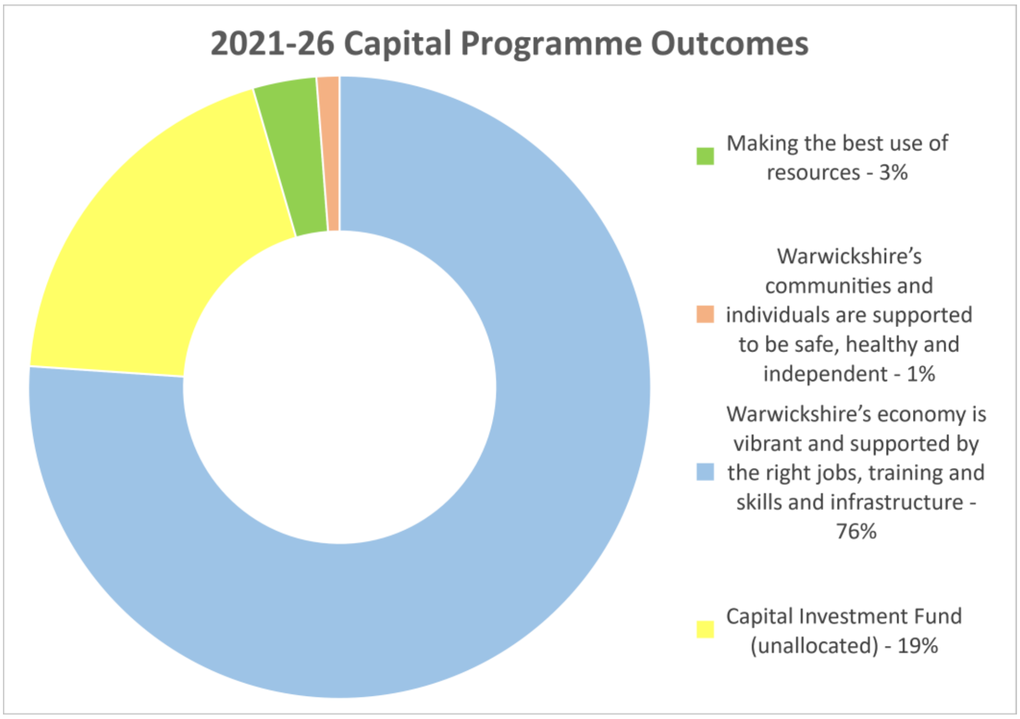
Investing in Warwickshire
Capital Strategy 2021-2030 – Technical Appendix

Why do we need a Capital Strategy?

We have over many years invested in assets that have a lasting value, for example land, roads, buildings and large items of equipment and vehicles. Each year we need to spend more money to ensure our assets are still suitable for use in the provision of services and to invest in new assets to meet our changing needs and requirements. Our capital investment is aimed at delivering our priority outcomes for which the current gearing of our capital programme is as follows:



This technical appendix to the Capital Strategy provides the structure of our capital programme, describes how we determine the content of and finance our capital programme and provides an overview of how our capital programme is managed and how we deliver the above outcomes.

What is Capital?

Spending is included within the capital programme where we expect it to result in future economic (asset value) or service (asset performance or life) benefits. This covers both the purchase of new long-term assets and improvements to existing ones and is consistent with the approach required in the CIPFA Code of Practice in Local Authority Accounting.

Some of our spending allocations are to either purchase or improve an asset belonging to another organisation or individual; in these circumstances, we include the expenditure in the capital programme for budget setting and monitoring processes, but follow the CIPFA Code requirements for accounting treatment to ensure it does not increase the net worth shown on our Balance Sheet.

We operate a general de minimis of £6,000 on a project-by-project basis (£3,000 where the spend relates to primary schools or nurseries); expenditure below this level is treated as revenue and not part of the capital programme, unless under exceptional circumstances. Further details of our capitalisation policies can be found in the Accounting Policies section of our Statement of Accounts, published on our website.

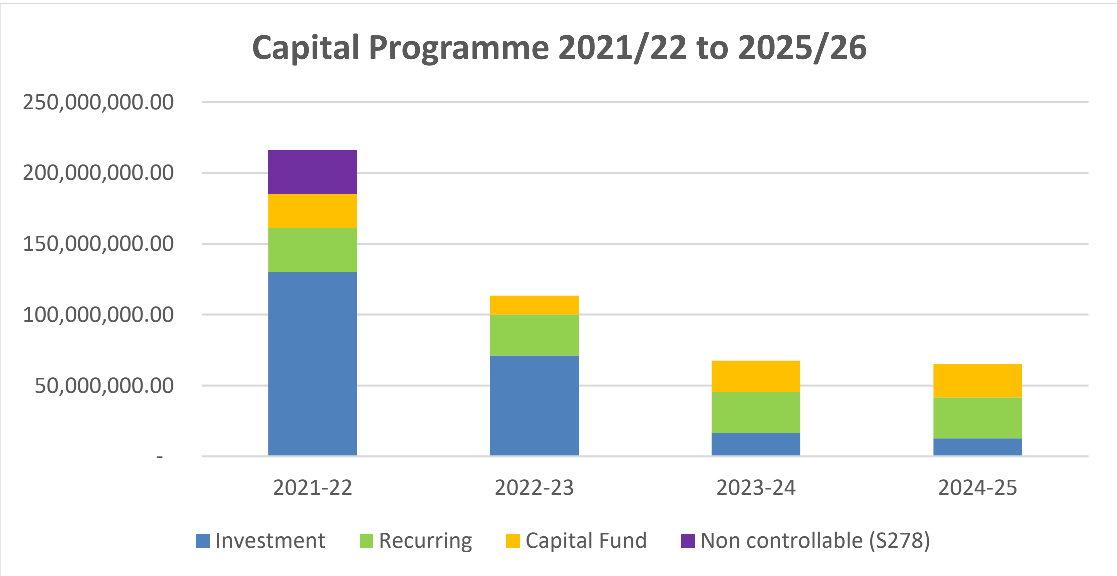
Our Capital Programme

There are five broad strands to our capital programme, each strand has a number of elements that ensure a clear focus on the purpose of capital spending and the prioritisation of proposals. The strands are:

- A recurring maintenance programme that ensures our assets continue to be fit for purpose and able to support the delivery of services;
- Non-controllable projects, generally funded from developer contributions and not wholly within the Council's control;
- An investment programme that creates and develops new assets through individual projects;
- Corporately held investment funds for allocation as business cases are submitted and approved; and
- Investment to increase the value delivered from our land and property assets through the Warwickshire Property and Development Company.

The chart below shows our planned capital programme over the next five years across the five strands of the capital programme. Future non-controllable (developer-led) spend cannot yet be timetabled with accuracy and so has been excluded from future years capital programmes at this time. Overall, we would expect the level of spend on such schemes to be broadly comparable with forecasts for 2020/21.

The impact of the Warwickshire Property and Development Company will be reflected in an updated version of this document, to be reported to Cabinet in January 2021 alongside the report seeking approval of the company's first business plan.



Section 25 of the Capital Financing Regulations, which govern the content of our capital programme, requires that expenditure incurred on the acquisition, production or construction of assets by other than the local authority which would be capital expenditure if those assets were acquired, produced or constructed for use by the local authority must be treated as capital expenditure. As a result, our loans to Warwickshire Property and Development Company for the development of assets will form part of our capital programme.

Guiding principles for our Capital Maintenance

Each year the capital programme includes a number of schemes that relate to the routine maintenance of our asset infrastructure. It represents the level of spending which we have no choice but to incur over the medium term. Each element of the maintenance programme has a fixed annual allocation. This approach allows Services to plan their maintenance programme over the medium term in a structured way that reduces bureaucracy, subject to the agreement of a consistent and transparent methodology for the prioritisation of maintenance spending.

Allocations included in the maintenance programme meet one of the following three criteria:

- Structural maintenance cost of maintaining our assets to ensure services can continue to be delivered;
- Statutory health and safety and other regulatory requirements; or
- Annual cost of equipment and/or vehicle replacement programmes.

Our annual maintenance programme totals £28.911 million of which £10.682 million a year is funded from borrowing plus a £3.000 million allocation from the Government's Schools Condition Grant received for schools and the grant received from Government for highways maintenance of £15.229 million. The split of this annual maintenance allocation between Services, including schools' elements, but not containing £2.000 million delegated to members for their areas, is shown below.

Maintaining assets to ensure continued service delivery

- Household Waste Recycling Centres £80,000
- Highways maintenance and street lighting £ 15,229,000
- Non schools building maintenance £2,122,000
- Country Parks, Gypsy and Traveller services £220,000
- Rural services £356,000
- Schools building maintenance £6,988,000

Health and safety and other regulatory requirements

- Casualty reduction £350,000
- Adaptations to support child placements £125,000
- Non schools asbestos and safe water £325,000
- Flood Defence £200,000
- Schools asbestos and safe water £746,000

Equipment and vehicle replacement programmes

- Information technology infrastructure £400,000
- Equipment for fire engines £120,000
- Replacement of vehicles £ variable

Annex C summarises the prioritisation methodology that will be used through to 2026 for each of the elements of the rolling maintenance programme.

Guiding principles for our Capital Investments

Capital Investment: Non-Schools

Any capital spending not included in the recurring maintenance programme automatically forms part of our capital investment programme. Investment schemes are, by their nature, not routine and are only considered if they move the Authority towards the delivery of the corporate outcomes.

The capital investment programme contributes to the delivery of these outcomes through invest-to-save projects and projects that enhance and grow the assets of the authority.

We operate a clear and transparent corporate approach to the prioritisation of all capital spending.

We use a fast track approach for schemes costing less than £2 million that are wholly funded from external resources provided for a specific purpose and where there is no, or minimal, discretion over how the funding is used e.g. developer and third-party funding. Fast track schemes are required to provide a brief summary of the infrastructure investment required and how it supports the delivery of the core priorities and outcomes before going to the Leader or the Deputy Leader as Portfolio holder for Finance and Property for approval. For vehicles, plant and equipment this approval is delegated to the Assistant Director - Finance. Any scheme costing above £2 million requires the approval of full Council, regardless of funding source or expenditure type.

To ensure widespread support for the investment programme all proposals are subject to an officer technical scrutiny process and Gateway Group endorsement prior to being considered by Corporate Board and ultimately by Members, as required under the Council's Financial Regulations. The overarching governance structure is designed to ensure the most effective use of the available resource and organisational capacity required to see capital schemes through to implementation.

The technical scrutiny process and Gateway Group use a structured evaluation process that assesses:

- What we are trying to achieve for Warwickshire residents, businesses and visitors by investing;
- The contribution of the new assets to the delivery of the corporate outcomes;
- The financial costs and benefits over the short, medium and long term; and
- The risks inherent in the delivery of the scheme itself and the expected benefits, with a focus on better up-front planning and timetabling.

The results of this evaluation process are reported to Corporate Board quarterly who consider whether to recommend schemes to Members for approval. If the total cost of a scheme is less than £2 million this approval is by the Leader or Cabinet. Schemes over £2 million require the approval of full Council. A summary of the evaluation criteria and their relative weighting is attached at **Annex A.** In response to the climate change emergency, the evaluation criteria specifically require that every new investment scheme explains how it will contribute to addressing climate change.

Annex B lists our capital investment priorities. Business cases will be completed and assessed through the evaluation process outlined above before funding allocations are approved and projects formally added to the Council's capital programme.

Currently the Council does not make investments in the commercial property market purely for the purpose of generating a financial return. The Council owns a small number of assets classified as Investment Properties, but these are primarily assets whose usage has changed over time and that now fall into this category, income from these assets is immaterial.

Warwickshire Property and Development Company

On 7 February 2020 Council approved work to commence on the feasibility of a wholly owned Property and Development Company to increase the value generated through a more effective use of our land and property assets in support of the Council's key objectives and outcomes.

In October 2020, following consideration of the business case, Cabinet approved the creation of the wholly owned company. The set-up of the company and the development and then approval of their first annual business plan is now underway. Once complete, individual sites contained in the business plan will go through an evaluation and assurance process by the Council, as the shareholder, that will include consideration of the affordability and prioritisation of the investment proposals relative to other elements of the Medium Term Financial Strategy and capital investment priorities. Only once this process is complete will any loans to the company that constitute capital expenditure be approved and added to the capital programme.

Any such approvals will increase our underlying need to borrow. The strategy for borrowing externally in order to finance the company and associated capital expenditure is reflected in our Treasury Management and Investment Strategies.

Warwickshire Recovery Investment Fund

The Warwickshire Recovery Investment Fund is still in its early stages of development. Any aspect of this which constitutes capital expenditure will be required to be included in the capital programme and capital strategy with detail on how this will be funded. This will also be reflected in our Treasury Management and Investment Strategies.

The impact of the Warwickshire Recovery and Investment Fund (WRIF) will be reflected in an updated version of this document, to be reported to Cabinet in January 2021 alongside the report seeking approval of the WRIF.

Capital Investment: Schools and Educational Facilities

It is the Council's role to plan, commission and organise education places in a way that promotes improved standards, manages supply and demand and creates a diverse infrastructure. The strategy supports the provision of accommodation, whether permanent or temporary, that is high quality, fit for purpose, provides value for money and ensures flexibility to respond to changes in need and curriculum. Whilst the Council is not responsible for Academy schools, our strategy includes them as education providers within the county as it is the Council's statutory duty to ensure sufficient school places.

School-level forecasts of future pupil numbers are produced each year on the receipt of the latest population data from the health authorities and the latest data on parental preferences and housing development numbers. The level of surplus capacity available in Warwickshire schools varies from area to area, with extremely low levels of surplus capacity available in urban areas, particularly across the primary phase of education. In contrast to this, higher levels of surplus capacity are recorded in the county's rural areas. There is a need to maintain a certain amount of capacity within a given area to allow for flexibility to enable in-year movement of pupils, to meet parental preference as much as possible, and allow families moving to an area to be able to secure a place at a local school or for each of their children at the same school. Consideration for the quality of the education provision available in any area is also included when planning for sufficient places.

Capital allocations to meet projected shortfalls in provision are provided by the Education and Skills Funding Agency to all local authorities. However, there is pressure on capital budgets for new school places across the country and it is likely that allocations will continue to be limited for the foreseeable future. It is important, therefore, to consider value for money in the process of commissioning school places. Where new housing development creates a demand for school places in excess of those available, we will work with District and Borough Councils and developers to ensure that the appropriate contributions for the provision of additional school places are given. We will seek the maximum contribution from developers to support the provision of additional places that we believe is proportionate to the impact of the development ensuring all requests for contributions are compliant with the relevant legislation.

Warwickshire is in a period of significant growth, with large scale housing development proposed across the county over the next 10 years and beyond. It is expected this will require additional education provision for Warwickshire children. As development progresses across the county there will be a need for the delivery of new provision during the next 5 years and effective planning for further new provision beyond that period.

Further details on education investment planning can be found in the Education and Learning Sufficiency Strategy – see **Annex D** for link.

Guiding principles for our Capital Funding

Capital Receipts

Through our approach to asset management planning (see **Annex D**), we undertake continuous monitoring and review of the Council's property portfolio seeking to ensure we make best use of the capital value tied up in those assets. When making decisions on the disposal of assets and hence the generation of capital receipts a number of factors are taken into consideration:

- Whether assets are surplus to requirements in the short, medium and long term;
- Whether assets are achieving their financial or service delivery performance targets;
- The level of any potential financial return;
- Any legal obligations; and

- The impact on corporate policies and the promotion of key strategic policies.

All capital receipts, with the exception of school receipts which are reinvested, are used to offset the requirement for additional debt, with a consequent reduction in the Council's borrowing costs. Capital receipts are inherently volatile and the timing of when the money is received is uncertain and unrelated to the timing of any need to incur capital spend. Therefore, our approach to the use of capital receipts enables capital spend to be fully financed before additional borrowing is required, this delays the need to incur additional borrowing and therefore avoids incurring the requisite revenue costs to finance the borrowing.

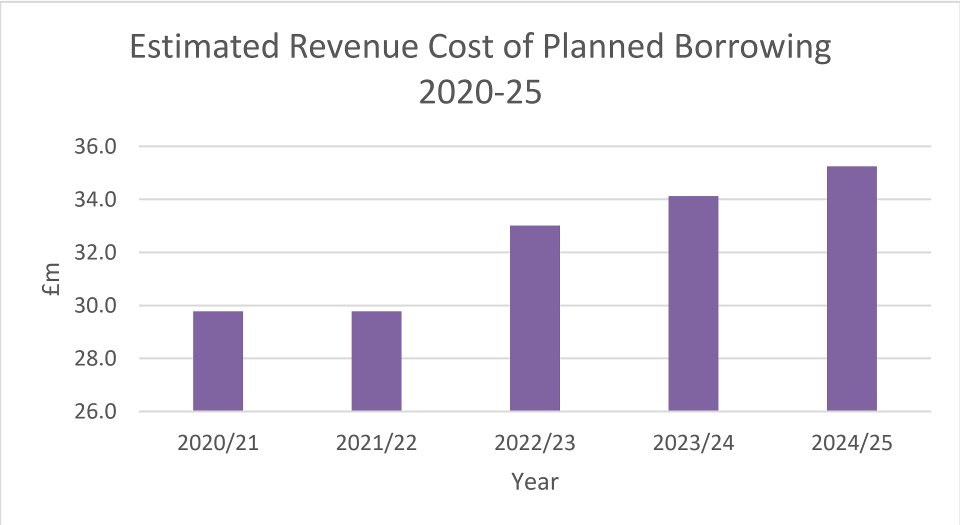
Borrowing

We are required, by statute, to base our approach to borrowing money for financing the capital programme on a set of guiding principles (the Prudential Framework). The framework includes the principles of affordability, prudent funding, efficiency, forward planning, outcomes, sustainability and investment return.

Incurring an additional £35.600 million borrowing each year is affordable within the 2021-26 Medium Term Financial Strategy and is deemed to be the minimum level of borrowing needed over the medium term to support the delivery of the Council Plan objectives. The impact on the Revenue Plan of borrowing is felt in two ways; firstly in real interest charges incurred on our loans and secondly in the Minimum Revenue Provision, a notional charge to the revenue budget which spreads the cost of acquiring assets across the years in which the benefits of that expenditure are felt, its main financial management purpose is to ensure sufficient funds are set aside to repay the principle amount of borrowing when loans mature.

To forecast future years' revenue costs as a result of borrowing, we must consider both historic levels of expenditure funded from borrowing, the full cost of the existing capital programme funded from borrowing, and any decisions Members make to take out further borrowing in future years. We estimate that the total revenue cost as a result of past and planned new borrowing from these two charges will be as follows:

The impact of WPDC and the WRIF will be reflected in an updated version of this document, to be reported to Cabinet in January 2021, alongside the reports seeking approval of the WRIF and WPDC. This includes updating the Chart below.



Provision for these estimated costs are included as part of the Medium Term Financial Strategy. The figures do not include any cost of borrowing to support the activity of the Warwickshire Property and Development Company, which will be funded through charges to and surpluses generated by the Company.

Further details of anticipated borrowing levels, forecast repayment schedules, our detailed approach to the Minimum Revenue Provision and the framework within which we make decisions about debt and investments can be found within our Treasury Management Strategy (**see link in Annex D**). Our modelling of future debt levels, detailed within the Treasury Management Strategy, can be compared to our Operational Boundary and Affordable Limit, two of the key indicators within the Prudential Framework. This shows that our approach of determining borrowing affordability from the position of ongoing revenue resource availability ensures we will remain financially sustainable and that we will not commit the Council to future costs it cannot afford by committing to sensible, prudent levels of borrowing.

We recognise that significant drivers of additional capital spend exist both in terms of providing additional school places, growing our business rates and council tax taxbases and providing the additional infrastructure needed as a result of housing growth. Where affordable, we will use the additional revenue resources from growth in the taxbase above the level assumed in the 2021-26 Medium Term Financial Strategy to expand our Capital Investment Fund. Through this approach we are able to support an expanded capital programme and drive economic growth and activity across the county.

Capital Investment Fund

Our flexible approach to utilising the Capital Investment Fund requires revenue funding to be set aside to meet the cost of borrowing prior to knowing how the capital resources generated will be used. This approach has the benefit of retaining the ability to bring projects forward for inclusion in the capital programme as opportunities arise, not just once a year through the budget setting process, through the agreed capital framework. It also provides confidence that developing positive and innovative schemes to support the delivery of the Council’s core outcomes are affordable. We are committed to reviewing the level of the Capital Investment Fund on an annual basis to ensure it remains affordable, a further year’s allocation of £24.9 million is included as part of the MTFS for 2025/26.

Accounting for Leases

On 1 April 2021 we will adopt a new accounting standard for leases (IFRS16). This means that for all leases where we are the lessee, our right-to-use the asset will be recognised and we will account for the lease as though we had purchased the asset. There are two exceptions to this where the value of the asset leased is below our £6,000 de minimis or the remaining term of the lease is less than a year.

Existing leases will be brought onto the balance sheet. The introduction of increased numbers of leases onto the balance sheet will increase the level of capital spend to be financed i.e. the Capital Financing Requirement. Without any other change this would increase the amount we are required to set aside in the revenue budget to repay debt. However, we are already making lease rental payments from revenue budgets for these assets and therefore, to avoid paying for the leased assets twice, an adjustment will be made to ensure a “net nil” effect on the revenue budget.

For assets under contracts entered into from 2021/22 onwards, the annual MRP charge will match the element of the rent/charge that goes to write down the balance sheet liability, to reflect accounting changes under IFRS16.

Capital Financing Requirement

Where capital expenditure is to be financed from borrowing, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically yet to be financed.

At 31 March 2020 the Capital Financing Requirement was £289.8 million. The Council sets aside annual amounts from its revenue budget called Minimum Revenue Provision of £12.0 million to reduce this balance. This means it will take an estimated 25 years to clear the current balance, this is aligned to the average useful life of our assets. The Council's current strategy to reduce this balance is to continue to set aside the annual charge whilst utilising available capital receipts to offset any further need to borrow as a result of increasing capital programme activity.

The annual increase in the Capital Investment Fund of £24.9 million means that capital receipts alone will not be able to finance the increased capital programme in the medium term, therefore, provision has been made in the Medium Term Financial Strategy to increase the annual revenue charge to pay down the forecast increase in the Capital Financing Requirement.

Making It Happen

Management of the Capital Programme

The key risks to the delivery of our capital programme are overspending against the approved budget for a scheme, project/programme slippage where the project is not delivered in accordance within the planned timescales thereby delaying achievement of the expected benefits, and delays in or non-receipt of external contributions towards the cost of the scheme.

In order to ensure our staff are equipped with the right training and knowledge to deliver the capital programme, a suite of e-learning materials and guidance notes are made available to all project managers and finance staff explaining the rules and principles underpinning capital expenditure and financing. Guidance on monitoring and approval processes for capital expenditure is made available to all staff on our intranet.

We use the following mechanisms to ensure our capital spending and the delivery of this strategy is effectively managed:

- Officers monitor physical progress regularly, usually monthly, and there is a system of exception reporting to senior managers where problems emerge;
- Financial progress is reported quarterly to Corporate Board and Cabinet, highlighting any key issues that need more detailed consideration or investigation, including seeking Cabinet approval to any variations to schemes both in terms of the total cost and the phasing of spend across years and the consequent impact on the overall financing of the programme;

- Projects part or wholly funded by external contributions are separately monitored to ensure compliance with any funding conditions applicable; and
- Post-contract appraisal is carried out to provide feedback on the success, or otherwise, of the design solution, procurement process and customer satisfaction levels to provide the opportunity for positive learning over time.

Capital projects are approved through the capital gateway process and will be more closely monitored through the capital framework which will rely on a methodology to classify and define stages/phases of delivery for our capital investments. The framework will have a clear definition and understanding of the quality of Capital Programme delivery to help us learn and drive improvements.

Annex A

Summary of Capital Investment Fund Scheme Evaluation Criteria

Warwickshire's communities and individuals are supported to be safe, healthy & independent

- 10% - delivery of the strategic objective
- 40% - Alignment with the investment criteria of the capital strategy (Supporting People)
- 40% - achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk
- 10% - Sustainability, climate change and environmental impact

Warwickshire's economy is vibrant and supported by the right jobs, training and skills and infrastructure

- 10% - delivery of the strategic objective
- 40% - Alignment with the investment criteria of the capital strategy (Shaping Places)
- 40% - achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk
- 10% - Sustainability, climate change and environmental impact

Making the best use of available resources: delivery of savings/generation of income

- 10% - alignment with the organisation's other strategic objectives
- 40% - Alignment with the investment criteria of the capital strategy (Optimising Delivery and Maximising Resources)
- 40% - achievability, quality of evidence base, duration of required investment, rational evaluation and challenge of options, financial viability and risk
- 10% - Sustainability, climate change and environmental impact

These high-level criteria are supplemented by more detailed evaluation criteria designed for each strand of the investment programme to ensure a consistent and transparent approach. Once the strategy has been approved these more detailed evaluation criteria will be approved by Gateway Group which will ensure that the bidding process should consider, even where environmental sustainability is not a big issue, whether the preferred option/approach is the best one for environmental sustainability and comment and filter schemes accordingly

Annex B

Capital Investment Priority Outcomes

The table below shows the Council's capital investment priorities. Business cases are still to be completed that demonstrate the contribution of the new assets to the delivery of the corporate outcomes and the Recovery Plan, the financial costs and benefits over the short, medium and long term funding allocations are approved and projects formally added to the Council's capital programme.

Pillars	Capital Investment Priorities
Supporting People	✓ Quality and accessible education spaces for all school children in Warwickshire ✓ Special Educational Needs and Disabilities and Inclusion transformation programme ✓ Demand management in social care services, including supported accommodation and accommodation with support ✓ Management of the market for social care, including the rising cost of placements ✓ Help for residents to lead a healthy lifestyle
Shaping Warwickshire	✓ Improvements to the Fire and Rescue Service estate ✓ Ambitious schemes to shape Warwickshire and individual parts of it, progressing housing and area regeneration schemes targeting Rugby, Nuneaton and North Warwickshire ✓ The future role and sustainability of town centres ✓ Business innovation and investment to drive economic growth ✓ New employment space for the growing gaming and digital creative sector in Leamington ✓ Initiatives which contribute towards employment skills and skills development
Optimising Delivery and Maximising our resources	✓ Better ways of delivering services, such as libraries and heritage/culture ✓ Effective and accessible services to residents, communities and staff through investment in digital, ICT services and capacity ✓ Investment to maximise the effectiveness of our property estate as part of a future plan for the use of our buildings ✓ Maximising our commercial approach to generate income and grow the tax base to support benefits for Warwickshire. ✓ Making best use of our assets for service delivery, data and information strategy
Climate Change	✓ A transport network that supports a low carbon future and rural connectivity to places of work, reducing congestion and enabling growth in housing ✓ Support for businesses to reduce their environmental impact, energy usage and emissions ✓ Increase the amount of renewable energy generation in the county as well as decrease emissions of carbon dioxide

Pillars	Capital Investment Priorities
	✓ Increase biodiversity and ecology through green corridors, environment banks and tree planting

THIS LIST WILL BE SUPPLEMENTED BY THE PRIORITIES IN THE 2021/22 AGREED BUDGET RESOLUTION

Annex C

Prioritisation of the Annual Maintenance Programme

Given the announcement of a climate change emergency, all annual maintenance programmes are expected to consider how the programme of works can contribute towards addressing climate change.

Flood Defence

Prioritisation Methodology

Capital spend on Flood Risk Management in Warwickshire is primarily through the delivery of Flood Alleviation Schemes.

These schemes are funded through Flood Defence Grant in Aid (FDGiA), and Local Levy as part of the Environment Agency (EA) led six-year national programme. This funding is based on the number of properties better protected from flood risk, and other assets such as highway and private land do not attract such funding.

The locations for capital schemes are prioritised using the outputs from the Warwickshire Local Flood Risk Management Strategy (LFRMS) and Surface Water Management Plan (SWMP). These documents assessed the flood risk across the County using both historical reports and predicted risk to produce a ranking score of risk for every square kilometre of the county. Areas at the highest flood risk have been prioritised for feasibility assessments for potential schemes. These schemes are then submitted to the EA to secure an indicative allocation within the six-year programme. To unlock this allocated funding, WCC must produce a business case for approval that shows the scheme is viable and meets the funding rules. Due to the dispersed nature of the villages at risk in Warwickshire, the schemes are smaller in nature and a contribution from WCC is usually required to secure the funding. A bid is made into the Capital Investment Fund for this contribution when required.

Household Waste Recycling Centres (HWRC) and Transfer Stations

Prioritisation Methodology

Maintenance will be prioritised as follows:

a) Health and Safety – for the staff employed to run the site, members of the public using the site and also the District and Borough Councils who use the Transfer stations to facilitate their kerbside collections. Other statutory requirements would also fall under this umbrella;
b) Efficiency, cost effectiveness, increasing the service offer to the public (new recycling streams etc.)

Balance of Planned Maintenance and Emergency Work

The annual plan includes a contingency for emergencies. Regular meetings are held to monitor the plan against actual activity and any move from the plan would be based on the prioritisation criteria above.

Highways Maintenance and Street Lighting

Prioritisation Methodology

An asset management approach is used to manage the highway network in order to ensure that the best possible use can be made of the available resources. Central to this is the collection and use of robust network condition data year-on-year, which allows us to model its deteriorating or improving condition. The results allow us to target suitable treatments at the most appropriate locations, maintaining and, where possible, improving the whole network condition. Capital allocations for street lighting are used for the replacement of columns that fail structural testing, installations that need replacing due to untraced third party damage and improvements that fall outside the scope of specific capital allocations made in recent years for a Central Management System and the introduction of LED technology. The allocations for bridge maintenance are used to undertake the minor capital works that are deemed essential. This approach should ensure our bridge stock remains in a safe condition.

External validation of our approach to managing the highway assets is now possible through Department of Transport's 'Incentive Fund' programme, established to promote efficient and effective maintenance practices nationally. Warwickshire is currently assessed as 'Level 3' and, therefore, achieving the highest incentive funding.

Planned Versus Emergency Maintenance

All routine, reactive and emergency works required to the highway network are revenue funded, allowing capital to be used for planned programmes of work designed to maintain and improve the asset condition. Bridge maintenance emergency works are funded from capital and tend to be in the form of vehicular damage, flash flooding or vandalism. At the start of the year a contingency sum from the capital allocation will be reserved to cover emergencies based on experience in previous years. This will be released for planned maintenance at the end of the year if a proportion is unused.

Schools and Non-Schools Building Maintenance

Prioritisation Methodology

Condition survey work is carried out across the property stock and classifies building and engineering maintenance items into 4 categories: D (Bad), C (Poor), B (Satisfactory) and A (Good). The categories are then given priorities highlighting recommended timescales for the work to take place: 1 – Urgent Work, 2 – Work required within 2 years, 3 - Work required within 3 to 5 years, 4 – Work outside the 5 year planning period. The priority listing is then further interrogated and validated by using a surveyor intervention check and a property future review with the Strategic Asset Management team. The budget available for the particular area of work is then allocated to the priority list and this determines that approximate number of projects that can be carried out.

Balance of Planned Maintenance and Emergency Work

Emergency work that arises means the planned maintenance programme developed from the above methodology is revised in some areas throughout the year. Projects are reprioritised and planned maintenance programmes managed to the bottom line budget.

Country Parks and Greenways, Forestry Services and Gypsy and Traveller Sites

Prioritisation Methodology

Maintenance will be prioritised as follows:

a) Health and Safety – in particular the duty of care under Occupiers' Liability. This also reduces claims against the Council;
b) Maintaining the visitor welcome, and in particular parking infrastructure (to maintain income) and replacement play equipment, fishery development, and visitor enhancements (to increase income); and
c) Schemes that lever out match funding.

Winter Works programme is developed in early autumn for delivery November - Easter. Resourcing is a blend of Country Park staff, volunteers, partners and contractors in order to maximise what is achieved within the allocation. Certain works are completed outside of that period due to ground conditions, weather etc.

Balance of Planned Maintenance and Emergency Work

Emergency work that arises is funded from revenue where there is capacity to deliver this. However, if the cost cannot be accommodated within a tightly controlled revenue budget the planned maintenance programme developed from the above methodology is revised.

Common emergency works include repairs to paths / roads / furniture / play areas affected by flooding and severe weather events. Timely repair is undertaken by Ranger teams with occasional use of external contractors.

Estate management includes surfaced paths, play areas, bridges, fencing, board walks, bird hides, fishing pegs, shelters, revetments, barriers and payment machines, signage, vehicles, plant and equipment, sculptures and art installations, habitat creation and restoration, and a host of other built and green infrastructure within the parks.

Rural Services

Prioritisation Methodology

All properties are on a rolling five year rotation for condition surveys, asbestos inspections are carried out every 2 years and water hygiene inspections every four years and all properties have Energy Performance Certificate ratings. Work will be prioritised by identifying high category items from the latest surveys/inspections. The level of risk / consequences to the tenant's business (and hence the Council's rental income) is also taken into account as part of the prioritisation process.

- Priority items, identified from condition surveys as D1s (urgent), will be dealt with immediately. Prioritisation is then given to D2s (bad - items identified as needing to be addressed within 2 years) followed by C2s (poor - to be addressed within 2 years) and C3s (poor - to be addressed within 3-5 years);

- Items that have been recommended to be removed due to potential health risks on asbestos reports are programmed as the service becomes aware of them to reduce the Council's liability; and
- Properties that do not meet Minimum Energy Efficiency Standards are prioritised based on when they are due to be re-let where they do not score the minimum rating of 'E'. All properties are required to meet minimum standards by 1 April 2023.

Balance of Planned Maintenance and Emergency Work

The first call for emergency maintenance is a revenue maintenance budget of £145,000. Having a capital maintenance budget to address planned maintenance has resulted in not having to put planned maintenance on hold when emergencies arise that cannot be accommodated within the revenue budget.

Assistance towards suitable placements for Children Looked After and those who leave care through adoption and special guardianship

Prioritisation Methodology

Applications are invited from foster carers, prospective adopters, special guardians who are approved or judged to be able to provide the necessary care to the child. Social Workers of children can also apply on behalf of the birth parent following agreement from their manager. The social worker needs to be satisfied and be able to demonstrate that a real need for financial support exists and will either result in long term opportunities for additional placements or is required to ensure stability and permanence of a current placement for a child looked after. In the case of parents it must be shown that capital investment to property for example will support a child to remain at home. There is an application process, endorsed by the relevant operations manager, which is considered by a panel which is chaired by a Service Manager and include a finance representative. The decision to award the grant is made at Service Manager level within the Business Unit, with reference to and oversight from the Head of Service.

Balance of Planned Maintenance and Emergency Work

All planned Grants will be approved though the panel as described above who meet on a quarterly basis. In emergencies, the panel can convene to assess individual cases, to meet the timescales required.

Schools and Non-schools asbestos and safe water

Prioritisation Methodology

Asbestos

The prioritisation of asbestos remedial work is set out in the HSE Guidance 'The Surveyors Guide – HSG 264'. This document provides a prioritised scoring matrix for each occurrence of asbestos and allocates a condition rating of D (Bad), C (Poor), B (Satisfactory) or A (Good). Each property is resurveyed a minimum of once every 2 years. The asbestos is scored based on the type, condition and quantity; this is called the Material Assessment. The Material Assessment is then further weighted by applying a score to elements such as location, type of location and potential number of people exposed; this is called the Prioritisation Assessment. Following completion of both of these assessments, a score is allocated to each occurrence of asbestos – the higher the score, the higher the risk and therefore the higher the prioritisation.

Water Hygiene

All properties are surveyed every two or four years, dependant on property risk type. The Water Hygiene risk assessments are reported with all remedial works banded into categories indicating, High, Medium or Low risk. This data is then input into a weighting system which allocates a weighting per item, along with a weighting for type of property, occupation density etc. The result of the methodology ranks the properties into order of the highest risk difference score that could be obtained by carrying out the remedial works and all works are carried out in this priority order.

However, emergency work can arise; resulting in a situation where the plan identified in the Asbestos Prioritised Remedial Work Plan and the Water Hygiene Risk Register developed from the above methodologies is revised in some areas throughout the year.

Balance of Planned Maintenance and Emergency Work

Emergencies throughout the year will be dealt with in two ways;

- The budget allocation for works is reduced at year start to leave a small central contingency fund in the budget. This is reallocated at an appropriate time during the year; and
- The projects carried out are staggered throughout the year. If an emergency arises, the necessary funds are diverted from a planned scheme and allocated to the emergency. This will result in a planned project potentially being eliminated from the list in year.

ICT Network Infrastructure

Prioritisation Methodology

Investment is prioritised based on the need for additional facilities/capacity and the life expectancy of equipment, in terms of how long it can be used for until an unacceptable failure rate is likely to occur. The level of failure rate accepted will depend on factors such as criticality of the service and resilience and support arrangements in place.

Balance of Planned Maintenance and Emergency Work

The rolling programme of investing in the maintenance of the IT infrastructure will significantly reduce the need for emergency purchases due to the regular monitoring of the equipment. However, in the event that an emergency procurement needs to be made we would adjust the planned programme, looking to extend the life of less critical equipment.

Equipment for Fire Engines

Prioritisation Methodology

Spending is prioritised through an approved fleet replacement programme produced by consultation with manufacturer’s recommendations and the Council’s fleet management team.

Balance of Planned Maintenance and Emergency Work

The Fire and Rescue Service has stores which hold at least enough equipment to immediately restock a spare fire engine in the event that a front line vehicle should be lost along with its entire inventory. This is our emergency reserve which is maintained as part of the rolling capital replacement programme.

Annex D

Links to Related Documents

TO BE UPDATED AND LINKS INSERTED IN THE FINAL DOCUMENT

Asset Management Strategies

- The Asset Management Framework and Property Strategy
- The Highways Asset Management Strategy and the Highways Asset Management Policy
- The ICT Devices Strategy
- The Education and Learning Sufficiency Strategy
- County Fleet Replacement Strategy

Treasury Management and Investment Strategies

- The Treasury Management Strategy
- Investment Strategy
- Minimum Revenue Provision Policy

Other relevant plans and documents

- The Council Plan
- Commercial Strategy
- Risk Management Strategy
- Reserves Strategy
- WPDC Business Plan

Cabinet

10 December 2020

Warwickshire County Council and Homes England Land Development Scheme(s) Pilot Working Arrangement

Recommendations

That Cabinet:

1) Approves Warwickshire County Council entering into a pilot arrangement on the basis set out in this paper ahead of a potential future collaboration agreement with Homes England.

2) Authorises the Strategic Director for Resources to enter into the pilot arrangement on terms and conditions considered acceptable to him.

1. Key Issues and Background

1.1. This report is about considering entering into a Homes England pilot working arrangement ahead of a potential future wider collaboration agreement. By entering into this pilot arrangement with Homes England, Warwickshire County Council will benefit from the expertise, influence and resources that Homes England bring to house building and regeneration. Homes England have land, skills, and national experience of delivering at a regional and local level, across a range of funded programmes that Warwickshire can access from an improved position of understanding as part of this pilot, which is the first of its type by Homes England with a council in England.

1.2. We anticipate that Warwickshire County Council will be able to deliver more houses faster as a result of this pilot, and if successful for both sides the pilot could develop into a future collaboration agreement between Warwickshire County Council and Homes England which Homes England will also consider for national roll out.

1.3. If this report is approved, Warwickshire County Council will be the first council in the country to test the potential for a Homes England land development collaborative working scheme. If successful, Homes England could be a significant partner in delivering the regeneration plans across Warwickshire.

1.4. At its meeting in June, Cabinet considered the scope of the Warwickshire place-shaping programme. Place shaping priorities are part of the Warwickshire County Council Covid – 19 Recovery Plan. This report builds on the two underpinning policy initiatives of the Warwickshire Property and Development Company and the Warwickshire Recovery and Investment Fund (both considered at the October Cabinet as policy delivery vehicles) in making things happen for the benefit of Warwickshire residents and business.

1.5. In October Cabinet agreed the business case, including the economic and financial case, for Warwickshire County Council to set up a Warwickshire Property and Development Company. The pilot with Homes England proposed in this paper forms part of the strategic policy delivery answers in the economic recovery plan of Warwickshire.

1.6. The place shaping programme is intended to support the Place, Economy and Climate objectives of the Council's Recovery Plan. This agreement pushes forward again in preparing for our housebuilding programme that will be considered as part of the WPDC Business Plan at Cabinet in January 2021.

1.7. There are many benefits in this pilot arrangement and some significant example benefits of this scheme are:

- Homes England free **assessment and advice** on the options and most appropriate way to progress regeneration schemes

- Homes England **dedicated specialist resources** (paid for) if needed to progress schemes within the pilot

- Early **engagement on funding options** for Warwickshire's regeneration plans including those where Homes England investment and grants could be part of funding these schemes

- **Additional credibility** in engaging with the house building market

- Advice in considering **modern methods of construction** (MMC) and **environmental** housebuilding (Homes England design guide 2020)

- Delivering **more homes faster** for our residents

1.8. Homes England have the specialist resources that the Council could utilise directly or through the Warwickshire Property and Development Company (WPDC) to help deliver some, or indeed a significant number of our developments , if this pilot is successful. It is probable that the pilot schemes (s) will be chosen from the WPDC Business Plan that will be subject to Cabinet approval in January. This early engagement with HE will help ensure that the Warwickshire County Council and the WPDC has regional advice from a national perspective on some of the possible range and number of pilot development(s) it is required to deliver for Warwickshire County Council.

2. Strategic drivers for place shaping

2.1 At the September meeting Cabinet approved the Warwickshire County Council Covid -19 Recovery Plan. This report directly relates to two of these priorities, namely:

(i) **Invest in regeneration and a sustainable future**:
Invest in the regeneration of local areas, support housing growth, a fit for the future digital infrastructure and sustainable transport.

(ii) **Support business and grow the economy**:
Build confidence in local businesses. Re-purpose town centres and create the conditions for business innovation and investment to drive economic growth.

2.2 The Council is laying the foundations for the future work included the following initiatives:

(i) To support the recovery of our local economy and the recovery of our town centres we will propose the creation of a Warwickshire Property Company.

(ii) We will develop a proposal for a Warwickshire Recovery Investment Fund and progress other capital investment to support the recovery of our local economy.

Working on this pilot with Homes England, will help remove the blocks that have prevented some sites in Warwickshire from being developed. It will help provide more market and affordable housing through area regeneration schemes to deliver on the housing needs of Warwickshire, and support the recovery of our local economy.

2.3 The main strategic drivers for place shaping were set out in the previous June Cabinet report and are below.

- Economic recovery
- Rural growth and town centres
- Sustainability
- Sustainable transport
- Housing
- Area regeneration
- Commercial and investment
- Digital and 5G
- Health and well-being

2.4 It remains imperative for organisations to work together to deliver better outcomes for residents and business. Collaboration on place shaping will need to combine local place shaping responsibilities and activity by district and borough councils, and the strategic, county-wide focus of Warwickshire County Council, all within the context of the regional economic priorities of the West Midlands Combined Authority, the Coventry & Warwickshire Local Enterprise Partnership and the One Public Estate Connecting Warwickshire partners programme.

2.5 The County Council recognises that it cannot deliver on this place shaping activity alone. As set out above, to deliver maximum outcomes for Warwickshire, it needs to work with partners across the breadth of public sector delivery from a local level, involving district and borough councils and health partners, through to a national level, levering the scale, regeneration experience and resources that a national body such as Homes England can bring. In the light of this, Council officers engaged with Homes England to explore whether a pilot test arrangement ahead of a potential form of collaboration was viable and would allow us to test how such collaboration agreements may help Homes England achieve its objectives whilst at the same time supporting the council’s wider place shaping ambitions.

2.6 This proposed new pilot ahead of a potential countywide collaboration with Homes England will have the objective to unlock major regeneration scheme(s) to ensure that homes are designed and delivered in an environmentally friendly way. This will deliver new housing, jobs and help us contribute to the objective of a carbon net zero economy by 2050.

2.7 The intention is to work together to speed up and unlock stalled sites to deliver homes in Warwickshire, including looking at modern methods of construction. This agreement will bring forward developments across the County and deliver much needed homes for residents and those who decide to relocate and/or begin their adult careers and lives here. Affordable, quality homes will be key considerations as we progress schemes.

3. Homes England Agreement

3.1 Homes England is the Government's 'housing accelerator' (the national organisation established to build more homes more quickly). It is a non-departmental public body, sponsored by the Ministry of Housing, Communities and Local Government.

3.2 Its role is to drive positive change in the delivery of housing numbers. Homes England run things such as the 'Help to Buy' scheme and the affordable housing programme. It also looks after surplus government land and prepares this land for development in addition to running a government bank. There are many funding programmes operated by Homes England that could benefit Warwickshire.

3.3 Homes England has already commenced work informally with Warwickshire on the Transforming Nuneaton project ahead of agreeing this pilot in anticipation of the pilot being signed off at their Land Committee. That agreement for Warwickshire to be a pilot has been agreed at HE's Land Project Committee on 2nd December. Warwickshire are the first local authority in the country to pilot this type of land development arrangement with Homes England. Homes England will then consider further roll out across the country subject to success and resources. This agreement has come about because Warwickshire County Council and Homes England welcome partners who have a shared ambition to challenge traditional norms and build better homes faster for the benefit of our residents and their families.

It will be helpful in attracting potential joint venture partners should the Council decide to progress this option.

3.4 The purpose of this pilot with Homes England is to work jointly to promote, develop, and implement the delivery of project (s) involving land and assets in the ownership or control of the Council. This will support the Council's wider strategic objectives to make Warwickshire the best it can be, and to support the Council and its strategic partners achieving their individual and collective objectives. So over time this could be developed to help other public bodies. WCC is the pilot. That comes with benefits and also means we will encounter the issues for others to learn from.

3.5 Homes England have an ambition, working with the County Council to:

- Deliver developments which attract positive UK wide attention for their quality of design and sustainability
- Develop each opportunity to increase the standard provision for energy, water conservation, recycling and reduced carbon outputs.
- Strive to establish an environmental and renewable energy strategy which helps to define each scheme.
- Ensure that housing is supported by suitable employment opportunities and that community infrastructure is provided at the appropriate time to ensure that the community can grow.

3.6 The work being undertaken to set up a Warwickshire Property and Development Company (WPDC) will mean that those sites identified in the business plan for the WPDC to progress, have the additional option of utilising this Homes England pilot where both parties agree to do so, to accelerate the delivery of homes for our residents and people who move to Warwickshire. This would bring significant economic benefits to Warwickshire particularly if the pilot is successful and then builds to a full collaboration agreement.

3.7 If successful and extended across the whole County, it is intended that this agreement will bring forward developments and unlock existing developments at a faster pace and deliver much needed homes for the residents of Warwickshire and those who decide to relocate and/or begin their adult careers and lives in Warwickshire. Affordable, quality homes will be key considerations as the Council progresses schemes with Homes England. The Council will also look at ways to help enable our residents to afford homes in Warwickshire.

3.8 The signing up to this pilot agreement is a statement of intent by the County on the importance it attributes to delivering homes for its residents. The Council values the views and feedback of its residents and will engage with residents from our local communities as well as partners, such as the district and borough councils and other public bodies, on how we devise and progress schemes.

3.9 The County Council will work within the requirements of local plans, including any changes that result from the planning reforms and potential planning white paper.

3.10 WCC and HE are working to finalise the pilot arrangement which will be a non-binding agreement between the two organisations aimed at cementing a relationship of mutual cooperation that will provide benefits for Warwickshire and help HE achieve its goal of increasing and improving affordable and market housing stock across the country. This is testing ahead of any potential wider Warwickshire County wide collaboration agreement and further roll out nationally.

3.11 Whilst both sides will work to make this successful the pilot will not bind either party to liaison over every scheme within Warwickshire but is intended to provide a mechanism for closer working and the leveraging of mutual benefits where sensible. It is important that this relationship does not fetter either organisation in the carrying out of its wider statutory duties.

3.12 Sites and projects identified for closer working between the organisations will have governance arrangements created to facilitate this working and it is intended that project development arrangements will involve communities, district and borough colleagues and Warwickshire members alongside our wider partner agencies in health, LEPs etc. Those arrangements will by their nature need to be relevant and specific to each project.

3.13 Should a wider collaboration agreement be the outcome or not, WCC will still bring forward schemes approved through Cabinet for regeneration and test a number of delivery options including help from HE but there will be other ways to progress each scheme and the Council will consider the range of options ahead of any commitment, taking on board the partner resources available to deliver our schemes.

4 Financial Implications

4.1 There are no direct financial implications from this report.

4.2 The financial arrangements of any additional help, after initial assessment advice, provided by HE will be agreed on a scheme by scheme basis and form part of the scheme financials. Alternative options and value for money in delivering schemes will be part of this consideration. Examples of additional help could be in the form of dedicated resource time or land.

5 Environmental Implications

5.1 The environmental case for more sustainable homes is clear. Part of the agreement will be to help deliver designs that build in heathier lifestyles. Designs will consider active travel, carbon reduction and mixed tenure into our developments. We will look at ways to build homes with an emphasis on walking, cycling and better public transport in line with Homes England's design guidance for new developments.

5.2 This proposed new pilot with Homes England to unlock ten major regeneration schemes will help ensure these homes are designed and delivered in an environmentally friendly way. This will deliver new housing, jobs and help us contribute to the objective of a carbon net zero economy by 2050.

5.3 There are direct environmental implications as a result of the decisions set out in this report through both organisations strong commitment to the environment, and the detail of these will be worked up in detail within the work on the pilot schemes. For each project taken forward the business case will include an assessment of the environmental implications and these will be considered explicitly as part of the relevant decision-making processes.

5.4 The Warwickshire Property and Development Company could also be used in investigating the potential of installing solar panels on small holding farms to increase the use of low and zero carbon

5.5 There will be opportunities to drive climate change benefits and look at carbon neutral and low carbon initiatives as part of this work. These will form part of each initiative in more detail.

6 Risk, Interdependencies and Constraints

6.1 It is important for all parties to development activity to appreciate the risks that come with the rewards. WCC is mindful of those risks and has a robust process in place to consider and mitigate risk in its project development, consideration and delivery. This approach will be mirrored in the relationship with HE and risk will also be a key consideration for the schemes that utilise this pilot arrangement. Programme and individual project risks will be identified and managed throughout the development of the schemes.

7. Background Papers

None

8. Supporting Papers

Warwickshire Property and Development Company and Warwickshire Recovery and Investment Fund May and October 2020 Cabinet papers; September 2020 Warwickshire County Council Covid – 19 Recovery Plan.

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

Councillor Butlin

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Agenda Item 4

Cabinet

10 December 2020

Education (Schools) Capital Programme 2020/21

Recommendations

That Cabinet:

1. Recommends that Council approves the addition of £16.594 million to the capital programme to deliver the schemes outlined in Section 3.

2. Authorises, subject to the approval of recommendation 1 and Council agreeing to add the schemes to the capital programme, the Strategic Director Communities to invite tenders and enter into the appropriate contracts on terms and conditions acceptable to the Strategic Director Resources, or (where the scheme is school-led) to make the necessary funding arrangements for these schemes.

1. Executive Summary

1.1 This report recommends proposals for allocating resources in the Education (Schools) Capital Programme to specific projects set out in Section 3. Some of the proposals include funding from developer contributions.

1.2 Where possible, and where economies of scale allow, expansions and building works will also address other factors such as: encouraging infant and junior to become primary, pre-school requirements in an area, providing specialist SEN provision, and any outstanding DDA requirements.

1.3 Proposals to increase the number of pupils admitted at schools across a wide area of Warwickshire are explained within this report. Further information relating to how the Council plans for and anticipates the growth in demand for school places is laid out in the Education Sufficiency Strategy and Annual Sufficiency Update.

1.4 Whilst the issue of sufficiency of provision has to take priority, it is important to ensure that schools that are not expanding are able to continue to operate within their existing accommodation. Details of proposed schemes to make improvements to existing schools and settings are set out below. It is also important to recognise that whilst we are committed to offering good or outstanding places and investing in these schools, we are also committed to investing in schools struggling with improvements where the investment addresses capacity, education delivery, half forms to whole forms of entry and defects.

1.5 All proposed education capital projects are considered against independently published third-party data to benchmark the cost to the County Council of providing school places and ensuring effective allocation of resources. The cost per additional mainstream place utilises the Department for Education Local Authority School Places Scorecard, while SEND places utilise the National School Delivery Cost Benchmarking for SEND places report as published by the Local Government Association.

1.6 The current available funding is set out in Section 2.

1.7 The economic outfall from the Covid-19 pandemic and the potential impact that this might have on school place requirements will continue to be monitored and kept under review.

1.8 WCC major construction projects will follow HM Government guidance document titled 'Working safely during Covid-19 in construction and other outdoor work', dated 11 May 2020, and contractors carry-out site-specific risk assessments for site operating procedures including social distancing and cleaning hygiene. Schools will also consider any construction works as part of their health and safety risk assessments.

2. Available Funding

2.1 Allocations of grant funding from the Department for Education for the 2020/21 financial year were notified to the authority in May 2018. Allocations are paid annually and are not available for expenditure until the start of the financial year within which they are received.

2.2 To ensure school places are available when needed it is sometimes necessary to temporarily fund capital spend from the DfE Capital Grant in advance of the relevant developer contributions for a project being received. Once the developer contributions are received the DfE Grant funding can be released back into the capital programme.

2.3 Where the use of developer contributions is outlined in section 3 it has been confirmed those funds have been received and the outlined use is in line with the obligation as stated in the relevant S106 agreement

2.4 **Breakdown of Available Funds**

Balance of unallocated education capital funds	£31.509 million
Special Provision Fund	£0.145 million
Relevant developer funding received	£2.653 million

3. Proposals for addition to the 2020/2021 Capital Programme

Cabinet is asked to allocate the following additional education capital resources to the capital programme:

3.1 Stratford upon Avon School, Stratford upon Avon

Stratford-upon-Avon School is the only non-selective secondary school in Stratford upon Avon with a priority area that extends into the surrounding villages. The school has an age range of 11-18 and has a Published Admission Number (PAN) for Years 7 to 11 of 290 with capacity for approximately 1750 pupils to be on roll at the school.

In order to meet the short, medium, and longer-term demand for school places in Stratford upon Avon and the surrounding area it is proposed to expand Stratford upon Avon School by up to 2 forms of entry. This would increase the school from an existing capacity of 1750 pupils to approximately 2050 pupils.

Stratford upon Avon School admitted an additional 25 pupils for Year 7 entry in September 2019 and September 2020 to accommodate demand in the Stratford area. Table 1 below outlines the current forecast need for places in this area. Table 2 outlines the impact of this capital proposal towards meeting the need outlined in table 1.

	Current expected shortfall in secondary school places (11-16) in the Stratford planning area					
Academic Year	**Year 7 capacity - PAN**	**Year 7 forecast pupil numbers**	**Available capacity (4% target)**	**Total capacity**	**Total forecast number on roll**	**Available capacity (4% target)**
2020/21	497	510	-3%	2485	2403	3%
2021/22	497	494	1%	2485	2454	1%
2022/23	497	532	-7%	2485	2546	-2%
2023/24	497	542	-9%	2485	2629	-6%
2024/25	497	543	-9%	2485	2674	-8%
2025/26	497	544	-9%	2485	2723	-10%
2026/27	497	565	-14%	2485	2806	-13%

Table 1: Pupil number forecasts – Annual Education Sufficiency Update 2020

	Impact of proposed capital scheme at Stratford School (additional places available from September 2022)					
Academic Year	**Year 7 capacity - PAN**	**Year 7 forecast pupil numbers**	**Available capacity (4% target)**	**Total capacity**	**Total forecast number on roll**	**Available capacity (4% target)**
2020/21	497	510	-3%	2485	2403	3%
2021/22	497	494	1%	2485	2454	1%
2022/23	557	532	5%	2545	2546	0%
2023/24	557	542	3%	2605	2629	-1%
2024/25	557	543	3%	2665	2674	0%
2025/26	557	544	2%	2725	2723	0%
2026/27	557	565	-2%	2785	2806	-1%

Table 2: Impact of additional school places available from 2022 on pupil number forecasts shown in table 1.

WCC are working toward completing on a parcel of land adjacent to the school site to facilitate the expansion of the school. An analysis of the land indicated that due to several main sewers and services running across the site development on the land was not feasible. Therefore, the land will be used for much needed social & recreational space and additional parking, with the required additional accommodation being provided on the existing school site.

A feasibility study has been undertaken to assess the impact of an increase in numbers to a PAN of 350 for Years 7-11 and a Post 16 increase of 50 students. The feasibility study included the assessment of current net capacity, the identification of the accommodation shortfall for the proposed increase in PAN, an analysis of the school site and additional land and an estimate and budget costing for the proposed capital project.

The proposed scheme will provide the additional teaching spaces for the proposed increased pupil numbers whilst rationalising the existing accommodation to group specialist teaching spaces together. The total cost of the project is estimated at £12.882 million and includes the £1.310 million approved by Cabinet in July 2020 to bring forward the required dining extension.

This project increases capacity of the school by 350 additional pupils (whilst also incorporating some under provision of accommodation equating to circa 100 places) with the total cost (including the dining extension) as outlined equating to £28,628 per place compared to a national average per place cost of £26,304 for equivalent 250-450 place Secondary school expansion projects reported by the Department for Education Local Authority School Places Scorecard 2019.

Cabinet are asked to agree the proposal to allocate £11.573 million as follows:

Developer Funding	**£0.299 million**
Education capital resources	**£11.274 million**

3.2. Etone College, Nuneaton

It is expected the demand for secondary school places in Nuneaton and the surrounding area will increase year on year as larger primary cohorts transfer to secondary school and housing development continues to build out.

In order to meet the shortfall in school places over the next five years, it is proposed to expand Etone College by up to 1 form of entry increasing the schools 11-16 capacity from 750 pupils to 900 pupils. The school already operates a 300 place sixth form in a standalone sixth form centre on the school site.

Etone College admitted an additional 30 pupils for Year 7 entry in September 2020 to accommodate demand in the Nuneaton planning area. It is expected this increase will be required permanently, providing an additional 150 places in the area over the next 4 years. Table 3 below outlines the current forecast need for places in this area. Table 4 outlines the impact of this capital proposal towards meeting the need outlined in table 3.

	Current expected shortfall in secondary school places (11-16) in the Nuneaton planning area					
Academic Year	**Year 7 capacity -PAN**	**Year 7 forecast pupil numbers**	**Available capacity (4% target)**	**Total capacity**	**Total forecast number on roll**	**Available capacity (4% target)**
2020/21	956	958	0%	4780	4519	5%
2021/22	956	1015	-6%	4780	4737	1%
2022/23	956	1069	-12%	4780	4947	-3%
2023/24	956	1014	-6%	4780	5018	-5%
2024/25	956	1040	-9%	4780	5093	-7%
2025/26	956	1020	-7%	4780	5136	-7%
2026/27	956	1027	-7%	4780	5130	-7%

Table 3: Pupil number forecasts – Annual Education Sufficiency Update 2020

	Impact of proposed capital scheme at Etone College (additional places available from September 2022)					
Academic Year	**Year 7 capacity -PAN**	**Year 7 forecast pupil numbers**	**Available capacity (4% target)**	**Total capacity**	**Total forecast number on roll**	**Available capacity (4% target)**
2020/21	956	958	0%	4780	4519	5%
2021/22	956	1015	-6%	4780	4737	1%
2022/23	986	1069	-8%	4810	4947	-3%
2023/24	986	1014	-3%	4840	5018	-4%
2024/25	986	1040	-5%	4870	5093	-5%
2025/26	986	1020	-3%	4900	5136	-5%
2026/27	986	1027	-4%	4930	5130	-4%

Table 4: Impact of additional school places available from 2022 on pupil number forecasts shown in table 3.

As table 4 suggests, additional capacity will still be required in the Nuneaton area after delivery of the proposed scheme at Etone Collage. At the time of submission of this report in December 2020 the outcome of the Central Government Free School Wave 14 is still unknown. Supporting information and evidence of the need for school places was provided to the DfE and a number of multi academy trusts submitted bids to operate a new secondary school in the North of Nuneaton. It is expected this new provision will meet the longer term demand for places in Nuneaton and delivery of this new school is not dependant on the DfE and would be undertaken by WCC if no trust is successful in their free school bid with the DfE. All future capital projects, either to deliver a new school to provide additional capacity at existing secondary schools in Nuneaton, will be subject to separate reports to Cabinet.

Feasibility and master planning have been undertaken looking at options to increase accommodation on the Etone College site. This feasibility work to date has explored various options for delivery of the required accommodation, initially working purely from the DfE building bulletin guidelines and then adapting that guidance to deliver the key accommodation needed for the school to operate effectively.

The proposed option includes the re-provision of a classroom block, refurbishment of existing general teaching classroom to provide additional Science Laboratory, dining hall and staff room reconfiguration and refurbishment with associated outdoor areas and landscaping.

The total cost of the project has been estimated at £4.753 million. This project increases capacity of the school by 150 additional pupils with the total cost as outlined equating to £31,686 per place compared to a national average per place cost of £27,537 for equivalent 150 place Secondary school expansion projects reported by the Department for Education Local Authority School Places Scorecard 2019.

Cabinet are asked to agree the proposal to allocate £4.753 million as follows:

Developer Funding	**£2.177 million**
Education capital resources	**£2.576 million**

3.3. Bridgetown Primary School, Stratford upon Avon

Bridgetown Primary school currently supports the needs of a significant number of children with complex special educational needs many of who have associated social, emotional and mental health needs. The nurture team support the children through structured nurture group sessions and also via

1:1 nurture support. There are three members of staff trained to deliver nurture sessions but to run this nurture provision effectively, the school lack the appropriate space and facilities.

Therefore, Bridgetown Primary School have proposed capital works to improve the existing school facilities and develop new facilities for vulnerable children and children with special educational needs, with a particular focus on those learners with social, emotional and mental health needs. The proposal includes:

- Reconfiguring provision, inside and outside, to make available space for additional pupils to benefit from nurture provision and facilities.
- Re-purposing the existing library which is used less frequently than the current nurture space so that it can better meet the needs of pupils with special educational needs and disabilities.
- Create the space for pupils using the nurture provision to make food, eat and safely access facilities to teach pupils the skills they need increase independence.
- Creation of a new library in a central part of the school for all to access.

The total estimated project costs are £0.038 million

Cabinet are asked to agree the proposal to allocate £0.038 million as follows:

Developer Funding	**£0.031 million**
Other Funding (School Contribution)	**£0.007 million**

3.4. Coughton C of E Primary School, Alcester

In 2015, Coughton C of E Primary School admitted an additional 10 pupils into Reception as a one-off bulge class at the request of the Local Authority. This bulge class together with a subsequent increase in the school's pupil admission number from 20 to 25 in 2016, has resulted in the need for additional teaching accommodation and toilets to enable the school to safely accommodate the additional pupils whilst the bulge class is at the top of the school.

The school are proposing to provide an additional classroom and toilets for two years to accommodate the existing bulge year group at an estimated cost of £0.085 million

Cabinet are asked to agree the proposal to allocate £0.085 million as follows:

Education capital resources **£0.085 million**

3.5. Lighthorne Heath Primary School, Lighthorne

As part of the permitted 3000 home development on land at Gaydon/Lighthorne Heath (GLH) education land has been secured on the development site for the provision of primary school places.

Instead of opening new provision, it is proposed to relocate and subsequently expand Lighthorne Heath Primary School. The proposal to relocate Lighthorne Heath Primary onto the GLH development was approved by Cabinet in July 2018.

Although the house building is in its initial stages, there is a cut-off point and various requirements, including the securing of reserved matters permission, associated with the call down of the primary school site. Therefore, it is proposed to allocate £0.146 million of developer contributions that has been initially received to facilitate the required design and development work in order for WCC to be in a timely position to meet the stipulated requirements for the land to be released to the local authority.

Cabinet are asked to agree the proposal to allocate £0.146 million as follows:

Developer Funding £0.146 million

4. Financial Implications

4.1 Details of currently available capital funding are listed in Section 2 of the report. This available funding is a total of **£34.307 million**

4.2 The project costs financed from WCC resources outlined within this report total **£16.594 million** of which **£2.653 million** is from developer funding, **£13.934 million** is from unallocated Education capital resources. A further £0.007 million will be received as a contribution from Bridgetown Primary School.

4.3 This leaves a balance of **£17.720 million** for future education capital projects, of which **£17.575 million** is held within unallocated education capital resources and **£0.145 million** is held within the Specialist Provision Fund. All future capital projects would be subject to a separate report to Cabinet. The service has plans for the use of this funding to meet the need for additional places in local development plans.

4.4 See **Appendix** for breakdown of income and expenditure.

4.5 The current approved Education Services Capital Programme is £40.098 million, the proposals in this report totalling £16.594 million will increase the service's capital programme to £56.692 million.

5. Environmental Implications

5.1 Where feasible WCC will look to use modern methods of construction to achieve efficiencies and benefits particularly in terms of time, cost, and the environment

5.2 Environmental risk assessments together with mitigation statements to reduce any potential environmental impacts are required for each capital project.

5.3 Larger scale expansion projects, such as the two-form entry expansion of Stratford upon Avon School, will follow a number of design objectives to ensure revenue costs are reduced and sustainable schemes are delivered within the economic envelope. This will be done but looking at the design features that minimise heating and cooling demands, the careful selection of building materials, air tightness, and the incorporation of renewable energy features if economically feasible.

5.4 Proposed schemes aim to ensure the sufficiency of, and accessibility to, provision in local settings avoiding the need to travel further afield to access education or childcare provision

Appendix

Finance Breakdown

Background Paper

Equality Impact Assessment

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

Local Member(s): None
Other members: Councillors Dahmash, P Williams, C Davies, Chilvers, Skinner

SCHOOL CAPITAL PROGRAMME - FINANCE BREAKDOWN **APPENDIX 1**

	Available Basic Need Resources £m
Balance following July 2020 Cabinet report	**25.817**
Changes to existing projects and funding received	5.693
Total Available Resources	**31.509**

Projects Recommended for Support in December 2020 Cabinet Report	Total Cost £m	Proposed Use of Basic Need Resources £m	Proposed Use of Special Provision Fund £m	Proposed Use of Developer funding Resources £m	Other Funding £m
3.1 Stratford upon Avon School	11.573	11.274	-	0.299	-
3.2. Etone College	4.753	2.576	-	2.177	-
3.3. Bridgetown Primary School	0.038	-	-	0.031	0.007
3.4. Coughton CofE Primary School	0.085	0.085	-	-	-
3.5. Lighthorne Heath Primary School	0.146	-	-	0.146	-
Total	**£16.594**	**£13.934**	**£0.000**	**£2.653**	**£0.007**
Revised Unallocated/ (Shortfall) in Basic Need Resources		**£17.575**			

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Agenda Item 5

Cabinet

10 December 2020

Annual Infrastructure Statement 2019/20

Recommendations

That Cabinet:

1) approves the Annual Infrastructure Statement and supports its publication on the WCC website prior to 31st December 2020, as required by Regulation 121A of the Community Infrastructure Levy Regulations.

2) endorses the approach laid out in this paper to the subsequent preparation and publication of further detail to support readers of the Annual Infrastructure Statement in future years.

1. Executive Summary

1.1 The Community Infrastructure Levy (CIL) Regulations ("the regulations") were amended in September 2019 to increase local authorities' reporting obligations on their income from developers. Existing reporting requirements for councils which collect or receive CIL ("CIL Reports") were enhanced and a new reporting requirement for any council receiving developer contributions under planning obligations was introduced by the addition of Regulation 121A. The new report required from all councils is called an Annual Infrastructure Statement ("AIS"). The new reporting requirements aim to 'help to further increase transparency and accountability and improve the quality of data available. Infrastructure funding statements can be a useful tool for wider engagement, for example with infrastructure providers.' Likely users include housing developers, communities and public sector bodies. Appendix 1 sets out the requirements of the new AIS as per the amendment; Appendix 2 contains the AIS itself.

1.2 WCC is not a CIL-collecting authority, so is therefore not required to produce a full CIL Report as laid out in the amended regulations; instead WCC is required to provide more limited information on any CIL passed on by District and Borough Councils. However, in 2019/20 WCC received no CIL funding.

1.3 WCC does however collect developer contributions directly from S106 agreements, so is required to produce a S106 AIS as per paragraph 3 in Appendix 1. In short, the Council is required to report on specific aspects of S106 income received and spent as well as the amount of funding held at the 31st March each year.

1.4 Whilst Appendix 2 is compliant with the regulations, Cabinet are asked to consider whether further and additional information would be beneficial to readers. Paragraph 4.7 below explains this further and proposes specific documents for WCC to publish in future years.

2. Financial Implications

2.1 The AIS reports on historic financial activities (e.g. receipt of monies and its subsequent expenditure).

3. Environmental Implications

3.1 None

4. Supporting Information

4.1 This is the first year that local authorities have been required to publish an AIS and there is likely to be much variation between the documents produced by different councils, particularly where they are at different tiers of local government and where they collect CIL rather than or as well as s106.

4.2 Some of the terms in the regulations (see Appendix 1) require interpretation by individual councils. In drawing up WCC's AIS, the following definitions have been used:

- "Allocated" – funds are "allocated" when they have been transferred from a holding code within the financial system to a specific capital project or revenue cost centre. This is typically promptly after receipt for revenue funds; for capital projects the transfer is triggered by the specific approval of an appropriate capital project by Portfolio Holder, Cabinet or Council. With this definition, it should be recognised that "unallocated" s106 funds will still be being held for a particular project, and potentially for quite a period of time, whilst other aspects of the project (e.g. confirmation of other funding sources, final option appraisal and design etc) are completed. This is an important distinction from CIL contributions, where specific decisions about usage are made later in the process and with more local discretion by CIL-collecting authorities. Where s106 funds remain "unallocated", this should not be interpreted to reflect a lack of specific planning or intent.
- "Spent" – funds are spent when expenditure is incurred. However, some large capital projects draw on multiple funding sources and take multiple years to complete. In such circumstances, WCC's funding strategy uses up restricted use sources (e.g. s106 contributions) ahead of funding which is either more flexible (e.g. capital receipts) or which incurs further costs (e.g. borrowing). This will mean that in some cases the s106 contribution is reported as being used some

years before the item of infrastructure is actually completed. Furthermore the usage of S106 on major projects is not a smooth flow from year to year; the figures spent during and retained at the end of any given year may vary substantially from previous and subsequent years as major projects reach key milestones. This is expected to be borne out in future AISs.

- For some items, the regulations require a breakdown between infrastructure types. These types are not clearly defined in legislation or guidance and so an interpretation has been made. Some complex projects deliver more than one of the items on the type list; in such cases the funds are shown under the main type of infrastructure.

4.3 The data used to compile the AIS have been drawn from the ledger and a number of supporting spreadsheets. As this is the first year for preparation of the AIS, some issues have arisen where the granularity of historic data does not meet the new requirements for reporting. The main area where judgement has been necessary relates to the identification of which specific funds are deemed to be spent in projects and cost centres which have received multiple developer contributions. The regulations require a disclosure of where funds have been allocated but not spent in a given year; where there is no clear way to determine this, a systematic “first in first out” approach has been taken. As indicated above, a further judgement has been made to position specific projects under the specified infrastructure type.

4.4 The regulations include an optional provision for a disclosure covering s278 funding agreements. However, since the timing of the usage of this funding is largely beyond the Council’s control, it is felt that such a disclosure would have less value for readers and it is not included in Appendix 2.

4.5 The government guidance also suggests the inclusion of narrative information on “future spending priorities on infrastructure and affordable housing in line with up-to-date or emerging plan policies… that demonstrates how developer contributions will be used to deliver relevant strategic policies in the plan, including any infrastructure projects or types of infrastructure that will be delivered, when, and where”. This recommendation is not a part of the formal regulations and would involve a substantial number of assumptions, while every other element of the AIS is a statement of historic fact. It is therefore felt that the Council’s future funding and investment plans are best publicised within the medium term financial strategy, annual budget and capital strategy, all of which are to be approved by full Council soon after the publication of the AIS. The approach taken in the AIS in Appendix 2 has therefore been to signpost readers to these other documents.

4.6 It is felt however that publishing the AIS in a form compliant with the regulations does not necessarily achieve central government’s aim of providing readers with a full picture of the Council’s receipt and usage of s106 funding. Cabinet are therefore asked to support the preparation and publication of the following further documents in future years, which will provide the missing detail and improve readers’ understanding:

- Developer agreement listing – a list of extant developer agreements, cross-referenced to planning applications
- Developer contributions – a list of obligations within the above agreements and their intended infrastructure type
- In-year transactions – a complete list of transactions during the year in relation to s106 obligations and funds
- Full-year reconciliation – a summary version of the above document that will allow readers a simple view of the overall movements on s106 contributions

4.7 The first three items proposed above will be prepared in line with the government's recommended data formats in relation to developer funding, which will allow WCC's s106 transactions to be included in the national dataset. This will increase government's understanding of the national position and comply with best practice guidelines. These spreadsheets are most likely to be used by industry analysts and other specialists as well as central government. They will also be relevant to community members looking to track the impact of a particular development.

4.8 The final document will be prepared in a user friendly format to provide a clearer summary of movements than the individual tables in the default AIS format allow. This is intended to be of more value to Members and council tax payers, and will particularly support comparisons over different years.

4.9 These four documents will be prepared to be published alongside the 2020/21 AIS, which will be in December 2021. Other documents could also be prepared if further useful formats are identified by stakeholders. We will review information requests received in year to identify the need for these. We will also consider AISs produced by other Councils and look to adopt any emerging best practice.

5. Timescales associated with the decision and next steps

5.1 The AIS must be published on the Council's website by December 31st 2020. This will be carried out following Cabinet's approval of the recommendations in this paper.

Appendices

1. Appendix 1
2. Appendix 2

Background Papers

None

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The report was not circulated to members prior to publication.

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Appendix 1: Extract from the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019

3. The matters to be included in the section 106 report for each reported year are—

(a) the total amount of money to be provided under any planning obligations which were entered into during the reported year;

(b) the total amount of money under any planning obligations which was received during the reported year;

(c) the total amount of money under any planning obligations which was received before the reported year which has not been allocated by the authority;

(d) summary details of any non-monetary contributions to be provided under planning obligations which were entered into during the reported year, including details of—

> (i) in relation to affordable housing, the total number of units which will be provided;
>
> (ii) in relation to educational facilities, the number of school places for pupils which will be provided, and the category of school at which they will be provided;

(e) the total amount of money (received under any planning obligations) which was allocated but not spent during the reported year for funding infrastructure;

(f) the total amount of money (received under any planning obligations) which was spent by the authority (including transferring it to another person to spend);

(g) in relation to money (received under planning obligations) which was allocated by the authority but not spent during the reported year, summary details of the items of infrastructure on which the money has been allocated, and the amount of money allocated to each item;

(h) in relation to money (received under planning obligations) which was spent by the authority during the reported year (including transferring it to another person to spend), summary details of—

> (i) the items of infrastructure on which that money (received under planning obligations) was spent, and the amount spent on each item;
>
> (ii) the amount of money (received under planning obligations) spent on repaying money borrowed, including any interest, with details of the items of infrastructure which that money was used to provide (wholly or in part);

(iii) the amount of money (received under planning obligations) spent in respect of monitoring (including reporting under regulation 121A) in relation to the delivery of planning obligations.

(i) the total amount of money (received under any planning obligations) during any year which was retained at the end of the reported year, and where any of the retained money has been allocated for the purposes of longer term maintenance ("commuted sums"), also identify separately the total amount of commuted sums held.

4. The matters which may be included in the section 106 report for each reported year are—

(a)summary details of any funding or provision of infrastructure which is to be provided through a highway agreement under section 278 of the Highways Act 1980 which was entered into during the reported year,

(b)summary details of any funding or provision of infrastructure under a highway agreement which was provided during the reported year.

5. For the purposes of paragraph 3—

(a)where the amount of money to be provided under any planning obligations is not known, an authority must provide an estimate;

(b)a non-monetary contribution includes any land or item of infrastructure provided pursuant to a planning obligation;

(c)where the amount of money spent in respect of monitoring in relation to delivery of planning obligations is not known, an authority must provide an estimate.

Annual Infrastructure Statement

2019/20

Contents

Introduction

Warwickshire County Council's ("WCC") Annual Infrastructure Statement sets out the developer contributions secured and applied by WCC in relation to 2019/20 as required by the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019. WCC does not collect Community Infrastructure Levy, but does collect S106 contributions for developments in Warwickshire secured as part of planning obligations; this statement provides further details on those contributions. The following definitions are used to reflect the various stages of developer contributions:

- Agreed – Contributions that have been agreed within a signed legal document which have not yet been collected; in the majority of cases this is due to the trigger point within the agreement not being met yet
- Received – Contributions received by WCC, either non-monetary or monetary
- Allocated – Contributions that have been received by WCC and allocated internally to specific projects
- Spent– Monetary or non-monetary contributions that have been applied to finance expenditure

WCC's future funding and investment plans for infrastructure are publicised within the medium-term financial strategy, annual budget and capital strategy. These documents are approved by full Council in February of each year and more information may be found at https://www.warwickshire.gov.uk/budget and https://api.warwickshire.gov.uk/documents/WCCC-708-483.

1. Contributions received before 2019/20 which were not allocated at the start of the year

Infrastructure Type	Amount Held (£)
Community Facilities	348,313.54
Education	37,961,771.50
Green Infrastructure	0.00
Highways	11,923,005.28
Transport and Travel	5,366,309.31
Total	**55,599,399.63**

2. Contributions received before 2019/20 due to be transferred to external bodies

Infrastructure Type	Monies Received (£)
Health	44,514.00
Total	**44,514.00**

3. Contributions agreed in S106 Agreements signed in 2019/20

Infrastructure Type	Monies Agreed (£)
Community Facilities	11,051.00
Education	14,758,362.32
Green Infrastructure	2,126,169.27
Highways	8,350,596.50
Monitoring and Administration	30,450.00
Transport and Travel	4,585,034.00
Total	**29,861,663.09**

4. Contributions received in 2019/20 through S106 Agreements

Recipient	Monies Received (£)
Warwickshire County Council	19,880,519.18
Other bodies	0.00
Total	**19,880,519.18**

4a. Breakdown of contributions received in 2019/20 to be spent by Warwickshire County Council

Infrastructure Type	Monies Received (including indexation) (£)
Community Facilities	176,968.24
Education	14,856,337.75
Green Infrastructure	742,650.61
Highways	2,702,836.90
Monitoring and Administration	16,822.22
Transport and Travel	1,384,903.46
Total	**19,880,519.18**

5. Contributions allocated in 2019/20 which were not spent during the year

Infrastructure Type	Amount (£)

Warwickshire County Council

Community Facilities	185,163.42
Education	16,827,598.54
Green Infrastructure	709,102.52
Highways	2,106,664.42
Transport and Travel	1,421,226.90
Total	**21,249,755.80**

6. Contributions spent in 2019/20 by infrastructure type and project

Infrastructure Type	Project	Monies Spent (£)
Community Facilities	Improvements at Leamington Library	21,582.00
	Improvements at Warwick Library	4,916.96
	Improvements at Shipston Library	321.00
	Improvements at Southam Library	698.00
	Improvements at Stratford Library	25,307.00
	Improvements at Wellesbourne Library	343.98
	Improvements at Rugby Library	15,311.00
	Improvements at Nuneaton Library	19,094.36
	Improvements at Mobile Libraries	5,073.74
	Improvements at Alcester Library	322.50
	Improvements at Community Libraries	12,347.26
	Community Facilities Total	**105,317.80**
Education	New School, The Gateway Rugby	220,021.10
	Campion Phase 1 (including Sports Hall Refurbishment)	4,552,048.77
	New School South Leamington	100,000.00
	Southam Primary/Pre School Bulge Class	32,547.60
	Harbury Primary, internal redevelopment and reconfiguration	59,097.00
	Harbury Pre School reconfiguration	23,320.00
	Campion School Expansion	854.00
	Heathcote Primary Expansion	89,068.19
	Seedlings Nursery, Wellesbourne, Modular Building	118,534.44
	Weddington Primary School Bulge Class	4,021.00
	Education Total	**5,199,512.10**
Green Infrastructure	Biodiversity Offsetting at Ryton Pools Country Park	18,876.98
	Biodiversity Offsetting at Lower Heathcote Farm	40.00
	Biodiversity Offsetting at Hell Hole	48,827.10
	Biodiversity Offsetting at Saltisford Meadow	476.93
	Biodiversity Offsetting at Back Lane, Long Lawford	112.98
	Biodiversity Offsetting at Oversley Hill Farm	3,500.00
	Biodiversity Offsetting at Wolford Wood	1,000.00

	Biodiversity Offsetting at Middletown Hall	1,000.00
	Biodiversity Offsetting at Sherbourne Farm	3,000.00
	Biodiversity Offsetting at Yarningale Common	38,732.16
	Biodiversity Offsetting at Streetly Meadows	8,500.00
	Biodiversity Offsetting at Wyken	3,500.00
	Biodiversity Offsetting at Abbey Farm	15,885.06
	Biodiversity Offsetting at The Nook	3,000.00
	Biodiversity Offsetting at Brandon Wood	7,000.00
	Biodiversity Offsetting at Hartshill Hayes	7,000.00
	Biodiversity Offsetting at Cherry Orchard	3,927.55
	Biodiversity Offsetting at The Armoury	19,250.00
	Biodiversity Offsetting at Castle Parkland	59.42
	Biodiversity Offsetting at Potash Farm	145.68
	Biodiversity Offsetting at Little Compton	607.00
	Biodiversity Offsetting at Rowley Field	72.00
	Green Infrastructure Total	**184,512.86**
Highways	Lawford Road Cycle Route	1,957.24
	Install MOVA operation on traffic signal junctions Emscote Road Warwick	858.40
	Install Bollards & associated traffic management - Historic Spine Stratford	38,632.40
	M40 Junction 12	12,132.89
	B4114 Blythe Road - Bridges 2014/15	547.59
	New Roundabout Southam Road Kineton	12,406.24
	Ansty Business Park Phase 3 Junction Improvements	204,252.76
	A426 /A4071 Avon Mill Roundabout Rugby Improvement Scheme	67,066.72
	A426 Gateway Rugby to Rugby Town Centre Cycle Scheme	5,550.15
	Weddington Road, Nuneaton Implement Toucan Crossing	60,148.95
	Enhance Existing Bus Stops Land adjacent to The Gaydon Inn Banbury Rd Gaydon	12,607.11
	Highways Improvements to Bus Stops at Land off the Longshoot	3,846.04
	Clifton On Dunsmore Traffic Calming S106	1,500.00
	Urban Mile Markers	4,336.46
	A428 Lawford Road Rugby right turn lane and access to development site	119,452.00
	B4429 Ashlawn Rd Rugby new puffin crossing	17.50
	A429 Ettington Rd Wellesbourne new roundabout and puffin crossing	12,421.08

	A47 The Long Shoot Nuneaton relocation of a refuge island and creation of right turn lane	194.40
	Warwick Town Centre	2,831.47
	Warwick Town Centre Northgate Junction Changes	122,809.43
	Warwick St Johns Junction Improvements	267,214.19
	Shottery Link Road Stratford Puffin Crossing 7 & New Roundabout	23,938.63
	A422 Banbury Road Ettington Ghost Island Right Turn Lane	45.23
	A444 Corridor Improvements - Phase 2	101,195.38
	Transforming Nuneaton	51,670.44
	Signing & road markings Long Itchington Primary School	20,682.04
	A452 Myton Road and Shire Park Roundabouts	43,520.42
	A452 Europa Way South of Olympus Avenue To Heathcote Lane Roundabout	5,050.52
	A452 M40 Spur West of Banbury Road	2,880.00
	Whitacre Heath Flood Alleviation Scheme	2,000.00
	Provision of Bus Stops Ettington Road Wellesbourne	10,396.60
	Provision of Bus Stops & Upgrade Existing Infrastructure Salford Rd Bidford	18,389.24
	Upgrade Existing Shared Pedestrian / Cycle Path Bermuda	395.39
	A47 Hinckley Road Corridor Scheme	169,925.95
	Barford Junction Safety and Capacity Improvement Works S106	42,323.83
	Surface Dressing	50,000.00
	Extension of 30mph limit at Stratford Road, Hampton Lucy	6,163.00
	Introducing a 40mph buffer zone at Southam Road, Radford Semele	7,325.00
	Traffic Regulation Order to stop on-street parking on the Bull Ring and provide on-street parking on southbound carriageway	2,048.00
	Provision of a 30mph speed limit change on the B5000	6,198.00
	Implementation of Traffic Regulation Orders on Eclipse Road, Alcester to control parking	5,647.00
	Provision of new speed management at Shipston Road, Alderminster	10,000.00
	Provision of signage at Trinity Road, Kingsbury	10,167.00
	Towards an order to extend the 30mph zone at Marston Road Long Itchington	3,827.00

Warwickshire County Council

	Traffic Regulation Order to reduce the speed limit on Spernal Lane to 30mph	3,364.00
	Traffic Regulation Order for new gateway features provided along the Long Marston Road, Welford on Avon	6,647.00
	New footpath link at Meon Vale, Long Marston	2,173.00
	Traffic Regulation to create a no right turn at Stockton Road, Long Itchington	1,791.00
	Traffic Regulation Order to extend the 30mph restriction at Salford Road Bidford on Avon	5,411.00
	Traffic Regulation Order to secure a reduction in the speed limit on the Milcote Road, Welford on Avon	6,157.00
	Towards the reduction in the speed limit on Campden Road, Shipston	6,171.00
	Traffic Regulation Order at Mansell's Farm, Newbold on Stour	3,612.00
	Traffic Regulation Order to extend the 30mph zone on Ettington Road, Wellesbourne	6,177.00
	Traffic Regulation Order to reduce speed limit on Well Lane either side of entrance to site	2,889.00
	Traffic Regulation Order to reduce the speed limit on Salford Road, Bidford on Avon	4,620.00
	Traffic Regulation Order to reduce the speed limit on Campden Road, Shipston	8,600.00
	Traffic Regulation Order to reduce the speed limit on the Milcote Road, Welford on Avon	6,000.00
	Speed reduction measures including improvements to existing village gateway features at Long Marston	10,280.00
	Traffic Regulation Order at Moors Lane, Rugby	2,513.00
	Traffic Regulation Order at Lower Hillmorton Road	9,000.00
	Public Rights of Way Improvements	26,681.87
	Highways Total	**1,656,658.56**
Monitoring and Administration	Monitoring and administration of S106 obligations	16,822.22
	Monitoring and Administration Total	**16,822.22**
Transport and Travel	Southam Road, Kineton – No 77/ No 78 Bus Services	13,112.97
	Stockton Road – Long Itchington No 664/ No 665 Bus Services	24,514.73
	Weddington Road, Nuneaton – No 1 / No 2 Bus Services	40,131.90

	Hill Farm, Nuneaton – No 18 Bus Service	15,511.64
	Weddington Road, Nuneaton – No 1 / No 2 Bus Services	40,131.90
	Grendon Road, Polesworth – No 65 Bus Service	73,395.00
	Coton Park, Rugby - No D1 / No D2 Bus Services	55,252.35
	Leicester Road, Rugby – No D1 / No D2 Bus Services	171,944.19
	Newton Lane, Newton – No X84 Bus Service	15,606.00
	Northfield Road Tesco, Southam – No 664 / No 665 Bus Services	236,739.80
	Banbury Road, Southam – No 664 / No 665 Bus Services	24,514.73
	Coventry Road, Southam – No 664 / No 665 Bus Services	24,514.73
	Harbury Lane, Warwick – No 15 Bus Service	49,349.85
	Lower Heathcote Farm – No 15 Bus Service	145,452.81
	Ettington Road, Wellesbourne – No 15 Bus Service	108,652.40
	Sustainable Welcome Packs	15,047.68
	Transport and Travel Total	**1,053,872.68**
Overall Total		**8,216,696.22**

7. Non-monetary contributions agreed in 2019/20 through S106 Agreements

Planning Application No.	Site	Non-monetary Contribution
035503	School Lane, Exhall, Bedworth	Land for the purpose of Highway Improvement Scheme
034615	Callendar Farm, Watling Street, Nuneaton	Land to provide an estimated 185 new Primary School places as a result of the development

8. Contributions retained at the end of 2019/20 (allocated and unallocated)

Infrastructure Type	Amount (£)
Community Facilities	419,963.98
Education	50,442,699.99
Green Infrastructure	1,772,764.00
Highways	19,485,229.63
Transport and Travel	6,012,382.30
Total	**78,133,039.90**

Money Borrowed

In 2019/20, no S106 contributions were spent repaying money borrowed.

S106 Monitoring fees

WCC collects monitoring fees for each S106 agreement with contributions due to WCC. The fee is based on size of the development and the estimated officer time to monitor the agreed contributions.

9. S106 Monitoring Fees received in 2019/20

S106 Contribution	Amount Received (£)
Monitoring fees	16,822.22

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Cabinet

10 December 2020

Revenue Investment Funds 2020/21 November Report

Recommendations

That Cabinet:

1) Supports the progress made on the Climate Change strategy with a new Solar Panel project approved by Corporate Board under the under the authorisation delegated to Chief Executive at a cost of £0.094m.

2) Approves the bids as detailed in section 2, amounting to £1.413m from the Sustaining Prevention Fund and £0.385m from the Commercial Fund.

3) Approves the bid as detailed in section 3.1 amounting to £0.250m from the Capital Investment Fund and agree to add this to the capital programme.

4) Notes the approval of Corporate Board for the remainder of the funding requested in bids detailed in Section 3 from the Covid-19 government grant funding.

5) Authorises the Strategic Directors to procure and enter any agreements to give effect to the above proposals on terms and conditions acceptable to the Strategic Director for Resources.

1. Purpose of the report and context

1.1. As part of the 2020/21 budget, Council approved the creation of four Revenue Investment Funds, with a total allocation of £20m, to provide opportunities to run initiatives to meet objectives of tackling climate change, investing in commercialism, sustaining prevention of demand within communities and investment in place shaping including scoping capital and development opportunities for better value service provision. The indicative allocation of the resources between the funds was then updated by Cabinet in June to reflect the increased need to invest in economic recovery post Covid-19. The breakdown of these funds is below:

Council Investment Funds	Total £000s
Sustaining Prevention Fund – A fund to pump-prime upfront investment in demand management and early intervention initiatives prior to the financial benefits accruing.	5,000
Climate Change Fund – A fund to invest in priorities flowing from the Climate Change Task and Finish Group and Council Plan 2025	4,000
Commercial Fund – A fund to deliver commercial investment in outcomes for Warwickshire arising from the commercial strategy.	3,500
Place Shaping and Capital Investment Fund – A fund to support capital feasibility work, investment in place and to improve delivery.	7,500
Total MTFS Allocation	20,000

1.2. The funds are outside of core budgets, and members approved a four-stage approval process for projects seeking funding:

- Stage 1: A project proposal document is developed and reviewed by Gateway Group/Corporate Board as to the strategic fit with the priorities in the Council Plan;
- Stage 2: The business case for the project is then prepared and an Investment Panel, made of representatives from Finance, Project Management Office and managers from services across the organisation, provides a technical evaluation and commentary on the proposal;
- Stage 3: Gateway Group use this technical evaluation alongside their own analysis of project governance and feasibility, to recommend the projects to Corporate Board if under £0.1m per project, or Cabinet if over this value for approval; and
- Stage 4: Cabinet approve/reject the allocations over £0.1m and note the projects under this value approved by Corporate Board. If the project is approved, funding is transferred to the service, and if savings have been identified flowing from the investment these are built into the medium-term financial strategy.

1.3. The schemes detailed in sections 2.1 to 2.6 and 3.1 to 3.6 of this paper are all part of a programme, led by People Directorate, covering wellbeing aligned to the recovery plan and wider prevention. Initiatives under the programme will focus on the objectives of enhancing residents' resilience, wellbeing and coping abilities in response to the pandemic; managing demand to Social Care services and avoiding pressure on other statutory Council services. Programme oversight will ensure that planning and monitoring include evidence of sustainability and developing clear breaks to exit safely when programme funding ends, as well as ensuring delivery and monitoring spend. Four projects have been put forward under this programme in this paper, two with agreement for Covid-19 funding, two with recommendations for Sustaining Prevention funding, and there are two more in the pipeline. Subject to Cabinet's decision today a total of four projects will now be funded from the Sustaining Prevention Fund, leaving £3.033m in this fund for further initiatives across the next four years.

1.4. The schemes detailed in section 2.17 to 2.12 are part of the Commercial Strategy and Medium Term Financial Strategy to research and develop a Warwickshire Recovery and Investment Fund and to continue development of the Warwickshire Property and Development Company. Subject to Cabinet's decision today a total of three projects will now be funded from the Commercial Fund, leaving £2.675m in this fund for further initiatives across the next four years.

1.5. The scheme detailed in section 2.13 to 2.15 is part of the Climate Change Strategy to promote the installation of solar panels in Warwickshire. A total of two projects are now be funded from the Climate Change Fund, leaving £2.906m in this fund for further initiatives across the next four years.

2. Description of the Investment Fund bids

Tackling Social Inequality

2.1. Corporate Board recommend approval of £800,000 from the Sustaining Prevention fund for the Tackling Social Inequality project with the project sponsor being the Assistant Director, Children and Families Service.

2.2. Funding will be used to research, design and implement a strategy around tackling social inequality in Warwickshire. Implementation over two to three years will focus on containing the virus and promoting physical and mental health and well-being; helping our children and young people catch up on their education; harness the power of our communities to tackle inequality and social exclusion; stimulate job creation and skills by work with our partners in the Local Enterprise Partnership and higher and further education; and invest in regeneration and a sustainable future.

2.3. During its evaluation, the panel has requested that emphasis during the design phase of the project is given to identifying and engaging stakeholders to ensure the widest reach of the strategy. There is a request across the Sustaining Prevention bids to ensure longer term, indirect financial benefits from reduced demand to social care services are clarified and monitored. This feedback has already been incorporated into the delivery of the project through the design of a detailed engagement plan.

Integrated Health Records

2.4. Corporate Board recommend approval of £613,000 from the Sustaining Prevention Fund for the Integrated Care Record project with the project sponsor being the Assistant Director for Adult Social Care.

2.5. This bid will enable the Council to meet its Health and Care Partnership obligations regarding: 1) a financial contribution of £330,000 across the 5 years of the project, as required by all partners to Coventry and Warwickshire Partnership Trust (CWPT) who are Programme Managing this work on behalf of the wider Health and Care Partnership; and 2) covering the Council's one-off ICT development, project delivery and implementation costs (including internal training, engagement and communications) during the 5 years of the project. The use of an integrated Care Record will give holistic access to customer data/information that will support improved care pathways through better insight and diagnosis as a result of the sharing of up to date information, and is aligned with the national policy drivers in terms of delivering integrated care records within Integrated Care System footprints at a regional level and better interoperability of systems across the public sector to improve customer outcomes.

2.6. During its evaluation, the Panel has requested that emphasis during the design phase of the project is given to milestone dates aligned to go/no go decisions. There is a request across the Sustaining Prevention bids to ensure longer term, indirect financial benefits from reduced demand to social care services are clarified and monitored. This feedback will be incorporated into the delivery of the project.

Warwickshire Recovery and Investment Fund

2.7. Corporate Board recommend approval of £220,000 from the Commercial Fund for the Warwickshire Recovery and Investment Fund development project with the project sponsor being the Assistant Director, Strategic Commissioning for Communities.

2.8. The funds will be used to engage resource to research and develop proposals for a Warwickshire Recovery & Investment Fund (WRIF); this will partially based on local and national economic analysis by external consultants that describes the potential benefits of setting up a WRIF, structured around three funds, that will attract investment into the county.

2.9. The Panel recognises that this is funding to research and design the Warwickshire Recovery Investment Fund and develop a full business case if the conclusion is that development of the WRIF is viable. As such the benefits and risks relating to the WRIF are not part of the decision to assign this initial funding. The Panel recommended the inclusion of monitoring of external resource and an exit strategy from any obligations if the idea starts to appear non-viable. This feedback will be incorporated into the delivery of the project.

Warwickshire Property and Development Company

2.10. Corporate Board recommend approval of £165,000 from the Commercial fund for the Warwickshire Property and Development Company (WPDC) implementation project with the project sponsor being the Strategic Director for Resources.

2.11. The funds will be used to engage resource to continue development of proposals for WPDC.

2.12. During its evaluation the Panel noted the governance arrangements and evaluation criteria for investments are not fully defined, and requested that the stakeholder list be extended to incorporate a wider range of scrutiny and communication. This feedback will be incorporated into the delivery of the project.

Solar Together

2.13. Under delegated authority for allocation of investment funds under £100,000, Corporate Board have approved £93,600 from the Climate Change Fund for the Solar Together project, with the project sponsor being the Assistant Director for Enabling Services.

2.14. The funds would be spent designing and promoting a purchasing club for solar panel installation for Warwickshire residents wishing to take part. A commissioned partner would hold a reverse auction for the cheapest solar panel installer, vet the potential suppliers and send out offer letters to residents who have expressed an interest, as well as support through the installation process for those residents who proceeded with the selected supplier.

2.15. During its evaluation the Panel recommended clear dates to be set out for a decision on future years' continuation of the scheme, which will need to be based on the levels of income from the prior year, since funding from the Climate Change Fund is one year only. This feedback will be incorporated into the delivery of the project.

3. Description of the Covid-19 and Capital Investment Fund bids

Improving Mental Wellbeing

3.1 Corporate Board have approved £1,090,000 funding from the Covid-19 government grant, and recommend approval of £250,000 from the Capital Investment Fund for the Improving Mental Wellbeing project. The project sponsor is the Assistant Director, Strategic Commissioning for People.

3.2 This programme of work will support the Council to deliver the following priorities:

- Improve health and wellbeing outcomes for residents and tackle the impact of COVID-19 by using the findings from the Warwickshire health impact assessment;
- Promote Dearlife.org.uk - a locally focused suicide prevention website which supports residents and their families;
- To address the impact on people's mental health, we will improve access to mental health and wellbeing services. Strengthen support for young people at risk of emotional or mental health issues, with a particular focus on preventing self-harm;
- Ensuring our services work closer with communities to increase the levels of self-help and volunteering;
- Develop and implement an action plan to tackle isolation as a result of the impact of COVID-19.
- The capital element of the funding will be spent on Signage in frequent suicide locations and creating dedicated relaxation spaces equipped for people in community centres, and will be added to the Capital Programme.

3.3 During its evaluation, the panel has requested that emphasis during the design phase of the project is given to any overlaps with existing Mental Health services to take advantage of arrangements and remove duplication. This feedback will be incorporated into the delivery of the project, with the responsibility for the project being placed with the same commissioners who have responsibility for existing Mental Health provision.

Mitigating the impact of Covid-19 on BAME communities

3.4 Corporate Board have approved £400,000 funding from the Covid-19 government grant for the Mitigating the Impact of Covid-19 on BAME Communities project. The project sponsor is the Director of Public Health.

3.5 The project aim is to work with the BAME community in Warwickshire to mitigate the elevated risks of COVID-19 mortality and morbidity experienced by this community. The following elements will be funded: Collaborative research to understand the wider determinants of Covid-19 in the BAME Community; a grants process for BAME communities to apply to; two posts to coordinate the grants process and support communities to apply for funding and implement projects

3.6 During its evaluation, the panel has requested that emphasis during the design phase of the project is given to options appraisal and procurement routes. This feedback will be incorporated into the delivery of the project.

4. Financial Implications

4.1 The cost of the projects in sections 2 and 3 are limited to the amounts detailed. The Investment Panel have highlighted the need for exit strategies to ensure further funding is not committed without prior approval being sought. The anticipated financial benefit from the investments is to mitigate the impact of Covid-19 on social care and community services demand, and longer term business rate and council tax income through maintaining a vibrant economy.

5. Environmental Implications

5.1 The intention of the Community Climate Change Fund is to financially support external initiatives which have a positive impact on the environment in line with our climate change agenda. Individual bids have be assessed on their impact on the environment.

6. Background Papers

None

	Name	**Contact Information**
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This report was circulated to the following members prior to publication:
Cllr Peter Butlin

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Cabinet

10 December 2020

Review of Warwickshire County Council's Environmental Management System

Recommendations

That Cabinet:

1) Endorse the continuation of WCC's certified environmental management system to ISO 14001:2015 following an appraisal of the work undertaken in the previous year.

2) Note the environmental risks and objectives noted in this report and confirm that they are suitable.

1. Introduction

1.1 Maintaining an environmental management system (EMS) to ISO 14001:2015 supports the organisation in managing the environmental impacts and risks associated with its services and estate to an acceptable level, along with determining potential opportunities for improvement. It also helps to identify and mitigate environmental impacts and risks posed by external environmental conditions on the organisation.

1.2 At a strategic level changes regarding national and global environmental conditions along with motions within the Council Plan 2020-2025 have led to a review of WCC's strategic environmental risks and environmental management system objectives.

1.3 At an operational level over the financial year 2019-2020:

- Current environmental objectives are generally being attained;
- Compliance with environmental legislation is reasonable in most areas;
- Provision of waste data received is improved;
- Energy use (and associated carbon emissions) continues to fall;
- The cost of business mileage has decreased continuing an overall downward trend; and
- The quantity of nonconformities raised at internal environmental audits has risen slightly reflecting a more targeted approach within the environmental audit programme.

1.4 Warwickshire County Council is one of a handful of County Councils that employs a certified EMS to help manage its environmental performance. (Other County Councils having a certified EMS are Derbyshire, Leicestershire and Kent). In the commercial world the implementation of a certified EMS is common practice for the majority of larger organisations (+250 FTE). Examples of commercial organisations in Warwickshire include Aga Rangemaster, Cemex, Jaguar Land Rover and National Grid)

2. Financial Implications

2.1 Warwickshire County Council's EMS is certified by a UKAS accredited organisation (currently the British Standards Institution) which provides assurance that it is robust, effective and that it conforms to the requirement of the international environmental standard ISO 14001:2015

2.2 The cost of certification, which is currently undertaken bi-annually over 7 assessment days per year is approximately £9,000 representing excellent value for environmental compliance assurance.

3. Environmental Implications

3.1 WCC's environmental management system, which is certified to ISO 14001:2015 supports climate change objectives within the Council Plan 2025. It also provides a mechanism to track and report progress against various environmental performance requirements, including adherence to environmental legal requirements throughout all services and estate.

3.2 Our current assessment body (The British Standards Organisation) rates Warwickshire County Council as having a medium environmental risk.

3.3 The current scope of the certification of Warwickshire County Council's EMS is '*The services and activities delivered by Warwickshire County Council in relation to the built and natural resources of Warwickshire delivered directly or by wholly owned companies'.*

4. Supporting Information

4.1 Strategic Environmental Risks
Documented below are the strategic environmental risks determined through discussions with Senior Management and investigations via the internal environmental audit programme.

4.1.1 **Climate Change**
Impacts include increased risk of severe weather events including flooding. An increase in the cost of maintaining WCC estate and highways. Adverse

impacts on natural environment and biodiversity. Potential impact on farming and food production.

4.1.2 **Increased growth of businesses and housing within Warwickshire**
Impacts include air pollution, congestion with the associated impacts on health. Potential lack of sufficient energy connectivity (grid capacity) and security. Loss of natural habitat and biodiversity along with potential impacts on flood plains noting WCC's limited role in the planning decision making process.

4.1.3 **HS2**
Impacts from the construction of HS2 in Warwickshire include the loss of habitat and biodiversity including ancient woodlands and impacts on both Kingsbury and Pooley Country Parks. Adverse impacts on local towns, in particular increased heavy traffic and road diversions during the construction phase.

4.1.4 **Waste**
Dealing with increased waste from both residential and business development with an aging waste infrastructure and uncertain markets for recycling.

4.1.5 **Financial Savings**
The continued need to make savings potentially impacting on front-line environmental services.

4.1.6 **Pandemic Virus (Covid 19)**
Although primarily a health and economic risk there are also adverse environmental impacts. These include an increase in unrecyclable PPE waste and potential fly-tipping of waste. Also, an increase in carbon emissions from people working from home during the winter and adopting single vehicle travel rather than using public transport or car-sharing.

4.2 Environmental objectives
The objectives and associated targets for the EMS have been formulated from the actions on climate change documented in the Council Plan 2025 and current approved environmental / energy policies. For ease here they have been set out using 8 different themes relating to different aspects of the organisation.

4.2.1 **Built and Natural Environment**
•We will seek to achieve net gain for habitat, benefiting climate change mitigation and adaptation
•We will seek to prevent the degradation of our natural estate and enhance where opportunities arise

4.2.2 **Energy and Water Use**
•We will reduce our energy consumption by improving the energy efficiency of our buildings and make our corporate buildings carbon neutral.
•We will substantially increase our renewable energy generation, continue to

purchase 100% green electricity and support residents to procure cheaper energy

4.2.3 **Policy, Legislation, Risk and Opportunity**
•We will maintain certification to ISO 14001:2015 for all services

4.2.4 **Procurement and Contract Management**
• We will develop our plans to reduce carbon emissions from our third-party contracts for highways, property and social services
•We will reduce the significant adverse environmental impacts from higher cost procurement contracts where feasible

4.2.5 **Skills, Awareness, Training and Communication**
•We will ensure our staff, contractors, customers and visitors are clear how they contribute to minimising the Council’s carbon impact.
•We will employ staff with the necessary skills and competence to manage the environmental impacts of their work and provide training for environmental aspects of their work as required.

4.2.6 **Travel and Transport**
• We will seek to make the Council’s transport fleet carbon neutral.
• We will embrace new ways of working to reduce both business travel and commuting
• We will support and encourage low carbon and carbon neutral methods of travel for staff
• We will review and agree a new local transport plan to encourage sustainable travel and reduce transport related carbon emissions

4.2.7 **Waste and Recycling**
• We will reduce, recycle and compost more of our office waste, and reduce our use of paper and single use plastic.
•We will develop and implement a new joint waste strategy for Warwickshire working in partnership with the district and borough councils to reduce, reuse, recycle and compost and recover more of our household waste

4.2.8 **Working in Partnership**
•We will partner with our communities to plant a tree for every Warwickshire resident.
•We will work with local businesses and communities to help them reduce their carbon emissions and become more sustainable.
Robust realistic targets will be determined with Senior WCC Management

5. Timescales associated with the decision and next steps

5.1 Warwickshire County Council’s re-certification to the ISO14001:2015 standard will be assessed in December 2020. If successful, this will deliver the opportunity to continue the external assessment process over the next 3 years through the organisation.

Appendix

The Annual Review of the Environmental Management System

Background Papers

None

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The report was shared with Councillor Timms prior to publication.

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APPENDIX

Environmental Management Review

2020

Management Review of the Authority's Environmental Management System and Performance

Warwickshire County Council

Working for Warwickshire

Contents

1. **Introduction**

1.1 The Purpose of this Report

This report supports the quarterly environmental briefings documenting the authority's ongoing operational performance and related issues and has three main purposes. Firstly, it is intended to provide senior management with information regarding the authority's environmental risks, along with associated mitigating actions and opportunities. Secondly, it provides a platform for discussion/approval of relevant policies, objectives and procedures. Finally, it includes a review of WCC's environmental operational performance over the financial year 2019-2020 with comparative data where available.

1.2 Synergies with expected Warwickshire Behaviours

WCC has been certified to the international standard ISO 14001 since 2008. The scope of the certification is ***'The services and activities delivered by Warwickshire County Council in relation to the built and natural resources of Warwickshire delivered directly or by wholly owned companies'***. This scope covers all areas of the organisation, including wholly owned companies but has a greater influence/impact where there is higher environmental risk. With regards to schools it includes the services that WCC delivers in schools either directly or under subscription.

The ethos of the ISO 14001:2015 standard is continual improvement – which aligns with expected Warwickshire behaviours including '*Making Warwickshire the best it can be*'

Part One

Strategic Environmental Issues

2.0 Strategic Environmental Risk

2.1 Management of Strategic Environmental Risk

Environmental risks for WCC at a strategic level were determined in 2017 using environmental risk registers and discussion with senior management. These have been reviewed in subsequent years. It is considered that the main strategic risks that could affect the environment of Warwickshire as a whole or the services that WCC provides are:-

- Climate change, including the increased likelihood of severe weather events
- Increased development (business and residential) impacting on infrastructure
- Construction of HS2
- Expected increases in municipal waste
- Continued need for financial savings that may impact on services

The impact of Covid 19 has been considered from an environmental perspective and whilst its devastating impact primarily affects health and social care it also poses a significant environmental risk. The main environmental risks associated with the impact of the virus (or indeed any similar pandemic) are:-

- The potential financial impact on all services, including those of an environmental nature;
- The increase in unrecyclable waste (face masks) and an increase in the likelihood of fly-tipping;
- The increase in carbon emissions from people working from home in the winter and adopting single vehicle travel; and
- The potential decrease in the perceived importance of climate change due to immediate need to focus on tackling the virus.

A full account is documented in EMS procedure EMP 04 along with associated mitigation controls and opportunities for improvement– ***Refer to Appendix A***

Our external EMS assessment body (currently the British Standards Institution) has rated WCC as having a **medium** environmental risk.[1]

3.0 – Review of the Environmental Management Policy and Associated Objectives

3.1 Environmental Management Policy

The current Environmental Management Policy, which includes key environmental commitments for the organisation, was originally approved by Cabinet in April 2015. The organisation has undergone various changes since this time – in particular with regards to the organisational structure – and the policy has

[1] BSI Report No 8005632 09-07-14

undergone minor revisions to capture this. The policy's environmental commitments are wide-ranging and currently remain suitable given the context of the organisation and the scope of the EMS.

1. Comply with environmental legislation and other environmental compliance obligations

2. Identify and manage the authority's significant environmental risks and identify controls needed to reduce impacts to an acceptable level, including progressing potential opportunities for improvement where feasible.

3. Make best use of natural resources, including energy, paper and equipment, including consideration of life-cycle philosophy at the procurement stage.

4. Manage wastes in line with the Waste Hierarchy – 'Prevent/Reduce, Prepare for re-use, Recycle, Recover Dispose (correctly)

5. Safeguard the natural environment of Warwickshire within the authority's control – including adapting to and mitigating the impacts of climate change, preventing pollution and protecting biodiversity and ecosystems

6. Ensure the effective management of the authority's built and natural estate

7. Maintain resilience regarding environmental threats to the organisation, its services and wider Warwickshire where the authority has control or influence

8. Ensure that WCC staff have the necessary skills, competence and awareness regarding environmental aspects of their roles

9. Through the above actions to achieve continual improvement of the Authority's environmental performance

3.2 Environmental Objectives

The objectives and associated targets for the EMS have mostly been formulated from the actions on climate change documented in the Council Plan 2025. Robust realistic targets are being determined with relevant managers.

Built and Natural Environment

- We will seek to achieve net gain for habitat, benefiting climate change mitigation and adaptation
- We will seek to prevent the degradation of our natural estate and enhance where opportunities arise

Energy and Water Use

- We will reduce our energy consumption by improving the energy efficiency of our buildings and make our corporate buildings carbon neutral.
- We will substantially increase our renewable energy generation, continue to purchase 100% green electricity and support residents to procure cheaper energy

Policy, Legislation, Risk and Opportunity

- We will maintain certification to ISO 14001:2015 for all services

Procurement and Contract Management

- We will develop our plans to reduce carbon emissions from our third-party contracts for highways, property and social services
- We will reduce the significant adverse environmental impacts from higher cost procurements contracts where feasible

Skills, Awareness, Training and Communication

- We will ensure our staff, contractors, customers and visitors are clear how they contribute to minimising the Council's carbon impact.
- We will employ staff with the necessary skills and competence to manage the environmental impacts of their work and provide training for environmental aspects of their work as required.

Travel and Transport

- We will seek to make the Council's transport fleet carbon neutral.
- We will embrace new ways of working to reduce both business travel and Commuting
- We will support and encourage low carbon and carbon neutral methods of travel for staff
- We will review and agree a new local transport plan to encourage sustainable travel and reduce transport related carbon emissions

Waste and Recycling

- We will reduce, recycle and compost more of our office waste, and reduce our use of paper and single use plastic.
- We will develop and implement a new joint waste strategy for Warwickshire working in partnership with the district and borough councils to reduce, reuse, recycle and compost and recover more of our household waste

Working in Partnership

- We will partner with our communities to plant a tree for every Warwickshire resident.
- We will work with local businesses and communities to help them reduce their carbon emissions and become more sustainable.

Suitable targets will to be drawn up with Senior Management

4.0 Key Changes to Environmental Legislation /Compliance Obligations

4.1 Environmental Legislation

April 2019 - 2020

April 2019 – EU votes to ban single use plastic

May 2019 - MPs approved a motion to declare a climate emergency in Parliament

July 2019 – Net zero greenhouse gas emissions targets in force for the UK

July 2019 – Consultation on electric vehicles smart charging launched

July 2019 – Consultation on carbon offsetting in transport launched

October 2019 – New Environment Bill published

March 2020 – Consultation for Contracts for Difference launched

March 2020 – European Climate Change law proposed by European Parliament

March 2020 - Draft legislation on single use plastic published

March 2020 – Consultation on Plastic Packaging tax

Looking Ahead

June 2020 – Consultation on Climate Change Agreements scheme extension and reforms for any future scheme;

August 2020 – New planning system proposed

August 2020 - Consultation on deforestation due diligence in UK supply chain

October 2020 – Environmental Protection (Plastic Straws, Cotton Buds and Stirrers (England Regulations coming into force

5.0 Challenges, Opportunities and Key Achievements

5.1 – Examples of key achievements

Opportunities for environmental improvement may be identified and progressed via various means including outcomes of risk assessments and results of audits. At a strategic level most environmental improvements are endorsed / approved by Elected Members. Some of the key works undertaken by WCC April 2019 – March 2020 which have a positive environmental impact are noted below:

- June 2019 - Continued roll-out of BDUK Broadband throughout Warwickshire with the aim of reaching 98% of businesses and households. (Continued digital connectivity helps to reduce travel and use of paper).
- June 2019 - Continued success of Warwickshire Switch and Save campaign helping residents to switch to cheaper energy solutions with 100% green electricity.
- June 2019 - Municipal Waste Management Strategy with the aim of reducing residents (Non HWRC) waste to 311kg per household and achieve 65% for re-use, recycling and composting.
- Consultation on the Draft Rail Strategy 2019-2034 demonstrating continued support for sustainable travel options.
- July 2019 – Agreement for property level flood resilience measures in Grendon
- July 2019 – Climate Emergency declared and a Climate Change Task and Finish Group formed
- September 2019 – Noted continued digital and virtual services delivered by Warwickshire Library Service including e-books and Let's Make Spaces.
- October 2019 – WCC Commercial Strategy approved at Cabinet supporting carbon reduction and improved delivery of environmental and social priorities.
- November 2019 – Capital investment for the reformation of Nuneaton Town Centre approved.
- November 2019 – Approval of WCC's Reduction of Single Use Plastic strategy for internal WCC services.

- November – Introduction of a required Environmental Implications section added to Reports for Cabinet, County Council and Corporate Board.
- December 2019 – Allocation of finance approved for Leamington to Kenilworth Cycle Scheme.
- January 2020 – Pailton Property Flood Resilience Scheme approved.
- January 2020 – Council Plan 2025 approved including several objectives relating to climate change.
- February 2020 Shire Hall and County Hall Museum signed up as water refill stations to support the reduction in single use plastic.
- March 2020 – Property Management Strategy approved

5.2 - Improvements being progressed 2020/2021 include:-

- Management – continued certification to the international environmental management standard ISO 14001:2015;
- Management - Continued review of environmental risks and opportunities throughout WCC services;
- Policy - Generate a revised environmental objectives and suitable targets that reflect the Council Plan 2025 and WCC's Future Operating Model;
- Climate Change – contributing to the work of related Task and Finish groups;
- Communication – progressing a staff network of environmental 'champions' to help reduce adverse environmental impacts related to their area of work/building;
- Energy – Supporting the progression of reduction in energy and renewable energy on WCC estate;
- Paper – Reducing paper use throughout WCC services;
- Training – Generating a suite of e-learning modules to include a new module regarding climate change;
- Waste – Building back better – introducing better recycling points as part of reinstatement works within WCC buildings;
- Waste - Reducing residual waste associated with WCC services, including the introduction of a food collection service for larger buildings; and
- Procurement – Embedding sustainable options into procurement policy and processes

Part Two

Operational Performance

6.0 – Environmental Objectives – Summary of Performance 2019-2020

Item	Section	Performance Measure	Comment for 2019-2020
(Obs 1) Compliance	(6.1)	Zero prosecutions or adverse publicity	Zero prosecutions or adverse publicity.
(Obs 2) Waste	(6.2)	5% reduction year on year	Could not be calculated due to poor data for previous year. Robust data now being received
(Obs 3) Energy (Electricity & gas)	(6.3) (6.4)	2.5% reduction in CO2 emissions from energy use year on year	6.42% straight reduction 8% reduction based on GRE
(Obs 3) Water	(6.5)	-	NA - Most invoices are estimated
(Obs 4) Travel	(6.6)	2.5% reduction in business mileage (grey fleet) year on year	7.56% decrease – and a 39.72 reduction over 7 years.
(Obs 4) Travel	(6.6)	2.5% reduction in fuel (white fleet) year on year	2.74% decrease for 2019/2020 – and 26.60% decrease since baseline year
(Obs 5) Paper	(6.7)	5% reduction in paper used	17.69 % reduction for B&W 6.46 % decrease for colour 15.93 % decrease in quantity of sheets used
(Obs 6) Commercial Opportunities & Training	(6.8)	Waste Smart course 4 delivered p.a.	4 courses offered - 1 carried out with 6 delegates successfully passing the course
(Obs 7) Environmental Protection	(6.9)	Zero prosecutions or adverse publicity	Zero prosecutions or adverse publicity
(Obs 7) Environmental Protection	(6.9)	50% reduction in greenhouse gas emissions from corporate estate per GRE by 2020 compared to baseline year 2013	52.43% decrease since baseline year (2013)
(Obs 8) EMS	(6.10)	Transition to ISO 14001:2015 by Jan 2018	(Complete Aug 2017)
(Obs 8) EMS	(6.10)	Minimum 42 internal audit p.a.	47 completed

Invoices for water are largely based on estimates. It was hoped that, following deregulation of the water authorities, more accurate data would be forthcoming – however this has not been realised. A more robust and accurate way to track usage needs to be determined.

6.1 Compliance Checks

There have been no prosecutions or adverse environmental publicity regarding WCC environmental service or operations during the financial year 2019 - 2020.

Results of compliance checks (legal requirements) undertaken as part of the internal audit programme 2019-2020:-

Status	Number of compliance obligation checked					
Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Not compliant with several parts	23	21	26	19	26	29
Some omissions/partially compliant	7	9	11	16	17	15
Compliant	87	57	54	84	77	56

The main areas of complete or partial compliance relate to the following areas:-

- Waste containment and contamination – hazardous waste storage and contaminated recycling
- Waste documentation – incorrect or not available
- Water hygiene issues – anomalies regarding checks carried out and contractor issues

A more detailed analysis is shown in Appendix B

6.2 - Waste and Recycling

WCC operates a recycling service in all centralised properties for staff to recycle glass, paper, card, cans, tins and plastics. This reduces the amount of waste that can end up in landfill as well as reducing associated disposal costs. A breakdown is shown in the table below along with the residual weight for the last financial year :-

Year	2015-16 Tonnes	2016-17 Tonnes	2017-18 Tonnes	2018/19 Tonnes	2019-20 Tonnes
Recycling	97.568	92.597	84.978	77.452	142.976
Residual	Data NA	Data NA	Data NA	Data NA	209.641

- This year we generated a total of **352.617 Tonnes** of waste within our centralised buildings. 40.55% of all the waste that we generated was recycled – which is a little below the UK average.
- At first glance it appears from the figures above that we have almost doubled the amount of waste that is recycled! Unfortunately this is not the case due to the inaccuracy of the data that we received in previous years. We should use year 2019-2020 as a baseline to measure and monitor our performance in future years.
- It should be noted that the figures above only relate to centralised properties so sites such as Business Centres and Country Parks are not included. It also does not include any waste generated by contractors carrying out works within out buildings or on our estate.
- The ability to compost food waste (currently offered in central Warwick buildings) has been compromised by the quality of the compost produced and a genuine cost effective beneficial use in line with the waste exemption that applies to this process (U11 – Beneficial use of waste). We are exploring setting up a suitable food collection scheme for all our larger buildings whereby waste food can be collected and sent to an anaerobic digester to generate energy as well as compost.

- We are moving towards a different type of recycling scheme consisting of the following waste streams:-
    - Dry mixed recycling (Plastics, Paper, Card, Tins, Cans)
    - Glass
    - Residual waste (not recycled by our corporate waste contractor
    - Food waste
- The table below shows a break-down of waste collected from centralised property by service area. Further work to support the reduction of waste generated by service area is planned over the next 12 months.

Waste	Residual Tonnes	Recycled Tonnes	Total Tonnes
CFM	10.682	0	10.682
Fire	38.679	18.853	57.532
Guardians	9.089	1.646	10.735
Highways	3.09	2.153	5.243
Libraries	17.338	7.972	25.31
Museums	2.325	1.862	4.187
Not Direct WCC	9.115	1.588	10.703
Offices	118.29	53.783	172.073
Sports	0.027	0.319	0.346
Transport Depots	1.006	0	1.006
Totals	**209.641**	**142.976**	**352.617**

6.3 Energy Use - Buildings

Building Consumption 2019 - 2020

Comprehensive information regarding the energy used within our buildings has been compiled by the Energy Team and is contained within the Annual Building Energy Consumption and Emissions Review.

- kWh for all WCC corporate properties is shown in the chart below

Year	2015/16 (kWh)	2016/17 (kWh)	2017/18 (kWh)	2018/19 (kWh)	2019/20 (kWh)
kWh	18,021,835	18,162,905	18,418,393	18,499,594	18,643,473

The number of buildings covered by this data has risen from 94 to 100 over the last 5 years. Analysis of the findings at a specific building level will help form further investigation requirements, audit criteria and potential energy saving improvements.

Renewable Energy Generated 2019-2020

The table below shows the amount of solar (PV) energy produced from WCC estate 2019/2020

WCC Renewable Energy Generation: April 2019 - March 2020	
Site Name	**Generation (kWh)**
Barrack Street	40,239
Bilton Infant School	19,585
Camperdown Farm	11,803
Carpenters Farm	6,058
Lower House Farm - Building 1 (New Office)	9,453
Lower House Farm - Waste Building (Old, Supplying Office Building 1)	4,556
Lower House Farm - Building 2 (New Shop)	3,212
Lower House Farm - Building 3 (New Biffa Building)	15,411
Old House Farm	8,263
Poplars Farm	25,309
Saltisford Building 1	15,617
Saltisford Building 2	40,714
Sir Frank Whittle Business Centre	13,209
Northgate House	206
TOTAL	**213,635**

All our purchased electricity is now generated from totally renewable sources (e.g. solar, wave and wind power)

6.4 - Energy Use - Street Lighting[2]

Street lighting accounted for approximately 10.14 million kWh of electricity in year 2019-2020 at a cost of over £1.6 million. This represents a decrease in energy usage of 4.98% (despite taking on an additional 250 street lights) with a small increase in cost of 2.37%. -

- Continued replacement of sodium lamps with LED[3] lamps as older lamps reach end of life or breakdown is ongoing. LED lamps require less maintenance which reduces cost and reduce associated carbon emissions..
- LED lighting is specified for all new housing estates.

Currently LED lamps account for 82% of WCC's street lighting stock an increase of 9% compared to the previous year.

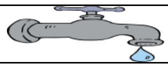
Year	kWh	Cost (£)
2013/14	**19,778,192**	**£2,090,763.30**
2014/15	**19,066,391**	**£2,173,373.58**
2015/16	**16,959,911**	**£1,974,674.76**
2016/17	**14,323,507**	**£1,774,446.59**
2017/18	**12,439,496**	**£1,691,435.26**
2018/19	**10,671,513**	**£1,566,118.89**
2019/20	**10,139,107**	**£1,604,156.84**

[2] Information provided by WCC Street Lighting Team
[3] Low Emission Diode

6.5 - Water

Unfortunately we do not have accurate data regarding the actual amount of water that we have consumed within our estate. NB There is no charge for water used for training by Warwickshire Fire and Rescue Service

In the absence of data please find below the amounts paid for water use over the last 4 financial years (centralised properties only)

	Cost*
2015-2016	£188,199
2016-2017	£132,343
2017-2018	£159,042
2018-2019	£224,478
2019-2020	£214,000

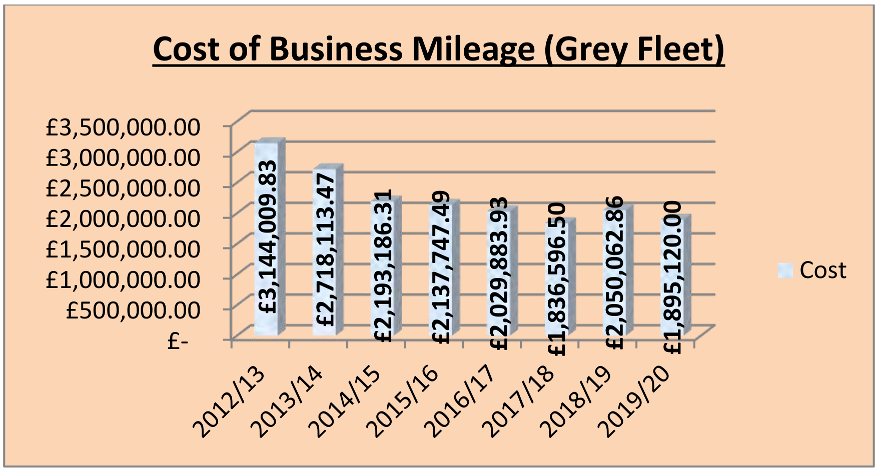
***Costs are approximate as some invoices are not paid in the relevant financial year.

6.6 - Travel

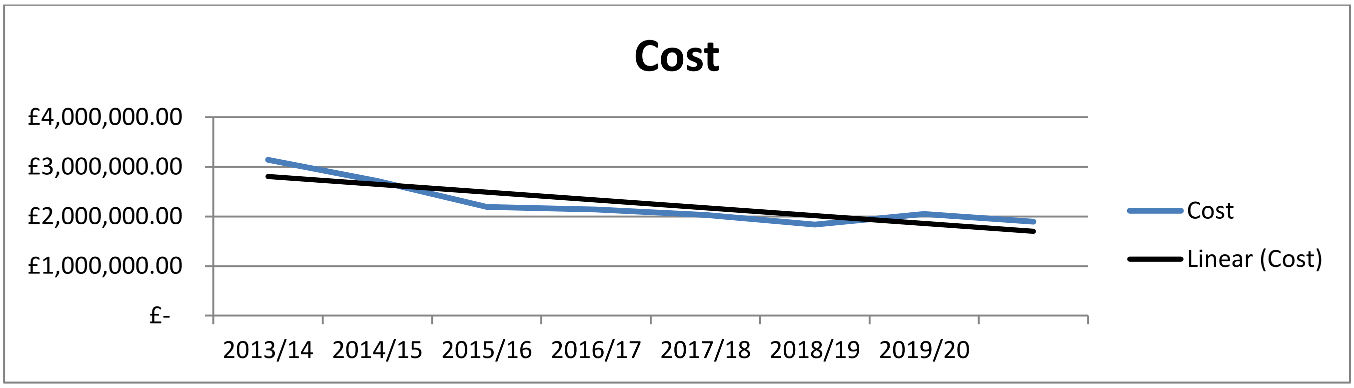
Grey Fleet (Business mileage/personal vehicles)

The data for business travel has been taken from HRMS travel expense claims and is shown as cost.

Total **cost** for all WCC business mileage claims 2019/2020 was **£1,895,120** representing a 7.56**% decrease** compared to 2018/2019. It should also be noted that the price of fuel (petrol) increased by 1.06p per litre over the 12 month period[4] – which makes this decrease more significant.



[4] Statistics from BEIS



Directorate	Cost	Trend
Communities	£504,502.16	down
People	£1,181,620.72	down
Resources	£204,966.69	down
Members / Corporate. Board	not measured in previous years	

A rough calculation of **carbon emissions** using average emission data for petrol (the mostly used grey fleet fuel) [5] shows that business mileage resulted in a total of 3,322.27 Tonnes of CO_2(e). This comprised

- Carbon Dioxide - CO_2 - 3.302.44 tonnes
- Methane CH_4 – 10.34 tonnes
- Nitrogen Dioxide – NO_2 – 9.49 tonnes

Likley Future Trends

The impact of Covid 19 has given us the opportunity to demonstrate that it is possible to conduct at least some of our services remotely. It is likely that we will continue to see a decrease in grey fleet business mileage over the next few years as long as we continue to make good use of technology and digital modes of service delivery.

[5] Data from UK conversion factors 2019 BEIS

White Fleet (Operational Vehicles)

The amount of fuel purchased for white fleet vehicles in year 2019-2020 was 457,737 litres– a breakdown is shown in the table below:-

	Petrol (Litres)	**Petrol (Tonnes CO2(e))**	**Diesel (Litres)**	**Diesel (Tonnes CO2(e))**	
2013-2014	10,322	23	588,818	1531	Including 80,061 litres of bulk diesel for fire stations
2014-2015	14,992	33	521,987	1363	Including 83,353 litres of bulk diesel for fire stations
2015-2016	12,274	27	492,563	1247	Including 91,137 litres of bulk for fire stations
2016-2017	9,015.83	19.807	307,671.98	803.525	Including 102,329 litres of bulk diesel for fire stations
2017-2018	10,946.62	24.06	455,075.9	1183.27	Including 100,357 litres of bulk diesel for fire stations
2018-2019	15,993.47	35.23	454,639.13	1194.31	Including 111, 763.66 litres of bulk diesel for fire stations
2019-2020	15,382	33.98	442,355	1147.52	Including 117,039 litres of bulk diesel for fire stations

NB The figures exclude fuel used by Highways Contractors

2019/20 combined fuel purchases have decreased slightly by 12.895 litres compared to 2018/19 (a 2.74 % decrease). The trend is still downward (23.60%) compared to the baseline year of 2013/2014.

NB conversion factors for both diesel and petrol are very similar to the previous year.

6.7 - Printing and Paper Use

Data shown in the table below is obtained from Canon Uniflow information reports.

As at March 2020 there are 149 MFDs installed throughout our corporate buildings 110 of which have the capability to print in colour. The figures below exclude printing on desk-top devices.

Printing Information[6]		
No of black & white pages	12,019,713	17.69% decrease from previous year
No of colour pages	2,781,296	6.46% decrease from previous year
Total No **sheets** (not pages)	10,029,976	15.93% decrease from previous year
Cost	£168,030	10.44% decrease from previous year
Environmental cost : The following items were used in the manufacturing process for the paper used by WCC staff		
 1189 trees	 2,401,444.5 litres of waste water	
 87,142.75 kg of greenhouse gases	 28,966 kg of solid waste	

N.B. Costs are for printing only **NOT** paper

As shown above, there has been an excellent decrease in the amount of printing for both black and white and colour copies along with the number of sheets of paper used.

Follow-me printing has been implemented throughout the majority of WCC buildings with settings generally set to duplex, black and white and scanning encouraged for electronic storage of documents

The amount of paper recycled suggests that there is scope to reduce the amount of paper used.

These figures are of course pre-Covid 19 – thus the decreases and environmental improvement are a true comparison with the previous year. Given the amount of people working from home now – and likely in the future – next year's figures will be interesting! We cannot really take into account any printing undertaken at home, but the change in behaviour due to staff adapting to new working practices and better use of technology mean that we can forecast a substantial reduction for future years.

[6] Data supplied by Canon – printing intelligence reports

6.8 – Training

The following environmental training was carried out over the 2019-2020 year:-

- The Waste Smart course (accredited by the Chartered Institution of Waste Management) – 1 session delivered with 6 out of 6 delegates passing the required test. The course is now advertised on the CIWM training website.
- Environmental training has continued to be delivered to School Caretakers as part of the Corporate Facilities Service to Schools.
- Spill response training was delivered to a number of CFM, Trading Standards and Waste Management staff

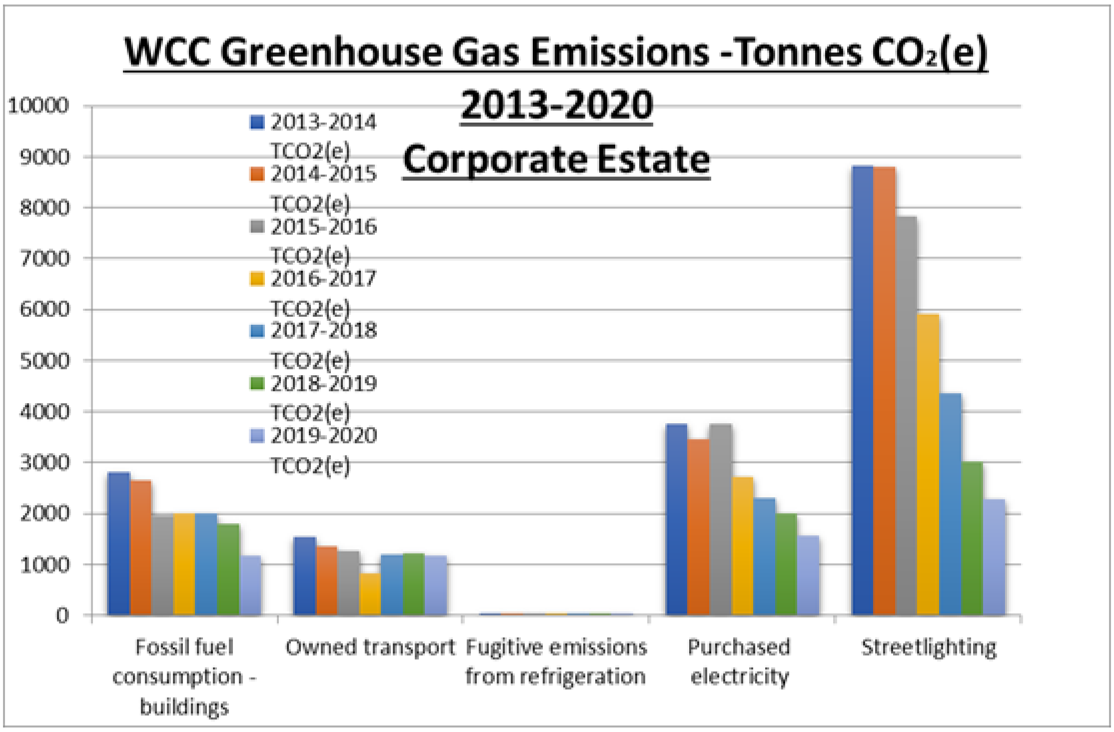
6.9 - Environmental Protection - Greenhouse Gas Emissions

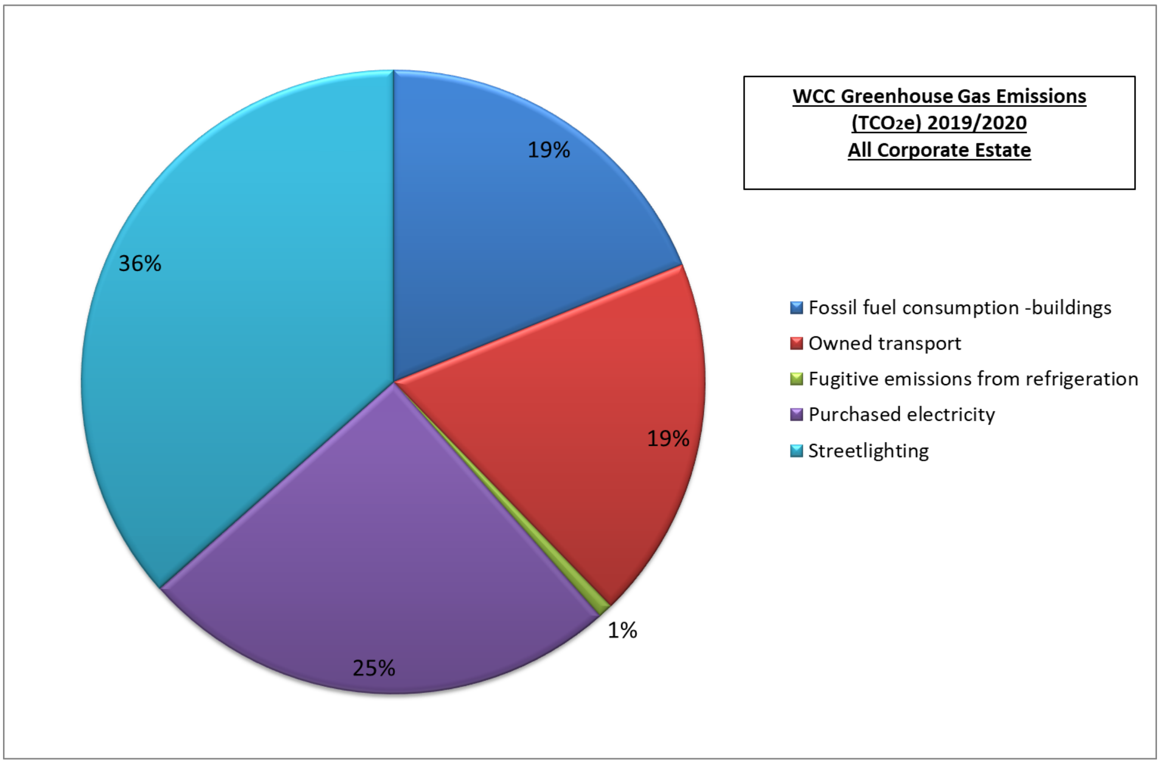
Total GHG emissions from corporate estate 2019-2020 was 6,263.28Tonnes of CO_2(e) equating to 11.38kg per £1,000 Gross Revenue Expenditure. This represents a 22.57% decrease compared to the previous year.

Overall emissions have decreased by 63.17% since the baseline year of 2013 – this is due to a mixture of more efficient vehicles, utilisation of our building management system and improvements to street lighting technology.

It should also be noted that the increase in renewables in the generation of electricity throughout the UK also has a beneficial effect reducing emissions.

Greenhouse gas emissions from WCC Corporate Estate





6.10 - Environmental Audit Results

47 internal environmental audits were carried out during April 2019 – March 2020, including several targeted specifically at internal waste management and compliance with legislation. In all a total of 47 nonconformities were raised from auditing, but a further 6 were raised outside of the internal audit process bringing the total to 53. One was raised by our external assessment body and 5 were raised and processed through the system following concerns noted by colleagues (mainly regarding waste issues).

- A nonconformity represents non-compliance regarding legislation, the ISO 14001 standard, WCC requirements (e.g. policies or procedures), or an actual / potential significant environmental risk.
- An observation represents a weakness that, if not addressed, may lead to non-compliance or associated concern.
- An opportunity for improvement identifies something that, whilst satisfactory, could be improved without significant resources – thus supporting making Warwickshire the best it can be.

A breakdown is shown in Appendix C

The majority of nonconformities and observations are raised via the internal environmental audit process. Reports, including any issues raised, along with suggested actions for resolution, are forwarded to the relevant manager/person for action where required. Timescales for resolution are determined in line with the level of risk to the organisation and the resources required for implementing suitable corrective actions. Follow-up checks are carried out to ensure that the issues identified have been adequately resolved. Our external assessment body (currently BSI) check nonconformities raised during external audits as part of their subsequent assessment.

Failure to resolve nonconformities within a suitable timescale are escalated to the relevant Senior Management for progression.

Details of nonconformities and observations raised are also reported to Corporate Board and Assistant Directors as part of the quarterly environmental briefing.

Internal Audits	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
No of Audits	42	44	47	49	47
Nonconformities raised	45	54	41	47	47
Observations raised	114	136	113	104	93
Opportunities raised		14*	72	64	79
Nonconformities raised/audit	1.07	1.23	0.89	0.96	1.00
Observations raised/audit	2.71	3.09	2.46	2.12	1.98
Opportunities raised/audit		0.32*	1.57	1.3	1.68

* First year of recording

The number of nonconformities raised through the internal audit process has remained similar to the previous year. The number of observations has decreased slightly – which is good news. The number of opportunities for improvement has increased and improvement measurers implemented from this will help to improve WCC’s environmental performance.

The main areas of concern noted related to water hygiene issues, spill response and waste issues (documentation, storage and segregation). Nonconformities and observations related to waste span many different services and subjects. It would be useful for staff having waste responsibilities to undergo relevant training such as the Waste Smart course run by WCC. General staff may benefit from an e-learning course regarding WCC’s internal recycling scheme to ensure that expected Warwickshire behaviours are understood.

Appendix A – Strategic Environmental Risks 2020 (additions re Covid 19 highlighted)

Aspect	Risk	Mitigation / Opportunity
Increased growth of businesses and housing within Warwickshire *Warwickshire has a thriving business industry with several major organisations (such as JLR) choosing to locate themselves in the county. This development is welcomed (and it provides income via business rates) but it comes with risks that need to be managed.*	1. Air pollution and associated impacts on the health of Warwickshire residents (11 AQMAs are in place) 2. Congestion 3. Lack of sufficient energy connectivity and security 4. Loss of natural habitat and biodiversity 5. WCC's limited role in the decision making process 6. Building on flood plain	1. Local Transport Plan in place – includes sustainable of transport 1. Public Health working groups re air pollution (N.B. Districts and Boroughs are responsible for air quality management areas) 1. Electric Vehicle recharging Policy 2. Support for Public Transport and cycling 3. Local Transport Plan in place – includes a congestion strategy 4. CWLEP 3. WCC projects for renewable energy 3. WCC's Energy Plan 4. WCC undertakes ecological assessments as part of the planning process 5. WCC is a statutory planning consultee and works with relevant Districts and Boroughs re planning decisions 5. WCC is the consenting authority for waste and minerals 6. Flood risk strategy in place
HS2 *Construction of HS2 which is planned to run through Warwickshire (but not stop within the county) was approved and some planning works have begun.*	1. Loss of habitat and biodiversity 2. Impact on Kingsbury Water Park and Pooley Country Park 3. Impact on local towns 4. Impacts on traffic etc during the construction phase	1. WCC Ecology Team providing expertise 1. HS2 Environmental Statement/Impact Assessment 1. There will be opportunity for betterment as part of the 'bargaining' process (e.g. HS2 has paid for the new school at Water Orton) 2. WCC is consulting with HS2 re compensation 3. Water Orton – HS2 has paid for a new secondary school 4. Works will include a construction plan 4. The A46 link road project will help to relieve traffic associated with HS2 construction
Waste *WCC is the waste disposal authority for Warwickshire*	1. Increase in waste leading to waste being disposed to landfill and associated increased costs	1. Warwickshire Waste Partnership and Waste Strategy in place facilitate reduced waste to landfill 1. Nine HWRC in place including charity re-use shops on site 1. Projects to reduce waste and increase recycling in place 1. Corporate responsibility re Internal Waste Strategy and single use plastic policy
Financial Savings *Continued need to make saving to ensure best value for Warwickshire residents and businesses*	1. Reduction in services impacting adversely on the environment (May include loss of the EMS) 2. Reduction in environmentally important WCC Estate such as smallholdings 3. Reduction in staff leading to loss of expertise and experience	1. Further embed environmental requirements into existing structures 1. Digital by default programme to reduce 'face to face' contact 2. Planned via Strategic Asset Management with environmental considerations in place at procurement and disposal 3. Apprenticeship programme in place 3. Transformation programme in place
Climate Change WCC has declared a climate change emergency with an ambition to work towards becoming carbon neutral by 2030	1. Increased risk of severe weather events including flooding, storms and heatwaves 2. Increased cost of maintaining WCC estate and highways 3. Adverse impact on natural environment and biodiversity	1. CSW Resilience in place, including emergency rest centres 1. Flood Risk Strategy in place 1. Compass notes relevant information (rest centres, flood risk asset register, grit bins) 2. WCC budgets and planning take this into account 2. Theme of Cross-Party T&F group

Climate Change continued…	4. Impact on farming and food production 5. Continued use of and investment in fossil fuels	3. Green Recovery funding available with partners (e.g. WWT) 3. Theme of Cross -Party T&F group 4. Well-managed small-holding estate 5. Totally green electricity procured 5. Investment of pension fund under consideration 5. More fuel efficient and electric vehicles being procured
Pandemic Virus (Covid 19)	1. Financial impact on all services including environmental 2. Increase in waste and potential fly-tipping 3. Increase in carbon emissions from people working from home and adopting single vehicle travel 4. Decrease in the perceived importance of climate change due to the immediate need to focus on tackling the virus	1. WCC has a robust financial budget in place 1. Potential future savings through unitary authority and sharing of services 2. Warwickshire HWRC open with a robust booking system in place 2. Warwickshire HWRC accepting trade waste 2. Warwickshire Waste Partnership supports excellent kerbside collections with communication highlighted on-line 3. Reduction in commuting 3. Warwickshire Switch and Save campaign has green electricity 4. Cross Party CCE group continues to function and progress actions to reduce climate change 4. WCC's actions to tackle the virus are effective in supporting the community and should help to reduce its long-term impact

Appendix B - Summary of issues found during compliance checks 2019-2020

Details	Status
Spill kits at Lower House Farm HWRC contaminated with waste	Staff and NW Staff informed - checks undertaken - all OK
Lack of Quarterly Water Hygiene monitoring and no W.E.T Service Contract in place at Lower House Farm HWRC	Contract raised and implemented
Low water temperatures at Cherry Orchard HWRC not investigated	Works added to schedule
The Old Coffee Tavern is placing used oil in 58 Yard in contravention of legal agreement	Resolved as per C. Jones
Water Hygienne - Site thermometer not checked at Hunters Lane HWRC	New process now in place
Waste deposited outside site boundary at Hunters Lane HWRC (Age UK)	Waste removed
Waste Documentation not available at Kingsbury Water Park	Waste notes now available
Corroded unbunded oil barrel at Kingsbury Water Park	Moved indoors
Waste of a hazardous nature have been 'dumped' in the wood yard at Kingsbury Water Park. These appear to have originated from the Echill's miniature railway.	Waste removed and correctly consigned
Drainage from toilets etc is via a effluent plant for which a discharge consent for sewage effluent is in place (ref permit No T/16/09170/S). This contains several conditions - There is no evidence that these parameters have been checked for compliance recently	Annual testing instigated
Asbestos (AIB panels) has been removed from the kitchen at Telford School by ICS however no hazardous waste consignment note was available on site. (Neither has a copy been forwarded to the Project Manager or Property Risk Team)	Requirements re-enforced to contractors and consignment note now available
A deep lift well is located in the yard and used for training purposes. This should be included in the Water Hygiene L8 Control of Legionella checks – records show that this is not the case	Still open Property Risk Manager informed
Coffee Tavern have left unprotected waste cooking oil out side their door next to a drain	Waste removed as per C. Jones
WCC has not been able to obtain access to Biffa's electronic waste transfer note system and therefore cannot demonstrate that the organisation complies with the Waste Regulations	Annual Waste Transfer notes now available
Caretakers reported Food and nonrecyclables in paper recycling in Village S5 (legal Services)	Requirements re-enforced to staff by Service Manager
Inspection not carried out at Stockton HWRC not carried out an inspection for approx 18 months (daily checks are being carried out)	Inspections re -instated
Waste documentation was not up to date at Stockton HWRC	Running of site now under WCC control - documentation available
Water Hygiene tests not being undertaken at Stockton HWRC	Running of site now under WCC control - checks undertaken
Fire alarm testing has not been carried out at Stockton HWRC	Running of site now under WCC control - tests undertaken
Oily Rags Container within the Appliance Bay is mixed with General and Recycling Waste at Stratford Fire Station	Process for collection of oily waste now in place
Details	Status
Bleach used on site – no CoSSH Sheet available at Stratford Fire Statiojn	Use discontinued
Several Cans of Paints stored in Cleaner's Cupboard at Stratford Fire Station	Removed and treat as hazardous waste

Appendix B continued Details	Status
Valid signed waste notes for general waste, recycling and sanitary waste not available for Stratford HWRC	Ensure that WTNs are available
A half full bag of multibed concrete (classified as hazardous) had been placed in the general waste skip at Budbrooke Highways Depot	Removed and correctly consigned
An air conditioning unit attached to a modular building at Budbrooke Highways Depots - not on F-Gas register, not serviced	Not required - will be removed
Wastes stored in skips to the side of Wellesbourne Highways depot were poorly segregated. Skips were contaminated with WEEE (lamps and a microwave) as well as hazardous waste	Waste segregated prior to disposal
Spill kits at Wellesbourne HWRC were empty	Phone call made – Spill Kit delivered whilst Auditor on site
Evidence of spilt Waste Engine Oil next to Facility close to Drain and no Spill Kit at Wellesbourne HWRC	Replenished Spill Kit placed next to WEO Facility
Hydraulic Failure from gritter at Wellesbourne HWRC caused oil to disperse down slope onto HWRC - no record of action taken - or incident report	Area Site Manager and AGE UK Area Manager to ensure site operatives aware of Process for Reporting Spillages of this type.
Empty Waste Engine Oil Vessels currently placed in unlabelled open Bin next to WEO Facility (then placed into Landfill Skip) and/or into Plastic Recycling Containers inappropriately placed next to WEO Facility	Waste Engine Oil Vessels to be treated as Hazardous Waste. Suitable marked container provided to ensure Public deposit correctly.
2 x Fridges placed in Quarantine Area not under cover at Wellesbourne HWRC	Site now under WCC direct control - proper process in place
Full Butane Gas Cylinder located on site – not quarantined at Wellesbourne HWRC	Removed
Several TV's and Monitors dotted around site – not under cover at Wellesbourne HWRC	Site now under WCC direct control - proper process in place
No records of Monthly Corporate Water Temperature Monitoring taking place at Wellesbourne HWRC	Monthly monitoring undertaken by Corporate Facilities Team
Hazardous wastes are stored outside to the rear of the workshop in sealed drums. This area is covered but the containers were not bunded and some appeared to be corroding at Wellesbourne CFM	Containers replaced
Poor housekeeping was noted in external areas – of particular concern were an old broken refrigerator, corroded containers and potential for windblown litter at Wellesbourne CFM	Housekeeping requirements stressed and improvement noted
Fire extinguishers at CFM Wellesbourne (both internal and external) had not been inspected within the last 12 months	Fire extinguishers now inspected
Some containers of oils / hazardous liquids were either not placed on bunds or were incorrectly placed on bunds at Wellesbourne CFM	Items re-located correctly
It could not be confirmed that 5 off AC units as part of project No 121338 – 3 of which required degassing was undertaken by qualified contractors.	Contractor informed of requirements - sub-contractor undertook training and now qualified
The process for ensuring that all relevant refrigeration equipment is captured is not evident/working:-	Process reviewed and revised
Campion School construction project - A 205 litre drum of gas oil was on site in the vicinity of the fuel tank. Although a bund was available the drum was not located on it.	Fuel was relocated follwing the audit
The Process for actions required to be followed up re AC units WET servicing not evident	Process reviewed and revised
At 38% of sites (13 of 34) W.E.T Reports showed no recorded temperatures. Alarmingly, at Shipston Fire Station 3 of 4 visits, no temperatures were recorded	Contractor informed of requirements
J. Hopwood informed that Age UK had a quantity of hazardous waste 'hidden' to the side of the shop at Princes Drive HWRC	Age UK informed of correct procedure

Appendix C - Environmental Audit - Breakdown of Issues raised 2019-2020

Main Classification	Nonconformity	Observation	Opportunity	Grand Total
Asbestos	1			**1**
Aspects & Impacts		1	2	**3**
Building - Survey	1			**1**
Bunding	1	3		**4**
Communication			8	**8**
Control of Contractors		3		**3**
CoSHH	1	2		**3**
Discharge Consent		1		**1**
Documentation - Control	1	3	1	**5**
Documentation - Improvement			1	**1**
Drainage		2	1	**3**
Drainage - Plan		3		**3**
Ecology/Biodiversity			1	**1**
Energy - Heating	1	3	1	**5**
Energy - Lighting		1	2	**3**
Energy - Vehicles			1	**1**
Equipment - Condition		1	1	**2**
Equipment - Failure			1	**1**
F-Gas	1	1		**2**
Fire - Extinguishers	1	2	1	**4**
Fuel/Chemical Storage	2	3	1	**6**
Grounds Maintenance		1		**1**
Health and Safety		2		**2**
Housekeeping	1	4		**5**
Inspections / Checks			1	**1**
Lease	1	1		**2**
Monitoring/Evaluation	3	2	3	**8**
Permit/Procedure			2	**2**
Permit/Procedures		2	1	**3**
Plastic - Catering			9	**9**
Plastic - Cleaning			1	**1**
Plastic - Packaging		1		**1**
Pollution Control			1	**1**
Property Services			1	**1**
Records - Incomplete	1	4	1	**6**
Salt Storage			2	**2**
Security		1	2	**3**
Spill Response	4	3	3	**10**
Standards			1	**1**
Training/Awareness	1		5	**6**
Waste - Collection	2			**2**
Waste - Compost			1	**1**
Waste - Documentation	4	4	1	**9**
Waste - Equipment			2	**2**
Waste - Opportunity			4	**4**
Waste - Packaging		1		**1**
Waste - plastics			4	**4**
Waste - Recycling		1	2	**3**
Waste - Segregation	7	18	1	**26**
Waste - Storage	11	11	6	**28**
Water - Dispenser			1	**1**
Water Hygiene	8	8	2	**18**
Grand Total	**53**	**93**	**79**	**225**

A nonconformity *represents non-compliance regarding legal, ISO 14001, WCC requirements or an actual / potential significant environmental risk.*

An observation *represents a weakness that, if not addressed, may lead to non-compliance or associated concern*

An opportunity represents the potential to save money/resources, improve environmental conditions or may concern a non-environmental improvement suggestion.

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Cabinet

10 December 2020

School Road Safety Education Task and Finish Review - Report of the Communities Overview and Scrutiny Committee

Recommendations

The Communities Overview & Scrutiny Committee requests that Cabinet:

1. Express its support for for the internal and external bids for two School Travel Plan Officer roles for a two-year period, which will be separately assessed through the appropriate funding processes.

   BUT

   If either of the bids are not successful, make a decision whether this growth bid should be added to the MTFS pressures in the budget proposals to be recommended to Council in February 2021.

2. Encourages all County Councillors to actively assist the School Safety Team in their work with schools, including promoting the SAFER project and any school champion work.

3. Ask that the School Safety Team provides support to School Champions and County Councillors when needed.

1. Introduction

1.1 At its meeting of 17June 2020 the Communities Overview and Scrutiny Committee considered a report on school safety zones and routes. This report marked the conclusion of a lengthy project commenced in 2015 with a view to overseeing how resources assigned for school safety should be used. The Communities Overview and Scrutiny Committee expressed a desire to build on the work taken to date by undertaking a short task and finish review focusing on the education of road safety amongst school children. It was resolved, “that a Task and Finish Group (TFG) be established to explore education-based ways of encouraging more children to walk / scooter / cycle in safety to their schools and report on costed options to inform the refreshed MTFS (Medium Term Finance Strategy).

1.2 Task and finish group members met three times to hear evidence from officers and to share their own experiences. Having developed a series of recommendations a report was placed before the Communities Overview and Scrutiny on 18 November 2020. The committee agreed the recommendations now before Cabinet.

1.3 Work was carried out by members of the original School Safety Zones member group with Councillor Jill Simpson-Vince returning as the Chair and Councillor Jenny Fradgley continuing as the Vice-Chair. Councillor Jonathon Chilvers stayed on as the Green Group representative and Councillor Corrinne Davies joined on behalf of the Labour Group.

2. Executive Summary

2.1 Early in the life of the TFG it became clear that some County Councillors were not fully familiar with the work of the Road Safety Team. Therefore, the TFG requested briefing sessions for each borough and district to inform members on their work and the upcoming SAFER project (Sustainable and Active Focussing on Environment and Road safety) which aims to promote and support road safety and active travel activities within three strands. Within each strand, the recruitment of local `Champions' and the introduction of a reward scheme, are fundamental elements of the SAfER programme.

2.2 The primary objectives of SAfER are to:

- Encourage residents to take up more physical activity for travel (walking and cycling)
- Promote safe walking, cycling and general road safety in Warwickshire
- Change public attitudes and habits around safe and active travel
- Encourage schools to sign-up to become SAfER schools and to work through the 4 levels of the awards scheme
- Encourage Warwickshire businesses and employers to sign-up to become SAfER accredited

The successful implementation of the above primary objectives will hopefully impact on the following objectives.

- A reduction in the number of people killed and seriously injured on Warwickshire's roads
- Reduction in air pollution and increase overall air-quality

2.3 The SAfER programme provides support and resources that schools, and local organisations need to develop safe and active travel plans, and encourages local `Champions' to successfully run individual activities within organisations.

2.4 The programme is fully supported by Warwickshire County Council elected Members and a small group of Members from TFG has been set up to review and monitor the progress of the initiative. SAfER is also supported by the Warwickshire Road Safety Partnership - a multi-agency group comprising Warwickshire Police, Fire & Rescue, Public Health, Highways England and Warwickshire County Council. The initiative will be incorporated into the 2021 Local Transport Plan.

2.5 SAfER is managed and delivered by staff from the Road Safety Education Team, comprising a Senior Road Safety Officer, Road Safety Support Officer (already in post) and two additional School Travel Plan Officers (to be appointed).

2.6 Warwickshire County Council will lead by example and will use the Thrive at Work initiative to focus, encourage and support their own employees in the workplace.

2.7 After the briefing sessions, all county council members who attended the briefings praised the work of the Road Safety Team and agreed to provide help to the team if desired.

3. Financial Implications

3.1 The funding for the two School Travel Plan Officer posts are being pursued from other sources one internal (which has received initial Gateway Group support) and one external for which a response is still awaited. Should either of these funding sources be approved then there will be no financial implications.

3.2 If funding is not obtained from the internal sources currently being pursued, the TFG and Communities OSC supports the bids for the two School Travel Plan Officer posts to be considered by Cabinet to be added to the financial proposals in February 2021. These two positions would be £36,800 each per year which would total £147,200 for 2 two-year contracts.

3.3 In the current difficult financial climate, the MTFS mainly considering 'invest to save' rather than 'growth' bids unless the budget pressure has been deemed unavoidable. Equally the current MTFS cycle has already collated all identified pressures and is nearing the final stages of agreeing the MTFS and 2021/22 budget. Consequently, there is a high chance this bid would not be supported within this year’s MTFS process.

4. Environmental Implications

4.1 As stated above the SAfER project will encourage cycling and walking and aim to change public attitudes to this which will reduce the use of cars on school runs and benefit the air quality in Warwickshire. As part of the task to educate safe cycling to school, bicycle training will be carried out with the ‘Bikeability’ scheme which will promote safe travel to school which will promote safer green travel.

5. Timescales associated with the decision and next steps

5.0 If the funding is pre-approved before Cabinet in December, then no steps are needed to follow this financially. If it has not been approved, then the TFG requests that the Communities OSC asks Cabinet to support the funding being included as part of the proposals for the Budget Council report in February 2021.

5.1 Cooperation with Members should continue for the foreseeable future.

Appendices

None

Background Papers

None

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

Local Member(s): None
Other members: Members of Communities OSC, Jonathon Chilvers, Jill Simpson-Vince, Corrinne Davies, Jerry Roodhouse and Helen Adkins

Cabinet

10 December 2020

West Midlands Rail Limited Governance Evolution

Recommendation

That Cabinet supports the proposed changes to the governance arrangements for West Midlands Rail Limited as set out in this report.

1. Executive Summary

1.1 West Midlands Rail Limited (WMRL) is a company limited by guarantee, owned by 14 partner authorities, and created with the purpose of specifying and managing rail franchising for the West Midlands. Through a legally binding Collaboration Agreement with the Department for Transport, WMRL has responsibility for overseeing the delivery of the West Midlands Separable Business Unit (WMSBU) of the West Midlands Franchise. It also undertakes rail activity on behalf of Transport for West Midlands (TfWM). The 14 partner authorities are comprised of the seven Metropolitan Boroughs plus the seven Unitary and Shire local transport authorities that surround them. The most senior layer of governance in WMRL is the Board of Directors. This provides local democratic oversight for WMRL.

1.2 The Board is made up of Leaders or senior cabinet members appointed by each of the Partner Authorities and provides WMRL with strategic and policy guidance towards developing a new, local passenger rail franchise for the West Midlands, as well as gaining influence over other key routes across the region.

1.3 The principles underpinning the governance of WMRL were developed in 2015, before the emergence of the Mayoral Combined Authority. The existence of this senior elected position has, inevitably, led to a political, media and public expectation that the Mayor will intervene on rail matters, as was evidenced during the period of poor rail performance in autumn 2019.

2 The Proposed Governance Arrangements

2.1 Emerging government policy direction indicates that any further regional rail devolution is to involve a single accountable elected position, most likely a Mayor, and informal conversations between WMRL and central government have indicated a reluctance to devolve further authority to a political partnership such as WMRL.

2.2 WMRL, working with TfWM and trading as West Midlands Rail Executive (WMRE), has developed a strong reputation, and has been effective at promoting and delivering change and investment in the region's rail network.

2.3 The WMRL political partnership has proved itself to be both stable and effective, and appropriately maps the geography of both the 'travel to work' area for the conurbation, as well as the network of commuter and regional services over which further local influence and control might be desirable in the longer term. In contrast, the Combined Authority area does not feature a sensible geography for the oversight of rail services, but it does have a directly elected Mayor.

2.4 In order to place WMRL in the strongest position to benefit from further devolution, WMRE officers were tasked with developing a range of options that would meet the following principles;

- A role for the Mayor in the governance of WMRL, enabling the influence of the office to promote investment in rail for the wider region;
- No change to voting rights – maintaining the existing balance of votes between Shire/Unitary and Metropolitan Boroughs;
- A stronger role for vice chairs;
- Sufficiently flexibility to permit for a restoration of the previous arrangements, should this be desired; and
- Does not affect the day to day operation of the Company.

2.5 In total six alternatives were identified, including a Do-Nothing option. Each was evaluated and the option that proposes the Mayor as a non-voting, non-director chair was put forward as the preferred option, on the basis that it came closest to meeting the five principles set out in 3.5 above. All options were developed in conjunction a WMRL Member working group, which included Cllr Butlin.

2.6 Key elements of the preferred option proposed are;

- the Mayor gains direct and formal influence over local rail services and rail strategy via becoming a non-Director, non-voting Chair. The non-voting nature of the Mayor's post means that the delicate political and geographical balance is undisturbed.

- Two new Vice Chair roles are created, these posts will be filled by Shire and Unitary board members respectively in order to maintain equity. It is important to note, that if a vice -chair is acting as Chair they are still eligible to vote.

- The delegation of a specific power (as set out in the Articles of Association) to the Chair. Under the proposal, Article 3.1(i), a wide power to represent and publicise WMRL through lobbying and related activities to advance WMRL's purpose would be delegated to the Chair. Delegating this power would allow the Mayor to represent WMRL, but the Mayor would not have the authority to bind WMRL, like many of the other powers. Delegating this power would not preclude the Board of Directors of WMRL from exercising those Powers themselves, for example speaking on behalf of the company (subject to the terms of the delegation). In addition, any such delegation can be revoked at any time by a further resolution of the WMRL Board of Directors.

2.7 This preferred option was approved in principle by the WMRL Board at its meeting on 15 September 2020. Also approved at that meeting was the recommendation that each of the 14 partner authorities would commence the process of taking this option through their respective governance processes. It is expected that all 14 partner authorities will have concluded this exercise by December 2020, ahead of an Extraordinary Meeting of the WMRL Board in January 2021. The Warwickshire Board member vote will reflect the Cabinet resolution on the matter.

2.8 The Extraordinary Meeting is necessary as the implementation of changes to the governance requires amendments to the WMRL Articles of Association, which can only be amended by a Special Resolution of the Members eligible to vote. A Special Resolution requires a majority of 75% to pass (a minimum of six votes). A tracked changes copy showing the proposed amendments to the Articles of Association can be found in the Appendix.

3 Financial Implications

3.1 The revised governance arrangements for West Midlands Rail, as proposed do not have any financial implications for WCC.

4 Environmental Implications

4.1 The further devolution of rail services in the West Midlands will give the WMRL more control over services. In some instances, this will have a positive impact on new connectivity opportunities and frequency of services which may encourage people to switch from car to rail, thereby having a positive impact on the environment.

5 Supporting Information

5.1 There is the risk that the rail priorities of the Mayor and WMRL could conflict. However, such disagreement is in neither parties’ interest. It would diminish the likelihood of either achieving its goals, and give central government reason to limit further devolution, or even take back those powers already granted.

5.2 Whilst it is difficult to entirely avoid this risk, by bringing together the role of Mayor with WMRL through the creation of aligned rail priorities, this risk is minimised and converted into an opportunity to further improve the rail offer for the region.

5.3 Other advantages of a closer relationship between WMRL and the Mayor include the association with a high-profile position, direct access to ministers and potentially more access for funding. Acting now demonstrates a well-considered, evolved governance for WMRL which is likely to enhance the Board's credibility with government and other key stakeholders. This would increase the likelihood that it would be able to achieve its policy aims, all without undermining the existing political partnership that has been carefully created to date.

5.4 From a Warwickshire perspective, any further devolution for rail in the West Midlands will enable Warwickshire (via the WMRL Board) to potentially have a greater say and influence over how some rail services are delivered in Warwickshire in the future. There is a small risk that WMRE/TfWM use the opportunity to further advance programmes and projects that benefit the West Midlands conurbation, however the equitable composition of the Board and the creation of two vice chairs will minimise this risk.

6 Timescales associated with the decision and next steps

6.1 It is planned that an Extraordinary Meeting of the WMRL Board will take place in January 2021, to allow Members of the Board to have a final vote on the proposed governance arrangements. If the vote is in favour of the proposal, the new governance arrangements will come into effect in May 2021, after the West Midlands Mayoral election.

Appendix

Proposed amendments to the Articles of Association

	Name	**Contact Information**
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Lead Member	Cllr Jeff Clarke	cllrclarke@warwickshire.gov.uk

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

Local Member(s): None
Other members: Councillors Peter Butlin and Jeff Clarke

Annexe A – Proposed Changes to the Articles of Association

17 Chairing Of Directors' Meetings

17.1 ~~The Directors shall appoint one of the Directors as the Chair of the Company and one of the Directors as the Vice Chair of the Company, such appointments to take effect (subject to early termination in accordance with article 17.2) either until the next but one annual general meeting of the Company (if the Company holds annual general meetings) or until the start of the first Directors' meeting to take place after the second anniversary of his or her appointment (if the Company does not hold annual general meetings), provided that:~~The Mayor of the West Midlands (from time to time) shall be the Chair of the Company and shall be entitled to chair (and speak at) Directors' meetings (but, for the avoidance of doubt shall not vote).

~~(a) where the Chair is a Director appointed by an Associate Member then the Vice Chair must be a Director appointed by an LTA Member (and vice versa); and~~

~~(b) the position of Chair and the position of Vice Chair shall alternate between a Director appointed by an Associate Member and a Director appointed by an LTA Member.~~

17.2 There shall be two Vice-Chairs of the Company. Each Vice-Chair shall be a Director and one shall be appointed by the LTA Members (other than the Combined Authority) and one shall be appointed by the Associate Members. Each Vice-Chair shall (subject to early termination in accordance with article 17.3) be appointed for a period of two years (eligible for reappointment).

17.3 ~~17.2 The Directors~~The LTA Members or Associate Members (as case may be) may terminate the appointment of the ~~Chair or~~ Vice-Chair of the Company appointed by them at any time, provided they appoint a replacement under article 17.2.

17.4 ~~17.3~~ The Chair (or one of the Vice-~~Chair~~Chairs if the Chair is not participating in the relevant meeting) shall chair ~~Director's meetings provided that if neither the Chair nor the Vice Chair is~~Directors' meetings. If the Chair is not participating and both Vice-Chairs wish to chair the relevant meeting, then the chair of that meeting shall be selected by the Vice-Chairs drawing lots. If there is no Chair or Vice-Chair participating in a Directors' meeting within ten minutes of the time at which it was due to start, the participating Directors shall appoint one of themselves to chair it.

17.5 ~~17.4~~ The chair of a Directors' meeting shall not have a casting vote in the event of an equality of votes cast for and against a proposal at the meeting.

35 Chairing General Meetings

35.1 The Chair appointed pursuant to article 17.1 (or if not present and willing to do so, one of the Vice-~~Chair~~Chairs appointed pursuant to ~~that~~ article 17.2) shall chair general meetings if present and willing to do so.~~35.2If neither the Chair nor the Vice Chair~~ If the Chair is not participating and both Vice-Chairs wish to chair the relevant meeting, then the chair of that meeting shall be selected by the Vice-Chairs drawing lots.

35.2 If none of the Chair and Vice-Chairs are willing to chair the meeting or are not present within 10 minutes of the time at which a meeting was due to start:

(a) the Directors present, or

(b) (if no Directors are present), the meeting, must appoint a Director or Member (or Member representative) to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

Cabinet

10 December 2020

How We Work Programme – Agile Working Offer and Online Protocols

Recommendations

That Cabinet:

1. Supports the adoption of the Agile Working Offer and Online Protocols as part of the *How We Work* programme as set out in Appendices 1 and 2
2. Notes the overall progress of the *How We Work* Programme and the future work to complete the Programme as set out in Appendix 3

1.0 Background and context

1.1 The *How We Work* Programme was developed following Cabinet's adoption of the Council's organisation wide Design Principles and Transformation Plan in June and July 2018.

1.2 The programme has underpinned the transformation of our operating arrangements and has been focused on supporting delivery of both our Council Plan 2025 and our Covid 19 Recovery Plan, which was approved by Cabinet in September 2020. The Programme specifically addresses our business objectives of:

- Adopting a customer focused approach to the delivery of services;
- Creating the conditions to support a high performing culture; and
- Supporting the creation of an agile, modern, fit-for-purpose organisation.

1.3 The Programme impacts upon all aspects of the Council's service delivery arrangements but more specifically has been of relevance to the development and implementation of the following strategies;

- Our People Strategy – refreshed and to be considered by the Staff and Pensions Committee in December
- Customer Experience Strategy
- Digital Strategy
- Data & Intelligence Strategy (draft) – to be presented to Cabinet early in 2021.

1.4 The Programme, comprises four inter-related workstreams:

- People;
- Technology;
- Process; and
- Space.

Proposals for enhancing our agile working approach relate to each of these workstreams and an update on each workstream, together with an outline of the Programme's future work, is provided in **Appendix 3** of this report.

1.5 The Programme has also driven culture change in line with the new operating model, aligned to the behaviours and values previously approved by Cabinet and linked to all four workstreams.

1.6 It has been possible to accelerate several elements of the Programme in light of the opportunities presented to us as a result of the Covid-19 pandemic. These, together with the views expressed by our staff through the well-being check ins that have been carried out and the priorities identified by members through the cross party member working groups around recovery which took place during the Summer, have helped to shape the future proposals around the Programme, in particular those relating to Space and Process.

1.7 This report sets out proposals for what this means for the way we work and the basis of which we deliver services for the future. It asks Cabinet to support the new Agile work offer and online protocols as part of the 'Process' workstream in the *How We* Work programme. These new ways of working have a significant impact on and drive our future office property requirements which are the subject of a separate exempt report also on the Cabinet agenda.

1.8 For added context, the report also provides an update on the status of the overall *How We Work Programme* and an outline of the future direction for the Programme.

2.0 WCC Agile Working Offer and Online protocol

2.1 The Covid-19 pandemic saw an unplanned overnight move of 4,500 staff from being predominantly office-based, spending on average 20% of their working week away from the office, to becoming predominantly home-based agile workers.

2.2 The pandemic has accelerated changes in how we work and strengthened our ambition and vision in developing an agile workforce The last 10 months have demonstrated the benefits of agile working in balancing work and home life whilst continuing to deliver business benefits and outcomes for our residents.

2.3 Since the first lockdown we have continued to listen and engage with our staff and based on a significant volume of feedback from check-in and spot check surveys there is a considerable evidence base to support the appetite of our staff to consolidate and capitalise on the changes that we had to put in place rapidly at the start of the pandemic by now implementing supporting processes.

2.4 Two key products have been developed to address this need:

- WCC Agile working offer; and
- WCC Online protocols.

A summary of each of these is set out below and the full products attached in **Appendices 1 and 2**.

2.5 WCC Agile Working Offer

2.5.1 The Offer seeks to manage agile working by outcomes, giving employees a choice over how, where and when to undertake their work, subject to outcomes being achieved and business needs being met. Where business needs require it, employees would still be required to attend the office or other workplace setting.

2.5.2 The offer is intended to support the Council as a high performance organisation able to maintain exceptional customer service through the positive impact of the flexibility we can offer on recruitment and retention, on staff sickness absence and on creating a high performing workforce focused on delivering outcomes.

2.5.3 Whilst the agile working principles will be promoted to staff as the new and expected way of working, it is recognised that not all services or individuals will be able to work in this way. Equally the significant benefits of bringing teams together physically from time to time to deliver business objectives should not be underestimated. The 'space' element of the Programme will therefore ensure that our future office accommodation provides sufficient collaboration and team space to enable that to happen, while also providing an appropriate level of choice to meet the diverse needs of our customers, staff and teams.

2.5.4 Full details of the proposed Agile Working Offer are provided in **Appendix 1.**

2.5.5 The proposed adoption of agile working as a default position for those services and staff that can deliver in this way unlocks the potential to use our physical assets (office space) in a different way and for those assets to make a greater contribution to the very significant challenges of balancing our Medium Term Financial Strategy. Crucially, this will also help embed the positive culture change already delivered and accelerated by the Covid pandemic. The exempt report on today's Cabinet agenda contains further detail on this aspect of the Programme.

2.6 WCC Online protocols

2.6.1 Feedback from staff Check-In Surveys alongside both Corporate Board and Directorate live briefings have told us that whilst the majority of our staff are successfully working from home, there is further work to be done to shape and refine our online culture.

2.6.2 We know from staff feedback that it can be more difficult to take breaks when working remotely, that some staff feel that the boundaries between home and work have become more blurred and that there has been an increase in meetings which are often shorter but more intense.

2.6.3 We are also aware that there could be a seasonal effect on staff and their well-being which is more acute as we head towards the winter months with staff starting and finishing their working day in the dark.

2.6.4 With this in mind a set of Online Protocols have been developed which align with Our People Strategy and our Agile Working offer.

2.6.5 The principles have been shared with Employee Forums and distributed to all staff for comment. To date there has been feedback from 450 staff, with feedback indicating:

- 91% feel the protocols will help them take control of their working day; and
- 93% say the examples feel right for them.

2.6.6 Full details of the Online protocols are provided in **Appendix 2**.

3.0 Financial Implications

3.1 There will be financial implications of the Estates Master Planning work with the intention of the proposals making a contribution to the MTFS. These will be set out in separate reports covering this workstream of the Programme.

3.2 The Council has also supported staff by making available financial support (originally with an upper limit of £100 but now with no upper limit) to enable staff to work remotely in the most effective way possible. Costs incurred by staff are reimbursed through the usual expenses process. To date the costs claimed by staff have amounted to £87,804.

4.0 Environmental Implications

4.1 The environmental implications of these proposals will involve a reduction in travel by staff and will as a result make a positive contribution to our Climate Change agenda. The specific environmental implications related to the

Estates Master Planning will be set out in more detail in reports which are specific to that workstream.

5.0 Next steps

5.1 Subject to Cabinet's consideration and support for the recommendations in this report and the Staff and Pensions Committee approval of the new arrangements and the associated Our People Strategy, the Agile Working Offer and On-line Protocols will be formally communicated to employees. The Offer will result in new terms and conditions of service being offered to those who accept the offer and these new working arrangements are intended to come into effect from 1st April 2021. A suite of resources will also be developed to support our managers and our people in working in an agile way.

5.2 *The How We Work* Programme will continue to be developed with key products brought to Cabinet for approval as required.

Appendices

Appendix 1- Agile Working Offer

Appendix 2 -Online Protocols

Appendix 3 – How We Work Programme Update

Background papers

None

Background papers	**Name**	**Contact Information**
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The report was circulated to the following members prior to publication:

Chair and Party Spokes of the Resources and FRS OSC

Local Member(s): None

Other members: None

Appendix 1 – WCC Agile Working Offer

Introduction
The vision of the Our People Strategy is, '***Warwickshire County Council, a great place to work where diverse and talented people are enabled to be their best'***. The strategy describes a culture that embraces an adult to adult working relationship. Therefore, empowering our people to work in the way that enables them to work at their best is key to the strategy.

Prior to the pandemic we were working towards a more flexible working offer. Since the pandemic it has been demonstrated that our workforce can work extremely well from remote locations.

There are many benefits for the council for the agile working offer, in particular:

To individuals	To WCC
• Greater freedom to manage time and tasks • Improved wellbeing, work life balance and resilience. • Reduced unproductive commuting and lower carbon footprint • Fewer co-worker interruptions and distractions • Greater freedom to plan around personal appointments and commitments.	• Is integral to the Our People Strategy, supporting all the building blocks and the culture of trust and empowerment. • Improved productivity • Supports the sustainable and resilient workforce agenda. • Supports the Council Plan's greater emphasis on climate change and environmental benefits • Increase in employee engagement • Better use of and return on our property assets • Supports the employee value proposition of being an employer of choice, by having a more attractive offer to potential new employees, increasing calibre and diversity

In order to meet our full aspirations in terms of the Our People Strategy, our Agile Working Offer is key. Agile working can play a part in delivering against all the building blocks.

Our Agile Working Offer - Principles

- We acknowledge and are mindful that we have a number of positions in the organisation, which due to the nature of the role, may not be able to benefit from Agile Working.

- Work is what you do, not necessarily where and when you do it and where work can be done at home, our people are encouraged to do so.

- We are fostering a trusting environment, where there is an adult-to-adult relationship between managers and our employees with service delivery at the heart of all that we do.
- We trust everyone to do a great job.
- We want our people to bring their whole and true selves to work, we celebrate their diversity and understand that to achieve this that our people work best in different ways.
- We understand the link between autonomy and performance
- The terms Agile working and Flexible working have been used interchangeably to describe working from home. However Flexible Working is a legal right for people to request to work in a particular way , no matter what contract individuals are on. Agile working is a principle of working where work can be done in an Agile way. Therefore, “agile working” will be used to describe this offer.

Our Agile Working Offer – Employee Expectations

- Agile working, where it meets the needs of the service, remains a choice for our workforce. Individuals who feel that working remotely is not for them either financially or for their personal wellbeing will still benefit from office accommodation. This can be on an agreed frequency between the individual and their manager.
- There will be limited expectations for staff to attend offices except where there is a business need, the need for collaboration space or for face-to-face meetings, unless the employee prefers to attend.
- We will manage by outcomes, so employees have a choice over how, where and when to undertake their work, if outcomes are achieved and where this enables the service to continue to provide exceptional customer satisfaction.
- To mitigate against unintended legal consequences for the Council regarding work locations, the expectation is that our workforce will reside in the UK. Where alternative arrangements are sought, they will be considered by the manager, legal and HR on an individual basis.
- All employees will be given a notional office base, it will remain the employee's responsibility to travel to and from this base, mileage over and above this daily amount will be claimable through the usual expense process.
- All employees will be expected to attend an office location upon request from their manager.
- In order to maintain the health and safety of our employees, those working from home will be expected to complete an annual DSE assessment for their working environment and will be supported with the appropriate equipment. Where this is not reasonable or possible, appropriate office accommodation will be available.

- Flexitime is not an option for agile workers, individuals who wish to remain on a flexitime contract will be expected to work from an office location and follow the flexi-time policy regarding working hours.
- Flexitime has not been an option for new starters January 2020
- It is proposed that these arrangements are effective 1 April 2021. Staff electing to remain on flexi-time will be required to return to WCC settings at the first opportunity in the event of government advice that people should continue to work from home being withdrawn.

Appendix 2 – Online working protocols

To support the Agile Working Offer and support our wellbeing at work the following on-line protocols have been developed:

Protocol 1 - We will take ownership of our working day so that we balance work life and home life, whilst meeting the business needs

Here's some examples of what that this could look like in practice:

- Update your working hours in your Outlook calendar
- Block out time in your calendar so that others know when they can and can't book in meetings with you.
- Use the red, green and amber dots to let people know when you are and aren't available
- Set boundaries between work and home life

Protocol 2 - We will prioritise our wellbeing and take regular breaks

Here's some examples of what that would look like in practice:

- Get up, stretch, take exercise
- Block out time in your diary each day to take breaks and have time away from the screen
- Decline meetings if it means you will not have a break
- Try to schedule meetings to allow for breaks between meetings, for example; 25 minutes, 50 minutes
- Complete a DSE assessment for your workspace and remember you can currently claim reasonable expenses for any additional equipment you may need or arrange to collect equipment from the office

Protocol 3 - We will be considerate of other people's commitments and wellbeing

Here's some examples of what that would look like in practice:

- Check other people's calendars before booking in a meeting with them
- Consider whether your meeting will mean the other person does not have a break
- Remember that other people may be working different hours to your working hours
- Finish meetings 5 or 10 minutes early if you can, to give people a break between meetings
- Be mindful when booking meetings of other individuals start, finish and lunchtimes and if you're unsure check with the individuals first
- Only send emails to people who need them – keep them short, clear, concise
- Share documents you want people to collaborate on (e.g. use OneDrive more) as it is quicker and easier than attaching documents to emails

Protocol 4 - We will stay connected with colleagues

Here's some examples of what that would look like in practice:

- Organise social meetings, e.g., virtual coffee breaks, team quizzes, use Yammer
- Maintain regular contact with your line manager
- Use Teams channels
- Agree how you will work and communicate together as a team, taking in to account business needs and individual circumstances - link to team principles

Appendix 3 – *How we work* programme update

The programme comprises four workstreams which are inter-dependent and which collectively provide the culture, behaviours and conditions which enable us to move from work being a place we go to, to being something we do. It recognises that our ambition of developing an agile, high performing workforce can only be achieved if we in turn change the way we support our staff to deliver their outcomes.

The programme has 4 workstreams:

1. People;
2. Technology;
3. Process; and
4. Space.

Updates and a description of each are set out below:

People workstreams

This workstream focused on the development and agreement of the corporate skills and behaviours framework needed to support our new operating model, and the redesign of our services to align to these and ensure the delivery of our organisational objectives.

- The skills and behaviours framework was agreed in spring 2018.
- Our new Tier 2 (Assistant Director) and Tier 3 (Service Manager) structure was implemented in October 2018 and May 2019 respectively. Alongside our Chief Executive and Strategic Directors a new Senior Leadership Team was established.
- Service redesigns began in May 2019 to ensure our services were redesigned and fit-for-purpose to deliver the organisational objectives. All service redesigns will be implemented by April 2021. This will complete the delivery of the People workstream.

Technology:

The technology workstream had two main areas of focus:

- ***Technology platform*** - This is our core suite of tools that provides us with email, calendar, telephony and collaborative work systems (Teams). In June 2019 the Council agreed that we would move from a mixture of Google and Microsoft products to Microsoft 365. Rollout of email, calendar and Teams was completed in October 2019 providing us with a cloud-based suite of tools with increased security and improved VPN access to core systems supporting agile working. Rollout of Telephony will be completed in December 2020.
- ***Hardware*** – in June 2019 it was agreed we would move from supporting at least 8 different forms of desktop, laptop and tablets to a single device for all staff. Rollout of Surface Pro’s began in December 2019, was accelerated in March 2020 and completed by the end of March 2021.

- ***Adoption and change*** – this is the work that shows staff and members how to maximise the use of Microsoft 365 and the Surface Pros. There remains a further 6 months of planned campaigns which then completes the delivery of the Technology workstream.
- The timing and delivery of the workstream has proved critical in enabling us to continue to work and deliver services during the Covid-19 pandemic, keeping staff, customers and elected members safe and well.
- There will be additional consideration given to the technology workstream in the context of the Estates Master Plan report, also on today's Cabinet agenda, and this will be included as part of the ongoing work linked to the space workstream.

Process workstream

Process covers all our policies and procedures that enable us to develop our future agile workforce.

- The most significant of this is the development of our Agile Working Offer
- The Our People Strategy has recently been refreshed and has a focus on embracing an adult to adult working relationship and ensuring that our people are able to bring their whole selves to work, all of which is supported by the Agile working agenda.
- The refreshed Strategy is being considered by the Staff and Pensions Committee on 14th December and the Resources and Fire and Rescue Overview and Scrutiny Committee will asked to provide input to help shape the delivery priority themes on 16th December.

Space workstream

This workstream focuses on the estates master planning and the workplace redesign which will deliver us the working environment we need to support agile working.

- Considerable work has been undertaken over the summer to engage with managers and staff on the workplace redesign strategy. The pandemic has provided us with an opportunity to demonstrate that there are few of our services that cannot now be delivered though an agile way of working. This was supported by managers who agreed we had an opportunity to support different, agile work practices.
- When asked about future workplace preferences the split across over 2000 staff (45% of our workforce) was as follows:
  - 7% wish to be office based
  - 34% wish to be home based
  - 59% wish to have a mix of both home and office working
- Pre Covid-19 on average staff spent 20% of their working week away from the office. Post Covid-19 on average staff expect this to increase to 60%
- As we move into recovery it is anticipated that all work that can be done from home will be and that time spent in the office will focus on collaborative / team based working. This will require a redesign of our current workspaces and a reduction in the space we require. There is also an interdependency on staff accepting the Agile Work offer.

- Proposals from this workstream are covered in the separate Cabinet Estates Master Plan report also being considered today, 10th December 2020.

Agenda Item 12

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of the Local Government Act 1972.

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Agenda Item 13

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Agenda Item 14

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