

# Cabinet

Date: Thursday 11 February 2021  
Time: 1.45 pm  
Venue: Microsoft Teams

## Membership

Councillor Isobel Seccombe OBE (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 - 18

To approve the minutes of the meeting held on 28 January 2021.

### (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. Draft Integrated Risk Management Plan 2020 - 25: Post Consultation Report

19 - 204

A report concerning the County's Integrated Risk Management Plan.

Cabinet Portfolio Holder – Councillor Andy Crump

**3. Allocation of 2021/22 Dedicated Schools Grant** 205 - 214

The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils. The report outlines the 4 blocks of the DSG, and the current proposals to allocate the provisional DSG allocation.

Cabinet Portfolio Holders – Councillors Peter Butlin and Colin Hayfield

**4. Long Term Savings for Children in Care** 215 - 242

A report that seeks Cabinet approval for the Long-Term Savings Policy for Children in Care

Cabinet Portfolio Holder – Councillor Jeff Morgan

**5. Warwickshire Recovery and Investment Fund** 243 - 458

This report seeks the approval in principle of Cabinet to the establishment of the WRIF as recommended in the WRIF business case and the further development of the operational arrangements which will be brought back to Cabinet for consideration.

Cabinet Portfolio Holder – Councillor Peter Butlin

**6. 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’.

**7. (Exempt) Minutes of the meeting held on 28 January 2021** 459 - 462

To consider the exempt minutes of the meeting of Cabinet held on 28 January 2021.

**Monica Fogarty**  
Chief Executive  
Warwickshire County Council  
Shire Hall, Warwick

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## 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 Paul Williams [paulwilliamscl@warwickshire.gov.uk](mailto:paulwilliamscl@warwickshire.gov.uk) 01926 418926 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.

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# Cabinet

Thursday 28 January 2021

## Minutes

### Attendance

#### Committee Members

Councillor Isobel Seccombe OBE (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

#### Other Members Present

Councillors Adkins, Bell, Boad, Cooke, Gilbert, Golby, Kondakor, Parsons, Singh Birdi

### 1. General

#### (1) Apologies

No apologies were received for this meeting.

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

There were no declarations of interest declared at this meeting.

#### (3) Minutes of the Previous Meeting

The minutes of the meeting held on 10 December 2020 were agreed as a true record.

#### (4) Public Speaking

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

Mr Richard Dickson, a resident of Kenilworth, spoke regarding agenda item 11 (Kenilworth to Leamington Cycle Project). He welcomed the report and thanked Councillor Jeff Clarke (Portfolio Holder for Transport and Planning) and officers for their hard work on the scheme. Mr Dickson stated that he had previously cycled from Kenilworth to Leamington along the

A452 and had found it to be a dangerous and unpleasant experience. To his knowledge the project had been under development from at least 2006. It was important to acknowledge the efforts of existing and past elected members. These include Councillor Bill Gifford and John Whitehouse and Margaret Begg (Warwick District Council). Finally, Mr Dickson welcomed that the recommendation before Cabinet sought to authorise the Strategic Directors for Communities and Resources to take all steps to complete the scheme.

Mrs Michelle Kondakor expressed her concern that the Covid recovery plan (agenda item 4) could lead to increased inequalities in some areas of Nuneaton. On the same item Mrs Kondakor emphasised the need to work on developing sustainable transport solutions.

Concerning the Bermuda Connectivity project (agenda item 9) Mrs Kondakor stated that in her view this would be a waste of public money and that it should be developed as a cycle and pedestrian route only. She expressed concern over the cost of the scheme adding that there would not be enough funds set aside for contingencies. Reference was made to a consultation exercise from 2018. The results from this showed a significant number of people being opposed to the scheme which would be contrary to stated aims regarding climate change, sustainability and inequality. Mrs Kondakor finished by challenging the need for £1.7m noise compensation if the project is environmentally friendly.

## **2. 2020/21 Quarter 3 Budget Monitoring Report**

Councillor Peter Butlin (Deputy Leader – Finance and Property) introduced the report summarising its key elements including underspends, reserves, the implications of academisation, capital slippage and the impact of the Pandemic on the Council's ability to meet its savings targets.

Councillor Helen Adkins (Leader of the Labour Group) commented on the forced academisation of schools. Referencing Trinity School in Leamington Councillor Adkins acknowledged the need to mitigate for the £1m deficit at the school, Recognising that a total of £2.137m has been set aside she asked whether the remaining £1.137m would be used for schools in a similar situation. If so, she considered that it is unfortunate if the Council is having to compensate for shortfalls in funding from government. Cabinet was asked if it would not be better to provide more support for schools before they find themselves in financial difficulty. In response, Councillor Seccombe stated that the Council, whilst unable to provide direct financial support to schools in deficit does provide advice and other forms of support. Councillor Seccombe added that many secondary schools have elected to become academies as they can access more funding. However, all schools in Warwickshire, whether academies or not, are encouraged to be part of the County's education "family".

Concerning highways issues, Councillor Keith Kondakor observed that delegated budget projects are running late. The crossing project at Weddington Road, Nuneaton had been delayed and there was a need for resurfacing of the Old Hinckley Road. In reply, Councillor Jeff Clarke stated that a survey at Weddington Road had been delayed owing to the schools being on lockdown. The Old Hinckley Road would be surveyed soon. He assured Councillor Kondakor that the funding for the projects will be carried over into the next financial year adding that a new process for the administration of delegated budgets is in development.

Councillor Jerry Roodhouse (Leader of the Liberal Democrat Group) noted that if academy schools fail then it is the County Council that is required to intervene and address the matter. Referencing

page 38 of the document pack the pressures of £1.658m on mental health were highlighted as were pressures on domiciliary and residential care packages.

Councillor Dave Parsons (Deputy Leader of the Labour Group) noted that when a school becomes an academy all land and assets transfer from the Council to the academy. He asked that if an academy fails, is the land returned to the Council?

In closing Councillor Peter Butlin recognised that academisation is an emotive subject. He stated that the money set aside is for transference from the Council to an academy. If academies experience difficulties subsequently the Council cannot provide financial support. Regarding highways maintenance, this is not part of slippage. Maintenance happens throughout the year although much more can be done when the weather improves. The slippage identified in the report is on major projects. Not maintenance. The impact of Covid on mental health was recognised. Provision for this will be made in the budget for this.

Resolved:

That Cabinet:

- a) Notes the forecast underspend of £9.271m for the 2020/21 financial year on the Council's revenue budget, and the expected impact of an additional £11,526m will have on the Council's unringfenced reserves.
- b) Notes there is a forecast shortfall in delivery of the 2020/21 savings requirement with a value of £2.581m.
- c) Notes the decreases to the approved 2020/21 capital programme of £29.378m since the programme was last reported in Quarter 2.
- d) Approves the carry forward of the reprofiled spend on the capital programme of £31.996m in 2020/21 into future years.
- e) Approves the request to create a new earmarked reserve to recognise the impact on WCC of funding school deficits resulting from forced academisation; as noted in paragraph 2.5.9.
- f) Acknowledges that at the date of writing this report, the national and local response to Covid-19 is an ever-changing landscape. As such, it is important to note the inevitability of significant changes to the forecast position. This will be driven by changes to Covid-related income and expenditure pressures and also Covid funding changes.

### **3. 2021/22 Budget and 2021/25 Medium Term Financial Strategy - Updated Information**

Councillor Peter Butlin reminded members that a report had been presented by Corporate Board to the December meeting of Cabinet concerning the budget. He particularly highlighted additional costs to the Council for children's placement costs and in relation to the Pandemic. A 3% increase in the Social Care levy is proposed. It had been expected that there would be a 0% increase in the tax base. However, the district and borough council figures have now been received and it is now expected that the tax base will be £650k. This is good news. Finally, Corporate Board has proposed £43 reserves to help smooth the Medium-Term Financial Strategy going forwards.

Councillor Jerry Roodhouse called for a better way to be found to fund social care costs. Levies do not provide a sustainable solution. Councillor Seccombe agreed with this point adding that funding is often raised in areas where the demand is lower than elsewhere.

Councillor Keith Kondakor observed that there is a risk if assumptions regarding Council tax growth are linked to population growth. Recent figures indicate that 1.3 million people have left the UK. This emigration will impact on income as well as employment areas such as social care where a shortage of staff may increase costs.

Regarding the funding of social care Councillor Butlin stated that many letters have been sent by the County Council to government highlighting the need to review funding arrangements.

To Councillor Kondakor, Councillor Butlin stressed that house building is a consideration, but as unemployed people do not pay Council Tax, an important aim to be to get them back in to work.

Resolved:

That Cabinet:

- 1) Notes the latest resource and spending information and the impact on the emerging budget proposals;
- 2) Notes the Strategic Director for Resources' risk assessment on the level of general reserves, as detailed in Appendix A;
- 3) Supports the creation of a Commercial Risk Reserve to mitigate the financial risks of the Authority's commercial activity, funded from the temporary saving on the Authority's borrowing costs as a result of the reprofiling of the capital programme;
- 4) Agrees to publish, in light of the information provided, their 2021/22 budget resolutions for recommendation to Council on 8 February 2021; and
- 5) Authorises the Strategic Director for Resources to incorporate the outstanding resource information into the budget resolutions to be considered by Council on 8 February 2021.

#### **4. Council's COVID-19 Recovery Plan**

Councillor Izzi Seccombe reminded Cabinet of the work undertaken by members and officers in the summer of 2020 regarding Covid-19 recovery. Since then the Pandemic had changed and it had been found necessary for the County Council to review its priorities accordingly. Officers were thanked for their continuing hard work particularly around test and trace, vaccination centres and support for schools and children.

Councillor Les Caborn (Portfolio Holder for Adult Social Care and Health) suggested that if it had not already been, the report should be shared with partner agencies. This will help to avoid duplication of effort whilst assisting in joined up thinking.

Councillor Keith Kondakor noted that around 1000 people in Warwickshire have died of Covid-19. He observed that whilst rates of the disease are decreasing at a reasonable pace in Stratford-on-Avon District the rate of decline in Nuneaton is slower. Work is needed to increase levels of take up of the vaccine in Nuneaton and Bedworth.

Councillor Jerry Roodhouse thanked officers for their hard work but counselled that fatigue will set in particularly with restrictions potentially lasting the rest of the year. Referencing page 123, Councillor Roodhouse expressed his disappointment that work on the performance framework is to be delayed. It is a means by which the Executive can be held to account and as such is very important he stated.

Councillor Kam Kaur (Portfolio Holder for Customer and Transformation) stated that she understood Councillor Roodhouse's frustration regarding the performance framework. She assured him that work is continuing on it in the background with a view to producing something that is innovative. There is a desire to press on with the project, but staff have been deployed to address other matters. Regarding the non-take-up of vaccination Councillor Kaur asked Councillor Kondakor to provide evidence of where this is.

Councillor Helen Adkins expressed her disappointment that a review into inclusion and inequalities was not progressing despite reference on page 125. Councillor Seccombe agreed to get an update from officers on this.

Councillor Adkins welcomed the ten recovery priorities and in particular the reference to education attainment. She requested a member session involving those who have been teachers to be able to explore this area further.

Councillor Seccombe agreed that having an effective performance framework is critical and that work should be progressed on this as appropriate in the current circumstances. Concerning vaccine roll-out, she observed that North Warwickshire has seen a high take up.

Resolved:

That Cabinet:

1. Notes the progress on the delivery of the Council's Recovery Plan included as Appendix B,
2. Notes the proposals for re-prioritising, timescales and next steps in Section 3.

## **5. Treasury Management Strategy and Investment Strategy**

In introducing this report Councillor Peter Butlin explained that normally the Treasury Management Strategy and the Investment Strategy are presented to Cabinet as a matter of course. This year, however, there have been a number of changes brought about by the Pandemic. The Council has been required to seek ways to be more flexible with its funds. Borrowing has been required to assist recovery projects whilst low interest rates have made it necessary to keep moving money round. A further consideration has been the risk of negative interest rates where the Council could end up paying to have its money looked after.

Referencing page 196 of the document pack Councillor Jerry Roodhouse emphasised the need to closely monitor borrowing. In addition, he noted that there were fewer references in the document to measure to address climate change. These had been present two years ago but seemed to have disappeared.

Councillor Andy Crump (Portfolio Holder for Fire & Rescue and Community Safety) commended the report adding that it demonstrated that the County Council has a degree of flexibility built into its finances. He commended finance officers for their hard work.

Councillor Kondakor emphasised the implications of getting the Council's borrowing wrong. He suggested that some borough and district councils have under-borrowed and added that the County Council should work with them in managing their investments. Now, he suggested, is not the right time to be taking risks.

In closing Councillor Peter Butlin noted that green considerations are in the documents. Climate Change is at the forefront of what the Council does. Regarding the taking of risks, cabinet was assured that all decisions are carefully risk assessed.

Resolved:

That Cabinet recommends to Council that:

1. The Treasury Management Strategy for 2021/22 (Appendix 2) be approved with effect from 1st April 2021.
2. The Investment Strategy for 2021/22 (Appendix 3) be approved with effect from 1 April 2021.
3. That the County Council requires the Strategic Director for Resources to ensure that gross borrowing does not exceed the prudential level specified (Appendix 2, Section 3.2, Table 10 "Authorised Borrowing Limit").
4. That the County Council requires the Strategic Director for Resources to ensure that gross investment in non-Treasury investments does not exceed the prudential levels specified (Appendix 3, Annex 7).
5. That the County Council delegate authority to the Strategic Director for Resources to undertake delegated responsibilities in respect of both strategies (Appendix 2, Annex 7, and Appendix 3, Section 2.5).
6. That the County Council requires the Strategic Director for Resources to implement the Minimum Revenue Provision (MRP) Policy (Appendix 2, Section 2.4).

## **6. Capital Investment Fund 2020/21 Q4**

Councillor Peter Butlin described each of the projects that were for consideration by Cabinet.

Councillor Jeff Clarke welcomed the projects speaking in support of the schemes that fall into his portfolio. Councillor Seccombe proposed a member briefing on electric vehicles. This was agreed.

Councillor Keith Kondakor suggested that a ride on an electric bus would be informative. He challenged why the electric bus scheme had not received a score of 10/10 as it was so good. Regarding the proposed bridge at Stoneleigh Councillor Kondakor asked that provision be made for cyclists and pedestrian. On this latter point it was noted by Councillor Clarke that there is reference in the report to cycle and pedestrian provision on the bridge.

Councillor Heather Timms (Portfolio Holder for Environment and Heritage & Culture) welcomed the electric bus proposal adding that of 19 schemes put forward to the Department for Transport only two had been accepted. One of these was the one before Cabinet. She welcomed the potential impact on air quality and charging point provision.

Resolved:

That Cabinet:

- 1) Approves £0.800 million from the Capital Investment Fund to increase the existing budget for the Lawford Road/Addison Road, Rugby Casualty Reduction Scheme and add to the Capital Programme;
- 2) Approves £0.409 million from the Capital Investment Fund for the contribution to HS2 Ltd to enable future adoption as public highway of the Southern Accommodation Bridge at Stoneleigh Business Park and add to the Capital Programme;
- 3) Approves £1.366 million from the Capital Investment Fund to contribute towards electric charging infrastructure for buses in partnership with Coventry City Council and Transport for West Midlands and add to the capital programme, conditional on the full business case being approved by Department for Transport;
- 4) Approves £3.855 million from the Capital Investment Fund to increase the existing budget required for renovation work at the new SEND school in Nuneaton (Warwickshire Academy) and recommend to Council as part of the 2021-22 capital budget resolution to 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.

## **7. Revenue Investment Funds 2020/21 December Report**

Councillor Peter Butlin provided a brief introduction on this item.

Resolved:

That Cabinet:

- 1) Supports the progress made on the Commercial Strategy with the Ecology Licence project for Great Crested Newts approved by Corporate Board under the authorisation delegated to Chief Executive at a cost of £0.072m.

2) Approves the bid as detailed in section 2, amounting to £0.169m from the Sustaining Prevention Fund.

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

## **8. Civil Parking Enforcement Contract 2021**

Councillor Jeff Clarke introduced this report noting that any contract awarded will have to include North Warwickshire.

Resolved:

That Cabinet:

(1) approves proceeding with the procurement of a Civil Parking Enforcement (CPE) Contract by means of Competitive Procedure with Negotiation for a period of seven years and an option for three further years;

(2) authorises the Strategic Director for Communities to run a tender exercise and to enter into the relevant contract(s) for the provision of CPE and second line maintenance on terms and conditions acceptable to the Strategic Director for Resources.

## **9. Bermuda Connectivity**

Councillor Jeff Clarke introduced this report summarising the key element of the project and stating that even with increased costs it still offers good value for money. It will assist with economic recovery, provide shorter journey times and provide cycle way connectivity.

Councillor Keith Kondakor raised objections to the scheme stating that proposed developments on the Arbury Estate will provide a link road that when completed will render the Bermuda Connectivity road redundant. He challenged whether a scheme that is environmentally sympathetic should require £1.5m to be set aside for noise compensation. Cabinet was asked to defer its decision to provide time to explore different options.

Councillor Clare Golby (Member for Arbury) commended the Arbury Link Road proposal adding that it had been her idea along with the government Inspector. Concerning the Bermuda Connectivity project, reductions over time in the VCR were noted as were increases in the anticipated cost of the scheme. The project, Councillor Golby suggested, should have been cancelled but instead it was subject to a value engineering review to reduce costs. However, the elements of the project that were removed to reduce costs were potentially those that could help to mitigate the project eg the resurfacing of the length of Bermuda Road and changes to the Bermuda Road/Heath End Road junction. Councillor Golby added that money has been spent from the delegated budget to make the junction of Heath End Road safer but these are often knocked down by heavy lorries. It was noted that the VCR calculation had concluded that the new road would lead to the creation of over 4000 jobs. However, as land on the Coventry Road has already been allocated for employment development job creation is not reliant on the proposed link.



Cabinet was informed that the public consultation exercise held previously had resulted in widespread rejection of the scheme by local residents. Councillor Golby suggested that the link should be developed only for active transport ie cycling and walking. This would support the Council's aims and be more affordable. It would also provide a better link to Bermuda station.

Councillor Jeff Morgan (Member for Bulkington and Whitestone) disagreed with Councillor Golby adding that delays would to the scheme would be counterproductive. There was a clear case for pressing on with it.

Councillor Peter Butlin cited the late Councillor Bill Olnier who had recognised the need for the scheme and advocated it. Councillor Butlin suggested that the project will have a positive impact on people's lives.

Councillor Jeff Clarke closed the discussion by observing that the cost benefit ration is 6.0 which is good. The people of Bermuda, he concluded, need the link road.

Resolved:

That Cabinet:

- 1) Approve £1.459million from the Capital Investment Fund to increase the existing budget for the Bermuda Connectivity project from £8.900million to £10.359million and add it to the Capital Programme
- 2) Approve the award of the Bermuda Connectivity construction contract at a cost of £4.833million.

#### **10. Better Care Fund Plan 2020/21 (Decision Being Made Under the Urgency Procedure)**

Councillor Izzi Seccombe drew Cabinet's attention to the fact that the decision to be made would be done so using the Council's Urgency Procedure. Councillor Les Caborn added that this was because the National Policy Framework had only been received in December 2020. A sub-committee of the Health and Wellbeing Board would complete the sign off on Friday 29 January.

Councillor Jerry Roodhouse recognised the urgency adding that it is important to agree the funding. Regarding paragraph 2.3 Councillor Roodhouse stated that with the establishment of a single CCG it will be interested to see how funding sources evolve.

Councillor Keith Kondakor expressed his disappointment at the delay in issuing the national Policy Framework. He wondered if the pandemic would have an impact on staffing.

Councillor Caborn replied he would prefer the funding to be put in the base budget. Staffing, he said to Councillor Kondakor is not an issue.

Resolved:

That Cabinet:

- 1) Approves the proposed pooled contribution of £14.688m by the Council to the Better Care Fund Plan (known as the Warwickshire Cares Better Together programme plan) for 2020/21 and the plan for resources as set out in paragraph 2.3.
- 2) Delegates authority to the Strategic Director for People to enter the proposed section 75 NHS Act 2006 agreement, on terms and conditions acceptable to the Strategic Director for Resources, with Coventry and Rugby Clinical Commissioning Group, South Warwickshire Clinical Commissioning Group and Warwickshire North Clinical Commissioning Group for the delivery of the Better Care Fund Plan once completed.
- 3) Approves the County Council continuing as the pooled budget holder for the fund.
- 4) Notes that this is classed as an urgent report to enable sign off by the Health and Wellbeing Board on 29th January 2021 and to enable funding to be released. Consent of the Chair of the Adult Social Care and Health Overview and Scrutiny Committee has therefore been requested for an urgent decision.

## **11. Kenilworth to Leamington Cycle Project**

Councillor Jeff Clarke explained the nature of the proposed cycleway as set out in the report adding that it was frustrating that it had taken so long to reach this stage in the development process.

Councillor Sarah Boad (Deputy Leader of the Liberal Democrat Group) expressed her enthusiasm for the project stating that it had first been mooted in 1986. Recognising the complexity of the project in engineering and land ownership terms she paid tribute to the campaigners and officers who had brought it this far.

Councillor John Cooke welcomed the recommendations.

Councillor Keith Kondakor explained that the route is the right length for encouraging people to cycle. He suggested that more should be done to develop cycle routes in town as well as between towns. He was concerned over delays and hoped that Design Services were able to appoint enough staff to manage their workload.

Councillor Peter Butlin noted that the project carries some financial risk, but he was confident that the scheme would be completed on time and that officers would monitor expenditure.

In closing Councillor Clarke welcomed the involvement and support of the public and thanked members and officers for their work.

Resolved:

That Cabinet;

Approve the development of the Kenilworth to Leamington Cycle Project and authorise the Strategic Directors for Communities and Resources to take all steps required for the implementation of the scheme including:

- (a) in the case of the Strategic Director for Communities:
  - (i) finalising designs and determining land requirements;
  - (ii) negotiating terms and entering agreements for any necessary alterations to private accesses;
  - (iii) securing all necessary statutory consents (including licences and planning permissions) and entering any necessary agreements with other regulatory bodies;
  - (iv) exercising any statutory rights of entry for the purposes of carrying out surveys, examinations or other investigations or executing works;
  - (iv) undertaking public consultation;
  - (v) inviting tenders and entering contracts on terms and conditions acceptable to the Strategic Director for Resources.
- (b) in the case of the Strategic Director for Resources:
  - (i) making any necessary side road orders under sections 14 and 125 of the Highways Act 1980;
  - (ii) acquiring by agreement the land required for the implementation of the scheme.

## **12. Direct Payments Approval to Tender Report**

Councillor Peter Butlin summarised the report. There were no questions from members.

Resolved:

That Cabinet authorises:

- 1) The Strategic Director for People to commence a procurement process for the provision of Direct Payment Support Services which will come into effect from 1st September 2021
- 2) The Strategic Director for People to enter relevant contracts for the provision of Direct Payment Support Services on terms and conditions acceptable to the Strategic Director for Resources.

## **13. Warwickshire Fire & Rescue Service - Strategic Direction for Property**

Councillor Andy Crump explained the key elements of the report and added that it complied with the principles of the Integrated Risk Management Plan to be consider at a later meeting of Cabinet.

The proposals he said, were evidence of a desire to work more closely with colleagues in the other blue light services. Public safety was the principal driver for any proposals being made.

Councillor Peter Butlin explained that the County Council is reviewing all of its property requirements. This report is about developing a Fire and Rescue Service that is fit for the future. It is important to ensure that fire stations are in the right place to meet current and future needs. In addition, there is a proposal to relocate Fire and Rescue headquarters to Shire Hall.

Councillor Jerry Roodhouse requested that as plans move forward, elected members are kept involved in discussions.

Referencing the fire station in Nuneaton, Councillor Keith Kondakor suggested that better use could be made of what is a large urban site.

In closing, Councillor Crump agree that members should be involved in any discussions and cited the example given by Councillor Kondakor who has useful local knowledge to share.

Resolved:

That Cabinet:

- 1) Supports the proposed future direction for the development of the property estate for Warwickshire Fire & Rescue Service (WFRS) in alignment with the Warwickshire County Council Property Strategy as set out in this report
- 2) Agrees the strategic principles set out in Section 3.0 of this report and supports these principles informing the IRMP that is presented to Cabinet in March 2021

#### **14.Targeted Youth Support - Strategic Approach**

Councillor Jeff Morgan explained that over the last decade youth services had struggled. Now, however, additional funding was enabling new and exciting projects to be developed. He explained how there will be opportunities for projects to bid for funds and that young people will be at the centre of the design and operation of services.

The report was welcomed by Councillor Pam Williams who recognised the importance to provide support for young people.

In response to a question from Councillor Jerry Roodhouse, Cabinet was informed that the funds would be available for 2 to 3 years. However, if it proved successful it may be possible to build the resources into the base budget.

Resolved:

That Cabinet:

- 1) Endorses the Warwickshire Targeted Youth Services Approach 2020-2023 set out in the Appendix.
- 2) Asks that the Children and Young Peoples Overview and Scrutiny Committee agree to including in its work programme consideration of an Annual Report detailing outcomes and progress in 12 months' time.

**15.Exclusion of the Press and Public**

**16.Exempt Minutes of the Cabinet Meeting held on 10 December 2020**

The exempt minutes of the meeting of 10 December 2020 were agreed.

**17.(Exempt) Council Property Company**

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

The meeting rose at 16.32

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Chair

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## Cabinet

11 February 2021

### Draft Integrated Risk Management Plan 2020 - 25: Post Consultation Report

#### Recommendations

That Cabinet recommends that Council:

1. Notes the outcome of the eight-week Draft Integrated Risk Management Plan (IRMP) 2020-2025 consultation process.
2. Approves the IRMP 2020 - 2025 and the proposals therein.
  - **Proposal 1** - Ensure our workforce and ethos reflect the diverse communities we serve
  - **Proposal 2** - Assess our capabilities to improve our ways of working in response to any future pandemics
  - **Proposal 3** - Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties
  - **Proposal 4** - Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS
  - **Proposal 5** - Implement digital solutions to enhance our service delivery
3. Authorises the Cabinet to approve the annual action plans to deliver the IRMP.

#### 1. Executive Summary

- 1.1. Following the consultation process and, after considering the feedback received that showed that the majority of the respondents agreed with the proposals and felt they were important, the CFO considers that the overarching proposals contained within this report should remain unchanged and form the vision for the IRMP over the next five years. Supporting IRMP action plans will align to these key proposals and WCC strategic direction throughout this period.
- 1.2. Warwickshire Fire and Rescue Service (WFRS) has a statutory duty under the Fire and Rescue Services Act 2004, via the Fire and Rescue Service's National Framework, to prepare an Integrated Risk Management Plan (IRMP). The IRMP 2020 - 2025 sets out the Fire Authority's vision and priorities for the next five years and provides details on how WFRS will

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

- 1.3. The plan reflects up to date risk analyses and demonstrates how Fire and Rescue assesses and manages foreseeable risks within communities to ensure that Warwickshire remains a safe place to live and work and it describes how Fire and Rescue mitigate risks through their activities and the effective and efficient use of people, resources and equipment.
- 1.4. The proposals have been developed and linked to the Warwickshire County Council's (WCC's) Council Plan 2020 - 2025 Priority Outcomes:
  - Warwickshire's communities and individuals are supported to be safe, healthy and independent
  - Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure
  - Making the best use of resources.

The IRMP Proposal 3, 'Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties', is linked to development of the property estate for WFRS in alignment with the WCC Property Strategy, as set out in the Cabinet Report: WFRS Strategic Direction for Property.

- 1.5. The proposals will complement the WCC Recovery Plan that outlines priority actions for recovery from Covid 19.
- 1.6. The approach to developing the IRMP consists of incorporating and coordinating a number of elements to form a continuous and interactive process. It will continue to evolve and adapt to address and mitigate emerging national and local community risks and will conduct effective consultation, as appropriate, throughout its development and at all review stages. In this way, the methodology allows Fire and Rescue to review and revise the plan as often as it is necessary to ensure that it is able to deliver the requirements set out within it.
- 1.7. The IRMP includes the following components all of which were available during the public consultation
  - IRMP 20-25 Summary Document (includes the proposals)
  - Warwickshire Risk Profile 2020
  - Local Area Profiles .
  - Community Risk Register .
  - Warwickshire Insights (includes our performance) .
  - Annual Action Plans .
  - Our Annual Review .
  - Annual Statement of Assurance



1.8. Fire and Rescue, with support from Business Intelligence, Communications, Legal Services and the Strategic Consultation and Engagement Lead, planned and delivered an eight-week consultation process that commenced on 14th September 2020. The current situation around Covid 19 curtailed face to face opportunities, however this was addressed by making use of virtual and online technology with particular emphasis on social media.

1.9. The process incorporated the following elements:

- An online survey was hosted on the 'Ask Warwickshire' website and was supported by the production and release of a short-animated video to explain the proposals. Paper copies of the survey and alternative formats were also available. People could respond directly in writing or by e-mail.
- News releases to the local press and promotion of the online surveys across Fire and Rescue and WCC social media, internal communications platforms, and the Localities' communities mailing lists.
- Communications with key partners to advertise details of the consultation process across communities and community groups.
- Raising awareness with harder to reach groups via the production and release of short video clips on social media over a period of time, using fire staff to explain the proposals.
- The Equalities Impact Assessment, which has been reviewed and did not raise any further issues during the consultation.

1.10. Overall, the majority of the respondents agreed with the proposals and felt they were important. The analysis for each proposal is summarised in more detail in section 4 of this paper and the full analysis report and verbatim comments are provided in the appendices.

#### **1.11. Key messages from Consultation Exercise**

- There was a total of 163 respondents to the survey.
- Overall, the majority of the respondents agreed with the proposals and felt they were important.
- Proposal 3 was the most agreed with proposal, with 93% agreeing, or strongly agreeing with it.
- No respondent stated Proposals 3 and 5 as being 'Not at all important'.
- Nearly one quarter (22%) of respondents disagreed, or strongly disagreed, with Proposal 1 thus making it the least popular proposal.
- Over two thirds (72%) stated the five proposals would help the WFRS prepare for fire related risks and issues over the next five years, opposed to 9% who did not believe this, leaving 18% unsure.

- Over half (60%) of respondents were the general public, with 21% of all respondents stating they currently or previously worked for the Fire Service.
  - The survey response reflects the proactive work undertaken to ensure that the diverse views of our communities can be heard.
  - Over four fifths (83%) of respondents were of White ethnicity, 7% being of a Black, Asian and Minority Ethnic (BAME) background whilst the remaining 10% stated 'Prefer not to say' / left the question unanswered.
  - Nearly half (46%) identified their religion or belief as Christian, followed by 36% stating they had no religion.
  - Nearly half (46%) of respondents were aged 45-59 years, followed by 22% aged 60-74 years.
  - Most of the 46 further comments praised the WFRS for their services (36 respondents).
- 1.12. Further responses to the consultation were received from Leamington Spa Town Council, Fire Officers' Association (FOA), and the Fire Brigades Union (FBU). The analysis of their responses is summarised in section 4 of this report.
- 1.13. The quality feedback received through the public consultation exercise will be used to inform future IRMP work. In particular, it will shape and influence the annual action plans. The consultation analysis report and the verbatim comments that are provided for members in the appendices highlight all the feedback received from the consultation and is available for members to consider as part of their decision-making process.

## **2. Financial Implications**

- 2.1. This paper seeks approval for the IRMP and its proposals. The IRMP financial implications arising from future planned activities will be addressed through the formulation and development of the Fire Service annual action plans which is the next stage of the process.
- 2.2. Once the IRMP proposals are approved, Fire and Rescue will develop the annual actions which will consider both the financial impact of the activities contained within.
- 2.3. The first annual action plan will be developed and presented for consideration and approval during 2021.

### 3. Environmental Implications

- 3.1. This paper seeks approval for the IRMP and its proposals. The IRMP environmental impacts arising from future planned activities will be addressed through the formulation and development of the Fire Service annual action plans which is the next stage of the process.
- 3.2. Once the IRMP proposals are approved, Fire and Rescue will develop the annual actions which will consider both the environmental impact of the activities contained within.
- 3.3. The first annual action plan will be developed and presented for consideration and approval during 2021.

### 4. Supporting Information

- 4.1. The analysis for each proposal is summarised below:

#### **4.2. Proposal 1: Ensure our workforce and ethos reflect the diverse communities we serve.**

- 67% (109 respondents) agreed or strongly agreed with this proposal and 67% stated it was important or very important.
- Respondents who agreed with this proposal stated reasons such as reflecting the diversity of the community and being inclusive of all. Respondents who disagreed or were neutral mentioned themes such as ensuring the right person for the job (20 people). It is worth noting that respondents who felt this proposal was important, or very important, also echoed that it is about the right people for the job
- A further theme to emerge from those who gave their reasons for why the proposal was not important was that it is not applicable for fire service jobs.
- 44 respondents provided comments on what WFRS should consider when developing this proposal. The responses were varied however the reoccurring comments were ensuring the right person for the job. Other considerations were youth recruitment, promotional recruitment material showcasing diversity and consider staff's recommendations and training in general.

#### **4.3. Proposal 2: Assess our capabilities to improve our ways of working in response to any future pandemics.**

- 88% (143 respondents) agreed or strongly agreed with this proposal and 88% stated it was important or very important.

- The key themes to emerge were supporting vulnerable residents, being prepared for the inevitability of a future pandemic, WFRS being visible and in the position to deal with future pandemics, and the need to adapt to an ever-changing world.
- The key theme to emerge from those who gave their reasons for not agreeing with the proposal or did not think it was important was that it was not an applicable role for the fire service, however the respondents did admit it was best to be prepared.
- 32 respondents provided comments on what WFRS should consider when developing this proposal. The responses were varied however the two themes that emerged were that WFRS should consider staff wellbeing and collaborate with partner organisations.

**4.4. Proposal 3: Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties.**

- 93% (151 respondents) agreed or strongly agreed with this proposal and 94% (153 respondents) stated it was important or very important.
- The key themes to emerge were around society evolving with growing populations and wider issues such as HS2, WFRS having the resources to deliver their statutory duty, response times being met and saving lives.
- One respondent thought the proposal was vague and others mentioned limited resources and ensuring staff are supported.
- 35 respondents provided comments on what WFRS should consider when developing this proposal. The responses were varied however the following themes emerged. WFRS should consider the location of fire stations, noting that rural areas need some thought, environmental issues (i.e flooding) and collaborating with other services.

**4.5. Proposal 4 Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS.**

- 74% (121 respondents) agreed or strongly agreed with this proposal and 71% (116 respondents) stated it was important or very important.
- The key themes to emerge were collaborating with partner agencies, supporting community health outcomes and supporting Social Care and NHS, though respondents did note that WFRS's primary functions should not be diluted.
- Other themes to emerge from those who gave their reasons for not agreeing with the proposal or did not think it was important or had a neutral

stance was it was not applicable to WFRS, the primary function should not be lost, and the proposal caters for government cuts.

- 26 respondents provided comments on what WFRS should consider when developing this proposal. The responses were varied however the following themes emerged. WFRS should collaborate with the NHS and Social Care to develop specific actions for this proposal and communicate it effectively to the public.

#### **4.6. Proposal 5: Implement digital solutions to enhance our service delivery.**

- 92% (150 respondents) agreed or strongly agreed with this proposal and 87% (141 respondents) stated it was important or very important.
- The key themes to emerge were ensuring WFRS evolve in the digital world, improving performance, ensuring the community is not negatively impacted and ensure maximum value of service delivery.
- Other themes to emerge included ensuring training is not neglected and that technology is not wholly relied upon. Another comment received was that this may make WCC/WFRS vulnerable to cyber-attack.
- Other comments included one respondent who stated that more response staff and appliances were needed and three who gave a neutral response as they felt the proposal lacked sufficient detail to comment on.
- 36 respondents provided comments on what WFRS should consider when developing this proposal. The responses were varied however the following themes emerged. Some respondents stated more consideration needed to go into elaborating on the proposal and sharing specific examples. Other considerations ranged from ensuring that technology does not replace human interaction and consider access issues e.g. for the elderly or disabled and more.

#### **4.7. Other information**

- 72% (117 respondents) stated that the five proposals would help WFRS prepare for fire related risks and issues over the next 5 years.
- The key themes to emerge from this question was that proposal 1 and 4 did not relate to fire related risks, and respondents were concerned about the impact this would have on capacity and core duties. Four respondents stated more information on the proposals were needed to assess if they would help WFRS to prepare for the next 5 years.
- Online surveys, social media and community events and newsletters were the most popular choices when asked how respondents would like WFRS to communicate in the future.

- 4.8. 46 respondents provided further comments. The most common theme was praise for WFRS services which should receive more publicity and WFRS should advertise its service to Warwickshire residents.

#### **4.9. Other formal responses received**

- 4.10. Leamington Spa Town Council supports the aspirations and the five proposals in the draft plan. The Councillors noted the importance of diversity issues and their significance in ensuring that the service works effectively with all sections of the community to support safety and wellbeing. Councillors also commented on their recent experiences of the Warwickshire Fire and Rescue service being involved in activities and events which support diversity.

- 4.11. Please see the appendix - 'IRMP Survey results 2020' for the Leamington Spa Town Council's full response.

- 4.12. The FOA fully supports the five IRMP proposals, whilst maintaining the view that statutory duties and emergency response should be prioritised. They are also supportive of innovation and new ways of working which support the Fire and Rescue principle of delivering its statutory duty and prioritising firefighter and public safety.

- 4.13. The Fire Brigades Union (FBU) provided a response which included comments that were outside the scope of the IRMP consultation. Their position in relation to the specific IRMP proposals is summarised below:

- Proposal 1 - 'A priority that requires urgent work'.
- Proposal 2 - 'Work which should have been undertaken prior to the pandemic on a national and local scale as the risk sat on the National Risk Register for over ten years'.
- Proposal 3 - 'The very purpose of IRMP and should be detailed within the document and not left open ended'.
- Proposal 4 - 'This is out of the role of a Firefighter and should not be the focus of an FRS. Additions and changes to role and function of an FRS should be pursued through the National Joint Council'.
- Proposal 5 - 'No reference in the document. Unable to comment until we have seen specific proposals'.

- 4.14. Several external and internal communication channels were used to encourage communities to engage with the consultation process and complete the online survey including social media adverts, news releases, internal publications (Fire Matters and Working for Warwickshire).

- 4.15. Across all social media platforms, the consultation advert/video was seen 22,284 times and 2,998 people clicked the link or viewed the video. There were 24 posts on Facebook which had a reach of 40,000 and led to 1195

engagements. There were 21 posts on Twitter with 95 likes, retweets and replies.

- 4.16. Please see the appendix - Marcomms Evaluation Report for a full breakdown of all communication activity undertaken to support the consultation.

## **5. Timescales Associated with the Decision and Next Steps**

- 5.1. The IRMP 2020 - 2025 proposals will inform and influence Fire and Rescue annual action and business plans and will serve as the strategic framework for the delivery of all prevention, protection and response activity over the next five years in a way that makes best use of resources.
- 5.2. The draft Fire and Rescue 2021 - 22 action plan will be developed and submitted for Council/Cabinet approval during 2021 and will provide more detail on the specific actions that will be taken to address community risk.
- 5.3. Future annual action plans will align Service planning with the Council Plan 2020 -2025 priority outcomes, as well as the WCC property and people strategies.
- 5.4. Fire and Rescue will consult with communities on any actions that may affect them as appropriate.
- 5.5. All subsequent action plans will be developed in line with the IRMP2020 - 2025 and submitted for approval at the appropriate time.
- 5.6. Once approved the IRMP and its component documents will be published on the website in April 2021.

## **Background Papers**

**None**

## **Appendices**

IRMP 2020 - 2025

- 1) IRMP 20-25 Summary Document
- 2) Warwickshire Risk Profile 2020
- 3) WFRS 2019-20 Annual Review
- 4) WFRS 2019-20 Statement of Assurance
- 5) Consultation on IRMP 2020-2025 - 'IRMP Survey results 2020' Report

6) Consultation on IRMP 2020-2025 - 'IRMP Survey results 2020' Report  
(Appendix 2)

7) Marcomms Consultation Evaluation Report

8) Equality Impact Assessment

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The report was circulated to the following members prior to publication:  
Local Member(s): Cllr Andy Crump.



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## INTEGRATED RISK MANAGEMENT PLAN 2020-2025

### SUMMARY



# Welcome

We welcome you to our new website, an enhancement, agreed to during the consultation of 2019. Under National Government guidance, we have been able to make a number of changes to our website to make it more user friendly and easier to navigate.

Our new website has been designed to be more accessible to all, including those with visual impairments. We have also made it easier to find the information you need, and we have added a new 'About Us' page to provide more information about our work.

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## Our 3 Key Principles:

1. We will always provide the highest quality services, ensuring a public and transparent safety.

2. We will ensure the continuous improvement and development of our services, ensuring a public and transparent safety.

3. We will ensure the continuous improvement and development of our services, ensuring a public and transparent safety.



Mr. [Name]  
[Title]



Mr. [Name]  
[Title]

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Community Partner

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- ➔ Assessing Our Risk - What our data tells us
- ➔ Managing Our Risks - What are we doing to reduce

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## What is our Integrated Risk Management Plan?

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Our IRMP approach consists of a risk assessment that was conducted to form a continuous and iterative process. It will continue to evolve in light of a threat and intelligence gathering national and international risks.

The components of our IRMP consist of the following:

- Risk Assessment (this document)
- Risk Assessment and Risk
- Risk Assessment
- Risk Assessment
- Risk Assessment
- Risk Assessment
- Risk Assessment
- Risk Assessment

# Page

## About Us



Services is a leading provider of construction services, and the construction industry's leading provider of the construction services.



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## About Us - What We Do ...

### Protection

Technical Protection is a key element of the services we deliver, with the key messaging around changes to our protection principles and behaviour across fully secure and enhanced protection solutions.

# Page 6 of 3

-  **Safe & robust services**
-  **Resilient to cyber attacks**
-  **Robust users**
-  **Secure data systems**
-  **Quality assurance, the education (part) systems**
-  **Continuous and evolving for safety advice**
-  **Multi-channel messaging, including social media**

### Protection

Technical safety to protect high risk buildings, from the physical perimeter under a range of security demands.

Technical risk based approach to understanding our services and the security of our operations, the safety of our buildings, and the security of our data.

# Page

### Response

We recognise that it is not always possible to prevent incidents occurring.

We provide emergency response services, a wide range of incidents including fire, road traffic collisions, fire safety, and other special services, but we also have a collection.

We also have a wide range of services, with a focus on the fire and the fire, but we also have a wide range of services, with a focus on the fire and the fire.



# About Us - Our Fire Stations



## Our Fire Stations and Fire Engines

### Fire Station

- 1. Station 11
- 2. Station 12
- 3. Station 13
- 4. Station 14
- 5. Station 15

### Fire Engine

- 1. Station 11
- 2. Station 12
- 3. Station 13
- 4. Station 14
- 5. Station 15
- 6. Station 16
- 7. Station 17
- 8. Station 18
- 9. Station 19
- 10. Station 20

### Fire Station 11

- 1. Station 11
- 2. Station 12
- 3. Station 13
- 4. Station 14
- 5. Station 15
- 6. Station 16
- 7. Station 17
- 8. Station 18
- 9. Station 19
- 10. Station 20



## About Us - Community Performance

Community performance is a priority, driving the following [initiatives and actions](#).

Our headlines for the last year (2019/20) are as follows:





# Risk Management in Warwickshire - Reviewing Our Risks

Risk management planning is the way that we identify and manage the risks that impact on our communities, and the way that we manage the things we do to reduce our vulnerability to those risks.

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# Risk Management in Warwickshire - Assessing Our Risk

What our data tells us

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Nationally, levels of road deaths and serious injury victims are significantly lower than in Warwickshire. Warwickshire follows the national 10-15 lower incidents standard in the percentage of road deaths when compared to the same period of 2018/19. Warwickshire reported a significant reduction.

2018/19-2019 Incident Figures:

Incident Type	April 2018 to March 2019	April 2019 to March 2020	Percentage Change
Primary Road	12178	1202	-90.1%
Secondary Road*	12684	100	-99.2%
Other Roads	12688	100	-99.2%
Open roads	1788	100	-94.5%
Local Traffic Incidents	1801	100	-94.4%
Footways	12307	1000	-91.8%



Short-term trends

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January to December 2021 – Incident Evidence

Police Forces 1505

Special Services 685

Security Force 642

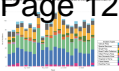
Private Force 608

Local Traffic Collisions 125

# Page

While dealing with the current uncertainties we create a strategic fiscal profile adjustment response. This is consistent with the long-standing philosophy that states do not have to raise expenditures to match a rising level of revenues with the goal of creating a more balanced budget.

There are significant challenges facing the state in the current fiscal year. The state is facing a significant revenue gap and a significant increase in expenditures.

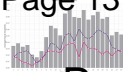


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## Daily Incident Profile

The occurrence of life loss incidents can exhibit seasonal patterns that can be identified day for day throughout the entire calendar year and by season.

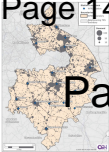
The chart shows all incidents and life loss incidents per calendar day for the year 2014.



# Page

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Manufacturing companies produce and distribute operations typically with most time occurring in the week when the volume of work reaches its maximum (Figure 1).



Flora:







# Risk Management in Warwickshire - Assessing Our Risk

What are we aiming to achieve?

Our strategic approach to risk management is underpinned by the following principles:

- We will ensure that the risk management framework is aligned with the strategic objectives of the Council.
- We will ensure that the risk management framework is integrated with the Council's other systems and processes.
- We will ensure that the risk management framework is transparent and accessible to all stakeholders.
- We will ensure that the risk management framework is regularly reviewed and updated.





# Consultation and Engagement / Tell Us What You Think

Your views are important and we invite you to tell us what you think of

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To participate in our consultation please complete the online survey which can be found on the <https://www.warwick.ac.uk/ukhsa> website.



Alternatively, if you require a paper survey, or need any assistance in completing or providing feedback, please contact us by email [ukhsa@warwick.ac.uk](mailto:ukhsa@warwick.ac.uk)



As your controller is an all Continuous Improvement and Change  
Warwickshire Fire and Rescue Service  
Service Headquarters  
Warwick Rd, Leamington Spa  
CV32 6LH



@warwickfire



facebook.com/warwickshirefire



www.warwickshire.gov.uk/fire-service

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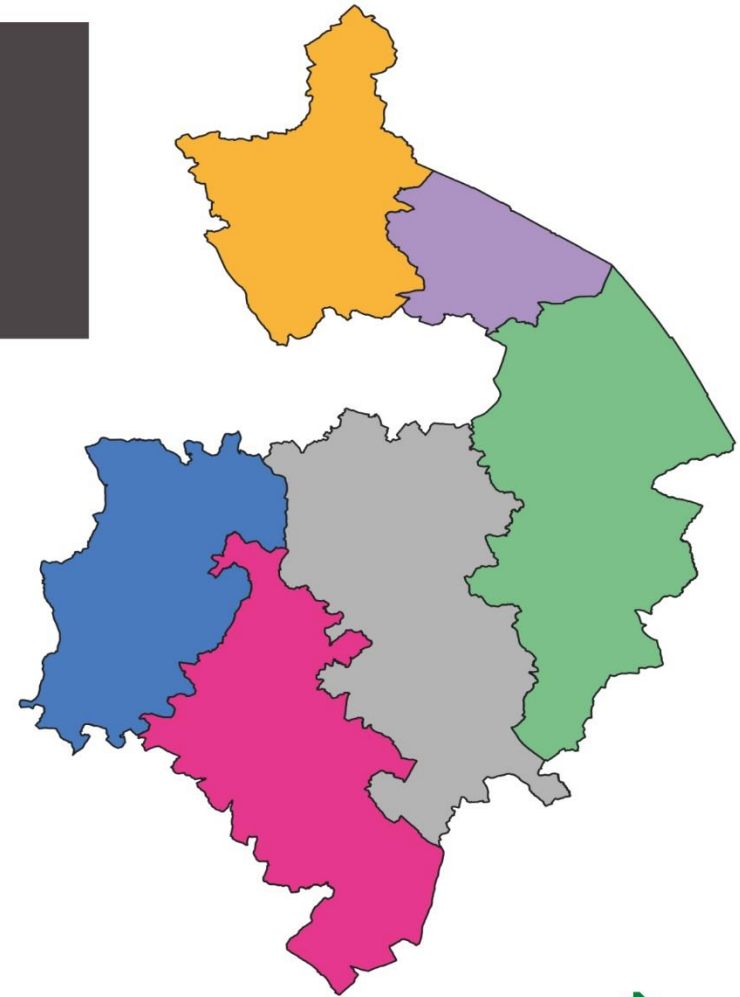
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# Warwickshire Fire & Rescue Service Risk Profile 2020

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## Disclaimer

This report has been prepared by Business Intelligence, on behalf of Warwickshire Fire and Rescue Service (WFRS), with all reasonable skill, care and diligence. We accept no responsibility whatsoever to any third parties to whom this report, or any part thereof, is made known. Any such party relies on the report at their own risk.

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**Publication Date:** XXX 2020

**Author:** Jemma Bull, Business Intelligence Delivery Lead (Community Safety)

## Risk Profile 2020

The following report is based on an in-depth research and analysis of incidents attended by WFRS over the three year period of 1st January 2017 to 31st December 2019. It is one document in a suite of products designed to inform the Integrated Risk Management Plan (IRMP) and assist with the development of the plan in 2020.

The report also aims to identify emerging risks and issues for WFRS and concludes with a 'Future Risks and Opportunities' section which follows the PESTELO framework and highlights the various challenges, threats and opportunities presented by the environment in which WFRS operates.

Documents that sit alongside this risk profile are:

- Station Risk Profiles
- Warwickshire Insights web platform – data and reports

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## 1.0 Introduction

The Warwickshire Risk Profile provides the evidence base for the Integrated Risk Management Plan (IRMP) which is a statutory requirement for all Fire and Rescue services. A new version of the IRMP is currently being developed and is scheduled to be published later this year. This Risk Profile aims to aid the decision making of the Integrated Risk Management Board and to form the plans for managing the risks across Warwickshire.

This profile offers an insight into current risks within Warwickshire. It includes an analysis of WFRS data, identifying key trends and proposing actions where appropriate as a result of consultation with officers and practitioners. Exploring both long and short term trends, it enables a better understanding of risk and the targeting of resources. This enables the Service to respond to both opportunities and challenges effectively and proactively. The conclusions drawn will also assist in planning and policy setting at an operational and strategic level.

This profile should be read in conjunction with a wider context of documents which inform the community safety landscape and the health and wellbeing needs of the Warwickshire population:

- Community Safety Partnership Strategic Assessments 2020/21 (four reports – by CSP area)
- Joint Strategic Needs Assessment Place Based Profiles 2019/20 – 20 Needs Assessment documents covering the 22 Warwickshire JSNA areas.

WFRS play a key role in achieving community health and safety outcomes and it is important to consider the findings from the JSNA place based profiles when researching this risk profile. These documents are designed to enable better joined up working between partner agencies in Warwickshire and all have been produced by the Business Intelligence team.

## 1.1 Current Vision and Priorities

WFRS work with colleagues and partners to ensure the safety and wellbeing of the residents of Warwickshire through prevention, protection and response. The priority outcomes for the Service are:

**Ensure we can identify the most vulnerable in our community and work together to drive down risk and prevent incidents occurring. Our safe and well work is our primary method to best deliver our services to vulnerable people or to signpost and refer their needs to our partners.**

**Support our businesses and our residents to feel and be safer in their places of work and homes. Using our Protection: Fire Safety skills to help businesses be more resilient, therefore supporting a more sustainable and secure economy.**

**Reduce demand on public services and improve our overall efficiency and effectiveness, through making the best use of our niche skills, resources, digital, data and technology.**

As the overall number of fires has reduced steadily over the past decade, the WFRS approach to protecting the community has evolved to include more and more preventative work alongside delivering its statutory duties. WFRS are part of a wider network of agencies that provides resilience in the face of a multitude of issues, one example being severe weather conditions. It is becoming more innovative in the way it uses technology and deploys its resources to meet new and emerging risks. WFRS also works with partner agencies to tackle anti-social behaviour and to reach the most vulnerable and hard to reach groups in the community. Continuing to build effective partnerships, particularly with partner agencies and other emergency services, is key to the development of the Service going forward.



The Hospital to Home service is a great example of a new service introduced by WFRS to help take the pressure off hospitals and keep patients safe, along with enabling Warwickshire Fire and Rescue Service to play a pivotal role in the community.

### 1.1.1 COVID-19 Pandemic

At the time of writing the report WFRS were dealing with a response to COVID-19 and a change in the risk profile, albeit perhaps temporary, to deal with the pandemic. This is considered further in this risk profile as the response to COVID-19 may have future implications for WFRS and may lead to permanent changes in the risk profiles for certain incident types that WFRS respond to.

In March 2020, Coronavirus disease (COVID-19) was declared a pandemic in the UK and the country went into lockdown to avoid further spread of the virus. COVID-19 is an infectious disease caused by a newly discovered coronavirus. The World Health Organisation advises that most people infected with the virus will experience mild to moderate respiratory illness and recover without requiring special treatment. Older people and those with underlying health conditions are more likely to develop serious illness.

The effect of the lockdown is already being seen locally in Warwickshire, with an impact already being experienced in relation to increases and reductions in particular types of incidents. The picture is changing daily and it is difficult to assess at this early stage the impact it could have to WFRS in the next few months and longer term. Senior Fire Officers are monitoring the situation daily and are informed by a number of different Business Intelligence reports providing them with the latest information. The pandemic has already had a huge impact on the risk profile for WFRS and it is expected to continue to change over the coming months. Senior Fire Officers are very much aware of this and the IRMP team will be responsive and reactive to future changes in the national and local position. It

is expected that the Risk Profile for Warwickshire will look very different over the next twelve months and beyond.

## 1.2 Warwickshire Overview

Warwickshire is located to the south east of the Birmingham and Wolverhampton metropolitan area. Strategically located, the county benefits from well-established national transport links to major cities in the West Midlands as well as to London and the South-East. The county has an extensive road network spanning 4,130 kilometres, including 140km of motorways.

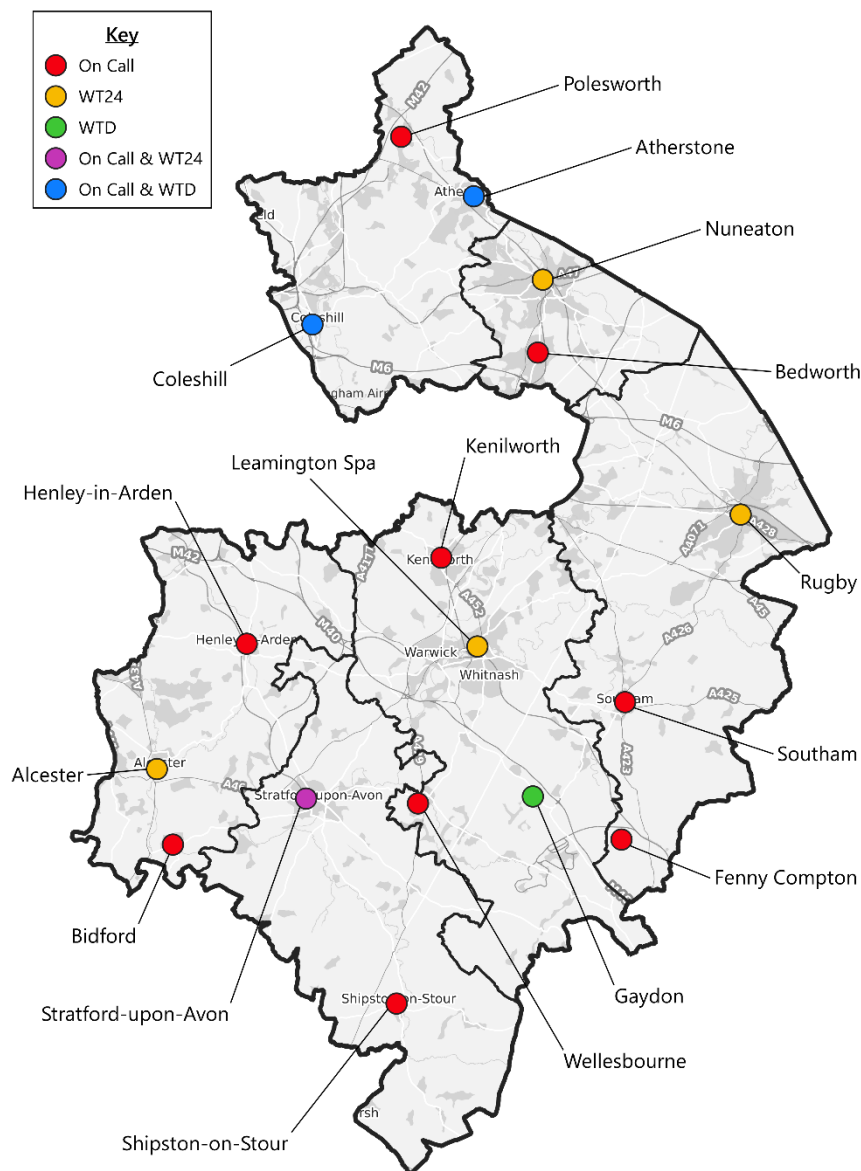
The 2019 mid-year population estimate reveals the Warwickshire population to be 577,933<sup>1</sup>, of which 20.8% of the population are aged 65 plus (120,273). The majority of Warwickshire residents live in the major towns, with one third of the County classed as 'rural.' Warwick District consistently reports the highest population level (143,753), with North Warwickshire Borough reporting the lowest (65,264).

With regards to population density, Nuneaton and Bedworth Borough is the most densely populated area of the county, with roughly 1,600 persons inhabiting each square kilometre, significantly higher than the national average of 413 people per square km and Warwickshire average of 278. It is important to note that demographic and geographic variables impact on WFRS pressures and demands and with an increasing population, the future demands are likely to be significant.

Fire Stations are organised into six Station Clusters, positioned strategically within each district and borough to ensure an effective response of ten minutes to 75% of incidents where life is at risk. The map illustrates the distribution of stations at March 2020, complemented by greater detail in the adjacent table.

<sup>1</sup> Office for National Statistics, 2019 Mid-Year Population Statistics

## Station Locations and Station Type



Station	Description	Station Location
On Call Station	Fire engine crew not on station. Staff are on call to respond from home or their place of primary employment. They have up to 5 mins to turn up to a Fire Station.	x 1 Atherstone x 1 Bedworth x 1 Bidford x 1 Coleshill x 1 Fenny Compton x 1 Henley x 1 Kenilworth x 1 Polesworth x 1 Shipston x 1 Southam x 1 Stratford x 1 Wellesbourne
WT24 Station Whole-Time 24 hours	Fire engine crew are on station and are available for immediate response 24/7.	x 1 Alcester x 2 Leamington x 2 Nuneaton x 2 Rugby x 1 Stratford
WTD Station Whole-Time Day	Fire engine crew are on station and are available for immediate response – day time only.	x 1 Atherstone x 1 Coleshill (WTD/On call night) x 1 Gaydon

### 1.3 Overview of Incidents

Incidents attended by WFRS can be categorised into five main types. The table defines each of these types.

Fire Type	Description
<b>Primary Fires</b>	Includes home fires, business (non domestic) fires, vehicle fires and other fires. They involve properties or vehicles where casualties or rescues have occurred. They also include incidents where five or more fire engines are in attendance.
<b>Secondary Fires</b>	Also called small fires – do not involve life risk and are mostly outdoor fires such as refuse and grassland fires. Fires in derelict properties and vehicles are also counted as secondary/small fires, in addition to chimney fires which are confined to the chimney structure of a building.
<b>False Alarms</b>	False alarms are incidents where WFRS are called to a location and discover on arrival that there is no emergency situation requiring their services.
<b>Special Services</b>	Comprises a range of incidents from water rescue and flooding to animal rescue.
<b>Road Traffic Collisions</b>	Occurs when a vehicle collides with another vehicle, pedestrian, animal, road debris or other stationary obstruction, such as a tree or utility pole.

#### 1.3.1 Long Term Trends

Nationally, levels of attended incidents by WFRS are significantly lower than a decade ago. Warwickshire follows this trend with 38.4% fewer incidents attended in the period April 2018 to March 2019 compared to the same period of 2008/9. All incident types reported a significant reduction.

**Long Term Trends – 2009 vs 2019 Incident Figures**

Incident Type	April 2008 to March 2009	April 2018 to March 2019	Percentage Change
Primary Fires	1,118	678	- 39.4%
Secondary Fires*	1,349	752	- 44.3%
False Alarms	2,603	1,559	- 40.1%
Special Services	736	572	- 22.3%
Road Traffic Collisions	551	353	- 35.9%
Total Incidents	6,357	3,914	- 38.4%

\* includes chimney fires

Consistent reductions in attended incidents are often attributed to changes in Fire Service policies, technological advancement and lifestyle choices. For example, changes in lifestyle habits and safer electrical appliances are cited as an explanation for reductions in accidental home fires. Similarly, improvements and advancements in the motoring industry, such as safer motor vehicle features, have contributed to the reduction in road traffic collisions, assisted by changes to local mobilisation policies. Also, the use of a targeted approach towards prevention activity has helped reduce the number of incidents that the Service attend.

National legislation changes have also impacted on WFRS, as have financial challenges over recent years.

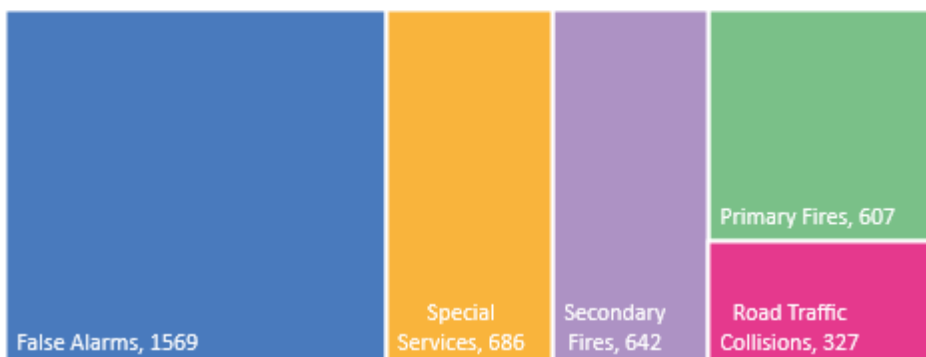
## 1.3.2 Short Term Trends

The chart below shows the breakdown of incidents reported to WFRS for the period January to December 2019.

False Alarms incidents continue to form the largest proportion of attended incidents (41%) and by comparison, Road Traffic Collisions constitute the smallest proportion of attended incidents (9%). This breakdown is consistent with the previous IRMP report.

January to December 2019 - Incident Breakdown

■ Primary Fires    ■ Secondary Fires    ■ False Alarms  
■ Special Services    ■ Road Traffic Collisions



## 1.3.3 Benchmarking

It is important to benchmark our performance against other Fire and Rescue Services to help with service improvement. An annual benchmarking exercise is undertaken to compare Warwickshire performance against the other 45 English Fire and Rescue Services (using Home Office data tables).

Benchmarking – WFRS & National Rates 2018/19 vs 2017/18 (1<sup>st</sup> is Best Performing)

Category	Warks 2017/18 Rate Per 10,000 Population	Warks 2018/19 Rate Per 10,000 Population	England 2018/19 Rate Per 10,000 Population	Ranking (out of 45 Fire Services)
Total Incidents Attended	63.36	<b>69.37</b>	102.91	<b>3<sup>rd</sup></b> (1 <sup>st</sup> )
Primary Fires	12.41	<b>11.96</b>	13.08	<b>14<sup>th</sup></b> (14 <sup>th</sup> )
Secondary Fires	10.04	<b>13.33</b>	18.09	<b>14<sup>th</sup></b> (18 <sup>th</sup> )
Accidental Dwelling Fires	6.00	<b>6.41</b>	11.00	<b>2<sup>nd</sup></b> (2 <sup>nd</sup> )
Fire Related Injuries	0.65	<b>0.54</b>	1.28	<b>5<sup>th</sup></b>
Deliberate Fires	8.82	<b>8.16</b>	14.87	<b>14<sup>th</sup></b> (19 <sup>th</sup> )
Special Services	10.13	<b>16.51</b>	27.67	<b>7<sup>th</sup></b> (5 <sup>th</sup> )
Road Traffic Collisions	6.23	<b>6.39</b>	5.68	<b>33<sup>rd</sup></b> (31 <sup>st</sup> )

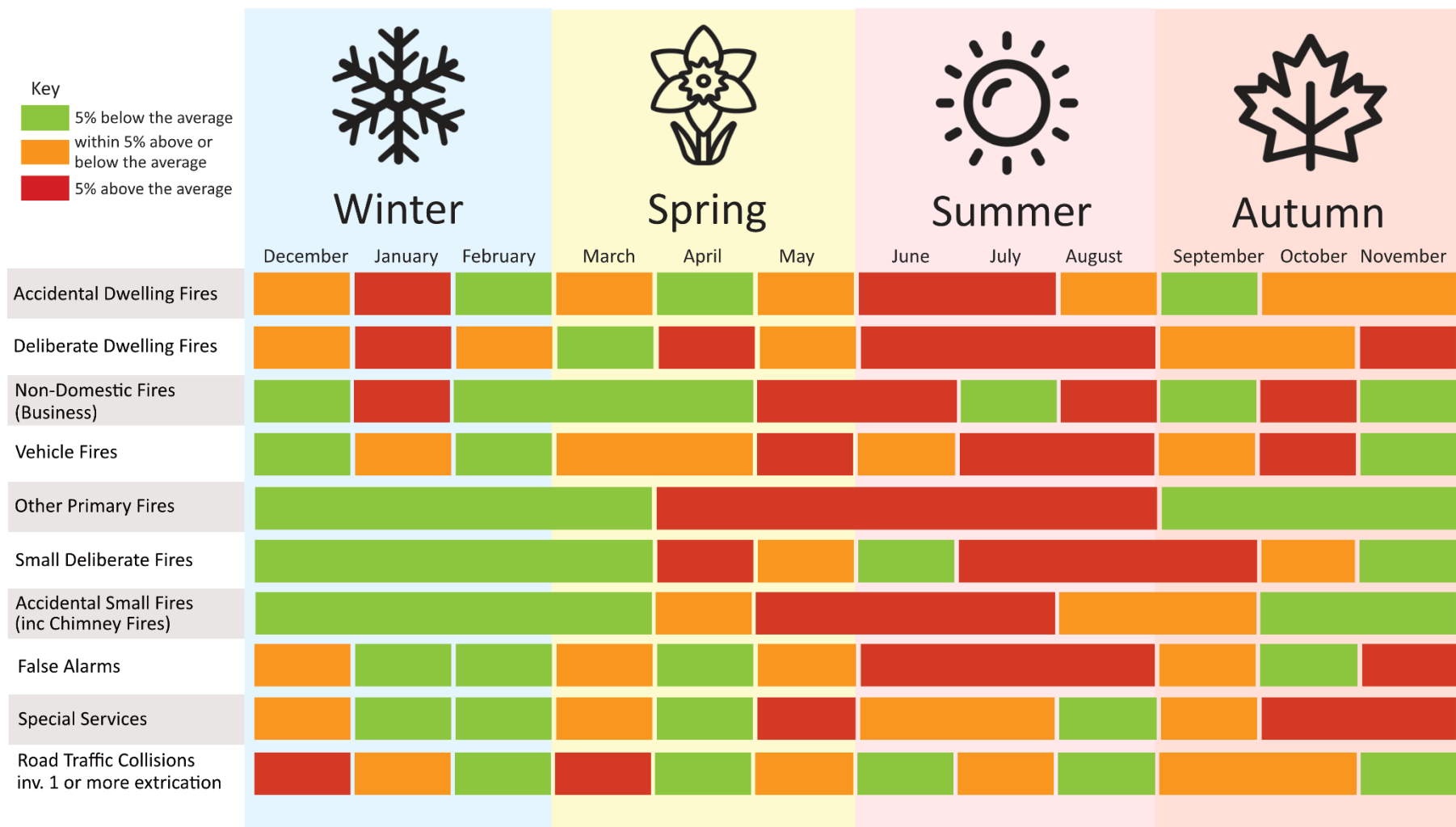
Source: OSC Committee Report 2018/19

Note: Incident data reported nationally is no longer audited and therefore exact like for like recording may not be possible.

Overall performance by WFRS remains consistently good in several key areas, specifically levels of incidents, accidental dwelling fires and fire related injuries. Despite improved benchmarking performance, improvements need to be made on deliberate fire setting and road traffic collisions.

### 1.3.4 Seasonality

The weather and other seasonal attributes are a common theme within the analysis of Fire and Rescue attended incidents. Both affect the likelihood and severity of incidents, particularly for road traffic collisions and deliberate small fire setting.



## 2.0 Primary Fires

Primary fires are fires that involve property or vehicles or are where casualties or rescues have occurred. They also include incidents where five or more fire engines are in attendance. This category of fires includes home fires, business (non-domestic) fires, vehicle fires and other fires. Both deliberate and accidental primary fires are discussed in this section and deliberate fires are also discussed further in the 'Deliberate Fire Setting' section.

The table below provides the breakdown of primary fires incidents and the categorisation between accidental and deliberate for the past three years. Overall there has been an 8.5% reduction in primary fire incidents.

The largest increase has been seen in the number of accidental home fires (8.9%) and accidental other fires (11.1%).

Primary Fires - Three Year Overview – 2017 to 2019

Incident Type		Proportion of Total Primary Fires	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Home Fires	Accidental	23.0%	135	170	147	+ 12
	Deliberate	2.4%	19	17	11	- 8
Non-Domestic (Business Fires)	Accidental	9.4%	66	66	54	- 12
	Deliberate	2.9%	19	19	19	0
Vehicle Fires	Accidental	28.4%	186	199	174	- 12
	Deliberate	12.1%	91	71	77	- 14
Other Fires	Accidental	13.4%	72	111	80	+ 8
	Deliberate	8.4%	74	48	44	- 30
Warwickshire Total		100%	662	701	606	- 56

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

## 2.1 Home Fires

Home fires include both accidental and deliberate incidents and cover various types of domestic residences including houses, flats, bungalows, care homes as well as caravans and houseboats used as permanent dwellings.

**2.6%**

(3 incidents)

The percentage increase seen for fires in the home over the three year period of January 2017 to December 2019

**8.9%**

(12 incidents)

The percentage increase seen for accidental home fires over the three year period of January 2017 to December 2019

**- 42%**

(8 incidents)

The percentage reduction seen for deliberate home fires over the three year period of January 2017 to December 2019

### 2.1.1 Accidental Home Fires

Accidental Home Fires are of great concern to WFRS as nationally they are responsible for the highest number of fire fatalities.

#### Why increase in Warwick and why so high in 2018?

**29%**

(131 incidents)

The proportion of accidental home fires over the 3 year period were reported in the Nuneaton & Bedworth Station Cluster

**12**

The increased number of accidental home fires that the Warwick Station Cluster has reported when comparing 2019 (41) to 2017 (29)

**- 12**

The reduction in the number of accidental home fires that the Rugby Station Cluster has reported when comparing 2019 (21) to 2017 (33)

### Accidental Home Fires by Station Cluster - Three Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	10	9	13	+ 3
North Warwickshire	12	17	18	+ 6
Nuneaton & Bedworth	41	52	38	- 3
Rugby	33	41	21	- 12
Stratford	10	14	16	+ 6
Warwick	29	37	41	+ 12
<b>Total</b>	<b>135</b>	<b>170</b>	<b>147</b>	<b>+ 12</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of accidental home fires over the three year period:

- One of the main causes of accidental home fires is cooking, in the three year period 27.7% (125) incidents were of this type and 34.3% (155) started in the kitchen.
- Of the kitchen fires, 49% (76) were caused by the cooker/oven and 7.7% (12) by the grill/toaster.
- Fires also commonly started in the bedroom (8.6%, 39). Of these fires, over one fifth (23%, 9) were given an ignition cause of fault in electricity supply (wiring, cable or plugs) and a further 15.4% (6) were due to candles.

**37.4%**

(169 incidents)

The number of incidents where the person involved was aged 18-64 years old

**7.5%**

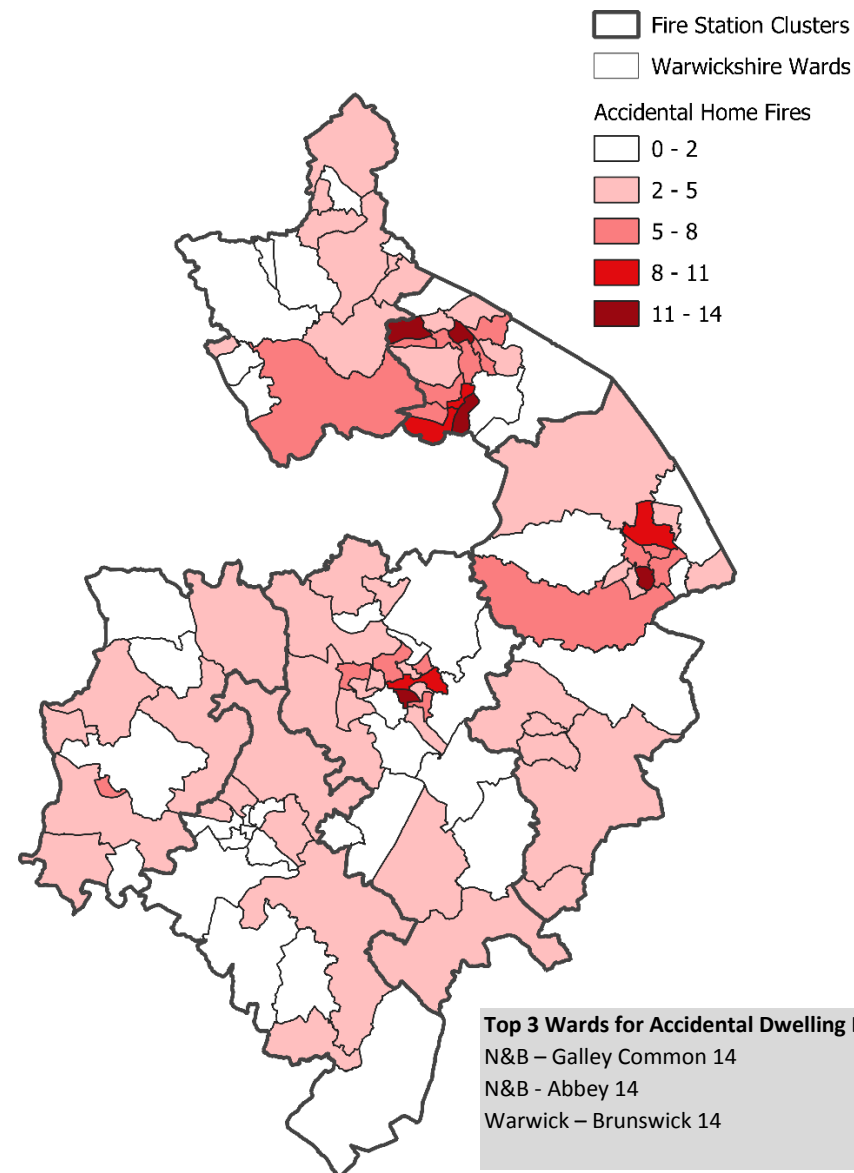
(34 incidents)

The number of incidents suspected to be linked to alcohol as a contributory factor

**64%**

(290 incidents)

The number of incidents where an alarm system was present





## 2.1.2 Multi-Occupancy and High-Rise Homes

Two types of residences of particular interest to WFRS are Homes in Multiple Occupation (HIMO) and high-rise homes. HIMO are rental properties shared by multiple tenants that are not family members and high-rise homes are defined as residential buildings with four or more stories.

The numbers of accidental home fires at these types of properties have been reducing. Over the three year period of January 2017 to December 2019 there have been only 11 fires of this type with two fires in 2017, four in 2018 and five in 2019, which are all lower than the 14 reported in 2015. Both Nuneaton & Bedworth Station Cluster (4 fires) and Warwick Station Cluster (4 fires) reported the highest volume of fires in this period.

Accidental Home Fires at high rise properties have also been reducing. There have been 7 recorded over the three year period, three in 2017, three in 2018 and only one in 2019.

**- 64.3%**

(9 incidents)  
Less accidental home fires in homes of multiple occupation when comparing 2015 (14) to 2019 (5)

**4**

Accidental home fires were recorded at a licensed HIMO over the three year period – 7 of the 11 fires were either at unlicensed premises or it is unknown if they are licensed

**5**

Accidental fires in high rise properties were located in Warwick Station Cluster over the three year period (out of a total of 7)

Many high-rise buildings (particularly social housing blocks) were built between 1950 and 1970 and were built to lower housing fire safety standards. For example current building regulations require buildings to over 18m high to have certain firefighting measures installed (e.g. firefighting lifts) but retrospective

applications of such measures is not required, meaning that some older buildings are lacking in these provisions.

Fire in high-rise buildings present firefighters with a number of challenges. It may be hard to establish where the fire is coming from in a high rise building and additionally, the way in which fire and smoke spreads during a fire is more difficult to predict in these types of buildings. The weather can also impact on these incidents, with high winds impacting on the spread of a fire and the increased danger to firefighters.

There is a current preference for office conversions to flats within towns across the county, this leads to more densely population towns with HIMO providing the highest density.

Some sheltered housing accommodation has also been raised as a concern as it can have insufficient fire compartmentation where breaches to escape routes has allowed for rapid and unseen fire spread. One focus to check for potential breaches into escape routes is via Safe and Well Checks.

Due to the risk of harm to victims, risk to firefighters and the potential devastation to life/lives that a fire in either a HIMO or higher rise can cause, they will continue to remain a priority area for WFRS.



### 2.1.3 Safe and Well Visits / Checks

WFRS continuously educate residents on the risk of house fires, how to reduce them and keep both themselves and their families safe. The free visit helps to protect the most vulnerable people within our communities. During the visit WFRS provide fire safety advice, check that any smoke alarms are working and replace and install new ones if necessary. They also provide advice to residents on preventing trips/falls, giving up smoking, winter warmth, home security and hydration and healthy eating. They also include advice on other areas of health and well-being which impact on the NHS and social care services.

During the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2020 there were 11,107 safe and well checks made to vulnerable people. Through a variety of methods of targeting, fire safety advice, smoke alarms and specialist equipment were used to assist in keeping the public safe.

Prevention activity forms a significant part of WFRS' risk management strategy and is crucial to driving down incident levels and saving lives. This section describes two elements of prevention of home fires: home fire safety checks and smoke alarms.

Previously, Mosaic data used to be used in order to determine where vulnerable people were living in order to conduct a Home Fire Safety Check, however in recent years Exeter data (NHS patient registration system from GP surgeries) has been published and has been used in conjunction with other datasets to assist with targeting vulnerable groups. In addition to the Exeter data the methodology also includes:

- Response time data – how far away people live from a fire station.

- Mosaic data which highlights Mosaic Groups and Types in the community which may be at a higher risk of experiencing a fire in the home based on historical incident data.
- Falls and trips data, highlighting where people aged over 55 have experienced a higher rate of admissions to hospital with falls and slip related problems.

The data advises three categories: Gold, Silver and Bronze, which show the urgency of where the fire checks need to be conducted.

Gold: targets over 75 year olds who live over 5 minutes away from a fire station.

Silver: targets over 75 years olds who lives between 5 and 10 minutes away from a fire station.

Bronze: targets over 65 year olds who live over 5 minutes away.

All three categories are being targeted in the various catchment areas.

Going forward this methodology is being reviewed as new data is being released as part of the effort to tackle COVID-19, with more information being made available to local authorities.

### 2.1.4 Smoke Alarms

The time in between when a fire in the home starts and when it is discovered by the home occupants has a vital bearing on the outcome of the fire. Shorter discovery times lead to a quicker response on part of the occupants and WFRS which ultimately leads to a lower likelihood of the fire resulting in any fatalities. Smoke alarms play a crucial role in shortening the discovery time.

Fire safety features in the homes of the elderly and disabled must be adjusted to meet their needs. For example, for people suffering from hearing difficulties special smoke alarms can be fitted in their homes with strobe lights and vibrator pads so that they are alerted if a fire happens in their home. This is taken into account by WFRS during Home Fire Safety Checks.

The proportion of dwellings with a smoke alarm increased greatly in the 1990s and has continued to increase since then. This is considered to be one of the number of causes of the reduction in fatalities that occurred in the 1990s and 2000s. Positively, the number of dwelling fires where a smoke alarm has been activated has been increasing, evidencing that more residents are aware of fire safety. For the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 41% of fires saw a smoke alarm activated and this increased to 48% in the period 1<sup>st</sup> April 2019 to 29<sup>th</sup> February 2020.

In Warwickshire, the smoke alarm ownership figures are closely aligned with those of England and Great Britain as a whole. Across the three year period of 1<sup>st</sup> April 2017 to 31<sup>st</sup> December 2019, 61.3% of dwelling fires had a smoke alarm present in the home.

Also, following years of home safety campaigns by WFRS the number of dwellings where a smoke alarm was not fitted has been reducing. For the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018, 36% of dwelling fires were at homes where a smoke alarm was not fitted. For the period 1<sup>st</sup> April 2019 to 29<sup>th</sup> February 2020 this had reduced to 30%.

An area of concern is where smoke alarms have not activated in homes. For the period 1<sup>st</sup> April 2019 to 29<sup>th</sup> February 2020, 27% of dwelling fires did not have a smoke alarm activate which is an increase from 23% in 2017/18. One of the main

reasons is due to missing or faulty batteries. Therefore it is advised that residents have multiple alarms around the home. Another reason that battery powered smoke alarms failed to operate in dwelling fires is that the fire products did not reach the alarm/detector.

**61%**

Of dwelling fires in the three year period of 2017 to 2019 had a smoke alarm in the home

**30%**

Of dwelling fires for the period 1<sup>st</sup> April 2019 to 29<sup>th</sup> February 2020 were at homes where a smoke alarm was not fitted

**27%**

Almost one third of dwelling fires for the period 1<sup>st</sup> April 2019 to 29<sup>th</sup> February 2020 did not have a smoke alarm activate

Focusing on areas of the county where smoke alarms were not present in dwelling fires, Nuneaton & Bedworth Station Cluster reported the highest proportion. Of the total dwelling fires recorded across the county for the period 1<sup>st</sup> April 2019 to 29<sup>th</sup> February 2020, 30% were in the Nuneaton & Bedworth Station Cluster followed by Rugby Station Cluster with 25%. Almost two thirds of dwelling fires (67%) where a smoke alarm were not present were in the north of the county (includes North Warwickshire Station Cluster area). **Why is this?**

Over one third (35.6%, 37) were in residential dwellings and 31.7% (33) were in garden sheds or garages where no smoke alarms were present.

## 2.1.5 Deliberate Home Fires

Deliberate home fires are fires in the home where ignition is suspected to be intentional or malicious.

**45%**

(21 incidents)

The proportion of deliberate home fires over the 3 year period reported in the Nuneaton & Bedworth Station Cluster

**5**

The increased number of deliberate home fires that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (8) to 2017 (3)

**- 8**

The reduction in the number of deliberate home fires that the Warwick Station Cluster has reported when comparing 2019 (0) to 2017 (8)

Deliberate Home Fires by Station Cluster - Three Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	1	1	0	- 1
North Warwickshire	3	0	2	- 1
Nuneaton & Bedworth	3	10	8	+ 5
Rugby	4	1	0	- 4
Stratford	0	2	1	+ 1
Warwick	8	3	0	- 8
<b>Total</b>	<b>19</b>	<b>17</b>	<b>11</b>	<b>- 8</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of deliberate home fires over the three year period:

- Nuneaton & Bedworth Station Cluster recorded the highest proportion of deliberate home fires (45%, 21) when compared to the other station clusters.
- Across all areas, adults aged 18-64 years (where details were known) started 21.3% (10) of the deliberate home fires.
- Young people (youths aged 10 to 17 years – where details were known) were responsible for only two of the fires (4.3%).
- 10.6% (5) of the deliberate fires were linked to alcohol and/or drugs.

## Risks and Issues

- Kitchen fires and cooking continue to be the leading cause of accidental home fires. Faulty electrical wiring/cables and plugs are also a concern, particularly for those fires that start in the bedroom.
- HIMO's and high rise building accidental home fires are reducing but the risk factors mean that this is a key area that WFRS need to maintain as a priority.
- Over one third of fires in the home reported either not having a smoke alarm system in place or it was not known if they had one. Mosaic analysis to be completed focusing on the at risk groups of accidental home fires which will assist with targeting preventative work and Home Fire Safety Checks.
- The north of the county reports a higher proportion of fires in the home where smoke alarms are not present. Further work is recommended to investigate the reasons why.
- An area of concern is where smoke alarms have not activated in homes and levels have been increasing in Warwickshire.

- Fires in the home have a very high life risk and it is important that WFRS continue to work with vulnerable groups, particularly the elderly and those with health conditions, in particular ensuring Safe and Well Checks are targeted at the groups that need them the most.
- Across the county, the increasing older population and the risk of social isolation for vulnerable people is a risk area for WFRS and will impact on services in the future.
- To develop a new targeting methodology for the safe and well checks conducted by WFRS, including new data which is being released as part of the COV-19 effort.

## 2.2 Business Fires (Non-Domestic)

Business (non-domestic) fires include both accidental and deliberate incidents at commercial properties.

**19**

The average number of deliberate business fires recorded each year (over the three year period of January 2017 to December 2019)

**- 18%**

(12 incidents)  
The reduction in accidental business fires when comparing 2017 (66) to 2019 (54)

**- 14%**

(12 incidents)  
The reduction in total business fires when comparing 2017 (85) to 2019 (73)

### 2.2.1 Accidental Business Fires

Accidental business fires (non-domestic) are fires at a commercial premises. The period of focus is over the three year period of 1<sup>st</sup> January 2017 to 31<sup>st</sup> December 2019.

**22%**

(40 incidents)

The proportion of accidental business fires over the 3 year period reported in the Rugby Station Cluster

**- 9**

The reduction in the number of accidental business fires that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (6) to 2017 (15)

**6%**

(12 incidents)

The Alcester Station Cluster reports the lowest proportion of accidental business fires over the 3 year period

### Accidental Business Fires by Station Cluster - Three Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	3	5	4	+ 1
North Warwickshire	8	11	7	- 1
Nuneaton & Bedworth	15	17	6	- 9
Rugby	16	9	15	- 1
Stratford	8	5	6	- 2
Warwick	16	19	16	0
<b>Total</b>	<b>66</b>	<b>66</b>	<b>54</b>	<b>- 12</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of accidental business fires over the three year period:

- Industrial manufacturing properties were the location for the highest number of reported accidental business fires (12%, 23), followed by food and drink premises (11.8%, 22).
- Where recorded, factories (8.6%) and warehouses (6.5%) were the types of buildings where the highest proportion of fires occurred.

- One of the main causes of accidental business fires was a faulty fuel supply (electricity) (18.3%, 34) followed by a fault in equipment or an appliance (17.7%, 33).
- The ignition source for accidental business fires was most likely to be the electricity supply (23%, 43) or a cooking related appliance (14%, 26).

**23%**

(42 incidents)

Of fires were caused by a person aged 18-64 years old (where age known)

**23%**

(43 incidents)

Of fires had an ignition source of the electricity supply

**14%**

(26 incidents)

Of fires were caused by a cooking related appliance

## 2.2.2 Deliberate Business Fires

Deliberate business fires (non-domestic) are cases of deliberate fire setting at a commercial premises. The period of focus is over the three year period of 1<sup>st</sup> January 2017 to 31<sup>st</sup> December 2019.

**32%**

(18 incidents)

The proportion of deliberate business fires over the 3 year period reported in the Nuneaton & Bedworth Station Cluster

**2**

The increased number of deliberate business fires that the Rugby Station Cluster has reported when comparing 2019 (4) to 2017 (2)

**- 2**

The reduction in the number of deliberate business fires that the Alcester Station Cluster has reported when comparing 2019 (1) to 2017 (3)

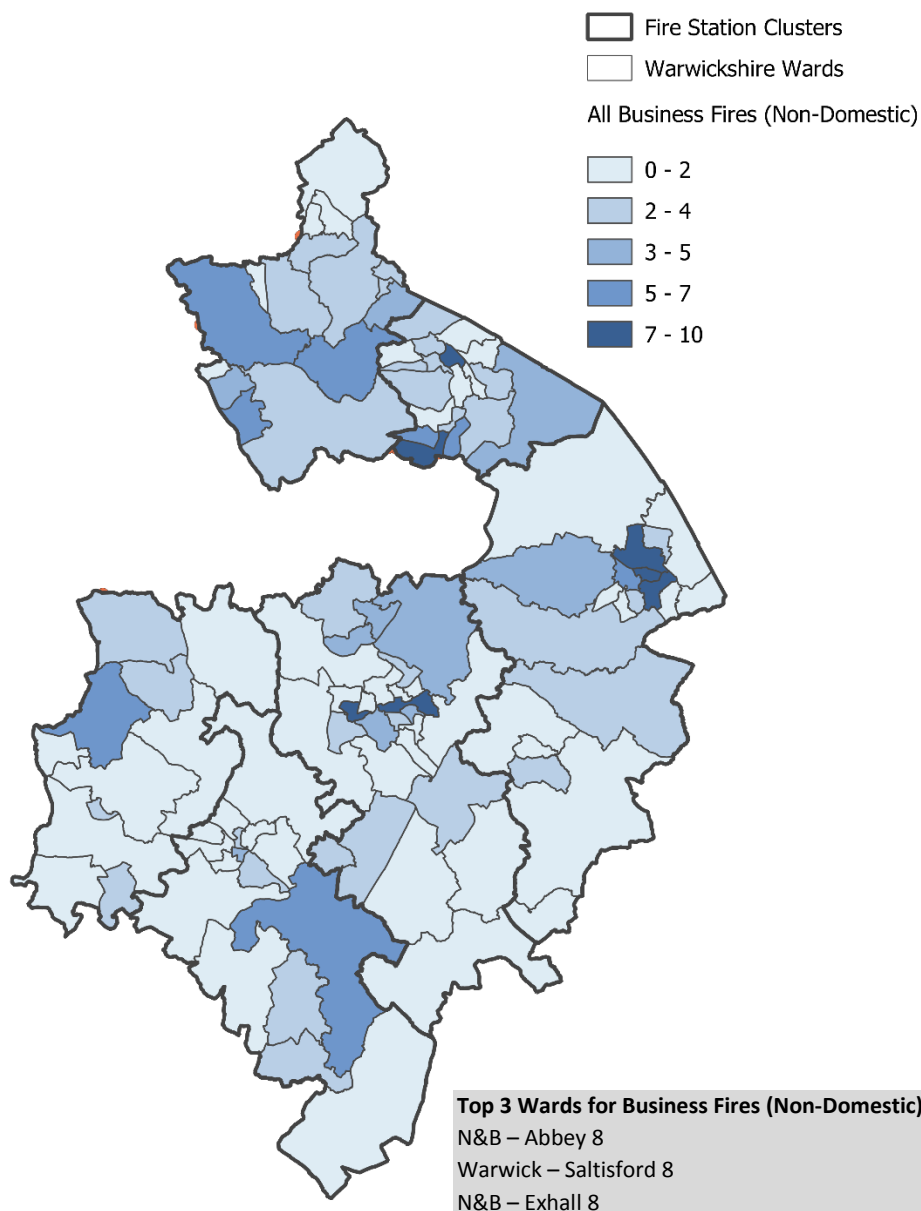
## Deliberate Business Fires by Station Cluster - Three Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	3	0	1	- 2
North Warwickshire	4	5	4	0
Nuneaton & Bedworth	7	3	8	+ 1
Rugby	2	3	4	+ 2
Stratford	1	3	1	0
Warwick	2	5	1	- 1
<b>Total</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>0</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of deliberate business fires over the three year period:

- Youths aged 10 to 17 years started 8 of the deliberate fires (14%).
- The highest proportion of deliberate business fires were reported at permanent agricultural locations (21.1%, 12).
- Barns were a popular location for deliberate fires (17.5%, 10).
- Almost one third (29.8%, 17) of the deliberate fires were started by a naked flame (included lighted card or paper).



### 2.2.3 Fire Safety Audits

Fire safety legislation is enforced by the Fire Protection Team that works to promote fire protection and safe practices in the workplace. Under the Fire Services Act 2004, WFRS firefighters conduct visits to business premises to inspect them and make sure that they adhere to Fire and Safety rules and regulations.

In the two year period of 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2019 there were a total of 759 fire safety audits carried out over 2,655.91 hours. Of these audits, 375 premises were deemed unsatisfactory in terms of compliance with fire safety law and 53 buildings were given prohibition and enforcement notices. These figures have been increasing year on year and continue an upward trend showing the increased enforcement WFRS have been undertaking.

#### Fire Safety Audits & Outcomes 1<sup>st</sup> April 2017 – 31<sup>st</sup> March 2019 (2 Years)

	Audits & Outcomes	No. of Fire Safety Audits & Outcomes	No. of Hours
✓	Audits with Satisfactory Outcome	384	1,164.42
✗	Audits with Unsatisfactory Outcome	375	1,491.49
⚠	Enforcement Notices	30	-
⚠	Prohibition Notices	23	-
📋	Outcomes from Enforcement (Satisfactory)	33	-

Across the county, there are a number of premises which pose a higher risk to the public and WFRS in case of an emergency. At these premises, a more detailed inspection is carried out to ensure that WFRS comprehensively understands the risks associated with each building so that they are better equipped to effectively deal with any incidents that happen. The cost of business fires is particularly high for warehouses where there is a loss of inventory involved along with property loss and the costs incurred by the disruption to business activities caused.

#### 2.2.4 Legislation

##### Primary Authority Scheme

All businesses, charities and other organisations must comply with fire safety regulations as defined by the 2005 Fire Safety Order. The Primary Authority Scheme (PAS) concerns businesses operating in more than one local authority fire enforcement area. It allows these businesses to form a partnership with a Fire and Rescue Service of their choosing (a 'lead authority') for fire safety advice and enforcement. The Fire and Rescue Service chosen as a lead authority need not necessarily be the closest one to the business or the one in the County in which the business has most of its offices or outlets - i.e. it is at the discretion of the organisation to choose a FRS to partner with.

By working closely with a business, the lead authority is able to offer consistent fire safety advice for application across all of the business's locations. A national inspection plan can also be created by the lead authority to improve the effectiveness of inspection, avoid repeated checks and enable better sharing of information. The aim of this scheme is to offer clear advice on compliance with fire safety and to provide consistent enforcement of fire safety legislation, to the mutual benefit of organisations and Fire and Rescue Services, and ultimately the

community. WFRS are currently entering its third year of the PAS which is with the mid counties Co-op.

##### Risk Based Inspections

The area of fire protection will see much change both the immediate and longer term future. Much of this change will be driven by the outcomes from Grenfell and following some subsequent fires which have been less widely reported. Changes will be seen in the form of legislation, a more robust inspection process, Fire Risk Assessors, Approved Inspectors and through audits and other relation building safety work.

Robust enforcement will be key to supporting the change that will be seen in the actions of both large and small building owners in relation to responsibility. The new Risk Based Inspection process will see WFRS targeting the highest risk premises in the county and more enforcement will be issued. After previously not prosecuting owners this will now change, and where serious failings are discovered, prosecutions will be issued. In Warwickshire there is one significant case running which has been running for almost two years.

---

##### Risks and Issues

- Levels of fire safety audits and risk based inspections are expected to increase and more enforcement will be issued to premises.
- There are issues with the Farnor reporting system and reporting from the system is extremely difficult. As part of the HMIC inspection this system is being reviewed and better ways of reporting investigated. It is believed that the system is not providing accurate reports and as such attempting to do this manually is taking up a significant amount of resource.
- In today's uncertain economic climate, it is possible that businesses may invest less into meeting fire safety standards which will result in the decline of standards - putting both employees and firefighters at risk.



## 2.3 Vehicle Fires

Vehicle fires are a category within primary fires and include both accidental and deliberate fires. A distinction needs to be made here between these vehicle fires and those included in the 'Secondary Fire' category which are fires in derelict vehicles. Vehicle fires remain the largest proportion of primary fires attended.

**- 9%**

(26 incidents)

The percentage reduction seen for all vehicle fires over the three year period of January 2017 to December 2019

**- 6.5%**

(12 incidents)

The percentage reduction seen for accidental vehicle fires over the three year period of January 2017 to December 2019

**- 15%**

(14 incidents)

The percentage reduction seen for deliberate vehicle fires over the three year period of January 2017 to December 2019

## Accidental Vehicle Fires by Station Cluster - Three Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	9	24	16	+ 7
North Warwickshire	54	27	38	- 16
Nuneaton & Bedworth	35	34	32	- 3
Rugby	32	52	36	+ 4
Stratford	12	10	6	- 6
Warwick	42	52	46	+ 4
<b>Total</b>	<b>184</b>	<b>199</b>	<b>174</b>	<b>- 10</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of accidental vehicle fires over the three year period:

- Warwick Station Cluster reported the highest proportion of accidental vehicle fires (25%) but levels across the rest of south Warwickshire are low.
- The north of the county reported 60.9% of the total accidental vehicle fires.
- Cars (59.4%) were the most common vehicle type to be in an accidental vehicle fire, followed by vans (11.8%) and HGVs/lorries (11%).
- Where known, 'engine or fuel line or pump' was the largest cause given for the ignition source (14.4%) followed by 'electrical fault' (14%). For many incidents it was unknown what the ignition source was or how the fire was caused.

### 2.3.1 Accidental Vehicle Fires

**25%**

(140 incidents)

The proportion of accidental vehicle fires over the 3 year period reported in the Warwick Station Cluster

**7**

The increased number of accidental vehicle fires that the Alcester Station Cluster has reported when comparing 2019 (16) to 2017 (9)

**- 16**

The reduction in the number of accidental vehicle fires that the North Warwickshire Station Cluster has reported when comparing 2019 (38) to 2017 (54)



## 2.3.2 Deliberate Vehicle Fires

**37%**

(89 incidents)  
One third of deliberate vehicle fires over the 3 year period were reported in the Nuneaton & Bedworth Station Cluster

**6**

The increased number of deliberate vehicle fires that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (32) to 2017 (26)

**- 9**

The reduction in the number of deliberate vehicle fires that the Warwick Station Cluster has reported when comparing 2019 (4) to 2017 (13)

### Deliberate Vehicle Fires by Station Cluster - Three Year Overview – 2017 to 2019

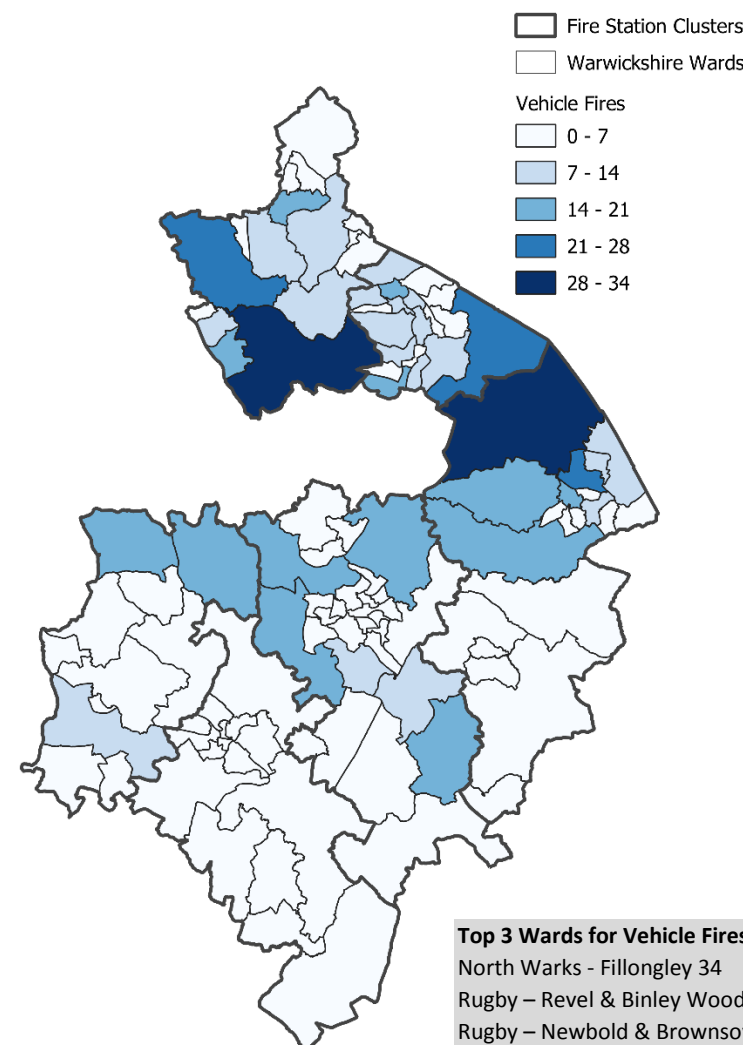
Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	5	1	5	0
North Warwickshire	21	8	17	- 4
Nuneaton & Bedworth	26	31	32	+ 6
Rugby	24	22	17	- 7
Stratford	4	2	2	- 2
Warwick	13	7	4	- 9
<b>Total</b>	<b>93</b>	<b>71</b>	<b>77</b>	<b>- 16</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of deliberate vehicle fires over the three year period:

- Almost every area of the county saw a reduction in deliberate vehicle fires except for Nuneaton & Bedworth Station Cluster, which saw an increase of 6 incidents (23%).
- The north of the county reported 82.2% of the total deliberate vehicle fires.

- Cars (57.7%) were the most common vehicle type to be in a deliberate vehicle fire, followed by motorcycles (18.7%).
- Where known, 'naked flame' was the largest cause given for the ignition source (14.9%) followed by 'fuel/chemical related' (12%). For many incidents it was unknown what the ignition source was or how the fire was caused.



## Risks and Issues

- XXX

## 2.4 Other Primary Fires

'Other' primary fires are primary fires that do not fall under the other primary fire categories and include fires to various other valuable assets.

**15%**

(22 incidents)

The percentage reduction seen for all 'other' primary fires over the three year period of January 2017 to December 2019

**11%**

(8 incidents)

The percentage increase seen for accidental 'other' primary fires over the three year period of January 2017 to December 2019

**- 41%**

(30 incidents)

The percentage reduction seen for deliberate 'other' primary fires over the three year period of January 2017 to December 2019

### 2.4.1 Accidental Other Primary Fires

**23%**

(61 incidents)

The proportion of accidental other primary fires over the 3 year period reported in the Nuneaton & Bedworth Station Cluster

**6**

The increased number of accidental other primary fires that the North Warwickshire Station Cluster has reported when comparing 2019 (12) to 2017 (6)

**- 33%**

The reduction in the number of primary other fires that the Stratford Station Cluster has reported when comparing 2019 (6) to 2017 (9)

### Accidental Other Primary Fires by Station Cluster - Three Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	10	10	9	- 1
North Warwickshire	6	26	12	+ 6
Nuneaton & Bedworth	20	24	17	- 3
Rugby	11	23	14	+ 3
Stratford	9	9	6	- 3
Warwick	17	19	20	+ 3
<b>Total</b>	<b>73</b>	<b>111</b>	<b>78</b>	<b>+ 5</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of accidental other primary fires over the three year period:

- Grassland, woodland and crops (includes forest, conifers and wood) were the property type most likely to be accidentally set fire to (30.5%, 80) followed by outdoor structures (includes tents, storage facilities and recycling points) at 26.7% (70).
- The main cause of the fire, where known, was most likely to be overheating (17.6%, 46) or a bonfire getting out of control (7.6%, 20).
- The ignition source for fires, where known, was most likely to be the electricity supply (8.8%, 23) followed by 'naked flame' on either lighted card or paper (6.9%, 18).
- Where details were collected, adults aged 18 to 64 years were the most likely cause of the accidental fire (27.5%, 72).

### 2.4.2 Deliberate Other Primary Fires

# 39%

(65 incidents)

The proportion of deliberate other primary fires over the 3 year period reported in the Nuneaton & Bedworth Station Cluster

# - 13

The reduction in the number of deliberate other primary fires that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (18) to 2017 (31)

# NO CHANGE

Only the North Warwickshire Station Cluster has seen no change in the number of deliberate other primary fires when comparing 2019 (7) to 2017 (7)

### Deliberate Other Primary Fires by Station Cluster - Three Year Overview 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	7	4	3	- 4
North Warwickshire	7	8	7	0
Nuneaton & Bedworth	31	16	18	- 13
Rugby	13	5	12	- 1
Stratford	3	6	1	- 2
Warwick	12	9	6	- 6
<b>Total</b>	<b>73</b>	<b>48</b>	<b>47</b>	<b>- 26</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of deliberate other primary fires over the three year period:

- Grassland, woodland and crops (includes forest, conifers and wood) were the property type most likely to be deliberately set fire to (42.9%, 72) followed by outdoor structures (includes tents, storage facilities and recycling points) at 27.4% (46).

- Within these categories, stacked bale crops (19.6%, 33) were the property type most likely to be deliberately set fire to, followed by woodland forest (18.5%, 31) and private garages (10.1%, 17).
- The main cause of the deliberate fires, where known, was most likely to be caused by a 'naked flame – lighted card or paper' (20.2%, 34) or matches and candles (19.6%, 33).
- For most of the incidents it is not known who caused the fire but where this information is recorded, 14.3% (24) of these fires were caused by youths aged 10 to 17 years and 6.6% (10) were caused by adults aged 18 to 64 years.

## Risks and Issues

- XXX

## 3.0 Road Traffic Collisions

### 3.1 Road Traffic Collisions attended by WFRS

Nationally, Road Traffic Collisions (RTCs) are the most frequently attended non-fire incident. There can be a high risk to life associated with these incidents. English Fire and Rescue Services attended 31,090 RTCs in 2018/19, which is an increase of three per cent compared to 2017/18.

In the last risk profile, Extrications formed the largest proportion of attended RTC incidents at 62%. This has now shifted considerably and Services Rendered are now the most attended incidents by officers (51%) where Extrications have reduced to 33% of the attended incidents. This is reassuring that the most serious RTC incidents have reduced over the past three years, therefore victims are not needing to be extricated.

RTC incidents attended by WFRS have reduced over the three year period for both Extrications (30.4%) and for No Services Rendered (21.2%). Services Rendered RTC incidents have seen an increase of 25.7% (37) where there are now less extrications but there is still a requirement for officers to attend the scene of an RTC to provide other services in their emergency response.

**26%**

(37 incidents)

The percentage increase seen for 'Services Rendered' RTC incidents over the three year period of January 2017 to December 2019

**- 30%**

(41 incidents)

The percentage reduction seen for 'Extrications' over the three year period of January 2017 to December 2019

**51%**

(529 incidents)

The proportion of the total RTC incidents which are 'Services Rendered'

**RTC Incidents - Three Year Overview – 2017 to 2019**

Incident Type	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Extrications	135	114	94	- 41
Services Rendered	144	204	181	+ 37
No Services Rendered	66	49	52	- 14
<b>Total RTCs Attended</b>	<b>345</b>	<b>367</b>	<b>327</b>	<b>- 18</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

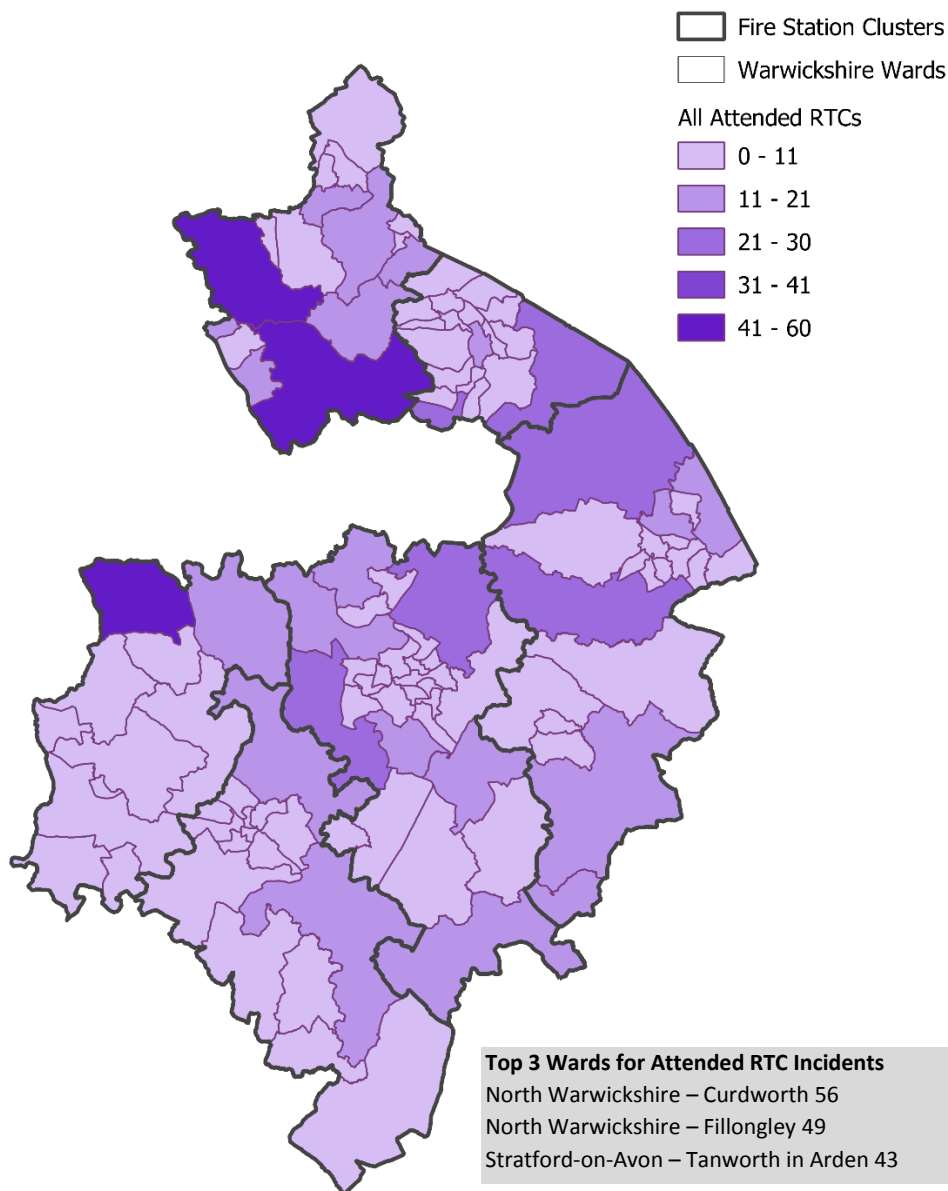
**RTC Incidents by Station Cluster - Three Year Overview 2017 to 2019**

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
<b>Extrications Total</b>	<b>135</b>	<b>114</b>	<b>94</b>	<b>- 41</b>
Alcester	12	16	11	- 1
North Warwickshire	45	23	20	- 25
Nuneaton & Bedworth	25	14	13	- 12
Rugby	23	21	25	+ 2
Stratford	10	16	3	- 7
Warwick	20	24	22	+ 2
<b>Services Rendered Total</b>	<b>144</b>	<b>204</b>	<b>181</b>	<b>+ 37</b>
Alcester	19	17	23	+ 4
North Warwickshire	43	60	44	+ 1
Nuneaton & Bedworth	28	30	31	+ 3
Rugby	23	35	38	+ 15
Stratford	9	7	14	+ 5
Warwick	22	55	31	+ 9

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of all RTC attended incidents over the three year period:

- The largest volume of Services Rendered RTC incidents are attended in the North Warwickshire Station Cluster. Almost one third of the total incidents over the three year period (27.8%) are reported in this cluster, which is not unexpected given the largely rural nature of the area, and the volume of traffic passing through the main roads to the M42 motorway.
- Rugby Station Cluster has seen the largest increase in attended incidents, with an increase of 15 incidents (65.2%) when comparing 2019 (38) to 2017 (23). Warwick Station Cluster has also seen an increase in attended incidents, with an increase of 9 incidents (41%) when comparing 2019 (31) to 2017 (22).
- Extrication incidents have seen a big reduction over the past three years, where the number of incidents have reduced by over half. The largest reduction has been seen in the North Warwickshire Cluster but this is not surprising as this is where the largest volume of incidents are reported. The cluster reported a reduction of 25 incidents (55.6%) when comparing 2019 (20) to 2017 (45).
- The Nuneaton & Bedworth Station Cluster also saw levels reduce by half (48%) where incidents reduced from 25 reported in 2017 to 13 in 2019.
- Two thirds of the incidents (77.8%, 808) involved a car and 4.4% (46) involved a lorry/HGV.
- There were multiple vehicles involved in 10.8% (112) of the incidents attended.



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### 3.2 Killed or Seriously Injured (KSI) – Road Traffic Collisions

The Traffic and Road Safety Team at Warwickshire County Council collect data on those killed or seriously injured as the result of a road traffic collision. Levels saw an increasing trend after the lowest number of KSI were recorded in a year in 2013 (288). At 2017 there were 352 KSI recorded and by 2019 this had reduced to 309.

**KSI Incidents - Three Year Overview – 2017 to 2019**

Incident Type	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Fatal	38	35	32	- 6
Serious (injury)	314	317	277	- 37
<b>Total KSI</b>	<b>352</b>	<b>352</b>	<b>309</b>	<b>- 43</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

Fatal incidents accounted for 11.6% of the total incidents in 2019 and incidents with a serious injury 89.6%. The proportion of fatal incidents has increased slightly over the three year period.

Levels of KSI are on the decline and the long-term trend is very positive. There were 639 people KSI on Warwickshire roads in 2000 and this has reduced to 309 in 2019, a reduction of 51.6%. Reductions can be attributed to improvements in technology, improvements in vehicle engineering, reductions in speed limits and improvements in trauma care.

## Risks and Issues

- XXX

## 4.0 Secondary Fires

Secondary fires are all fires with no casualties, rescues or property loss and are not attended by five or more fire engines. They include outdoor fires, derelict property and also include chimney fires.

After a period of reductions, in recent years secondary fires have started to increase again. Accidental secondary fires have seen the largest increase over the past three years with an increase of 18.6% (45) when comparing 1<sup>st</sup> January to 31<sup>st</sup> December 2019 (287) to the same period of 2017 (242). Both deliberate secondary fires and chimney fires have seen a reduction.

**All Secondary Fires - Three Year Overview – 2017 to 2019**

Incident Type	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Accidental Secondary	242	397	287	+ 45
Deliberate Secondary	316	274	309	- 7
Chimney Fires	54	50	46	- 8
<b>Total Secondary Fires</b>	<b>612</b>	<b>721</b>	<b>642</b>	<b>+ 30</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

**47%**

(926 incidents)

The proportion of secondary fires which are classed as 'accidental' over the 3 year period

**19%**

(45 incidents)

The percentage increase seen for 'accidental' secondary fires over the three year period

**- 8**

The reduction in Chimney fires reported when comparing 2019 (46) to 2017 (54)

## 4.1 Accidental Secondary Fires

**26%**

(243 incidents)

The proportion of accidental secondary fires over the 3 year period reported in the Warwick Station Cluster

**22**

The increased number of accidental secondary fires that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (83) to 2017 (61)

**- 4**

The reduction in the number of accidental secondary fires that the North Warwickshire Station Cluster has reported when comparing 2019 (34) to 2017 (38)

- A large proportion (40.9%) of the fires occurred at 'grassland, woodland and crops' locations and tree scrubs were accidentally set fire to in 11.7% (108) of the incidents.
- Almost one third of the fires (30.1%) occurred at 'other outdoors – land' where loose refuse was a popular property type to set fire to (23.4%).
- Fires also occurred at 'outdoor structures' (25.6%) and 14.5% (135) of the total accidental fires saw either a small or large refuse container set fire to.

## 4.2 Deliberate Secondary Fires

**41%**

(368 incidents)

Over one third of deliberate secondary fires over the 3 year period were reported in the Nuneaton & Bedworth Station Cluster

**35**

The increased number of deliberate secondary fires that the North Warwickshire Station Cluster has reported when comparing 2019 (82) to 2017 (47)

**- 24**

The reduction in the number of deliberate secondary fires that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (111) to 2017 (135)

### Accidental Secondary Fires by Station Cluster - Three Year Overview 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	19	31	18	- 1
North Warwickshire	38	53	34	- 4
Nuneaton & Bedworth	61	99	83	+ 22
Rugby	39	67	51	+ 12
Stratford	23	37	25	+ 2
Warwick	62	110	76	+ 14
<b>Total</b>	<b>242</b>	<b>397</b>	<b>287</b>	<b>+ 45</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

An analysis of accidental secondary fires over the three year period:

- Just over half of the accidental secondary fires occur in the north of the county (56.7%) and 46.3% (243) of these are reported in the Nuneaton & Bedworth Station Cluster.

### Deliberate Secondary Fires by Station Cluster - Three Year Overview 2017 to 2019

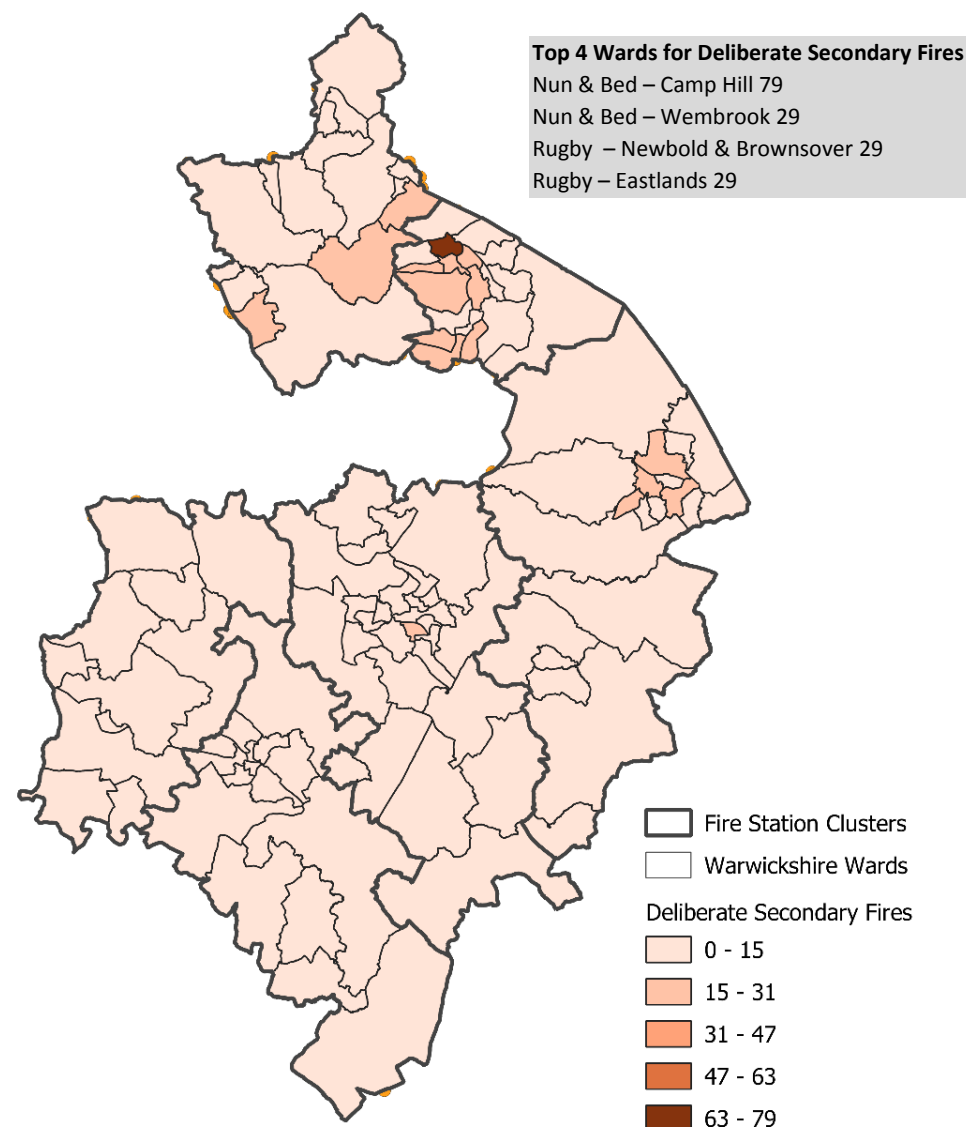
Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	8	9	2	- 6
North Warwickshire	47	47	82	+ 35
Nuneaton & Bedworth	135	122	111	- 24
Rugby	51	50	63	+ 12
Stratford	19	8	6	- 13
Warwick	56	38	45	- 11
<b>Total</b>	<b>316</b>	<b>274</b>	<b>309</b>	<b>- 7</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%



An analysis of deliberate secondary fires over the three year period:

- The north of the county by far reports the highest number of deliberate secondary fires. Over two thirds (78.8%) of fires were reported here, with half of the incidents (52%, 368) being reported in the Nuneaton & Bedworth Station Cluster.
- A large proportion (40%) of the fires occurred at an 'other outdoors – land' location of which almost one third (32.5%) of all deliberate secondary fires saw loose refuse being set fire to (292 incidents).
- Over one third of fires were in 'grassland, woodland and crops' locations (36.6%) and tree scrubs were deliberately set fire to in 14.1% (127) of the incidents.
- Small or large refuse containers were also popular items to be deliberately set fire to (10.2%, 92).



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## Risks and Issues

- The north of the county remains the highest risk area for both accidental and deliberate secondary fires. Nuneaton & Bedworth Station Cluster area is the most affected area for deliberate secondary fires.
- **ASBIT team**
- **Preventative work**
- Awaiting input from Rebecca

## 5.0 Deliberate Fire Setting

Deliberate fire setting incidents are where the source of the ignition is believed to be malicious or deliberate. The incidents include both primary and secondary fires but are mostly comprised of secondary fires.

**All Deliberate Fires - Three Year Overview – 2017 to 2019**

Incident Type	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Deliberate Primary Fires	203	155	151	- 52
Deliberate Secondary Fires	317	274	309	- 8
<b>Total Deliberate Fires</b>	<b>520</b>	<b>429</b>	<b>460</b>	<b>- 60</b>

**Deliberate Primary Fires - Three Year Overview – 2017 to 2019**




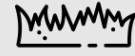
Incident Type	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Deliberate Home Fires	19	17	11	- 8
Deliberate Business Fires	19	19	19	0
Deliberate Vehicle Fires	91	71	77	- 14
Deliberate Other Fires	74	48	44	- 30
<b>Total Deliberate Primary Fires</b>	<b>203</b>	<b>155</b>	<b>151</b>	<b>- 52</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

Deliberate primary fires are of particular concern to WFRS due to the greater risk they pose to human life and these types of fires can also involve property of high value. In 2018 and 2019, Nuneaton and Bedworth Borough has had the most primary fires reported, with deliberate fires in the Nuneaton & Bedworth Station Cluster accounting for 41% of all deliberate fires in the county. The Nuneaton & Bedworth Station Cluster also accounted for 30.9% of all secondary fires in the county.

In 2018 and 2019, of the deliberate primary fires reported in Nuneaton and Bedworth Station Cluster, the majority were deliberate car fires which accounted for 50.4% of the total deliberate fires. Of the deliberate secondary fires reported in Nuneaton and Bedworth Station Cluster, setting fire to refuse was the main ignition type, accounting for over one third (39%) of the fires in the cluster. This is also a similar picture for the county, with 37.2% of the deliberate secondary fires seeing refuse set fire to. This is a five percentage points increase in this type of fire setting. The table below shows the top deliberate fire setting methods within the county.

**Deliberate Secondary Fires by Cause (Proportion of Total Fires) – 2015 vs 2019**

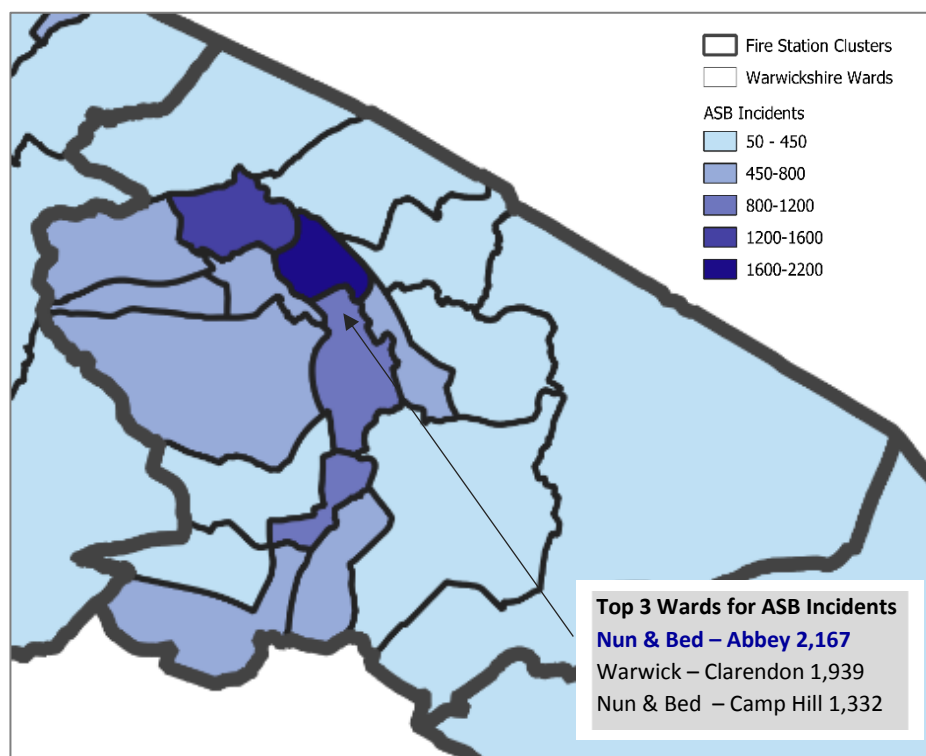
	2019	2015	Direction of Travel
 Loose Refuse / rubbish tip	34%	44%	↓
 Tree Scrub / scrubland	26%	7%	↑
 Wheelie Bin / refuse container / recycle container	15%	10%	↑
 Grassland / pasture	7%	21%	↓

Explanations for this include various socioeconomic, these include the relatively high levels of unemployment, poverty and (perhaps subsequently) high levels of

crime and anti-social behaviour (ASB) incidents in the Nuneaton and Bedworth Borough as compared to other districts and boroughs within Warwickshire.

The maps show the hotspots for deliberate small fires alongside anti-social behaviour (ASB) incidents reported to Warwickshire Police. There is a strong link between ASB and incidents of deliberate small fires, as ASB incidents can include deliberate fire setting. The Nuneaton and Bedworth Borough area has the highest proportion of ASB incidents with 30% of the total incidents reported in this area. This is a slight reduction on the 32% reported in the last IRMP risk profile in 2016.

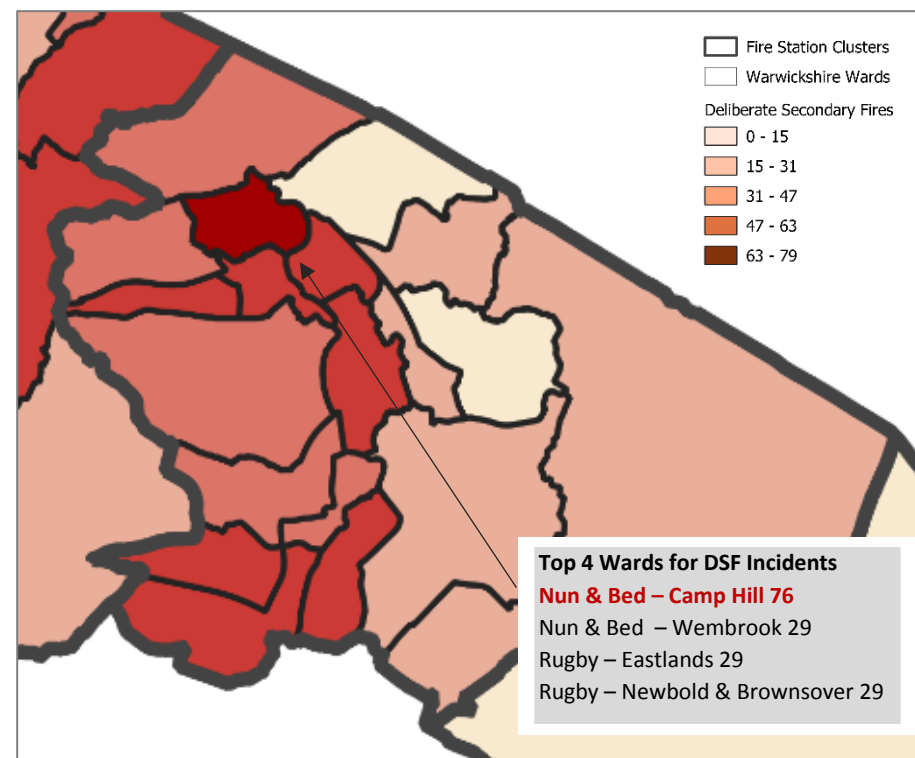
## Police Reported ASB Incidents in N&B Station Cluster



Camp Hill Ward in the Nuneaton & Bedworth Station Cluster reported the third highest level of anti-social behaviour incidents over the three year period and is the primary hotspot for deliberate small fires in the cluster. The ward sees 8.8% of the total deliberate small fires occurring here and 5% of the total anti-social behaviour incidents reported in the county.

As advised in the previous report the Nuneaton & Bedworth Station Cluster, particularly Camp Hill ward, remains the area reporting the greatest deliberate fire setting activity and is a continued focus area for WFRS.

## Deliberate Small Fire Incidents in N&B Station Cluster



**Intelligence – SFU – Moreno?**

**Any risks and issues for the future?**

**Initiatives in place – SFU – Moreno?**

**Don't duplicate from previous section**

## 6.0 False Alarms

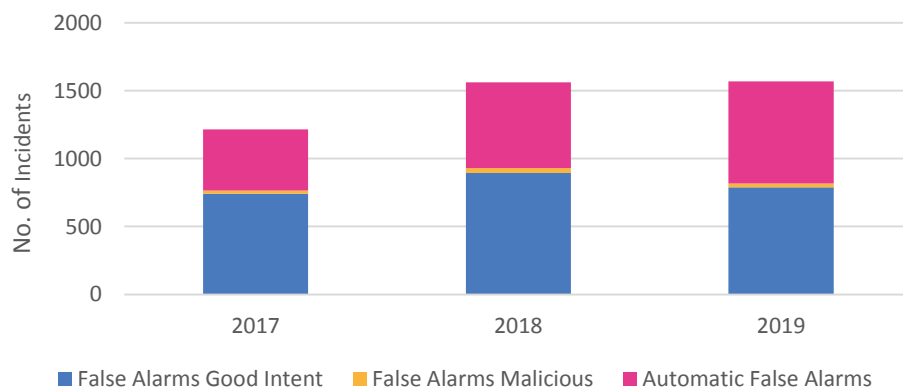
False Alarms are incidents where WFRS attend a location only to discover that there is/was no actual fire incident. There are three categories within this:

- Automatic False Alarms (AFAs)
- False Alarms with Good Intent
- False Alarms – Malicious

False alarm incidents consistently account for the largest proportion of incidents attended by WFRS and levels have increased over the past three years. Over the three year period, the largest proportion of incidents attended were False Alarms with Good Intent (56%), which is a reduction compared to the last report where they accounted for 69% of all false alarm incidents.

The number of Automatic False Alarms has been increasing and for the three year period account for 42% of all false alarm incidents. This is an increase from 27% reported in the last report, which is an increase of 15 percentage points.

2017 - 2019 False Alarm Incidents



All False Alarm Incidents - Three Year Overview – 2017 to 2019

Incident Type	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19
Automatic False Alarms	448	632	753
False Alarms with Good Intent	742	894	789
False Alarms - Malicious	24	35	27
<b>Total False Alarms</b>	<b>1,214</b>	<b>1,561</b>	<b>1,569</b>

The most common reasons for false alarms are the accidental triggering by a human or animal, system issues or contaminants such as dust or steam. Good intent false alarms are calls made in good faith, such as when people see or smell smoke and malicious calls usually involve a hoax call or the deliberate activation of an alarm<sup>2</sup>.

An analysis of false alarm incidents over the three year period:

- Overall, levels have been increasing over the three year period and continue an upward trend.
- Automatic False Alarms in particular have seen a large increase, from 246 incidents reported in 2014 to 753 in 2019.
- Increases can be viewed positively as more properties are likely to contain fire alarms and are being set off by smoke.
- False Alarm Good Intent incidents remain the highest reported type of false alarm (56%).
- False Alarm Malicious incidents have reduced slightly and now account for 2% of the total reported incidents.

<sup>2</sup> Activities, spending and productivity in the F&R Services since 2009 (ONS)

## 6.1 Automatic False Alarms

Automatic Fire Alarms are defined as calls received from non-domestic automatic fire alarm systems.

### 34%

(627 incidents)

The proportion of AFAs over the 3 year period reported in the Warwick Station Cluster

### 86

The increased number of AFAs that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (156) to 2017 (70)

### - 1

The reduction in the number of AFAs that the North Warwickshire Station Cluster has reported when comparing 2019 (28) to 2017 (29)

An analysis of AFAs over the three year period:

- Overall, AFAs increased by 68% (305) which follows an increase reported in the last risk profile of a 180% increase between 2013 and 2015.
- Warwick Station cluster reported by far the highest proportion of AFAs over the three year period (34.2%) followed by Rugby Station cluster (19.6%).
- Only North Warwickshire Station cluster saw a reduction in incidents over the three year period (by one incident), all of the other clusters saw an increase. **Why is this?**
- The largest increase in incidents has been seen in the Nuneaton & Bedworth Station cluster (86 incidents) followed by the Warwick Station cluster (85 incidents).

A new AFA policy was introduced in 2016 and WFRS have now adopted a risk based approach to calls from fire alarm monitoring organisations. It focuses on the most vulnerable people in our communities. Fire control operators apply a robust and effective call challenge to all requests for a fire engine and they seek information to establish if the building falls into one of the identified groups for vulnerable people.

Since 2016, when WFRS receive an AFA call and is no further sign of a fire, they will not respond to commercial/business premises and non-sleeping premises unless there is an emergency call confirming there is a fire, or signs of a fire can be seen.

Adopting a more appropriate response to risk allows WFRS to focus efforts on preventative measures and on engaging with communities and vulnerable groups to assist with education prevention activity.

Automatic False Alarm Incidents by Station Cluster - 3 Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	41	56	67	+ 26
North Warwickshire	29	33	28	- 1
Nuneaton & Bedworth	70	119	156	+ 86
Rugby	74	130	154	+ 80
Stratford	64	90	93	+ 29
Warwick	170	202	255	+ 85
<b>Total</b>	<b>448</b>	<b>630</b>	<b>753</b>	<b>+ 305</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

## 6.2 False Alarms with Good Intent (FAGI)

False Alarms with Good Intent incidents represent the largest proportion of incidents to WFRS.

**28%**

(685 incidents)

The proportion of FAGI incidents over the 3 year period reported in the Warwick Station Cluster

**35**

The increased number of FAGI incidents that the Rugby Station Cluster has reported when comparing 2019 (166) to 2017 (131)

**- 6**

The reduction in the number of FAGI incidents that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (185) to 2017 (191)

An analysis of FAGI incidents over the three year period:

- Overall, FAGI incidents increased by 6.3% (47) which follows a reduction reported in the last risk profile.
- Warwick Station cluster reported the highest proportion of incidents over the three year period (28.3%) followed by Nuneaton & Bedworth Station Cluster (23.4%).
- The Nuneaton & Bedworth Station cluster saw the largest reduction in incidents (6 incidents) followed by the Warwick Station cluster (5 incidents).
- The largest increase in incidents has been seen in the Rugby Station cluster (35 incidents).

FAGI incidents still represent a large proportion of false alarm calls and are challenging to reduce as they are usually made by well intended residents.

### False Alarms with Good Intent by Station Cluster - Three Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	46	81	54	+ 8
North Warwickshire	94	113	111	+ 17
Nuneaton & Bedworth	191	189	185	- 6
Rugby	131	182	166	+ 35
Stratford	56	79	54	- 2
Warwick	224	242	219	- 5
<b>Total</b>	<b>742</b>	<b>886</b>	<b>789</b>	<b>+ 47</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%



## 6.3 False Alarms Malicious

False Alarms Malicious (FAM) are calls made to WFRS where there is no actual emergency, but in contrast to False Alarms with Good Intent, here the caller is aware of this. They are calls made to WFRS with the aim of misleading the emergency services into thinking there is an actual emergency when there is not.

**34%**

(29 incidents)

The proportion of FAM incidents over the 3 year period reported in the Nuneaton & Bedworth Station Cluster

**3**

The increased number of FAM incidents that the Nuneaton & Bedworth Station Cluster has reported when comparing 2019 (8) to 2017 (5)

**- 4**

The reduction in the number of FAM incidents that the Warwick Station Cluster has reported when comparing 2019 (2) to 2017 (6)

An analysis of FAM incidents over the three year period:

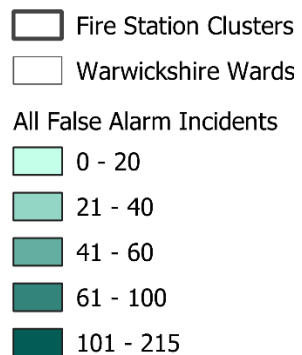
- Overall, FAM incidents increased by 12.5% (3) which follows a reduction reported in the last risk profile.
- Nuneaton & Bedworth Station cluster reported the highest proportion of incidents over the three year period (33.7%) followed by the Warwick Station Cluster (23.3%).
- The Warwick Station cluster was the only area to see a reduction in incidents (4 incidents), all other areas saw a slight increase.
- The largest increase in incidents has been seen in the Nuneaton & Bedworth Station cluster (3 incidents).

Levels have remained fairly steady over the three years and are considered to be low.

False Alarms Malicious by Station Cluster - Three Year Overview – 2017 to 2019

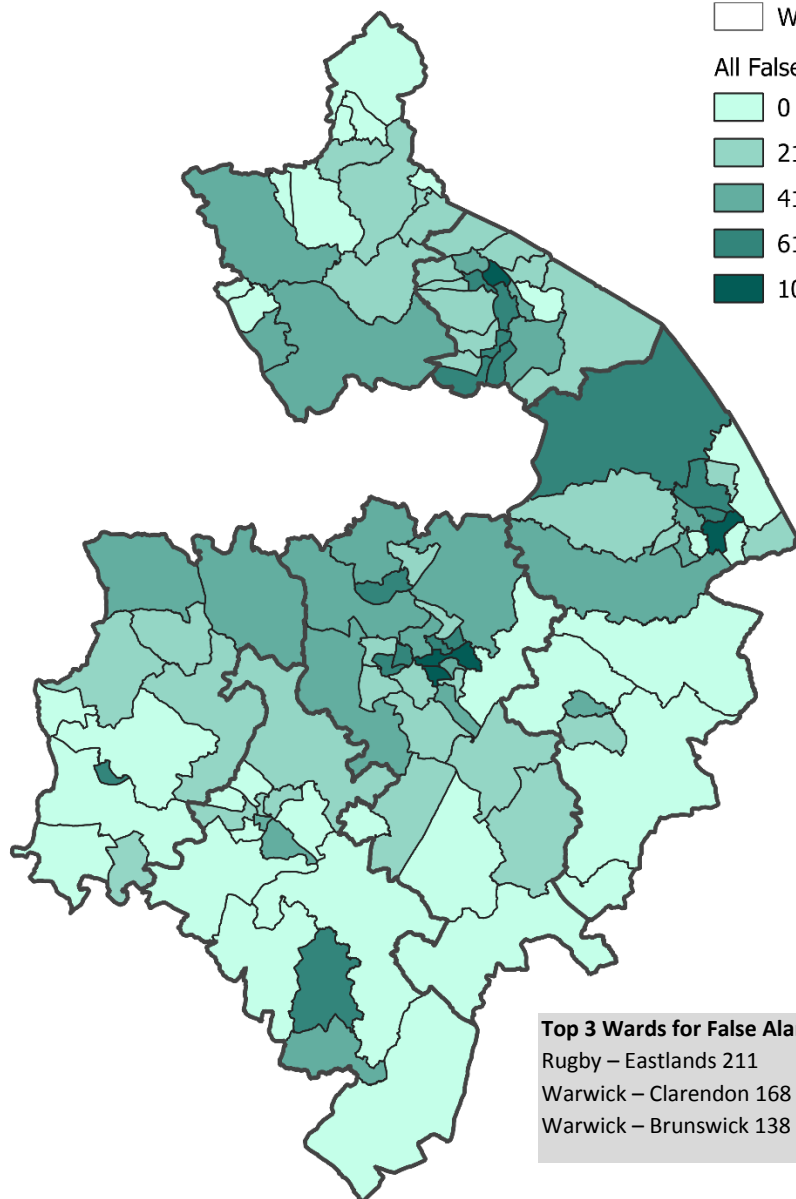
Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	2	4	3	+ 1
North Warwickshire	4	1	5	+ 1
Nuneaton & Bedworth	5	16	8	+ 3
Rugby	6	0	7	+ 1
Stratford	1	2	2	+ 1
Warwick	6	12	2	- 4
<b>Total</b>	<b>24</b>	<b>35</b>	<b>27</b>	<b>+ 3</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%



### Risks and Issues

- XXXXXXX for False Alarms



#### Top 3 Wards for False Alarm Incidents

Rugby – Eastlands 211  
Warwick – Clarendon 168  
Warwick – Brunswick 138

## 7.0 Special Services

Special Services incidents are non-fire incidents (excluding RTCs) that are attended by WFRS. They consist of incidents that require the attendance of an officer or an appliance, from domestic incidents through to major disasters (examples of these can be water rescues or stabilising unsafe structures). The attendance at these types of incidents have increased significantly over the last decade. The last report advised an increase of 41% (75 incidents) and over the last three years there has been a further increase of 46% (217 incidents).

**28%**

(486 incidents)

The proportion of Special Services incidents reported over the 3 year period in the Warwick Station Cluster






**70**

The increased number of Special Services incidents that the Warwick Station Cluster has reported when comparing 2019 (194) to 2017 (124)

**- 5**

Rugby Station Cluster was the only area to see a reduction over the three year period – from 137 in 2017 to 132 in 2019

### Top 5 Types of Attended Special Services Incident

	<b>13%</b> Flooding	46% Make safe 27% Advice only
	<b>12%</b> Assist other agencies	61% Assistance to other agencies 27% Other 10% Missing person
	<b>12%</b> Effecting entry / exit	37% For child 26% For person in distress 18% For medical case
	<b>10%</b> Other rescue / release of persons	61% Other 22% Trapped in or under machinery or other object
	<b>9%</b> Animal Assistance	33% Domestic animal 22% Livestock 18% Trapped animal

Over the last three years flooding incidents were highest type of Special Services incident call out for WFRS and was directly affected by bad weather periods. Climate change and changing weather patterns are a contributory factor to the increase in Special Service incidents and increased demand on WFRS services. WFRS remain prepared for an increase in these types of incidents and their continued training enables Warwickshire crews to be able to respond when their skills are needed. Training and development of Fire Officers is extremely important as the nature of Special Services incidents can change quite quickly and officers need to be able to adapt to changing demands.

### Special Services Incidents by Station Cluster - 3 Year Overview – 2017 to 2019

Station Cluster	Jan to Dec 17	Jan to Dec 18	Jan to Dec 19	Number Change 2019 vs 2017*
Alcester	31	34	76	+ 45
North Warwickshire	44	68	67	+ 23
Nuneaton & Bedworth	83	126	132	+ 49
Rugby	137	138	132	- 5
Stratford	49	62	85	+ 36
Warwick	124	168	194	+ 70
<b>Total</b>	<b>469</b>	<b>596</b>	<b>686</b>	<b>+ 217</b>

\*RAG based on percentage change: red an increase above 5%, green a reduction greater than 5%, amber increases or reductions within 5%

## Risks and Issues

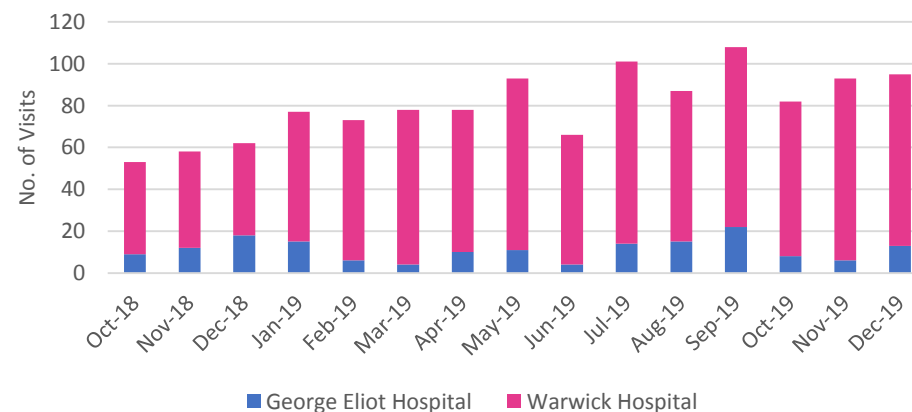
- Weather risks
- Training
- ADD HERE

## 8.0 Hospital to Home






The Hospital to Home scheme was launched by WFRS in August 2018 and is run in partnership with Public Health, Adult Social Care and the local hospitals and funded by the Better Care Fund. The aim of the scheme is to support elderly and vulnerable patients who have been treated at hospital and are well enough to get back to where they feel safe and can be supported to live independently, which could be either in their own home or to a care home. The scheme has helped to reduce the number of patients who have previously had to be admitted to hospital because they had no immediate friends or family to help the get home. Once home the patient is settled in by the Hospital to Home team and makes a referral for a Safe and Well Check. Those delivering the service are not on duty and are used on a self-rostering basis.

The scheme has been a big success in the county and has helped to strengthen WFRS' brand within the community, where crews are getting involved in a wide range of work keeping our communities safe. An analysis of the scheme so far, for the period 1st October 2018 to 31<sup>st</sup> December 2019 is below.

**Hospital to Home Visits – 1<sup>st</sup> October 2018 to 31<sup>st</sup> December 2019**



**Hospital to Home Visits – Key Statistics**

	<b>86%</b> Referrals from Warwick Hospital	<b>14%</b> Referrals from George Eliot Hospital
	<b>39%</b> 60 min response time achieved	<b>61%</b> 60 min response time <u>not</u> achieved
	<b>79</b> Safe and Well Checks were carried out at the visit	<b>395</b> Safe and Well Checks were scheduled for a crew to return
	<b>50%</b> Returned to homes in Warwick District (highest proportion of users of the service)	<b>76%</b> Of Warwick District users of the service were returned to their own home, 24% to a care home
	<b>48%</b> Of users were aged 85 years plus	<b>59%</b> Of users of the service were female

The Hospital to Home scheme has seen an increase in visits over the months since it began, with the largest proportion of the referrals being from Warwick Hospital. It is too early in the scheme to be able to see any trends in peaks and demands of the service but demand is expected to increase in light of COVID-19 pressures.

**Risks and Issues**

- In light of the recent COVID-19 situation there has been more pressure put on the scheme and at the time of writing it was anticipated that the scheme was having to adapt to a different way of working to cope with the higher numbers needing the service.
- The Hospital to Home scheme will be a crucial avenue to help identify even more vulnerable people who may not have access to other resources to report issues. For example, those suffering domestic abuse, where volunteers may notice signs of concern when returning a person home or they may be asked directly for help. Similarly it could help to identify situations of hoarding which can be linked to mental health problems.

## 9.0 Risk Management

One of the roles of Fire and Rescue Services is to protect against fire and are therefore involved in the design process of the construction of new buildings, making sure that they are designed in accordance with fire safety specifications.

### *Premises Risk*

Premises are surveyed and risk assessed by WFRS so that fire crews are familiarised with the risks associated with, and unique to, each premises. These risk assessments are distinct from fire safety inspections which are sometimes conducted during the same visit.

There are 26 criteria used to assess premises risk. These include: how a building is constructed, what it is used for, its layout and its contents (e.g. hazardous materials). For each criterion, buildings are scored as having either a low, moderate or severe level of hazard.

These scores are then tallied and a risk level is assigned to each premises. A building with up to two severe hazards is classed as a Level 1, those with between three and five severe hazards are a Level 2, and premises with more than five severe hazards are categorised as Level 3. Once they are scored, buildings are referenced with a unique number and information is gathered to support the formulation of operational strategies and tactics. In the case of Level 3 buildings operational plans are also made detailing how a fire would be dealt with in a safe and effective way, such that damage is mitigated should a fire occur. Hence, the more risk present in the building the more information provided for the support of operational plans. Across Warwickshire at May 2020 there are 155 Level 2 buildings, including building types such as hotels, hospitals and factories. There are 35 level 3 buildings in Warwickshire.

### *Heritage Risk*

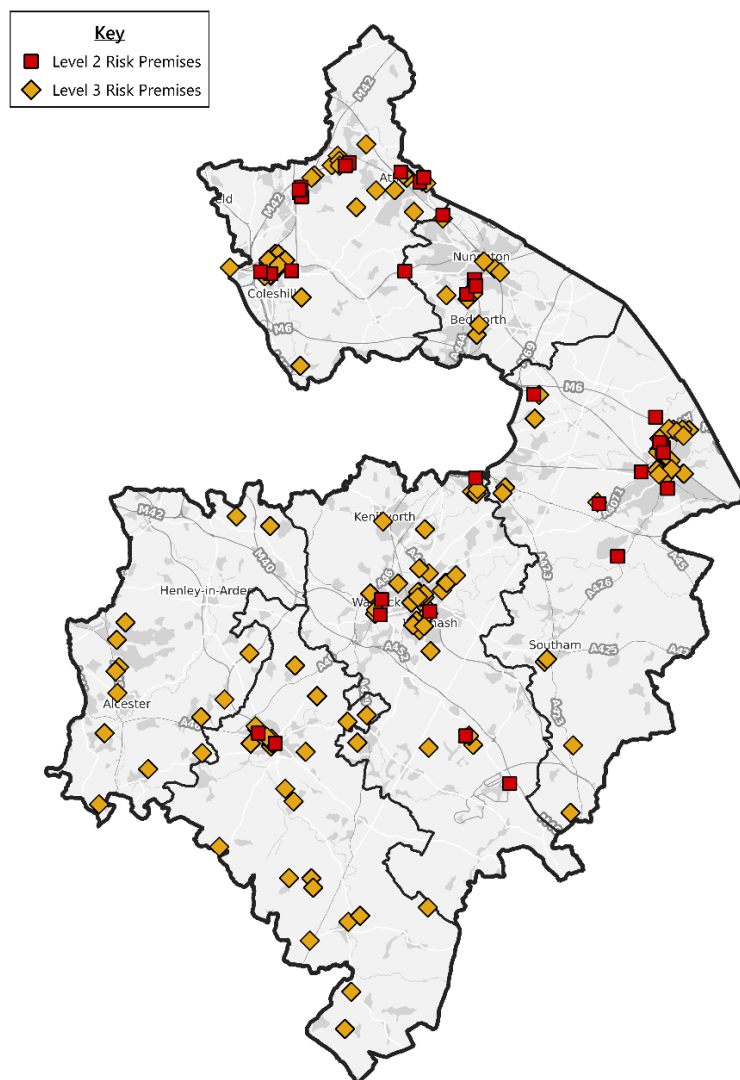
A subcategory of high risk buildings is heritage buildings. These properties are buildings that are important to the country's heritage and history, and some of them were built as far back as medieval times. This section concerns the protection of heritage properties from fire, and the management of the 'heritage risk' associated with such buildings. One of the 26 criteria used in premises risk assessments detailed previously is 'heritage' which assesses whether the building is listed, of local, national or international importance.

Heritage buildings pose a great threat to firefighter safety due to their complex layouts and old construction. They are also immensely valuable and often contain irreplaceable artefacts.

Warwickshire County is renowned for many of its historical attractions such as Warwick castle, which was originally built in 1068 and is a Level 3 risk heritage building. Heritage buildings contribute largely to Warwickshire's economy through the creation of employment opportunities as well as through the attraction of tourists from across the country.

There is legislation surrounding the responsibilities of fire and rescue authorities to manage heritage risk, and this is taken into account by the Warwickshire Fire and Rescue Service. WFRS also works with heritage building occupiers and owners to advise them on how to reduce the risk of fire. The map below shows high risk properties across the County. As detailed above, Warwickshire Fire and Rescue Service Firefighters are aware of the location of all of these properties and of their associated risks.

The map below shows Level 2 and Level 3 risk properties across Warwickshire, including both heritage and non-heritage buildings.



## Sprinklers

Automatic Fire Suppression Systems, more commonly referred to as sprinklers, are strongly championed by WFRS. Sprinklers have been proven to have up to a 99% success rate, and in the UK a death from fire has never occurred in a building fully fitted with sprinklers.

When there is a fire, sprinkler heads act as heat sensors and operate when their temperature rises to between 57 and 68 degrees, and each fire head is individually activated. This means that not all sprinklers in a building operate/ need to operate in order to control a fire. In almost 90% of cases, the activation of sprinklers is able to confine the fire to the room in which it started (room of origin).

There are benefits of installing sprinklers in a commercial or domestic building. These can be broadly classified into four categories:

1. A reduction in the number of fire fatalities and casualties.  
Sprinklers reduce fatalities and casualties from fire in a number of ways such as by allowing people to escape the building while the fire is confined and by reducing the toxicity and quantity of smoke which is the main cause of fire fatalities.
2. A reduction in property damages and a subsequent reduction in insurance costs and premiums.  
By for example restricting the fire to its room of origin, and allowing more time to evacuate, property damages in sprinklered properties have been shown to be less by between 30 and 60% than in buildings without sprinkler systems.
3. A reduction in the environmental impact of fires.  
Substantially less water is required by sprinklers to contain a fire as compared to that needed by firefighters to manually suppress a fire. They also reduce the carbon footprint of fires, by controlling and sometimes

extinguishing them altogether. Sprinklers also act to reduce the amount of this run-off water, and to reduce the requirement for the disposal of hazardous waste.

4. A reduction in incident levels attended by fire and rescue services and subsequent cost savings.

Sprinklers control fires whilst fire crews arrive at the scene of a fire meaning fewer appliances are required. Sprinklers also mean that the number of Automatic False Alarm incidents is reduced.

WFRS recognises these benefits and advocates the installation of sprinklers in non-domestic premises and in new housing developments. WFRS can continue to support sprinkler installation through working with WCC to allocate Community Infrastructure Levy funds towards the installation of sprinklers in new developments. Alternatively, WFRS and WCC could incentivise property developers to install sprinklers by granting a concession on the CIL payable on fully sprinklered buildings.

### **Water Risk**

Warwickshire is subject to flood risk from a variety of sources that include main rivers, ordinary watercourses, surface water and reservoir inundation. This risk is managed through the work of the County Council's Flood Risk Management Team.

Assessment of current flood risk is conducted by partners of the Warwickshire Local Resilience Forum who consider the likelihood and potential impact of flooding events from all sources. This assessment forms part of the Local Resilience Forum Community Risk Register and identifies both Major Local Fluvial Flooding and Major Reservoir Dam Failure as Medium to High risks within Warwickshire.

Flood response planning in Warwickshire is led by the CSW Resilience Team and is coordinated with all partners of the Local Resilience Forum to produce the Warwickshire Multi-Agency Flood Plan. The plan outlines agency responsibilities, monitoring resources, local arrangements and specific areas of risk to ensure an appropriate and coordinated response is delivered across the county in the event of widespread flooding.


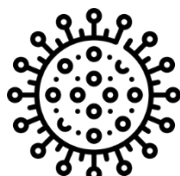
Further water risk includes the risk of a fatality due to drowning in a static body of water, for example in a reservoir or lake. WFRS undertake preventative work at key times of the year when the risk of these types of incidents are higher, with public information and safety messages being distributed.













## 10.0 Future Risk and Opportunities

This section aims to identify a number of key changes that may potentially affect WFRS' future activities and the demand on the service. The ever-changing context in which WFRS operates presents it with a number of challenges and threats, as well opportunities. This section provides an insight into factors that may impact WFRS activity in the short and long term future, such as demographic changes, organisational and legislative changes, technological advancements and environmental factors. The issues described are categorised into **PESTELO** categories: **p**olitical, **e**conomic, **s**ocial, **t**echnological, **e**nvironmental, **l**egal and/or **o**rganisational. The overall purpose of this section is to allow WFRS to take into account these various factors when planning for the future.

Risk or Issue	Description	Potential Impact on WFRS	Risk Category (PESTELO)	Impact Level and Type
<b>COVID 19 – Short term</b> 	<p>The global pandemic of COV-19 has led to an unprecedented national and local picture.</p> <p>At the time of writing this picture was still developing.</p> <p>Short-term this is impacting on all areas of life.</p>	<ul style="list-style-type: none"> <li>- Increased demand on Hospital to Home service – requiring a change in the way this one on one service is delivered to help cover a greater number of residents with less risk to WFRS officers and volunteers.</li> <li>- Firefighters being called upon to support new areas e.g. supporting health colleagues in relation to the pandemic and responding to community incidents that are outside of the usual parameters.</li> <li>- Increase in demand for the services of the Arson Reduction Team due to a possible increase in anti-social behaviour incidents and deliberate fire setting incidents due to young people not attending schools and colleges, particularly over warmer weather periods.</li> </ul>	<b>Political</b> <b>Economic</b> <b>Social</b> <b>Organisational</b>	<p>High and negative impact on service demand. There will be huge pressures on service demand and likely a reduced workforce where officers are self-isolated or ill.</p>
<b>COVID 19 – Long term</b> 	<p>Longer-term the impact will be far reaching into all parts of daily life.</p>	<ul style="list-style-type: none"> <li>- There will be a new risk profile for WFRS.</li> <li>- There will likely be a shift to working from home for employees and less people working on business premises.</li> <li>- A reduction in business premises as more employees are working remotely.</li> <li>- A potential increase in fires in the home with people having more electrical equipment at home at risk of causing a fire (it also increases the use of white goods if more people are at home for long periods).</li> <li>- A change in the role of the Firefighter. A shift to support the health services, local partners and the community. Using Safe and Well Checks to help target vulnerable people.</li> </ul>	<b>Political</b> <b>Economic</b> <b>Social</b> <b>Technological</b> <b>Environmental</b> <b>Organisational</b>	<p>High and negative impact on service demand. There will be significant pressures on service demand and likely a reduced workforce where officers are self-isolated or ill.</p>

Risk or Issue	Description	Potential Impact on WFRS	Risk Category (PESTELO)	Impact Level and Type
<b>Firefighters roles expanded</b> 	<p>Following on from COVID-19 there will be a need to expand Firefighters roles formally – with a shift to seeing officers supporting different types of community incidents (for example supporting health services).</p> <p>Officers supporting the protection of NHS services and staff.</p>	<ul style="list-style-type: none"> <li>- A shift to officers supporting health services and helping to protect the NHS. This is not statutory currently but this could change.</li> <li>- Safe and Well Checks to be expanded to assist Police and partners with intelligence gathering and targeting vulnerable individuals e.g. to help with intelligence gathering of County Lines work.</li> </ul>	<b>Political</b> <b>Economic</b> <b>Legal</b> <b>Organisational</b>	<p>High and positive impact on service demand. An opportunity to increase the community role for WFRS.</p>
<b>Hospital to Home</b> 	<p>The COVID-19 pandemic is changing the way that the Hospital to Home service works in the short-term and it is likely that this will affect it long-term.</p>	<ul style="list-style-type: none"> <li>- An increase in the number of vulnerable people being supported by the service.</li> <li>- Greater impact on officers and volunteers with a push to recruit more volunteers.</li> <li>- A change in the way the service is delivered by supporting more people with less resources.</li> </ul>	<b>Economic</b> <b>Social</b> <b>Technological</b> <b>Organisational</b>	<p>High and positive impact on service demand. The scheme is invaluable to residents and is a proactive partnership approach with the aim of reducing demands on NHS services.</p>
<b>Joint Strategic Needs Assessment – Place Based Approach</b> 	<p>The Business Intelligence team have been conducting a two year work programme of place-based needs assessments for all areas of the county. Almost all of the JSNA areas have their own needs assessments completed. The key themes emerging are:</p> <ul style="list-style-type: none"> <li>- mental health and wellbeing</li> <li>- loneliness and social isolation</li> <li>- long-term health and disability</li> <li>- obesity or being overweight</li> </ul>	<ul style="list-style-type: none"> <li>- The needs assessments have identified priority needs across the JSNA areas which link to some wider themes for Warwickshire. Several of the themes link to WFRS activity:</li> <li>- An increase in incidents that are suicide related or linked to mental health issues that need WFRS support, of particular concern is that fire related suicides may increase.</li> <li>- An increase in incidents for call outs to people that are obese that need rescuing from their home or from an incident.</li> <li>- An increase in accidental incidents where social isolation is an issue, particularly for older people.</li> </ul>	<b>Political</b> <b>Economic</b> <b>Social</b> <b>Environmental</b> <b>Organisational</b>	<p>High and positive impact on service demand. A proactive partnership approach to support and protect the most vulnerable in our communities will improve outcomes for residents and reduce the demand on WFRS services.</p>
<b>Ageing Population</b> 	<p>An ageing population who are living an increasing number of their later years in poor health will impact on health and social care services. Dementia, diabetes, musculoskeletal diseases and mental ill health are all areas that are likely to have greater impact on health services.</p>	<ul style="list-style-type: none"> <li>- Older people are amongst the most vulnerable groups to fire and are considered more at risk of an accidental home fire. Mobility issues can impact on a person's ability to react quickly to a fire or escape from a property. There are also mental health issues which come with old age, such as dementia, which can increase the risk of accidentally starting a fire or being a fatality.</li> <li>- An ageing population means an increase in the number of vulnerable residents in the community. WFRS will need to adapt their preventative work around Safe and Well Checks to accommodate a growing number of people.</li> </ul>	<b>Political</b> <b>Economic</b> <b>Social</b> <b>Organisational</b>	<p>High and negative impact on service demand. An ageing population will place significant pressures on public services.</p>

		<ul style="list-style-type: none"> <li>- Partnership work will be a focus in order to help reduce the risk of accidental fires in the home.</li> </ul>		
<b>Population growth and new housing developments</b>  	<p>A growing number of households, residents and employees in Warwickshire will increase demand on infrastructure (e.g. roads, schools, social housing) and services (e.g. social care, waste management). New housing developments are common sights across Warwickshire.</p>	<ul style="list-style-type: none"> <li>- An increasing population will impact on WFRS and health services with more demand for services, particularly for older people where the largest population growth is set to be seen (50 plus).</li> <li>- An increased risk of accidental home fires.</li> <li>- Increased traffic on the roads, particularly at peak times, with a risk of increasing road traffic accidents.</li> <li>- Roads will become busier resulting in more congestion on the roads and reduced air quality. Developments in self-driving cars and trucks, and improved battery technology leading to more electric or hybrid cars may offer solutions.</li> <li>- More infrastructure will need to be put in place for new housing stock, for example the installation of fire hydrants to ensure water supplies are close by in the case of a fire.</li> <li>- A need to support people living healthy and longer lives in their own home – a partnership approach supported by all agencies to reduce the demand on services.</li> <li>- To tailor services to diverse communities based on their preferences.</li> </ul>	<b>Political</b> <b>Economic</b> <b>Social</b> <b>Technological</b> <b>Environmental</b> <b>Legal</b> <b>Organisational</b>	<p>High and negative impact on service demand. An increasing population will place significant pressures on public services and WFRS will have to adapt to these changing and diverse communities.</p>
<b>Poverty and Deprivation</b>  	<p>Unemployment and poverty are expected to increase during the COVID-19 pandemic. Many businesses will collapse and people will lose their jobs. The full extent of this may not be felt for some time.</p>	<p>Unemployment, poverty and deprivation are all factors that impact on WFRS' services – the Nuneaton &amp; Bedworth area being the area with the highest levels.</p> <ul style="list-style-type: none"> <li>- An increase in deliberate fire setting, linked to anti-social behaviour where the highest levels are in Nuneaton &amp; Bedworth Borough.</li> <li>- An increase in alcohol and drug linked incidents, particularly accidental fires where victims are unable to respond quickly.</li> <li>- An increase in fires for vulnerable groups, including older people living in poverty living in poor housing.</li> </ul>	<b>Economic</b> <b>Social</b>	<p>High and negative impact on service demand. It is impossible to predict the scale of this following the COVID-19 pandemic.</p>
<b>HS2</b>  	<p>A new high speed railway will connect London, Birmingham, Manchester and Leeds, cutting through Warwickshire. It is expected to carry 300,000 passengers per day when fully operational.</p>	<p>Increases in the number of new home developments and an increase in the number of people living within Warwickshire, impacting directly on WFRS resources across all incident types. In particular an increase in people will lead to more people travelling on the roads, an increase in the number of road traffic collisions and there will be more people at risk of a home fire.</p> <p>There is the risk of a train derailment or serious incident within Warwickshire which would have a large impact on resources in its response.</p>	<b>Economic</b> <b>Social</b> <b>Technological</b> <b>Environmental</b>	<p>High and negative impact on service demand. An increasing population both living in and travelling within Warwickshire will place significant pressures on public services. WFRS will have to review the way they deliver services in order to respond to higher levels of incidents being reported.</p>

<p><b>Climate change</b></p> 	<p>By 2025 action on climate change will be advancing and include measures such as better insulation of buildings, less use of fossil fuels, more use of green electricity, local schemes to generate electricity and offsetting of carbon through initiatives like tree planting.</p>	<p>Climate change will likely impact on WFRS by an increase in special services incidents and rescue incidents, in particular where flooding is involved.</p> <p>Changing weather patterns can also lead to hotter, drier periods which can increase incidents of outdoor fires and deliberate small fire setting.</p> <p>A requirement to be flexible to respond to a changing need and an investment in suitable equipment e.g. water rescue specialist equipment.</p> <p>Training is key to fire officers being able to respond safely and effectively to incidents</p>	<p><b>Environmental</b></p>	<p>High and negative impact on service demand. Climate change is likely to increase special services incidents.</p>
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Also to consider:

BREXIT

## 11.0 Summary and Conclusions

Forming the evidence base for the Integrated Risk Management Plan, this document analyses attended incident levels by WFRS between January 2017 and December 2019 (3 years). Divided into 5 main categories (Primary Fires, Secondary Fires, False Alarms, RTCs and Special Services), current and emerging trends have been identified where possible. Recommendations have been made, and emerging risks and issues identified that may affect WFRS in the years ahead.

As mentioned at the start of the document, the COVID-19 situation is changing the risk profile for Warwickshire and WFRS need to be responsive to the challenges it brings. There is an evolving role for fire in providing a community response in supporting its residents, with a greater focus on prevention, and this will be a focus for the IRMP in future years.

The central themes of this risk profile are as follows:

- WFRS continues to respond appropriately to service demand, responding and adapting flexibly to evolving pressures, in particular adapting to the challenges that the current COVID-19 situation brings.
- WFRS adopts an expansive proactive and preventative agenda, engaging with communities, particularly those who are vulnerable, across the county to raise awareness and appreciation of personal resilience and safety.
- WFRS continues to work successfully with a range of agencies, such as the Police and Local Authorities, working in partnership where possible to collaborate on keeping Warwickshire residents safe from harm;
- Protocols, policies and supporting systems need to continue to be reviewed regularly, reflecting changing need and demand.

It is important that WFRS does not operate in isolation and uses the resources that being part of the wider County Council offers. WFRS needs to respond appropriately to broader challenges, notably pressures of austerity and the increasing need to operate with greater efficiency and less resources.

Looking ahead, uncertainty will likely remain. It is important that the IRMP process is a live process that can easily adapt and respond to a changing national and local climate. WFRS remains in a strong position to respond to these challenges, notably due to their proactive and preventative approach to existing pressures, enhancing skill-sets and community resilience.

## Warwickshire Fire and Rescue Service IRMP Annual Review 2019 - 20

### Looking Back at What We have Achieved

Each year, we develop an action plan that supports our overarching IRMP proposals. This helps us deliver continuous improvement.

Last year, we identified these actions. We said we would:	We are proud to say:
<b>Identify further opportunities to develop collaborative working with other blue light services to enhance efficiency, effectiveness and public safety.</b>	<p>We introduced new command and control software in our Fire Control which improved our management of emergency incidents and enabled us to provide a robust back up with Northamptonshire, our neighbouring Fire and Rescue Service.</p> <p>We are progressing the development of new training facilities at four sites across Warwickshire, including breathing apparatus training and water rescue training facilities at Lea Marston in partnership with the Environment Agency.</p>
<b>Continue to review the number, location and resourcing of our fire stations and fire engines.</b>	<p>We are continuing to review our fire station locations across the County to ensure that we respond to emergencies as quickly as we can. Because we know how important this is to you, we asked an independent third party to check and confirm our work.</p> <p>We are providing an additional fire station in Rugby in response to the changing community risk of the area, and we have secured funding from the developers to help pay for the new fire station.</p> <p>We took delivery of a brand new aerial fire appliance in October 2019 which is designed to provide easy access to high rise properties, even in narrow streets.</p>
<b>Maximise the flexibility and utility of our workforce.</b>	<p>We are continuing to work with our wholetime staff to develop flexible ways to work to make sure that we continue to provide consistent and robust levels of service across the County, including providing additional support for stations on the Day Crewing Plus duty system.</p> <p>In the last year we have recruited 15 new wholetime firefighters on flexible crewing contracts and 14 on-call firefighters.</p>

	<p>We have changed our senior management structure to include both uniformed and non-uniformed staff, which has given us greater flexibility and enabled us to make the best use of the skills and experience of the people that work for us.</p>
<p><b>Develop the use of emerging technology.</b></p>	<p>We are part of the national Emergency Services Network programme to provide a replacement communications system that will ensure we can communicate effectively with other fire and rescue services, blue light services and responding agencies using the latest digital technology.</p> <p>The latest Microsoft computer software (Microsoft 365) has been rolled out across the Service to improve internal and external communications and staff flexibility.</p> <p>We have introduced live video links at incidents which can be viewed remotely to ensure we are doing everything we can as safely as possible to deal with the incident.</p>
<p><b>Use our capacity to improve wider community health and social care outcomes.</b></p>	<p>We have successfully launched a hospital to home service, which has enabled us to deliver prevention advice and conduct safe and well checks for our most vulnerable residents and helped reduce pressure and impacts on hospitals. This has been even more important during the Covid 19 pandemic where our staff supported the national effort to protect the NHS.</p> <p>We are working closely with our partners to ensure that we continue to reach and support our most vulnerable residents.</p>
<p><b>Deliver continuous improvement activity as identified through the HMICFRS inspection programme</b></p>	<p>Our HMICFRS inspection took place in July 2018 and we were judged 'Good' overall.</p> <p>Based on the recommendations in the HMICFRS report, we have</p> <ul style="list-style-type: none"> <li>• Recruited more staff to work in our Fire Protection department to deliver a risk based inspection programme</li> <li>• Reviewed our recruitment practice to better target under-represented groups</li> <li>• Developed our understanding of diversity</li> <li>• Engaged and consulted with our communities</li> </ul>





**WARWICKSHIRE**  
FIRE & RESCUE SERVICE

## Warwickshire Fire and Rescue Service

# Statement of Assurance

2019/20

## **Contents**

1. Foreword
2. Introduction
3. Legal and Statutory Responsibilities
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7. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services  
(HMICFRS)
8. Conclusion

## **1. Joint Foreword from Councillor Andy Crump and Chief Fire Officer Kieran Amos**

Warwickshire Fire and Rescue Service (WFRS) is a County Council Fire and Rescue service, which discharges fire and rescue functions on behalf of Warwickshire County Council (WCC) - which is the Warwickshire Fire and Rescue Authority (WFRA).

WFRS is integrated within the portfolio of services delivered to the community by WCC, and as such this brings a range of benefits to the performance and statutory compliance of the Fire and Rescue Service.

We are pleased to provide our local communities with this Statement of Assurance on financial, governance and operational matters, and confirm that WFRA continues to meet the statutory duties of the Fire and Rescue Services Act, Regulatory Reform (Fire Safety) Order, Civil Contingencies Act and the Fire and Rescue National Framework for England.

The Statement of Assurance has due regard to the expectations set out in the Warwickshire Fire and Rescue Integrated Risk Management Plan (IRMP) 2017 - 2020 and its annual action plans.

We are currently developing our proposals for the IRMP 2020 – 2025, which will support WCC's 2020 - 2025 Council Plan and will be subject to an 8-week consultation process in September 2020.

We are proud of our achievements in the last 12 months, and in particular our response to the Covid-19 pandemic and the way in which we supported the most vulnerable members of our community by being there when they needed us most. This has been achieved alongside the ongoing delivery of our key strategic projects.



**Andy Crump**  
**Cabinet Member for Fire and Community**  
**Safety**



**Kieran Amos**  
**Chief Fire Officer**

## **2. Introduction**

We are required to publish an annual 'Statement of Assurance' as part of the Fire and Rescue National Framework for England. The Framework states that for the relevant year, the Authority must provide assurances to their community and to government on financial, governance and operational matters, and must have had regard to the National Framework and it's IRMP.

## **3. Legal and Statutory Responsibilities**

### Fire and Rescue Services Act 2004

The Fire and Rescue Services Act 2004 sets out the duties and powers of fire authorities. The Fire and Rescue Authority has a number of core functions:

- To promote fire safety, including the provision of information and publicity on steps to be taken to prevent fires, and to give advice on fire prevention and escape planning from buildings in case of fire
- Extinguishing fires and protecting life and property in the event of fires
- Responding to, and rescue of people from road traffic collisions (RTCs) and protecting people from serious harm in the event of RTCs
- To deal with emergencies, other than fires and road traffic accidents

### Civil Contingencies Act 2004

The Civil Contingencies Act 2004 (CCA) places duties on Category 1 Responders – WFRS is a Category 1 responder. The Act calls for a Local Resilience Forum (LRF) to be established of which WFRS is a member. The Forum ensures that there is an appropriate level of preparedness to enable an effective multi agency response to emergencies which may have a significant impact on communities.

The LRF is a partnership consisting of representatives from Police, Local Authorities, Fire, Ambulance, Environment Agency, Health, Military, Utility companies and Transport companies. The Act requires Category 1 Responders to maintain plans for:

- Preventing emergencies
- Reducing, controlling or mitigating the effects of emergencies
- Taking other action in the event of emergencies

These plans are drawn from risk assessments and have regard for the arrangements to warn, inform and advise the public at the time of an emergency.

### Fire Safety Regulatory Reform Order 2005

WFRS enforces the following fire safety legislation on behalf of the Fire and Rescue Authority:

- The Regulatory Reform (Fire Safety) Order 2005
- Health and Safety at Work Act 1974
- The Dangerous Substances (Notification and Marking of Sites) Regulations 1990
- The Health and Safety (Safety Signs and Signals) Regulations 1996
- The Construction (Design and Management) Regulations 2007

### Fire & Rescue National Framework for England

#### Integrated Risk Management Plan:

The IRMP fulfils the requirements of the Fire and Rescue National Framework for England, which sets out the government's expectations for all fire and rescue services. The framework recognises that fire and rescue services are best placed to identify, plan, prepare for and address the risks within the communities they serve. The IRMP 2017-2020 is the strategic document that informs the 2019-20 Statement of Assurance and can be viewed by clicking on the link below:

[Warwickshire Fire and Rescue IRMP 2017-2020](#)

The IRMP demonstrates how we assess and manage foreseeable risks within all our communities. It allows us to ensure that Warwickshire remains a safe place to live and work and describes what additional actions we intend to take to keep our communities safe.

We are currently developing the IRMP 2020-2025 which sets out our proposals for the next five years and will be subject to a public consultation process beginning in September 2020.

## **4. Financial Assurance**

We place a great deal of emphasis on ensuring that our financial management arrangements meet the highest standards.

This is discharged through a number of key processes as follows:

- The annual statement of accounts is produced in line with the accounting codes of practice, it is scrutinised by independent governance, audit and scrutiny committee, approved by WCC and audited by auditors prior to publication.
- Monthly management team accounts are produced and reported back to the corporate finance and management teams.
- Independent external audit review is given annually to ascertain whether the Service is providing value for money.

Link to WCC's annual statement of accounts:

<https://www.warwickshire.gov.uk/directory-record/6071/2019-20>

## **5. Governance Assurance**

The Fire and Rescue Authority has an approved code of governance in accordance with WCC governance arrangements.

Links to the constitutions of WCC:

<https://www.warwickshire.gov.uk/constitution>

An annual governance statement is produced by WCC explaining how WCC has complied with the code of corporate governance and also meets the requirements of the regulation 4(3) of the accounts and audit (England) regulations 2011.

Link to the annual governance statement:

<https://i.warwickshire.gov.uk/annual-governance-statement-2017-18>

## **6. Operational Assurance**

We are a key member of the Local Resilience Forum and have been instrumental in co-ordinating and implementing a countywide response to Covid-19, including working closely with partners to protect the NHS and Social Care.

Mutual aid arrangements are in place with other services to provide resilience for large scale or complex incidents where additional resources need to be called on. We actively contribute to national resilience and make our assets available to support national emergencies where required.

Performance reports are presented to and scrutinised by the WCC Resources and Fire Overview and Scrutiny Committee (OSC). The final 2019/20 performance report will be presented at the September 2020 OSC meeting.

We continue to strive to achieve a high level of performance against key community safety indicators and have experienced a long-term reduction in fires compared to a decade ago. In the short term, the number of accidental house fires in 2019 has reduced when compared to the previous year, however these incidents remain a focus for us.

There is a mixed picture when looking at fire related deaths and injury. In 2019/20 there was a reduction in the number of fire related deaths but an increase in the number of injuries when compared to the previous year. Historically levels of fire related injuries in Warwickshire have remained low and when compared nationally we are one of the best performers for this measure.

We investigate every single fire death and monitor levels and types of fire related injury to better understand any underlying factors to prevent further deaths and injuries.

The percentage of time the first appliance arrived at life risk or property incidents within 10 minutes has improved compared to the previous year, however it remains below the target. We continue to deploy staff flexibly in order to provide optimum

crewing and provide targeted prevention activity in those communities where it is difficult to reach within 10 minutes.

The IRMP 2020 - 2025 will build on the progress we have made to ensure our staff and fire stations are in the right locations at the right times to improve our emergency response times and to deliver targeted prevention activities.

## **7. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)**

We were inspected during July 2018 and were graded as good in two out of the three areas reviewed by HMICFRS. The inspection focused on three main areas; how effective and how efficient we are and how well we look after our people.

The report, which was published on 20<sup>th</sup> December 2018, acknowledged that our overall efficiency and effectiveness is good. This means that we assess the full range of foreseeable fire and rescue risks our community face, prevent fires well, and respond promptly to emergencies, with the right skills and equipment to deal with the incident effectively.

We take our responsibility for staff wellbeing seriously and demonstrate a willingness to learn and improve. The role of our Arson Reduction Officer, and our close working with the Police and colleagues in Adult Social Care and Public Health are particularly successful elements of our community safety strategy. We conduct regular fire safety checks and work with local businesses to make sure they meet fire regulations. Enforcement activity is undertaken when necessary.

A second inspection by HMICFRS was planned for March 2020 however due to the Covid-19 pandemic the inspection will now take place in 2021.

The full HMICFRS 2019 inspection report is available via the following link:

<https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/warwickshire-fire-and-rescue-service-report-2018-19.pdf>

An annual customer service excellence audit was conducted in January 2020 and we were highly commended.

Links to the WCC One Organisational Plan and customer service audit report:

<https://www.warwickshire.gov.uk/businessplan>

<https://www.warwickshire.gov.uk/audit>

## **8. Conclusion**

Over the last 12 months we have met and in some areas exceeded our legal responsibilities through the Fire and Rescue National Framework, striving for

continuous improvement to meet the changing risk and vulnerability and the needs and expectations of the communities we serve.

Signed

.....  
**Andy Crump**  
**Cabinet Member**  
**for Fire and Community Safety**

.....  
**Kieran Amos**  
**Chief Fire Officer**





# WARWICKSHIRE FIRE AND RESCUE

## IRMP SURVEY RESULTS 2020

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**Author: Matthew Wand**

**Date published: December 2020**

**Report produced by Business Intelligence, Commissioning Support Unit**

## BACKGROUND

Warwickshire Fire and Rescue Service (WFRS) requested Warwickshire residents' views on the following five proposals for their Integrated Risk Management Plan (IRMP) for the next five years (2020-25).

1. Ensure our workforce and ethos reflect the diverse communities we serve.
2. Assess our capabilities to improve our ways of working in response to any future pandemics.
3. Assess our overall resource capacity to ensure our personal and physical assets are in the right place and at the right time to deliver our statutory duties.
4. Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS.
5. Implement digital solutions to enhance our service delivery.

The IRMP demonstrates how WFRS assess and manage foreseeable risks within all its communities. It ensures that Warwickshire remains a safe place to live and work and describes what additional actions are intended to be taken between 2020-25.

A public consultation was run from 14th September to 6th November 2020. The primary means of feeding back was via an online survey designed by the Continuous Improvement and Change team. This was available using the Citizen Space platform on <https://ask.warwickshire.gov.uk/>. Paper copies of the survey or provision in an alternative format could be requested by telephone or email. People were also able to respond to the consultation directly by email or in writing. It is worth noting an alternative format was not requested, an email response was received however by Royal Leamington Spa Town Council (See Appendix 1, page 22).

*See Appendix 2 (separate document) for verbatim comments to the open-ended questions within the survey.*

The survey was also promoted through several outlets including the WFRS Facebook page, Twitter, Instagram and the Warwickshire Weekly News newsletter; a paid advert was created for Social Media. In addition, it was shared internally through Fire Matters, the Intranet and the W4W Magazine. The Equality, Diversity and Inclusion team developed a marketing media clip for the IRMP which officers from the Fire Service departments took part in. Due to Covid-19 no volunteers were used on this occasion.

The feedback will inform WFRS on respondents' views on the Fire Authority's vision and priorities for the next five years (2020-25). It will also aid the IRMB (Integrated Risk Management Board) in identifying and carrying out evidence-based decisions.

## METHODOLOGY

In order to gather the views of Warwickshire residents, an online survey was available on Ask Warwickshire using the Citizen Space platform.

This report is structured in three main sections. First, the key messages from the analysis on the IRMP Survey results. The main section of the report presents the results from the survey which includes more detail than the supplementary infographic. Following this, the third section contains any interesting findings that arose from the cross-tabulation analysis carried out. The final section focuses on general observations gained from the survey results, to aid evidence-based decision for the IRMB.

There will be example quotations for illustrative purposes included throughout this report, so that examples of respondents' views can be seen.



## KEY MESSAGES

- The IRMP survey received a total of 163 responses, all received online.
- Proposal 3 (Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties) was the most agreed with proposal, with 93% agreeing, or strongly agreeing with it.
- No respondent stated Proposals 3 and 5 as being 'Not at all important'.
- Nearly one quarter (22%) of respondents disagreed, or strongly disagreed, with Proposal 1 (Ensure our workforce and ethos reflect the diverse communities we serve), thus making it the least popular proposal.
- Over two thirds (72%) stated the five proposals would help the WFRS prepare for fire related risks and issues over the next five years, opposed to 9% who did not believe this, leaving 18% unsure.
- Over half (60%) of respondents were the general public, with 21% of all respondents stating they currently or previously worked for the Fire Service.
- All districts/boroughs bar Warwick District were under-represented when comparing where the survey respondents resided to the 2019 population estimates for these areas.
- Over four fifths (83%) of respondents were of White ethnicity, 7% being of a Black, Asian and Minority Ethnic (BAME) background whilst the remaining 10% stated 'Prefer not to say' / left the question unanswered.
- Nearly half (46%) identified their religion or belief as Christian, followed by 36% stating they had no religion.
- Nearly half (46%) of respondents were aged 45-59 years, followed by 22% aged 60-74 years.
- Most of the 46 further comments praised the WFRS for their services (n=36).

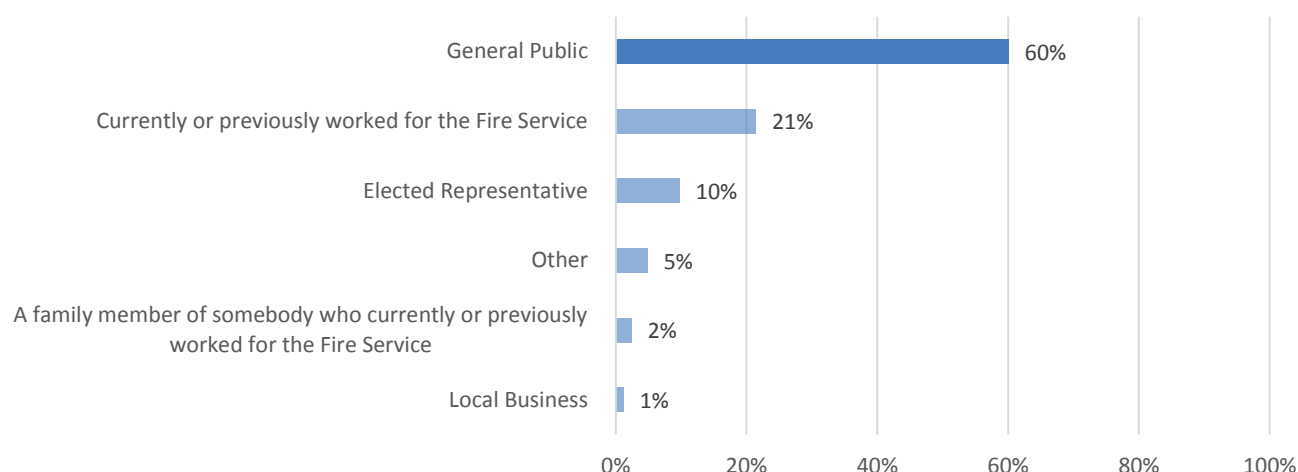


## WFRS STAFF SURVEY – SURVEY ANALYSIS

### ABOUT RESPONDENTS

Respondents were asked to identify which statement best described them, and asked which Warwickshire district or borough they lived, or worked in; the results of this are presented in Table 1 & Table 2.

**Table 1. Description**



The figures in Table 1 indicate that over half of all respondents (60%, n=98) who completed the survey described themselves as the General Public. This is followed by 21% (n=35) who stated that they currently or previously worked for the Fire Service and 10% (n=16) stated they were an Elected Representative. The remaining 8% (n=14) of respondents were made up of other, a family member of somebody who currently or previously worked for the Fire Service and local business.

**Table 2. Residence**

The Warwickshire district or borough where you live, or work, if you are responding on behalf of an organisation	Survey respondents (% / No.)	2019 mid-year population estimates <sup>1</sup> (%)
Warwick District	34% (n=55)	24.9%
Stratford-on-Avon District	18% (n=30)	22.5%
Rugby Borough	17% (n=27)	18.8%
Nuneaton and Bedworth Borough	15% (n=24)	22.5%
North Warwickshire Borough	9% (n=15)	11.3%
Outside Warwickshire	4% (n=6)	n/a
Work Countywide	4% (n=6)	n/a
<b>Total</b>	<b>163</b>	<b>577,933</b>

In addition to stating their current role, respondents were asked to specify which district or borough they live, or work (if they were responding on behalf of an organisation). Table 2 indicates that one third (34%, n=55) of respondents resided in Warwick District, which is disproportionate to the ONS mid-year 2019 population estimates for this area (24.9% of Warwickshire's total population lived in Warwick District). However, whilst the mid-year estimates suggest Nuneaton and Bedworth Borough is home to 22.5% of Warwickshire's total population, the survey results show that 15% (n=24) of all respondents to this survey lived in this borough. This



is similar for those in Stratford-on-Avon District (18% of survey respondents, 22.5% of Warwickshire's population), North Warwickshire Borough (9% of survey respondents, 11.3% of Warwickshire's population) and Rugby Borough (17% of survey respondents, 18.8% of Warwickshire's population). This suggests that all districts/boroughs bar Warwick District were under-represented when comparing where the survey respondents resided to the 2019 population estimates for these areas.

The online survey also asked respondents to complete information regarding equality and diversity at the end of the survey. The results of this are set out in Table 3 on pages 20-21 of this report.

## THE FIVE PROPOSALS FOR 2020-25

This section of the report focuses on the series of questions respondents were asked on the five proposals; each proposal had a page to itself on the survey. The results are representative of respondents' views during the time the survey was live (between 14<sup>th</sup> September and 6<sup>th</sup> November 2020).

Respondents were asked three questions around each proposal – to what extent do they agree with the proposal, how important it was to them and if there are any considerations WFRS should consider when developing it. Through a six-point scale, respondents were asked to rate the extent they agreed with the proposal, along with how important it was to them. Respondents were asked to elaborate on the reason for their given rating for each of these two questions via a free text field.

### Proposal 1: 'Ensure our workforce and ethos reflect the diverse communities we serve'

**Figure 3. To what extent do you agree with the proposal 'Ensure our workforce and ethos reflect the diverse communities we serve'?**

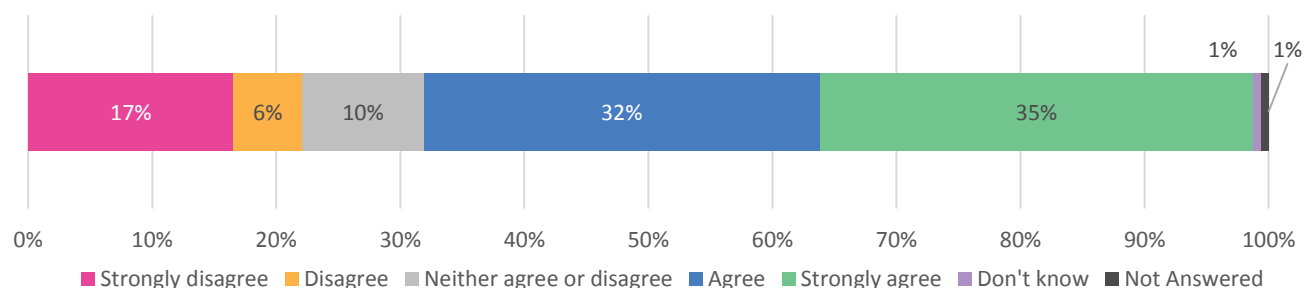


Figure 3 shows the breakdown to the extent the 163 respondents agreed with Proposal 1: 'Ensure our workforce and ethos reflect the diverse communities we serve'. For analysis, the responses have been grouped, and referred to, as agree, or strongly agree, neither agree or disagree, disagree, or strongly disagree, don't know and not answered. Over two thirds (67%, n=109) of respondents stated they agreed, or strongly agreed, with Proposal 1, compared to 22% (n=36) who disagreed, or strongly disagreed. In addition, 10% (n=16) of respondents neither agreed nor disagreed, 1% (n=1) stated they 'don't know' whilst 1% (n=1) did not answer the question.

In addition to this ranking, respondents were asked to give a reason for their answer through a free text box provided. There were 78 qualitative responses from this question; a higher proportion of respondents (72%,



n=26) who disagreed, or strongly disagreed, elaborated on their rating, compared to those who agreed, or strongly agreed (39%, n=42) with this proposal.

The top three themes referred to: ensuring the right person for the job, reflecting our general population and being inclusive of all. For those 36 respondents who disagreed, or strongly disagreed, with the proposal the recurring theme was ensuring the right person for the job (n=14); this theme was also the reason for 6 respondents neither agreeing or disagreeing with this proposal. It is worth noting that several respondents stated they agreed with the statement so long as it does not result in positive discrimination. Respondents who agreed, or strongly agreed, with this proposal stated reasons such as reflecting our general population (n=8) and being inclusive of all (n=7).

#### Example quotations for illustrative purposes:

- *“Regardless of race or gender, Warwickshire should recruit for the most competent people for the job role.”* (Ensuring the right person for the job - Disagree)
- *“My community is mainly white. However I would like to see diversity that reflects the ethnic make up and genders of the U.K.”* (Reflecting the general population - Disagree)
- *“I believe our service should reflect all representatives of the communities we serve.”* (Being inclusive of all - Agree)

**Figure 4. How important to you is it that the Fire Service ‘Ensure our workforce and ethos reflect the diverse communities we serve’?**

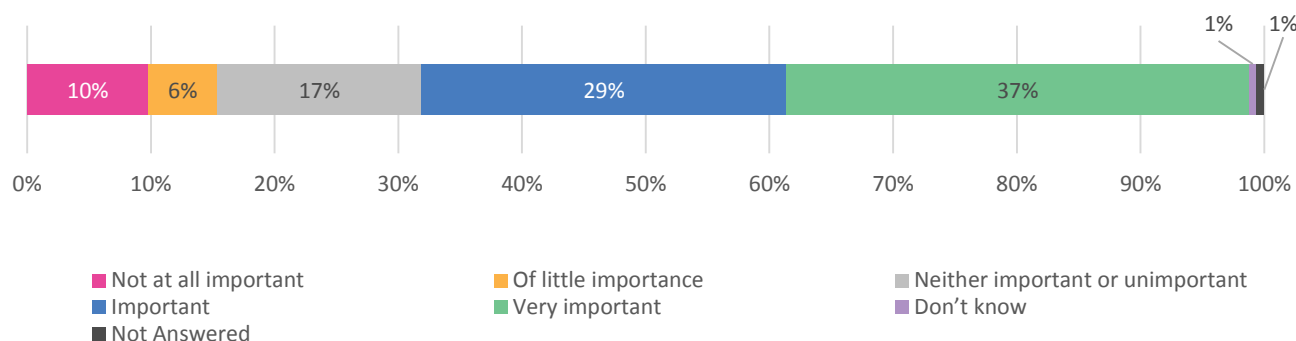


Figure 4 shows the breakdown to the importance the 163 respondents stated Proposal 1 was: ‘How important to you is it that the Fire Service ‘Ensure our workforce and ethos reflect the diverse communities we serve?’’. For analysis, the responses have been grouped, and referred to, as important, or very important, neither important or unimportant, of little importance, or not at all important, ‘don’t know’ and not answered. Over two thirds (67%, n=109) of respondents stated Proposal 1 was important, or very important to them, compared to 15% (n=25) who stated it was of little importance, or not at all important. In addition, 17% (n=27) of respondents felt it was neither important or unimportant, 1% (n=1) stated they ‘don’t know’ whilst 1% (n=1) did not answer the question.

In addition to this ranking given, respondents were asked to give a reason for their answer through a free text box provided. There were 66 qualitative responses from this question; a higher proportion of respondents (68%, n=17) who stated this proposal was of little importance, or no importance at all, elaborated on their rating, compared to those who stated it was important, or very important (39%, n=42).

Of those 42 respondents who elaborated on why Proposal 1 was important, or very important to them, the top themes were around reflecting the community to understand it (n=11), WFRS represent the community (n=8)



and community engagement (n=5). For those respondents who stated Proposal 1 was of little importance, or no importance at all, the main reasons given were it is not applicable for the job (n=8) and it is about ensuring the right people for the job (n=8). It is worth noting that respondents who felt this proposal was important, or very important, also echoed that it is about the right people for the job.

Example quotations for illustrative purposes:

- *“When you are setting strategy and direction it is again essential these are measured and reflective of our communities. Having a diverse workforce will enable a rounded perspective.”* (Reflecting the community to understand it - Important)
- *“We are a diverse nation and if the fire service doesn’t reflect that, it can’t be as effective or as supportive.”* (WFRS to represent the community - Important)
- *“I don’t honestly see how colour or race makes a difference as to how they perform their work.”* (Not applicable for the job – Not important)

Respondents were also asked to provide comments that WFRS should consider when developing this proposal, to which 44 respondents provided their views. Overall, the responses were varied, however the most frequent comment themed around ensuring the right person for the job (n=10); respondents stated positive discrimination should not be encouraged. Other considerations respondents commented on were around youth recruitment and promotional material for recruitment/showcasing diversity. Additionally, it was mentioned to consider staff’s recommendations and training in general.

### Proposal 2: ‘Assess our capabilities to improve our ways of working in response to any future pandemics’

**Figure 5. To what extent do you agree with the proposal ‘Assess our capabilities to improve our ways of working in response to any future pandemics’?**

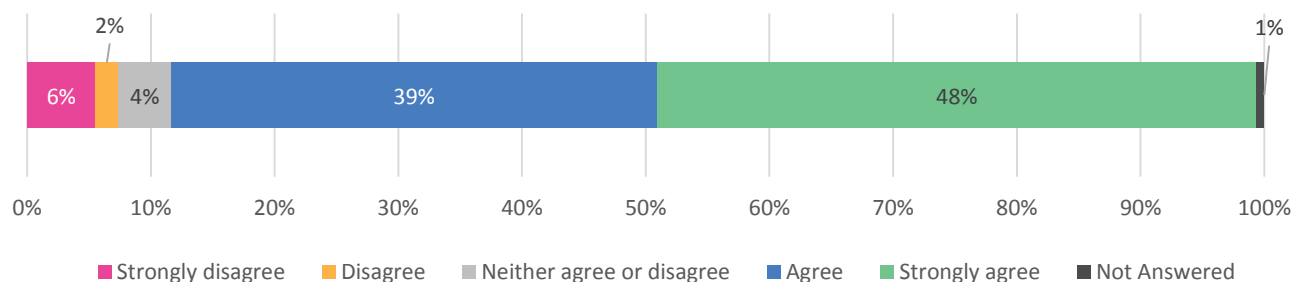


Figure 5 shows the breakdown to the extent the 163 respondents agreed with Proposal 2: ‘Assess our capabilities to improve our ways of working in response to any future pandemics’. The majority (88%, n=143) of respondents stated they agreed, or strongly agreed, with Proposal 2, compared to 7% (n=12) who disagreed, or strongly disagreed. In addition, 4% (n=7) of respondents neither agreed nor disagreed, whilst 1% (n=1) did not answer the question.

In addition to this ranking given, respondents were asked to give a reason for their answer through a free text box provided. There were 62 qualitative responses from this question.

Most comments were from respondents who agreed (n=53), compared to those who disagreed (n=8) with Proposal 2. For those who agreed, or strongly agreed, the most prevalent reasons were around supporting vulnerable residents (n=12). Closely following this was the reason that future pandemics are inevitable (n=11), it



is best to be prepared (n=11) and that WFRS are in the best position i.e. the front line to deal with future pandemics (n=9). Additionally, respondents agreed due to the need to adapt to an ever changing world (n=5). For those respondents who disagreed, or strongly disagreed, the main reason was around it not being an applicable role for the Fire Service (n=4), although respondents did admit it is best to be prepared (n=3).

Example quotations for illustrative purposes:

- *“Without this support the very vulnerable people in our society would be left without support.”* (Supporting vulnerable residents - Agree)
- *“You deal with fires, not viruses.”* (n/a role for Fire Service - Disagree)

**Figure 6. How important to you is it that the Fire Service ‘Assess our capabilities to improve our ways of working in response to any future pandemics’?**

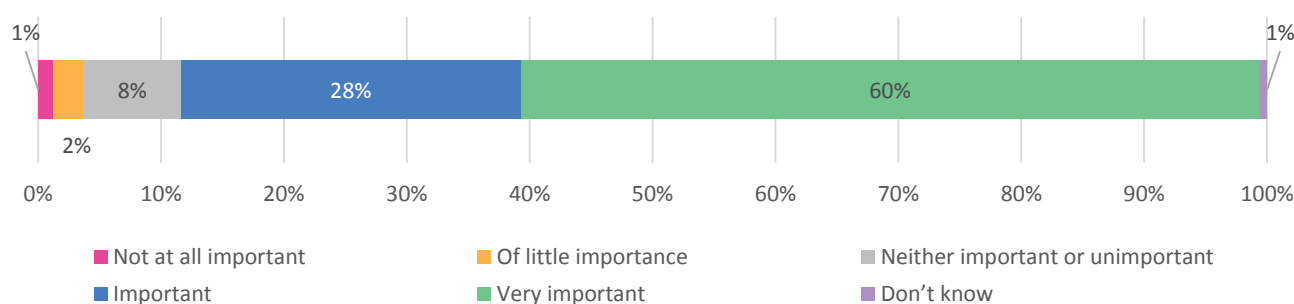


Figure 6 shows the breakdown to how important Proposal 2 was for the 163 respondents. The majority (88%, n=143) of respondents stated Proposal 2 was important, or very important to them, compared to 4% (n=6) who stated it was of little importance, or not at all important. In addition, 8% (n=13) of respondents felt it was neither important or unimportant, whilst 1% (n=1) stated they ‘don’t know’.

As before, respondents were asked to give a reason for their answer through a free text box provided; a total of 50 respondents did so. Most comments were left from respondents who stated Proposal 2 was important (n=43), compared to those who did not (n=5). For those who stated it was important, or very important, the top reason was to ensure WFRS are prepared for next time i.e. a plan is in place (n=21). In line with this were reasons around the community, namely ensuring that WFRS can deal with the needs of the community (n=8) and community presence (n=4). For the minority of respondents who stated Proposal 2 was of little importance, or no importance at all, the main reason given was that it is not applicable for the Fire Service (n=4).

Example quotations for illustrative purposes:

- *“The availability of all emergency services are of importance should the current situation resurface or a new threat arise any improvement in ensuring this is important.”* (Ensure the WFRS are prepared for next time - Important)
- *“I think brigade is losing focus.”* (n/a for Fire Service – Not important)

Respondents were also asked to provide comments that WFRS should consider when developing this proposal, to which 32 respondents provided their views. Whilst responses were varied, two themes emerged; respondents stated that WFRS should consider staff e.g. well-being (n=8) and collaborating with partner organisations (n=6).





### Proposal 3: 'Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties'

**Figure 7. To what extent do you agree with the proposal 'Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver out statutory duties'?**

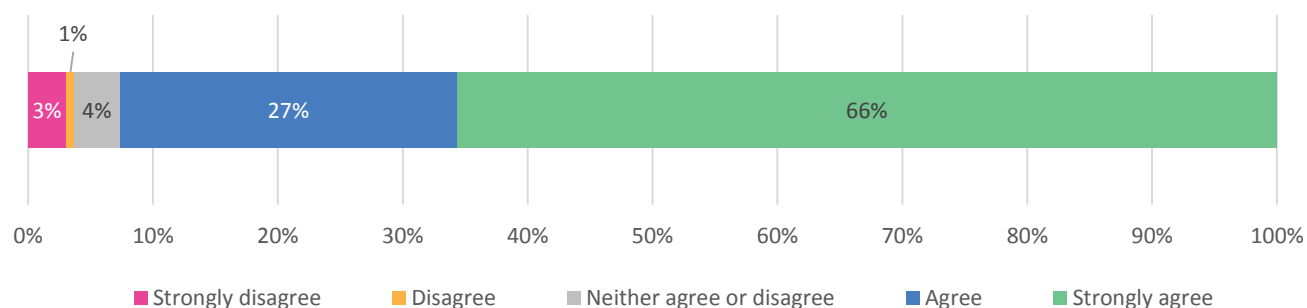


Figure 7 shows the breakdown to the extent the 163 respondents agreed with Proposal 3. Over nine tenths (93%, n=151) of respondents stated they agreed, or strongly agreed, with Proposal 3, compared to 4% (n=6) who disagreed, or strongly disagreed. In addition, 4% (n=6) of respondents neither agreed nor disagreed, all respondents answered this question.

Respondents were asked to elaborate on their answer, to which 64 respondents did. Nearly all (n=62) responses were from respondents who agreed, or strongly agreed, with Proposal 3.

In order of prevalence, the top reasons for respondents agreeing, or strongly agreeing, with Proposal 3 were around society evolving (n=15), it being a given (n=12), response times (n=10) and saving lives (n=9). To elaborate, respondents noted they agreed with Proposal 3 as society is ever changing, with a growing population, towns having expanded and wider issues, such as HS2. In addition, respondents stated it was a given, an expected form of action, to carry out Proposal 3. Regarding response times, respondents agreed with Proposal 3 due to it being needed to ensure response time standards are met, and in conjunction it will ensure lives are saved. Both of the respondents who disagreed stated they thought this was a given, with one saying it was a vague proposal.

#### Example quotations for illustrative purposes:

- *"WFRS needs to constantly look at where people are living, where climate events are taking place, where developments are taking place and comparing it to where they have their resources - both engines, stations and people."* (Society evolving - Agree)
- *"Time is of the essence - life or death so its important the service can cover the requirement sof all the borough.."* (Response times - Agree)



**Figure 8. How important to you is it that the Fire Service ‘Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties’?**

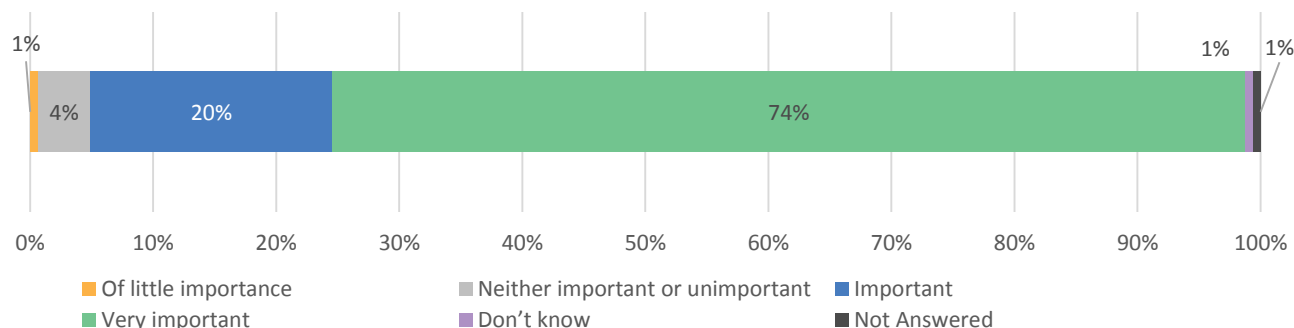


Figure 8 shows the breakdown to how important Proposal 3 was for the 163 respondents. Nearly all (94%, n=153) of respondents stated Proposal 3 was important, or very important to them, compared to 1% (n=1) who stated it was of little importance (no respondent stated it was ‘Not at all important’). In addition, 4% (n=7) of respondents felt it was neither important or unimportant, 1% (n=1) stated they ‘don’t know’ whilst 1% (n=1) did not answer the question.

As before, respondents were asked to give a reason for their answer through a free text box provided; a total of 48 respondents did so. Most comments were from respondents who stated Proposal 3 was important (n=45), the remainder being from those respondents who stated it was neither important or unimportant or ‘don’t Know’ (n=3). For those who stated Proposal 3 was important, or very important, the top two reasons were so that WFRS could save lives (n=8) and society is ever evolving e.g. housing developments (n=8). Following this, respondents stated it is a given for WFRS (n=7). Other reasons mentioned themed around limited resources (n=6), response times (n=5) and ensuring staff are supported (n=4).

**Example quotations for illustrative purposes:**

- *“It could mean the difference between life or death.”* (So WFRS could save lives - Important)
- *“Increasing population in some areas, including the increase of developments in the county which increase the pressure of existing resources to cope with the new developments.”* (Society is ever evolving - Important)

Respondents were also asked to provide comments that WFRS should consider when developing this proposal, to which 35 respondents provided their views. Whilst responses were varied, a few themes emerged; respondents stated that WFRS should consider the location of fire stations (n=9), noting that rural areas required thought. In addition, considerations around environmental issues such as flooding (n=5) and collaborating with other services e.g. for best practice (n=4) should be taken into account with Proposal 3.



### Proposal 4: 'Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS'

**Figure 9. To what extent do you agree with the proposal 'Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS'?**

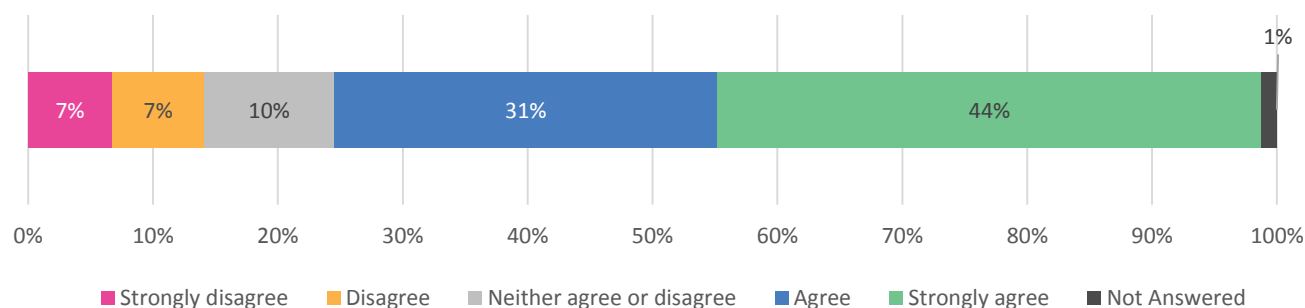


Figure 9 shows the breakdown to the extent the 163 respondents agreed with Proposal 4. Under three quarters (74%, n=121) of respondents stated they agreed, or strongly agreed, with Proposal 4, compared to 14% (n=23) who disagreed, or strongly disagreed. In addition, 10% (n=17) of respondents neither agreed nor disagreed, whilst 1% (n=2) did not answer the question.

Respondents were asked to elaborate on their answer, to which 68 respondents did. Most responses were from respondents who agreed, or strongly agreed, with Proposal 4 (n=41), whilst the minority from those who disagreed, or strongly disagreed (n=17). The remaining responses were from those who neither agreed nor disagreed (n=10).

The top reasons for respondents agreeing, or strongly agreeing, with Proposal 4 were themed accordingly. The most prevalent theme was around collaborating with partner agencies (n=14), followed by supporting the community (n=10) and then due to Social Care and NHS struggles (n=5). Whilst agreeing, respondents also noted it is important that WFRS's primary functions are not diluted (n=4). Respondents who disagreed, or strongly disagreed, stated it is not an applicable role for WFRS (n=12). Lastly, respondents neither agreed nor disagreed with Proposal 4 for a few reasons. Reasons for this neutral stance centred around ensuring that the primary function of WFRS is not lost, and that this current proposal caters for government cuts when it is their role.

#### Example quotations for illustrative purposes:

- *"Some degree of integration and cooperation between services can help deliver and support the community more effectively, although it is a shame that each of the other services do not have sufficient resources to provide their own backup."* (Collaboration with partner agencies - Agree)
- *"Community health, social care and the NHS are not within the competence of the Fire Service. You should not be contemplating any involvement."* (n/a to the Fire Service - Disagree)



**Figure 10. How important to you is it that the Fire Service ‘Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS’?**

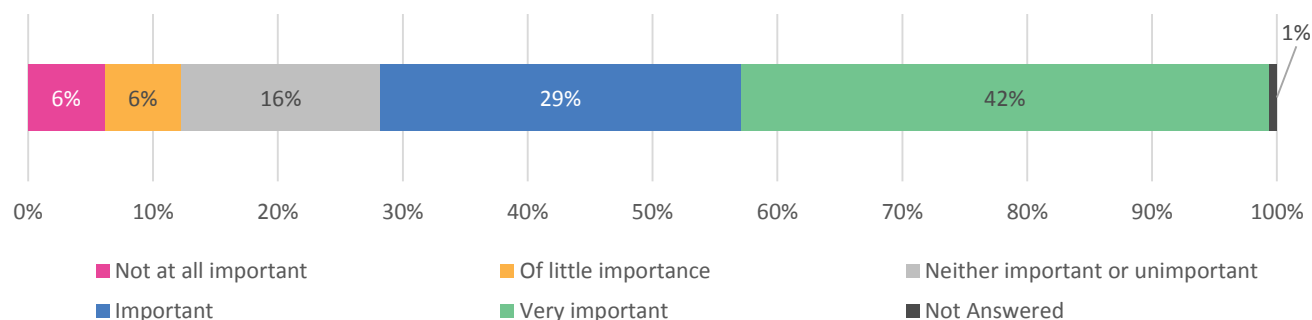


Figure 10 shows the breakdown to how important Proposal 4 was for the 163 respondents. Over two thirds (71%, n=116) of respondents stated Proposal 4 was important, or very important to them, compared to 12% (n=20) who stated it was of little importance, or not at all important. In addition, 16% (n=26) of respondents felt it was neither important or unimportant, whilst 1% (n=1) did not answer the question.

Respondents were asked to give a reason for their answer through a free text box provided; a total of 55 respondents did so. Most comments were left by respondents who stated Proposal 4 was important (n=35), the remainder being those who felt it was not important (n=12) and those who took a neutral stance (n=8). Reasons were varied for those respondents stating Proposal 4 was important, or very important. However, a few themes did emerge. One theme prevalent was around WFRS collaborating with partner agencies (n=9), followed by respondents who stated this proposal supported the health outcomes of the community (n=7). Other reasons respondents felt it was important were around easing the strain to Social Care and the NHS (n=4) and the funding issues currently faced (n=4). In comparison, respondents stated this proposal was not important due to it not being an applicable role for WFRS (n=8). Those respondents who took a neutral stance stated it should not dilute the core functions of WFRS (n=2) and that it caters for Government cuts (n=2).

#### Example quotations for illustrative purposes:

- *“It is important that our emergency services work together and support each other to provide an integrated service.”* (Collaboration with partner agencies - Important)
- *“It is not the role of the service. Where do we stop...? Should we start working the checkouts in Tesco to alleviate the strain on the retail sector, or harvest crops to ease the pressure on farmer...”* (n/a to the Fire Service – Not important)

Respondents were also asked to provide comments that WFRS should consider when developing this proposal, to which 26 respondents provided their views. Responses were varied and ranged from respondents stating that WFRS should collaborate with the NHS and Social Care to develop this proposal. Additionally, respondents stated to consider developing specifics around this proposal, and to ensure these are effectively communicated to the public.

#### Example quotation for illustrative purposes:

- *“Consider a mapping exercise of all our partners, stakeholders, community groups and organisations and allies who are able to support the collaboration to support social care and NHS.”*



### Proposal 5: 'Implement digital solutions to enhance our service delivery'

**Figure 11. To what extent do you agree with the proposal 'Implement digital solutions to enhance our service delivery'?**

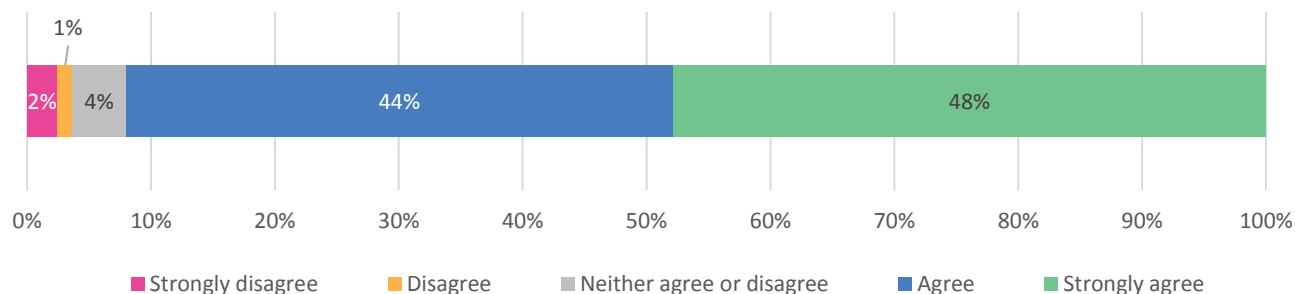


Figure 11 shows the breakdown to the extent the 163 respondents agreed with Proposal 5. Over nine tenths (92%, n=150) of respondents stated they agreed, or strongly agreed, with Proposal 5, compared to 4% (n=6) who disagreed, or strongly disagreed. In addition, 4% (n=7) of respondents neither agreed nor disagreed, all 163 respondents answered this question.

Respondents were asked to elaborate on their answer, to which 54 respondents did. Most responses were from respondents who agreed, or strongly agreed, with Proposal 5 (n=54), whilst the minority were from those who disagreed, or strongly disagreed (n=2). The remaining responses were from those who neither agreed nor disagreed (n=4).

The top reasons for respondents agreeing, or strongly agreeing, with Proposal 5 were themed accordingly. The most prevalent theme was around living in a digital world and ensuring that WFRS evolve with it (n=13). This was followed by respondents stating they agreed with Proposal 5 as it would improve the performance of WFRS staff e.g. achieving faster response times (n=11). Other responses were varied, it was however important that the community are not negatively impacted on (n=6), and that this proposal will ensure maximum value of service delivery (n=5). It was also noted that it is important that training is not neglected, and technology is not wholly relied upon (n=5). One of the two respondents who disagreed, or strongly disagreed, stated it may open Warwickshire County Council up to a cyber-attack, the other stated more appliances or response staff are needed. Lastly, respondents neither agreed nor disagreed with Proposal 5 due to it being vague and not providing sufficient enough detail to give a response (n=3).

#### Example quotations for illustrative purposes:

- *"We are in digital age and gire service need to keep up with modern standards."* (Digital world - Agree)
- *"Faster response times if quicker accurate info gathered."* (Improves performance - Agree)



**Figure 12. How important to you is it that the Fire Service 'Implement digital solutions to enhance our service delivery'?**

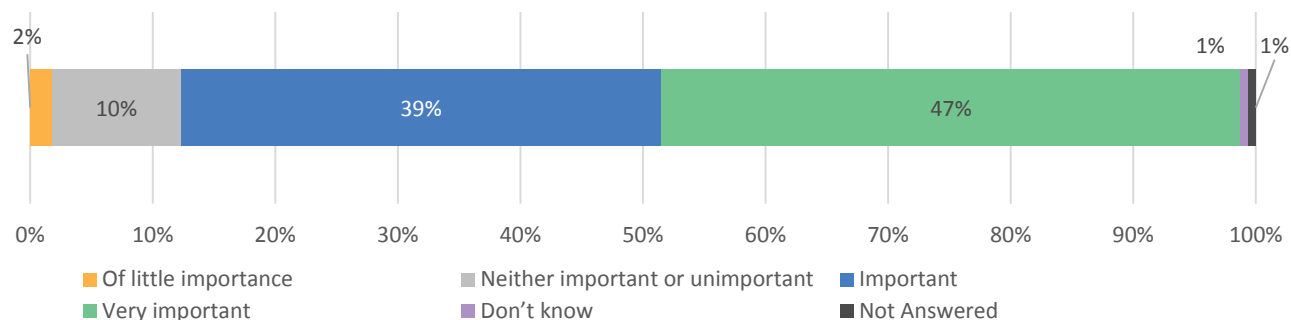


Figure 12 shows the breakdown to how important Proposal 5 was for the 163 respondents. Nearly nine tenths (87%, n=141) of respondents stated Proposal 5 was important, or very important to them, compared to 2% (n=3) who stated it was of little importance (no respondent rated this proposal as 'Not at all important'). In addition, 10% (n=17) of respondents felt it was neither important or unimportant, 1% (n=1) stated they 'don't know' whilst 1% (n=1) did not answer the question.

Unfortunately, due to an error in the survey, respondents were not given the opportunity to elaborate on how important Proposal 5 was to them through a free text field; this was only the case for this proposal. However, respondents often repeated what they stated in the previous text box regarding how much they agreed with the proposal, so we can still gain an understand of respondents' views.

Respondents were still asked to provide comments that WFRS should consider when developing this proposal, to which 36 respondents provided their views. Some respondents stated more consideration needed to go into elaborating on the proposal and sharing specific examples (n=5). Other considerations ranged from ensuring that technology does not replace human interaction and consider access issues e.g. for the elderly or disabled and more.

## FUTURE PLANNING

The next section of the survey focused on future planning, with the first question asking respondents if they thought the suggested five proposals for 2020-25 would help WFRS prepare for fire related risks and issues.

**Figure 13. 'Do you think the proposals will help us prepare for fire related risks and issues over the next 5 years? If not, what else should we think about?'**

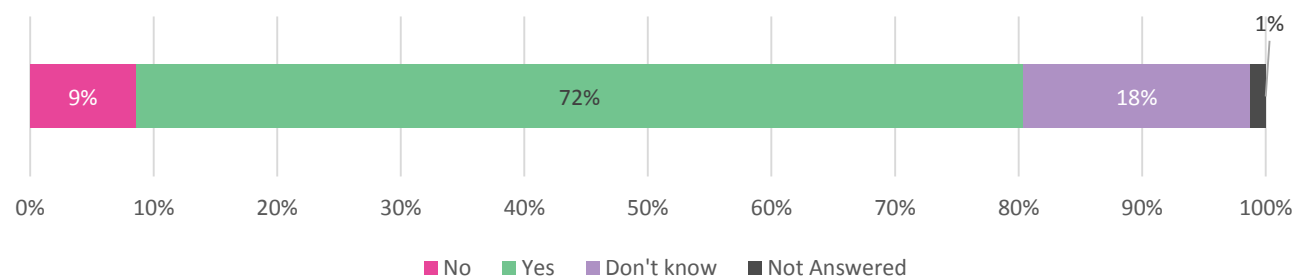


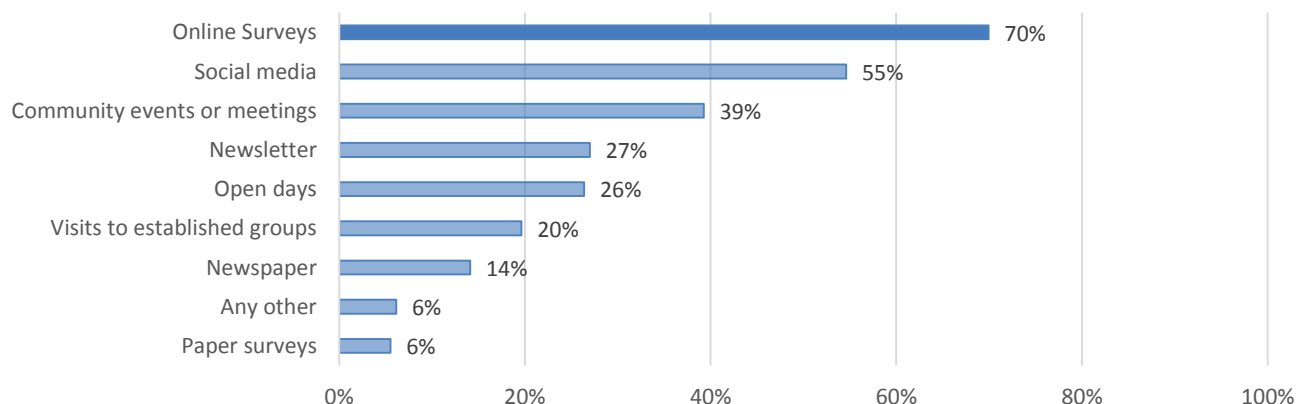
Figure 13 shows that most respondents (72%, n=117) stated the five proposals would help WFRS prepare for fire related risks and issues over the next five years, compared to 9% (n=14) who felt they would not. Nearly one fifth of respondents (18%, n=30) indicated they were unsure by selecting 'don't know', whilst 1% (n=1) did not answer the question.

Respondents were given the opportunity to express what else WFRS should think about when preparing for the next five years (2020-25); a total of 46 respondents gave their views. A mixture of different themes were raised in the free text question. Respondents stated that a Proposals 1 and 4 did not relate to fire related risks, and respondents were worried this would distract WFRS from their core duties and would be spread too thinly (n=13). Following this, several respondents (n=8) stated wider issues such as HS2 and new housing developments should be considered when developing the proposals. Tying in with this, respondents noted resources should be thought about (n=6). Several respondents (n=4) stated more information on the proposals was needed to decide as to whether they would help WFRS to prepare.

#### Example quotations for illustrative purposes:

- *"The proposals seem to have little to do with Fire Related Risks."* (n/a to fire related risks)
- *"You need to consider unique risks, such as flooding, HS2 within the proposals."* (Wider issues)
- *"With many large developments now happening in Nuneaton, Rugby and Leamington with vast amounts of housing to meet local needs do we need to increase the amount of resources we have to meet these needs."* (Resources)

**Figure 14. 'How would you like WFRS to communicate with you in the future?'**



The next question asked respondents how they would like WFRS to communicate with them in the future. The most popular choice was online surveys with 70% (n=114) of the 163 respondents choosing this option. Following this were social media (55%, n=89) and community events or meetings (39%, n=64) and newsletters (27%, n=44). The least popular choice of communication was paper surveys, with 6% (n=9) of respondents choosing this option.

It is worth noting that although only 6% (n=10) of respondents selected 'Any other', 14% (n=23) specified an 'Other' method of communication in the free text field. Several respondents re-iterated the above options given to them – especially community events and social media; some respondents noted a presence in the community e.g. with schools, would make for a more visible service. There were however a couple of new suggestions, that consisted of online broadcast/blogs e.g. through Zoom and e-mails.

The final question respondents were asked was if they had any other comments about WFRS; 28% (n=46) of respondents gave further comments. Positively, most comments praised WFRS for their services (n=36). One theme mentioned frequently in the remaining comments was that respondents stated more publicity would help



the service (n=5) in show casing its great work, and advertising what services are available to the residents of Warwickshire.

Example quotations for illustrative purposes:

- *“great service provided and great support during this pandemic. Well done and Thank you.”* (Praised the WFRS)
- *“Advertise more what work you do with other services e.g. police etc Show the work you do in schools etc.”* (Publicity)





## CROSS TABULATION ANALYSIS

This section explores the relationship between multiple variables. For this survey on the IRMP, the relationship between the agreement with / the importance of a proposal and the reason for the respondent answering were examined. In this section, the scores 1 and 2 were grouped and referred to as disagree, or strongly disagree, 3 as neutral and 4 to 5 as agree, or strongly agree. The same grouping method was also used for the importance of a proposal.

The above was the only cross tabulation for the respondent profile that could be carried out. A cross tabulation analysis on whether a person's ethnicity affected their agreement with Proposal 1 for example would have been interesting. However, due to the small numbers, the data did not warrant this and it could have presented an unfair conclusion that may not have been representative of the general population. Respondents to the survey were not diverse with 7% (n=11) being of a Black, Asian and Minority Ethnic (BAME) background compared to those of a White ethnicity (83%, n=136); the ethnicity of the remaining 10% (n=16) of respondents was unknown.

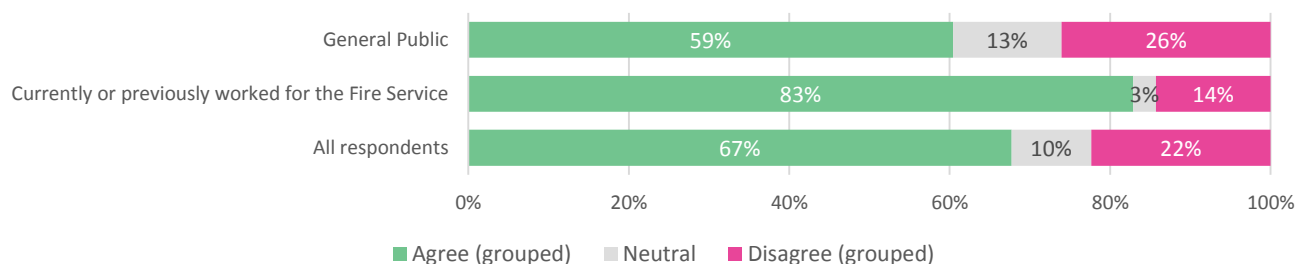
**Note:** Through this section, it is worth re-iterating that although cross-tabulation analysis was carried out on a respondent's reason for responding the **percentages should be treated with caution given the fairly low response rate.**

**Also note:** The options 'Don't know' and 'Not Answered' have been excluded from all figures below, but not from the total number of respondents. The below figures only concentrate on reason for responding 1) Currently or previously worked for the Fire Service and 2) General Public; this is because the other reasons had low numbers.

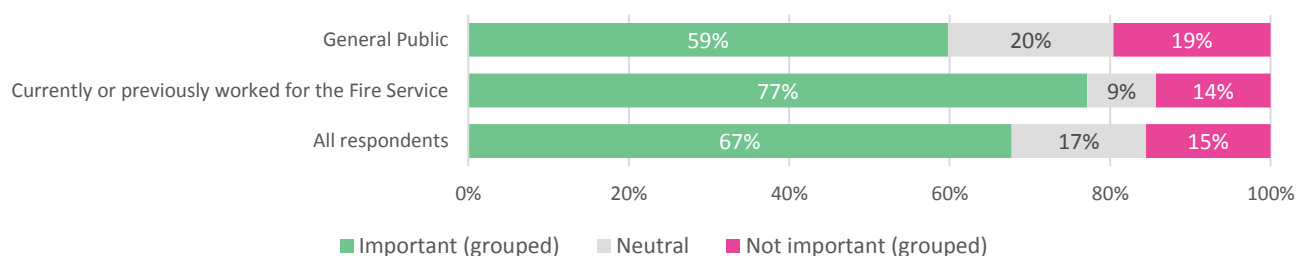
### Proposal 1: Ensure our workforce and ethos reflect the diverse communities we serve.

- Respondents who currently or previously worked for the Fire Service were more likely to agree with, and found important, Proposal 1 than the general public; see Figures 15 and 16 below.

**Figure 15. Relationship between agreeance to Proposal 1 and reason for responding**



**Figure 16. Relationship between importance of Proposal 1 and reason for responding**



As shown in Figure 15, more respondents who currently or previously worked for the Fire Service (83%, n=29) agreed with Proposal 1, compared to the general public (59%, n=58). The third bar shows the proportion of all respondents, to highlight the differences that variable (reason for responding) makes to a respondent's answer. Similarly, Figure 16 shows that a higher proportion of respondents who currently or previously worked for the Fire Service (77%, n=27) felt Proposal 1 was important, compared to the general public (59%, n=58).

Proportions for those who currently or previously worked for the Fire Service were calculated based on the 35 respondents, versus the 98 respondents who stated they were the general public.

**Proposal 2: Assess our capabilities to improve our ways of working in response to any future pandemics.**

- For Proposal 2, there was very little difference in whether a respondent agreed, or felt the proposal was important to them, depending on their reason for responding.

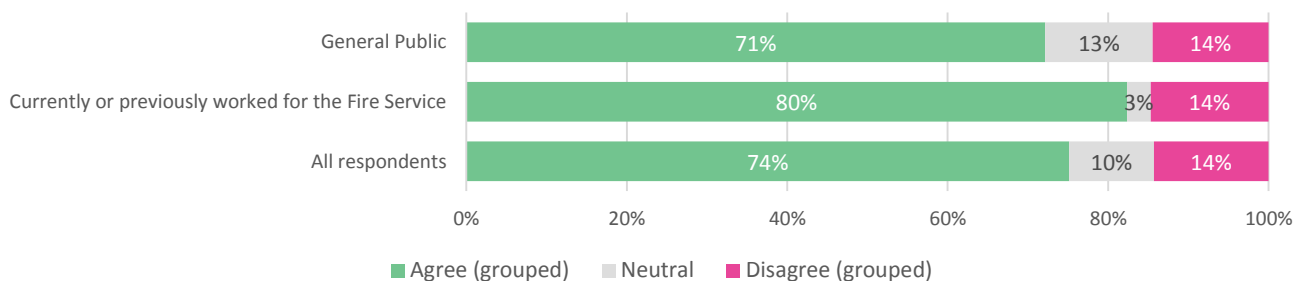
**Proposal 3: Assess our overall resource capacity to ensure our personal and physical assets are in the right place and at the right time to deliver our statutory duties.**

- For Proposal 3, there was very little difference in whether a respondent agreed, or felt the proposal was important to them, depending on their reason for responding.

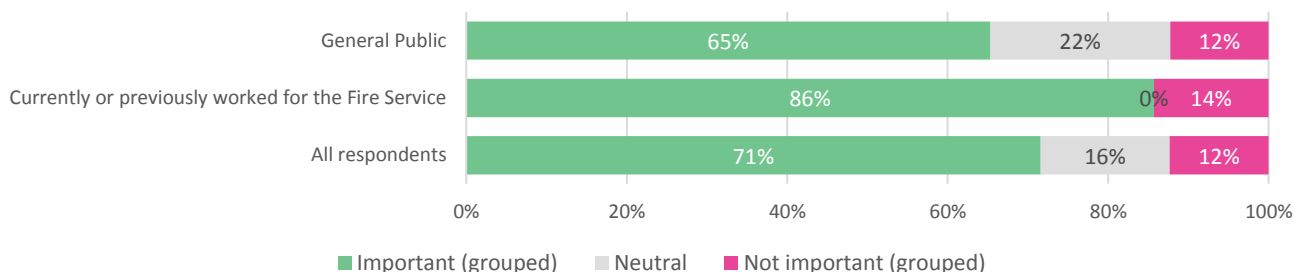
**Proposal 4: Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS.**

- Respondents who currently or previously worked for the Fire Service were more likely to agree with, and found important, Proposal 4 than the general public; see Figures 17 and 18 below.

**Figure 17. Relationship between agreement to Proposal 4 and reason for responding**



**Figure 18. Relationship between importance of Proposal 4 and reason for responding**



As shown in Figure 17 more respondents who currently or previously worked for the Fire Service (80%, n=28) agreed with Proposal 4, compared to the general public (71%, n=70). Figure 18 also shows that a higher proportion of respondents who currently or previously worked for the Fire Service (86%, n=30) felt Proposal 4 was important, compared to the general public (65%, n=64).

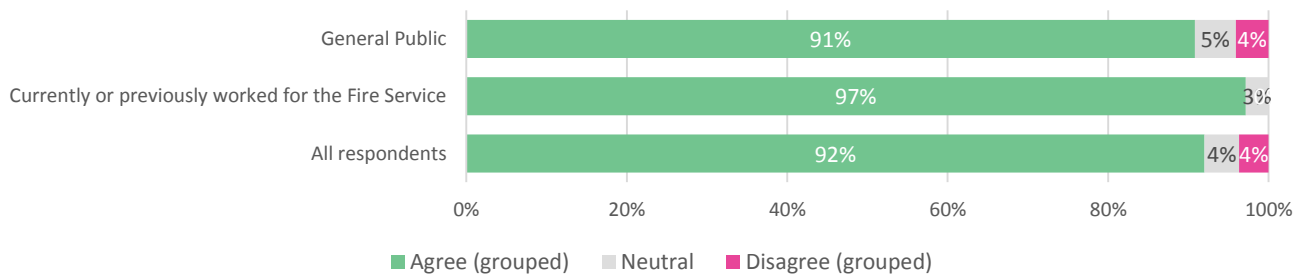


As before, proportions for those who currently or previously worked for the Fire Service were calculated based on the 35 respondents, versus the 98 respondents who stated they were the general public.

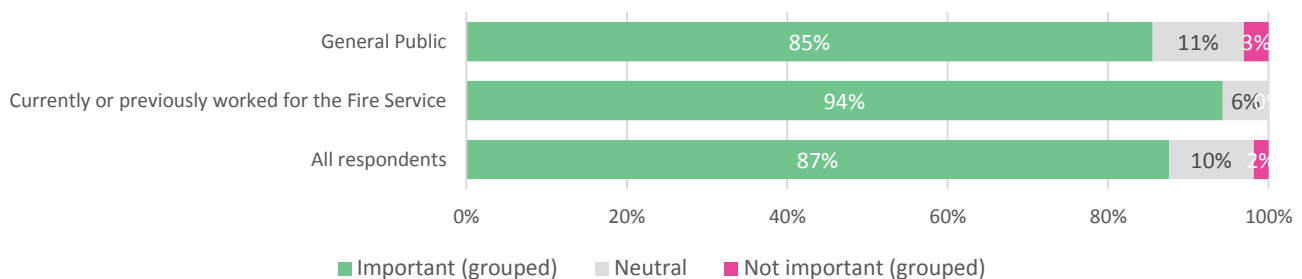
**Proposal 5: Implement digital solutions to enhance our service delivery.**

- Respondents who currently or previously worked for the Fire Service were more likely to agree with, and find Proposal 5 important, than the general public; see Figures 19 and 20 below.

**Figure 19. Relationship between agreement to Proposal 5 and reason for responding**



**Figure 20. Relationship between importance of Proposal 5 and reason for responding**



As shown in Figure 19, more respondents who currently or previously worked for the Fire Service (97%, n=34) agreed with Proposal 5, compared to the general public (91%, n=89). Similarly, Figure 20 also shows a higher proportion of respondents who currently or previously worked for the Fire Service (94%, n=33) felt Proposal 5 was important, compared to the general public (85%, n=83).



## GENERAL OBSERVATIONS

This section lists general observations based on the qualitative and quantitative data generated from the IRMP Survey of 2020. These observations are based on the feedback received from the 163 respondents. Due to this, these views may not represent Warwickshire as a whole:

- For future surveys target residents in Stratford-on-Avon District and Nuneaton and Bedworth Borough as respondents were most under-represented here (Page 4).
- Provide better communications around Proposal 1 by ensuring it still promotes the right person for the job; this being the main reason for disagreement with the proposal (Pages 4-5).
- Inform the general public as to the specific wider activities that WFRS carry out e.g. school visits, as respondents were unsure (Page 11).
- Promote WFRS wider activities through social media and community events or meetings; these were the most popular methods of communication for respondents (Pages 11 & 14)
- For each proposal, where relevant, ensure wider issues such as HS2, a growing population etc are considered (Pages 8 & 14).
- Release detailed and specific actions that encompass these proposals; the vagueness of the proposals was not the most prevalent theme, but a recurring one (Pages 8 & 12).



## EQUALITY AND DIVERSITY ANALYSIS

The online survey asked respondents to completed information regarding equality and diversity. The results of this are set out in the table below. It also includes 2019 Mid-Year population estimates (where available), or 2011 Census data for comparative purposes<sup>2</sup>.

**Table 3. Overall online respondent profile**

Gender	Option	% (No.)	ONS 2019 Mid-Year Pop (%)
	Female	48% (78)	50.6%
	Male	41% (67)	49.4%
	Non-binary	0% (0)	n/a
	Prefer to self-describe	0% (0)	n/a
	Prefer not to say	9% (14)	n/a
	Not answered	2% (4)	n/a
Gender identity matches sex at birth	Option	% (No.)	
	Yes – my gender is the same as at birth	88% (144)	n/a
	No – my gender identity has changed	0% (0)	n/a
	Prefer not to say	9% (14)	n/a
	Not answered	3% (5)	n/a
Age in years	Option	% (No.)	ONS 2019 Mid-Year Pop (%)
	Under 18	0% (0)	20.4%
	18 – 29	5% (8)	14.2%
	30 – 44	16% (26)	17.8%
	45 – 59	46% (75)	21.0%
	60 – 74	22% (36)	16.8%
	75+	5% (8)	9.8%
	Prefer not to say	6% (9)	n/a
	Not answered	1% (1)	n/a
Long standing illness or disability	Option	% (No.)	
	Yes	12% (20)	n/a
	No	80% (130)	n/a
	Prefer not to answer	7% (12)	n/a
	Not answered	1% (1)	n/a
Ethnicity	Option	% (No.)	2011 Census Data (%)
	White – English/Welsh/Scottish/Northern Irish/British	79% (129)	88.5%
	White – Irish	1% (1)	1.0%
	White – Gypsy or Irish Traveller	0% (0)	0.1%
	Other White background	4% (6)	3.2%
	Black or Black British - African	1% (2)	0.4%



	Black or Black British - Caribbean	1% (1)	0.3%
	Other Black background	0% (0)	0.1%
	Asian or Asian British – Bangladeshi	0% (0)	0.1%
	Asian or Asian British – Indian	2% (4)	3.0%
	Asian or Asian British – Pakistani	1% (1)	0.3%
	Chinese	0% (0)	0.4%
	Other Asian Background	1% (1)	0.8%
	Mixed – White and Asian	0% (0)	0.5%
	Mixed – White and Black African	0% (0)	0.1%
	Mixed – White and Black Caribbean	1% (1)	0.6%
	Other Mixed background	1% (1)	0.3%
	Arab	0% (0)	0.1%
	Other Ethnic background	0% (0)	0.3%
	Prefer not to say	9% (15)	n/a
	Not answered	1% (1)	n/a
<b>Religion</b>	<b>Option</b>	<b>% (No.)</b>	<b>2011 Census Data (%)</b>
	Buddhist	0% (0)	0.3%
	Christian	46% (75)	64.5%
	Jewish	0% (0)	9.1%
	Muslim	1% (2)	1.1%
	Hindu	1% (1)	1.0%
	Sikh	1% (1)	1.7%
	Spiritual	0% (0)	n/a
	Any other religion or belief	2% (4)	0.4%
	No religion	36% (58)	24.1%
	Prefer not to say	12% (19)	n/a
	Not answered	2% (3)	6.8%
<b>Sexual orientation</b>	<b>Option</b>	<b>% (No.)</b>	
	Heterosexual or straight	81% (132)	n/a
	Gay man	1% (2)	n/a
	Gay woman / lesbian	1% (2)	n/a
	Bi / bisexual	1% (1)	n/a
	Other	1% (2)	n/a
	Prefer not to say	13% (22)	n/a
	Not answered	1% (2)	n/a

<sup>1</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2019estimates> (published 24 June 2020)

<sup>2</sup>ONS Census 2011



## APPENDIX 1

Written email response received from Royal Leamington Spa Town Council on the 6<sup>th</sup> November:

*To whom it may concern,*

*Please find below comments sent on behalf of Leamington Spa Town Council in response to your consultation on Warwickshire Fire and Rescue Service's (WFRS) Integrated Risk Management Plan (IRMP) 2020 – 2025. The consultation document was considered at a meeting of the Town Council's Policy & Resources committee in October.*

*The Town Council is very supportive of the aspirations in the draft plan for the period 2020-2025 and the five 'proposals' identified in the consultation document, namely:*

- *Ensure our workforce and ethos reflect the diverse communities we serve.*
- *Assess our capabilities to improve our ways of working in response to any future pandemics.*
- *Assess our overall resource capacity to ensure our personal and physical assets are in the right place and at the right time to deliver our statutory duties.*
- *Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS.*
- *Implement digital solutions to enhance our service delivery.*

*Specifically, Town Councillors discussed the importance of diversity issues and their significance in ensuring that the service can work effectively with all sections of the community to support their safety and wellbeing. Councillors noted their recent experiences of the Warwickshire Fire and Rescue service being involved in activities and events which support this objective.*

*The Town Council is very supportive of the Fire and Rescue service's efforts and wishes it well in the delivery of its objectives through the proposed plan.*

*I would be grateful if you could confirm receipt of this consultation response.*

*Kind Regards,*

*Stephen*

Stephen Marks

Town Clerk

**Royal Leamington Spa Town Council**

Town Hall

Parade

Leamington Spa

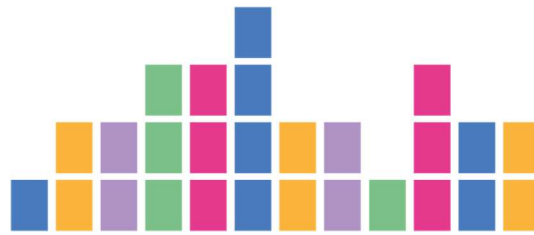
CV32 4AT 01926 450906 E: [clerk@leamingtonspatowncouncil.gov.uk](mailto:clerk@leamingtonspatowncouncil.gov.uk)

[www.leamingtonspatowncouncil.gov.uk](http://www.leamingtonspatowncouncil.gov.uk)



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# WARWICKSHIRE FIRE AND RESCUE

## INTEGRATED RISK MANAGEMENT PLAN

### SURVEY RESULTS 2020

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## Appendix 2

Produced by Business Intelligence  
December 2020

The following is a list of verbatim comments provided by respondents to the open questions on the Integrated Risk Management Plan consultation survey carried out between 14<sup>th</sup> September to 6<sup>th</sup> November 2020. It is sometimes necessary to remove comments to avoid identification of individuals. Also excluded were comments who stated 'n/a' or 'No' or 'None' as these could not be analysed. However, all comments were used in the analysis and generation of themes presented in the main report.

<b>Which statement best describes you? - If you selected 'Other' please provide more information here...</b>
<i>WCC employee</i>
<i>Employment ***** with WCC</i>
<i>Employee of Warwickshire County Council, but live ***** of *****</i>
<i>Local Government Worker</i>
<i>Work for Local Authority</i>
<i>Local charity</i>
<i>Housing association *****</i>
<i>***** Fire and Rescue Service</i>
<i>WCC ***** Team</i>

<b>To what extent do you agree with the proposal 'Ensure our workforce and ethos reflect the diverse communities we serve'? - Please tell us why.....</b>
<i>It is important for local employers to take responsibility for ensuring that their workforce reflects the general population.</i>
<i>Would agree if it statement stressed not fulfilling quotas on diversity but getting the best people for the situation/vacancy. I believe that best person for the job is the best for the community.</i>
<i>You hire the best people for the job, not select them based on their ethnicity or where they were born.</i>
<i>To avoid perceived prejudices.</i>
<i>As long as it does not result in positive discrimination. The right person should get the job regardless of colour or creed</i>
<i>I can't disagree with this statement but you are not giving me any information on how you are going to achieve this proposal. It is unbelievably vague.</i>

<i>Just recruit the best candidates!</i>
<i>Staff need to be the right person for the job regardless of ethnicity etc</i>
<i>You need to reflect our community more with a diverse and agile workforce, more female and BAME over the next five years is essential</i>
<i>Regardless of race or gender, Warwickshire should recruit for the most competent people for the job role.</i>
<i>Who proposal is a non- issue to start with. No one cares about the make up of your workers ( except the figure counters).Let the workforce be made up of the best people for the job regardless of background. Stop trying to manipulate the make up of your staff to fit what you think we want. The diverse community you serve couldn't care less who saves them, who carries out all the other work you do, they just want the best person available.</i>
<i>Feel that it should reflect the communities represented as long as skill levels of job etc are not reduced to allow this to happen.. standards are important.</i>
<i>Political correctness</i>
<i>This is a measure of a fair and level playing field. At the end of the day it is the individual merit of the applicant that matters the most.</i>
<i>Everyone should receive an equal service</i>
<i>Participate in local community activities, have a presence at Fetes, Open days , sporting events etc</i>
<i>The best way to get support of the community</i>
<i>Because equality should be the norm, not the exception.</i>
<i>It's a nice thing to have, but attitudes need to change. I have yet to see that happen.</i>
<i>People from different cultures and backgrounds may have specific needs so it's important the workforce understand this and the issues they may bring in order to deliver the best possible service.</i>
<i>I believe all organisations should be inclusive</i>
<i>Laudable aim but BETTER TO GET THE BEST POSSIBLE STAFF</i>
<i>The workforce needs to reflect the diversity of communities</i>
<i>Identity politics just creates more division, your staff should be the best you can recruit and the most suitable for the role. As an organisation you should be completely politically neutral as you serve the entire community, even if you disagree with their views. Your job is to keep ALL the people of Warwickshire safe. For example decorating your appliances in the LGBT colours only alienates groups that do not agree with that position, there are many conservative religious groups that will not have a fire engine outside their</i>

<i>house. Support individual groups when they have a day or a event, but flying flags and constant social media is too much.</i>
<i>When dealing with the general public it will enable the whole community to be understood and be treated equally</i>
<i>The fire service requires the best people not a correct number of different sexes or race</i>
<i>Not sure about the "ethos" reflecting the community, surely the ethos is about the aims of the organisation, which aren't necessarily the same as for the general public? However agree completely about the workforce.</i>
<i>I believe our service should reflect all representatives of the communities we serve.</i>
<i>THE CANDIDATE MUST HAVE THE RIGHT QUALIFICATIONS AND ATTRIBUTES NO MATTER WHAT GENDER OR ETHNICITY.</i>
<i>Need to comply with current legislation</i>
<i>As long as the processes are fair to all regardless of race, sexual orientation, religion etc then the process will be fair to all.</i>
<i>As a community service WFRS should reflect the community they serve.</i>
<i>The same opportunity exists to all communities and we need to accept that the role of a firefighter is not as appealing to some communities as it is others. Historically BAME employees have come and gone and they have had equal treatment in promotion and development, however the new narrative of employing based on skin tone, sexuality and religious belief has lowered the standard of the BAME candidate to those with `the world owes me attitude` whilst simultaneously putting off the better BAME candidate who wants to be treated as an equal and not singled out on tokenistic qualities. We don't target the Chinese, Goth, Satanic, Nudist, Polish or traveller communities. We are just pandering to a woke narrative to appear `right on` with a far left agenda.</i>
<i>It is important to promote community safety amongst ALL groups. There seems to be a great deal of focus on Asian and LGBTQ communities when there are so many more communities out there</i>
<i>I think it's important to represent our population and also gives a wider opportunity to more potential candidates for jobs</i>
<i>We need this so that the service can identify with the communities it serves</i>
<i>Representation from the whole community is essential to ensure our public services is enabled and considered in meeting the needs of the community, if you really are transparent it would be good to read how WFRS service operates it selection framework internally and externally how it has adopted and employed positive action like section 158 and 159</i>

<p><i>Agreed to an extent as long as this potential workforce also meet the basic criteria to be a fireman or woman and this does not mean ignoring other factors. i.e. if I live in an area of high crime, I don't need you to ignore a DBS and employ someone who doesn't meet the DBS criteria (for say being around vulnerable people).</i></p> <p><i>I would suggest a balanced approach is good and if there is potential within an under-represented group then looking to increase that workforce is good, but do it on a sustainable basis, i.e. have a 5 year plan, not a 3 month knee jerk plan.</i></p>
<p><i>Workforce should represent the communities we work in</i></p>
<p><i>Best person for the job is not dependent on positive diversity for diversity sake</i></p>
<p><i>We apply various strategies to engage with a wide verity of people, allowing all to take part and have the same chance to be part of WFRS.</i></p>
<p><i>I agree with the phrase.</i></p> <p><i>However the Service can still be percieved as sexist with only lip service being paid to issues affecting women. We need to be looking at processes, equipment (ensuring it is right for the individual) and then the person.</i></p>
<p><i>The more diverse we are, the better we will operate.</i></p>
<p><i>Don't waste money on critical race theory, spend the money on personal and equipment for front line staff.</i></p>
<p><i>This is not a primary concern to the majority of the population who view Fire and Rescue as people who will potentially save their lives, their children's lives or their property. As part of the county council, you are committed to certain standards of behaviour and rules around recruitment, and you are obliged by law to work within the Equality Act, therefore this statement is redundant. As the first point you state, it gives the impression that this your primary concern, which it shouldn't be. The laws and the county council rules ensure you do this anyway - you don't need to state it separately.</i></p>
<p><i>The job should go to the person best suited to it, not someone there to fill a diversity quota. Filling job roles based on skin colour should be illegal, not encouraged.</i></p>
<p><i>Firemen should be chosen on their ability irrespective of their ethnicity</i></p>
<p><i>Equality for all is the only way forwards</i></p>
<p><i>Need to ensure diversity is addressed as well as competence and professionalism</i></p>
<p><i>I believe that the best people should be recruited regardless of the community that you serve. If the whole county was white British but the fire service was all BAME then that would be fine.</i></p>
<p><i>"We cannot be what we cannot see"</i></p>

<i>Discrimination shouldn't need to be considered - the main criteria should be 'can you do the job required' nothing else matters</i>
<i>If you are coming to help me, then as long as you are capable of doing the tasks required then it doesn't matter about anything else.</i>
<i>to give a sense of belonging and demonstrate inclusiveness</i>
<i>Diversity in any section of the workforce is important, and needs to reflect our growing multicultural, multinational way forward in all aspects of our society.</i>
<i>This is essential to maintain respect and co-operation and to prevent any form of discrimination.</i>
<i>It's important that people can relate to the fire service and understands what we do. one way to do this is to ensure we attract people from our communities from a diverse background so we can bring different ways of thinking and skill sets to better keep the people of Warwickshire safe.</i>
<i>You should employ who is best for the job not because of there ethnicity</i>
<i>Recruit the best candidate for the job. Ensure there is a level playing field for each job. No preferential treatment to anyone</i>
<i>Regardless of ethnic origin, it should be the best person for the job.</i>
<i>Because different people have different backgrounds and bring with them knowledge and insight as to how different cultures might live and how best to help and serve them.</i>
<i>To reflect the community which this service serves</i>
<i>I feel that this already happens so is therefore a continuation of ensuring the workforce and ethos reflects the communities.</i>
<i>Only the best is needed and all candidates must be treated as equal</i>
<i>Because it's important to have transparency and fairness and inclusion of all</i>
<i>Don't see many female fire fighters though</i>
<i>This proposed policy is not required. The law is sufficient to give protection to the workforce. This is merely words for the sake of them.</i>
<i>Equality is important in every working environment</i>
<i>To be efficient and effective the Service must understand and appreciate the differing aspects of the County</i>

<i>Stop playing trendy PC games with the lives and safety of the public. Your guiding rule must be that the best person for the job is in that job. Just 'box ticking' may currently seem very PR worthy in the Management Boardroom, but it will only result in deaths if put into practise.</i>
<i>If I am stuck on the second &amp; poor of a burning building, I do not care who comes to rescue me! Don't get hung up on "diversity and balance" - employ the best people for the job from what ever background or ethic group they are from.</i>
<i>This will just be lip service to appease those who campaign for this and will actually end up discriminating against those who aren't in minority groups...</i>
<i>We have currently undertaken some great LGBT awareness days and recruitment has took a real positive move towards the wider under represented communities</i>
<i>The issue of diversity is important to all organisations but I don't understand why this is being placed first in the list of priorities. There is very limited information as to what is actually planned in terms of actual aims or activities to base this response on or why this is deemed of such high importance. There is no evidence of a problematic organisational culture that would cause the community at large to believe that this can realistically be your top priority in the coming years. Shouldn't be the first priority be to be maintaining and improving the service that the whole county receives?</i>
<i>To give opportunity to all and create a culture that reflects the community you serve.</i>
<i>You should be recruiting the best person for the position. To achieve your statement you will need to discriminate to achieve your goals. Equality of opportunity is where you should be, not equality of outcome. How do you select which community groups you will base your ethos on?</i>
<i>I believe quite strongly that in order to serve our communities we first must learn to understand what the makeup of our communities so that we are able to meet their needs. It's so important that diversity inclusion is part of a service, its brand and the workforce is a true representation of its communities. A strong diverse workforce and inclusive culture are key and have multiple benefits, but the overarching aim must support and delivery of the Warwickshire Fire Service Strategy, this needs to be authentic and effective.</i>  <i>An inclusive culture that supports diversity sends out a clear message to our communities, stakeholders, partners and allies that we are clear about the values and behaviours we hold, the cultural experience and the expectation of colleagues promote diversity and foster inclusion by setting cultural norms and encouraging recruitment from diverse talent from all parts of our communities.</i>
<i>My community is mainly white. However I would like to see diversity that reflects the ethnic make up and genders of the U.K.</i>
<i>Inequalities have existed in the past between uniformed and non uniformed staff.</i>

<b>How important to you is it that the Fire Service 'Ensure our workforce and ethos reflect the diverse communities we serve'? - Please tell us why.....</b>
<i>See answer to previous question.</i>
<i>It is far more important that the fire service saves lives, than follows any imaginary targets.</i>
<i>To avoid perceived prejudices.</i>
<i>I don't honestly see how colour or race makes a difference as to how they perform their work</i>
<i>When i need simeone to help me i am unconcerned as to wether they fit a certain profile just that they are able to do the job</i>
<i>To get into the community more you need to reflect it more</i>
<i>See above</i>
<i>Yes it's important, however more important is how many there are and then being absolutely capable of doing the job.</i>
<i>Political correctness taking over</i>
<i>We must all be seen as a single community of tolerant and decent people. The fire service is an emergency service charged with the preservation and rescue of life. That must be at the centre of all that you do.</i>
<i>So that everyone receives the same service and respect</i>
<i>It enables Community engagement if the Community identifies with the Fire Service. This is achieved if workforce reflects the community being served</i>
<i>It's important to continue to improve our commitment to our communities having a diverse workforce.</i>
<i>Because equality should be the norm, not the exception.</i>
<i>Again, very important, but not taken seriously</i>
<i>As above</i>
<i>It's the fair thing to do</i>
<i>It Concerns them.</i>
<i>If it doesnt there is a significant risk that the fire service offer is not diverse or meet the needs of the local communities</i>



<i>What if you had a large fundamental group within Warwickshire? Would you adopt their beliefs no matter how extreme?</i>
<i>It is the fact that we are diverse that makes the communities whole and this is something we should be proud of.</i>
<i>As above</i>
<i>It is important but its equally important to find that people want to do the job and are able too, rather than recruit from varying backgrounds just to ensure we reflect the community.</i>
<i>If the process is fair and transparent it will be obvious to all.</i>
<i>See above</i>
<i>A varied demographic not only enriches the workplace but also more accurately represents the real demographics of the broader Warwickshire population. We need cultural shifts in our workforce to mirror society. The change needed goes beyond corporate diversity policies of counting statistics and promoting 'minorities'.</i>
<i>As a white straight male i have never entered a community within Warwickshire showing less than complete professionalism and seeking a satisfactory outcome for the community requiring our assistance in the time of crisis. Never has a `customer` complained that they had been rescued or helped by a white man, or expressed a preference for a BAME public servant to attend for a better outcome. The only complaining appears to come from white liberal's heavily burdened by a misplaced sense of guilt.</i>
<i>When you are setting strategy and direction it is again essential these are measured and reflective of our communities. Having a diverse workforce will enable a rounded perspective.</i>
<i>It's the ideal, it is more important though that your workforce is able to do their job. That is the first priority.</i>
<i>As above</i>
<i>Fire rescue usually involves a person covered from head to toe in uniform and mask. How can you see what colour their skin is or how diverse they are?</i>
<i>Important, its about the messages that we give out and how we do that, that is more important, being inclusive, but saying that the public need to be receptive and engaging as well, which is not always the case.</i>
<i>So that we understand the diversity within our communities.</i>
<i>See above</i>
<i>Each member of the community is important. We have different needs, likes and dislikes, and belong to different cultures, all which make life interesting and rich, and we can all learn from each other. The Fire</i>

<i>Service is fantastic at bringing communities together, and promoting diversity and the richness it brings to us all.</i>
<i>You need the best people for the job, within the parameters of the law and the county council's rules and ways of working.</i>
<i>Our fire service should reflect the best suited for the job. Discrimination works both ways. Are people being turned away because they aren't a minority? Is that even legal?</i>
<i>However, recruitment and promotion should still be on merit, not diversity. Instead more education amongst minorities is probably needed so there are appropriate applicants from different backgrounds.</i>
<i>To reflect modern needs respect for all and expectations</i>
<i>While I would not agree with discrimination whether direct or indirect the best people should be recruited regardless of the community.</i>
<i>Whilst every effort should be made to attract, recruit and retain people from all communities the overriding need is to ensure the service is made up of individuals who are capable of meeting its exacting demands</i>
<i>It is essential to help build confidence and trust in a critical service. Relationships are key and the diversity helps build those relationships with our diverse community.</i>
<i>as above really</i>
<i>Understanding the behaviours and needs of the communities</i>
<i>With a more varied workforce there is a better chance of empathy with differing aspects of our society.</i>
<i>Please see previous answer</i>
<i>diversity of thought in decision making adds value and provides real natural challenge</i>
<i>it will help make WFRS become a employee of choice for everyone in our community and then WFRS can benefit from a wide skill set and different approaches to the way we do things.</i>
<i>Recruit the best people irrespective of sex colour etc</i>
<i>You select the best person regardless of ethnic origin.</i>
<i>The most important thing is that we have firefighters, fully trained and equipped, whatever their background, but it is important to reflect the culture and society that we are part of for the reason I mentioned above.</i>
<i>As long as people want to be part of this service, feel passionately about the job they want to do and can do the job to the standard that is expected, then that is what matters and that we have enough people to do the job.</i>

<i>It makes it easier for all communities to engage together</i>
<i>I hold the same values</i>
<i>Everyone needs help potentially</i>
<i>Of course it is important. But you do not need a policy to say so. Who are you trying to convince?</i>
<i>To be efficient and effective the Service must understand and appreciate the differing aspects of the County</i>
<i>Meritocracy over PC. The best trained staff, with the best equipment should be of prime importance.</i>
<i>Please see above answer</i>
<i>No service will ever truly reflect its community in all aspects.</i>
<i>It enables communities of lesser represented societies to join the service but equally allows crews to build bridges and relationships by having diverse crews.</i>
<i>Please see previous comments regarding why I don't understand why you think this is your first priority.</i>
<i>If i need the fire service, i want individuals that can do the job!</i>
<p><i>Celebrating diversity starts at the heart of the service. This is so important where leadership matters and key decisions can make a change by influencing social change in the culture, attitudes, values and behaviours.</i></p> <p><i>Protecting our communities and saving lives is at the heart of the service, Protect, Prevent and Response all have an element of diversity, celebrating our commitment as an organisation, valuing and celebrating our workforce and building on the rich diverse talent and attracting new talent.</i></p> <p><i>Moving forward there needs to be a clear vision and purpose, "Diversity Charter Fire Specific" which sets out EDI, promoted internally and externally. This bold statement of intent is part of the WFRS recognised brand but an endorsement which celebrates the diverse communities we serve, promotes an inclusive culture and set a vision for current and future collaborations.</i></p>
<i>We are a diverse nation and if the fire service doesn't reflect that, it can't be as effective or as supportive.</i>
<i>Staffing needs to reflect the diverse nature of the inhabitants of Warwickshire.</i>

**Based on the information provided above, is there anything else which you think Warwickshire Fire and Rescue Service should consider when developing this proposal? – Comments (Proposal 1)**

*Selecting best person for job, not selecting to fill diversity quotas.*

*You hire people based on their ability to do the job. Simple. No bending the rules or favouring anyone just because you have a box to tick.*

<i>When I'm leaning out the upstairs window of my engulfed house, do you think I really care where the heroic fireman\person climbing up the ladder is from?</i>
<i>I'm not sure what information you have provided above. It is very vague</i>
<i>See above</i>
<i>The fire service must recruit those best suited to the job. It is a job that not everyone could handle. Within its structures there should be a level of support for those firefighters exposed to the most horrific incidents.</i>
<i>Primary crewing of special appliances for the future.</i>
<i>Actually listening to staff and not make decisions based upon management, old school rhetoric . Staff below Grade G are not ever taken seriously</i>
<i>It should not result in over representation, or taking someone on just to fulfil a quota. Suitability for the job also needs to be considered.</i>
<i>While it is important the the service reflects the community when recruiting the best people for the job should be picked and positive discrimination should be avoided. This means that all communities should be encouraged and informed when recruitment is taking place.</i>
<p><i>Consider that only a small percentage of the community is made up of minority groups... hence the term 'minority group', and as such to ensure true equality a workforce should represent that same percentage make up of staff.</i></p> <p><i>Also consider the young white working class boys who will see the recruitment posters aimed solely at BAME candidates and left questioning if they are unworthy or no longer welcome in WFRS because of their birth colour, heterosexuality or lack of faith.</i></p>
<i>Youth development is a very important aspect within this proposal</i>
<i>Change the culture of recruiting white males refresh your outward recruitment drive with pictures, podcasts social media of a service that's wants to employee a diverse workforce. Drive this with personnel from all levels showcase the women and BAME at senior levels and management show the new generation who are thinking about a new career it is possible</i>
<p><i>Do you actually know who the community is and what you mean by this statement? For example if there is an aging community in the area you work in, I don't think you are suggesting it should reflect this community (employing over 65 year olds for example) - so be clear about what you mean, don't hide behind vagueness, if you mean you are under represented with BLM people say so, if you mean women say so, LGB say so.</i></p> <p><i>i.e. statement 'we include everybody in what we do' - what does that mean - you say it means you want staff to represent, but see my statement above about over 65 years, you don't mean that so be clear what 'everybody' actually means and what 'include' actually means (i.e. include for over 65 years could mean you</i></p>

<p><i>are going to visit older people and understand their concerns about fire risk).</i></p> <p><i>You can get this statement right, but be clear not vague.</i></p>
<p><i>The impact of the workforce Mental Health</i></p>
<p><i>Rethink your motives</i></p>
<p><i>Carry on, continually reviewing, listening and reengaging with the wider audience.</i></p>
<p><i>Ensuring that equipment, uniform and PPE is suitable for an individual and that inappropriate equipment does not hamper an individuals ability to perform a task.</i></p> <p><i>Ensure suggestions to improve items are listened to and not rubbished.</i></p>
<p><i>Statutory promotional boards for Fire-fighters should include more community based processes and initiatives to fall in line with the fantastic work that if currently being done.</i></p> <p><i>Institute of Fire Engineers based processes are dated processes, areas of these subjects should continue to be delivered through training and development.</i></p>
<p><i>Concentrate on saving the tax payers from fire and car crashes and forget time wasting woke issues.</i></p>
<p><i>We can remember that different cultures have a lot to offer and teach all of us. What may suit one community may not suit another, and so ensuring that the service be careful not to exclude anyone.</i></p>
<p><i>Give the job to the one who deserves it. Do not give it to the undeserving one who fills a quota.</i></p>
<p><i>Ensuring staff well trained and experienced</i></p> <p><i>Equally supported by their team and managers</i></p>
<p><i>The focus must be on what a person can do.</i></p> <p><i>Eliminate subconscious bias and employ the right people for the job in hand.</i></p>
<p><i>Even if certain sections of society are not represented by the workforce, education and understanding of all levels of the wider public should be understood in order to better direct the correct resources where they will be most needed.</i></p>
<p><i>Positive discrimination does not work, pick the best person, regardless of ethnic origin.</i></p>
<p><i>Think wider than just race, think about representing people living in different ways of life, like on boats, in park homes or travelling around. Their are different risks to all these ways of life that people living in houses would not necessarily understand.</i></p>
<p><i>Education, training , ability and team working.</i></p> <p><i>The wide remit of the service requires a variety of abilities and skills.</i></p>

<i>On the Whole I Think that Warwickshire Fire And Rescue Provide A really good Service to the People of Warwickshire and that there is Nothing else that should consider when Developing this Proposal.</i>
<i>location of fire stations and the area they support, such as motorway networks and business park that might draw on their services.</i>
<i>Nothing comes to mind</i>
<i>Encouraging young people in to the profession</i>
<i>Delete the proposal, it is unnecessary as legislation covers all possible problems.</i>
<i>Reflection is not the same as representation</i>
<i>Employ the best people for the job - don't worry about the ethnic balance</i>
<i>Be realistic, rather than dreaming about an unobtainable utopia.</i>
<i>None</i>
<i>Recruitment policy, diversity of current work force and those recruited in last 2-5 years</i>
<i>Equality of opportunity!</i>
<p><i>Have the right people, with the right skills, in the right place, at the right time</i></p> <p><i>Carry out an internal consultation on EDI, SWOT analysis with workforce so everyone is included.</i></p> <p><i>Understand and react to changing risk in order to deliver a modern, flexible and resilient fire and rescue service.</i></p> <p><i>Plan for and provide a seamless emergency response in partnership with other blue light agencies.</i></p> <p><i>Work with others to protect the public and help to keep them safe from fires, CV19 and other emergencies.</i></p> <p><i>Understand our diverse communities to target our resources on those that most need it.</i></p> <p><i>Work collaboratively with other agencies, stakeholders, partners and allies to deliver change.</i></p> <p><i>Celebrate the diversity of our communities so that we can learn and grow.</i></p>
<i>I would like to see Warwickshire Fire Service actively recruiting for women and BAME fire fighters. If we don't reflect our communities, how can we understand and support them? Understanding the barriers that discourage women and BAME individuals for joining the Fire Service and genuinely overcoming them should encourage more diverse recruits.</i>

<b>To what extent do you agree with the proposal - 'Assess our capabilities to improve our ways of working in response to any future pandemics'? - Please tell us why.....</b>
<i>You deal with fires, not viruses.</i>
<i>Maintaining old, systems and processes reduces effectiveness in a changing world. This should be an on going process.</i>
<i>Any support that it is possible to provide whilst not affecting the main role is helpful, especially to vulnerable residents</i>
<i>There must be a significant risk of this disease recurring or another pandemic arising. Lessons can and should be learned and preparations made for this and other major civil emergencies.</i>
<i>I can't disagree with this statement but you are not giving me any information on how you are going to achieve this proposal. It is unbelievably vague.</i>
<i>Focus should relate to fire fighting...dealing with accidents.</i>
<i>As an emergency service fore staff are on the front line and must be ready for future events. Co-ordination between the emergency services is vital. The police, fire and ambulance - health service need to work together on this and perhaps in liaison with the armed forces.</i>
<i>We need to be as prepared as possible for future emergencies / pandemics</i>
<i>The Fire Service is a respected organisation and as such assists in providing faith to the community that help/assistance is available irrespective of cause .</i>
<i>To protect the workforce and maintain a resilient emergency response</i>
<i>Without this support the very vulnerable people in our society would be left without support.</i>
<i>The current pandemic seems to have caught the government out, and it falls to public services to deal with these situations effectively</i>
<i>All services need to consider how their offer can support current and future pandemics and threats.</i>
<i>As a service with skills that can be applied to assist others agencies in their time of need should be explored and developed.</i>
<i>As the general public look to our services for help and advice I believe that we should be forward thinking about how we can improve on what we have already done.</i>
<i>I think this won't be the last pandemic and this one isn't over yet</i>
<i>This pandemic caught us all out and I think the Fire Service has a unique opportunity to be on the front line helping people.</i>

<p><i>Covid 19 taught us a lot with regards to changing our response in all areas to meet the needs of the most vulnerable in our communities, its has provided us with lots of intelligence to suggest we need to ensure we are fit for purpose with our response, departments and future planning.</i></p> <p><i>We should re-evaluate what we need to do and how we do it to ensure we do not slip back to the old routine and forget the challenges we faced.</i></p> <p><i>We have some great work examples out there and we should build these into any future pandemic planning procedures.</i></p>
<p><i>As charities are hard hit by this pandemic they cannot always provide support that they previous did. The fire service can help e.g. deliver foods, necessities to the general public in their down time.</i></p>
<p><i>It is vital that we continue our excellent work. Our communities need us.</i></p>
<p><i>It is better to be prepared that having to "fire fight" when an event like the pandemic occurs</i></p>
<p><i>I doubt anyone would disagree that we are in a position of trust able to reach the most vulnerable at times of crisis, however in order to achieve this we need to recognise the expanding role and reflect this in the salary of a shrinking workforce being stretched beyond safe and sustainable levels.</i></p>
<p><i>It is obvious that most authorities failed to prepare for a pandemic of any sort, let a lone the current one. Safeguards and preparations for future such problems should help reduce the impact on communities.</i></p>
<p><i>It is important to ensure that service can be delivered during these times.</i></p>
<p><i>Although it would be nice to think that this won't happen again in the future, I think there are lessons to be learned in all sectors. Even if you never have to use the things you plan, there's no harm doing it.</i></p>
<p><i>Capabilities to meet an ever changing world is essential however this needs to be balanced with the current financial constraints on the country as a whole.</i></p>
<p><i>Assess means understand - this is a good statement. I am hoping the next page talks about action.</i></p>
<p><i>Need to learn lessons from the curent pandemic</i></p>
<p><i>All of what was highlighted above, increase of hospital to home, delivered food parcels and kept contact with vulnerable residents, were carried out mostly by one department, not the wider service, some of which were sat at home. Apart from crews/control being in their bubbles, which I fully support. The public saw the fire service doing this great work, but it was green book staff who was actually doing it, with half of the staff being on 12 month fixed term contracts.</i></p> <p><i>The department showed, through leadership, (***) it was capable of working safely in the office, putting robust measures in place to protect staff, who were willing to continue to provide a service. Some may say it was wrong to do that, but we showed it worked and continued to deliver, every time we were asked to do something.</i></p> <p><i>It was refreshing and gave encouragement to the team when ***** and *** visited and spent the day on</i></p>



<i>the front line carrying out some of the above. They trusted the team and the measures that were applied and rolled up their sleeves.</i>
<i>In our present climate it seems a natural progression.</i>
<i>COVID 19 is new and evolving to face the challenges it poses is a must.</i>
<i>The pandemic has presented</i> <i>Numerous issues</i> <i>Highlighted others</i> <i>The need to care for each other's welfare is paramount especially those in need or vulnerable</i>
<i>Contingency planning for such events has been paid lip service.</i> <i>The current situation should remind everyone of the need to plan, train and finance for potential incidents, scenarios like this.</i> <i>The fire service is ideally placed to provide capacity to meet these needs</i>
<i>At times like this, then community resources must act together to protect and help the vulnerable and needy.</i>  <i>Plans need to be in place and rehearsed so that they can be put into action as required.</i>
<i>so that we can provide a rapid and effective response no matter what the pandemic or national/international emergency</i>
<i>It is very important that services should cover all current and future outbreaks, and to understand which sections of society need help so as to better target resources</i>
<i>Vital to improve how we respond in the future. Also responses will have varied across the country. Need to note and learn from best practise.</i>
<i>Developing partnerships will help access vulnerability and reduce risk</i>
<i>we need to learn what went well and what didn't go well so that WFRS can continue to work through any times of pandemic</i>
<i>Please don't forget why you are there. A fire service first</i>
<i>Helping your local community is a good thing, how could it be discouraged?</i>
<i>By working together with partner agencies we can be stronger together and be able to meet a changing landscape flexibly. It is good to be able to pull together and adapt as things change. The support provided to help in the communities has been amazing, we should not lose this because things are getting back to normal.</i>
<i>So the service can be ready for all eventualities.</i>

<i>These are currently strange and unprecedented times so I think everyone needs to review and perhaps review their ways of working to deal with the current pandemic and any future situations</i>
<i>No one knows what the future holds but the emergency services must have a plan ready for any occasion</i>
<i>Clearly we were all taken by surprise and we need to accept this is likely to happen again and therefore we need to have a better and faster to implement response</i>
<i>The NHS needs all the help it can get</i>
<i>You have forgotten the core principles for which you are employed. It is not your position to deal with pandemics.</i>
<i>It has become evident that future pandemics are possible and vital that emergency services can help</i>
<i>Any emergency service must plan and have the flexibility to meet the unknown but it must not be deflected from its core responsibilities</i>
<i>Instead of constantly cutting services and establishments, you should have sufficient emergency back up for likely scenarios. It was always done via the Civil Defence Plans, but recently fell victim to those who wished to raise salaries by diverting equipment renewal costs.</i>
<i>This seems obvious for an emergency service and no further explanation is required</i>
<i>We need to be ready, but this should not shape the focus of everything we do.</i>
<i>Covid is unfortunately not going to go away so the more we can adapt and prepare the better we can function in the communities.</i>
<i>I'm sure the Fire Service has made a valid contribution to the pandemic but this is not the core duties of the service. It is the wider fire and rescue risks that Service should give its main focus to. Furthermore phrases like "assess our capabilities" gives little detail to give a meaningful response. I imagine all organisations are doing the same currently so there seems to be little value in consulting the public on such a bland statement.</i>
<i>We need to assess all eventualities in an ever changing world and get ready for living with pandemics</i>
<i>There will be more pandemics in the future</i>
<i>Everyone should pull together which makes the community stronger and knowing there is additional support is very encouraging</i>
<i>I believe it is so important all services pull together and work in collaboration for the benefit of communities. A trusted brand as WFRS promotes safety and security and at times, providing additional help to communities and adding value where it is most needed. Coordinating a swift response to elderly and the most vulnerable in their time of need.</i>

*WFRS has shown courage and strength and remained resilience to the changing effect of CV19 across communities. Providing reassurance and support to communities, the elderly and vulnerable members of our society as always. Working on a coordinated response providing guidance and training where possible for their workforce who remain at the front line.*

*I strongly support the continuation of the work which has been carried out by WFRS into the hearts of our communities when it is most needed. This is a test and sentiment that you have strong leadership and a proactive service across all department that continue to provide excellent service into the communities of Warwickshire.*

*The fire service is such a hugely important part of the community and they have the influence and ability to help assist other departments such as the NHS. They should help out wherever possible during situations such as covid*

*I don't think that the Fire Service can improve its efficacy understanding what it does well and what it needs to work on. It would be more beneficial to complete the process without blame or discouragement at all levels.*

*Hospital to Home Service. Unless you have been offered or received this service the average resident in Warwickshire is not aware that this service exists.*

**How important to you is it that the Fire Service 'Assess our capabilities to improve our ways of working in response to any future pandemics'? - Please tell us why.....**

*It is important to me to know that public sector organisations have an effective plan in place to recover from the current Covid 19 and any future peaks or pandemics.*

*Same as above.*

*Maintaining old, systems and processes reduces effectiveness in a changing world. This should be an on going process.*

*For reasons stated in response to previous question.*

*Whilst it is important to be aware of how you might work in a pandemic, it is very difficult to plan for something unknown. Again, the proposal is not a proposal, just a statement of what would be nice to do.*

*The availability of all emergency services are of importance should the current situation resurface or a new threat arise any improvement in ensuring this is important*

*Yes things may need to be done in different ways however main focus and spending should be on numbers fire fighters and the job itself.*

*I think brigade is losing focus*

<i>The public have a view of the fire service as simply dealing with fires and accidents. Pandemics are something new and equally menacing. As above the need for co-ordination between services becomes all the more important.</i>
<i>No one knows when and how they may find themselves to be the vulnerable person who needs help and it is essential that the fire service are ready to deal with the needs of people.</i>
<i>The known issue of staff reduction due to infection indicates that a tiered approach should be made to ensure our core activity is protected and crewed through any eventuality. Also tiers should reflect support provision to our communities. This would entail the scaling back to the need to provide as opposed to the nice to provide for our community.</i>
<i>Looking at the data the traditional role of the fire Service may be reducing as there would appear to be less house fires and RTAs however we all would like a local fire Service for when emergencies do occur so to broaden the role of the Fire Service seems a good idea so that there is a reason to keep a presence in all communities.</i>
<i>Future pandemics might be deadlier</i>
<i>The Fire service is working for the best interest of the public</i>
<i>To ensure the service is fit for purpose, can maximise its effectiveness but also still meets its priorities as a fire service</i>
<i>We need to build on what we have learnt from this pandemic to ensure that if anything like this happens again we can move quicker to help those that require the most assistance.</i>
<i>So that the service is prepared next time.</i>
<i>Because of the role the Fire Service can play and the trust that the Public have in the Fire Service</i>
<i>If we do not assess this, we could potentially be left without a response function to deal with any emergencies.</i>
<i>As previously stated to help those vulnerable residence in the borough</i>
<i>A targeted Service is vital to our communities.</i>
<i>When a workforce is demoralised by another insulting pay offer i feel the role we are best placed to carryout is the role of reactionary firefighting with the community safety and prevention elements outsourced to the private sector. This will highlight to those that make decisions on pay offers just how valuable a firefighter is and how insulting the recent uplift was.</i>
<i>To improve efficiency should there be another pandemic.</i>

<i>Every public service should be brought to bare during these unprecedented times in supporting the public, economy infrastructure etc being able to do this will require commitment and change as well as letting go of antiquated culture at all levels.</i>
<i>If you don't assess (and review) you don't understand</i>
<i>as above</i>
<i>Because we will see lock down again. We will continue to see vulnerable people slip through our net of not receiving a safe and well's, we will see others not accessing the right help and support that is needed or the chance of not being referred on, unless we work in a different way to reach those individuals. This may result in fire deaths and serious injuries from fires, which will undo all the great prevention work that the service has carried out over the years.</i>
<i>To look after the welfare of all personnel and the people we serve</i>
<i>See above</i>
<i>To ensure needs are met by all government staff I am a ***** and work for *** I know how diverse my role has become over the last * months we all need to change our duties to ensure the safekeeping of others are addressed</i>
<i>Contingency planning for such events has been paid lip service. The current situation should remind everyone of the need to plan, train and finance for potential incidents, scenarios like this. The fire service is ideally placed to provide capacity to meet these needs</i>
<i>There needs to be a plan so that assistance can be given without leaving gaps in other essential services that need to be covered during the outbreak.</i>
<i>No pandemic is the same as another and therefore it's important that services are flexible and better able to adapt to different needs from the public.</i>
<i>See last answer</i>
<i>enhances resilience</i>
<i>Future planning is a good thing.</i>
<i>Same as above: ie "By working together with partner agencies we can be stronger together and be able to meet a changing landscape flexibly. It is good to be able to pull together and adapt as things change. The support provided to help in the communities has been amazing, we should not lose this because things are getting back to normal."</i>
<i>we don't know what the future holds but covid has given us an insight; this needs to be considered but the fundamental services of the fire service must take priority.</i>

<i>It should be important to everyone as it affects us all</i>
<i>The service you provide needs to be maintained at all times</i>
<i>You are our go to people for every emergency. Who is better trained ?</i>
<i>You should not be involved in any way.</i>
<i>Whilst no-one expected the Covid-19 attack, it was always a possibility, just as an ICBM strike was, and still is, and Nuclear Defence measures, such as 'Protect &amp; Survive' were kept, however outdated, but ... just in case.</i>
<i>Again, it is important, however, so is dealing with day to day problems.</i>
<i>As mentioned before we need to prepare for the worst case that if crews have to isolate or attract covid themselves. Our response model will need to possibly change to create bubbles. I feel that office based WMs could be assigned to work from stations to assist in crewing and add resilience</i>
<i>See previous comments. This is the core duty of other services.</i>
<p><i>As a customer of WFRS I need to assure that the service which is providing a service to its customer can meet the ever-changing demands of its community. Developing and improving effective change is to meet new risks, to adapt to social change, to improve effectiveness and efficiency and to grasp the opportunities offered by technological advances.</i></p> <p><i>I strongly believe that the capabilities of the service should remain at a high level so that we are assured as the community that we are in trusted hands. The skills the workforce need will change as technological advances and new risks are recognised; this change will include the way we modernise a fire service fit for 2020!</i></p> <p><i>Communities face even greater challenges with CV19, climate change, housing, landscapes, road networks and flooding leading to more water related rescues and protecting livestock. Other challenges such as terrorist attacks and community tensions based on political decisions and community cohesion are part of daily events. In every aspect of change, WFRS need to ensure that an effective peer challenge process and to share best practice where possible. This will complement the safeguards and vision provided by HMICFRS.</i></p>
<i>It is their duty to help people in times of crisis, not just situations of fire or RTA but in all situations where the community should be at risk.</i>
<i>A better way of working should make the service more effective which benefits us all. The more effective the service is, the more lives it saves.</i>
<p><i>Too much has been left to chance in the early days of the Pandemic.</i></p> <p><i>There needs to be clear plans on how the service will respond.</i></p> <p><i>Web site appears to be more Warwickshire County Council than Fire &amp; Rescue compared with those of other</i></p>

*fire authorities.*

*The only way to find information is by having to search numerous web sites.*

*A lot of businesses and local government departments email information which may be of interest to subscribers.*

**Based on the information provided above, is there anything else which you think Warwickshire Fire and Rescue Service should consider when developing this proposal? – Comments (Proposal 2)**

*Closer working relationship with neighbouring organisations especially with respect to \*\*\*\*\* (which should fit within and form part of the WFRS remit for both budgeting and management reasons).*

*As before, no information provided. What are you going to do?*

*Keeping your staff safe and healthy should be top priority, that would benefit communities in the best way*

*Widen the scope of duties undertaken by fire services*

*Co-ordination.*

*How the Fire Service continues to work with other partners and does not offer or duplicate services that are better provided by others*

*Look at what worked well during this pandemic and keep it.*

*Reduce the current work carried out and prioritise rather than following previous trends of adding onto an already expanding role. Platitudes are all well and good but the take home pay required to keep up with living costs are ultimately why we motivate ourselves to go to work in the first place.*

*You should recognise the crews that helped keep services running as normal during the pandemic, and harsher management of those individuals within the role that used it as an excuse to get time off.*

*Think about how this could be done collectively with all emergency services and local councils, stop using administrative boundaries to justify spending. Public services is a resource for all and should not be separated by a badge they wear or where someone lives.*

*Be honest - we only move forward by honestly assessing current.*

*Be open to new ideas*

*Pray there isn't another pandemic!!*

*As an \*\*\* \*\* Worker - thank you for your support!*

*Care for staff*

*Be flexible enough to address the changing needs. We may not be aware of what is ahead that needs addressing but keep open mind.*

<i>Think wider than Warwickshire.</i>
<i>Pandemics are just one topic of "crisis". There are other crisis matters such as Global Warming and the lack of water provision to fight fires and grow crops etc</i>
<i>As long as the best use of resources is made in any further and future outbreaks then more sections of society will feel they are covered in case of need. Nobody should feel they have been left out by emergency services and that everyone needs to know help is available when needed.</i>
<i>Just do your best and help those you can, without endangering yourself. Simple!</i>
<i>Just want to point out that it was the **** team that delivered the services to help and support our communities by providing additional services to our vulnerable residents. For example, we increased our hospital to home service, helped deliver food parcels and we kept in contact with our vulnerable residents to see how they were getting on.</i>
<i>Think about how to access rural and physically distant people. Towns and cities generally have good infrastructure, resources and networks to get help to people who need it. Rural villages and hamlets have less of these things so might benefit from more help - even if this is online in the form of a database or signposting.</i>
<i>Evaluate whether the Fire and Rescue service should be the responsible body to undertake extra services during a pandemic. Decide which of these services sit well with your set up. Know what is likely to be required and plan ways to provide useful assistance if and when the time comes. Be prepared!</i>
<i>Hopefully there will not be any Future Pandemics (least ways not for A While let,s face it there has,nt been A Really serious one for A Hundred Years) so is it in Warwickshire Fire And Rescue case to make Plans for Something that might not Happen.</i>
<i>Have an active risk level assessment at all times</i>
<i>Safety for your personnel and huge amounts Of mental health and occupational health support</i>
<i>Delete the proposal.</i>
<i>As pandemics are more long term the Service must consider and concentrate on core skills and knowledge.</i>
<i>Consider installing local liaison set ups in all, small widely scattered communities, working with Local Authorities and other Emergency / Volunteer Services.</i>
<i>Just my previous point of WMs in offices assigned to stations.</i>
<i>How other uk and international services are responding</i>



*There may be an opportunity to conduct an audit of the service so that the service is well equipped, informed and has the right workforce at the right place at the right time to provide an excellent service to all its customers.*

*I would like to assume that sharing and learning from best practice with other regions would be part of the process*

*I believe there is a need to make information more readily available to the residents of Warwickshire. Having had a Fire Safety inspection in my home years ago I asked for sufficient copies of the booklet to give to all the home in my street. I happen to live in a street where most of the residents are retired. Completing this survey makes me think I should repeat the exercise.*

**To what extent do you agree with the proposal 'Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties? - Please tell us why.....**

*Fire and Rescue Services should be proactive in ensuring that their emergency response remains effective as the County changes due to new buildings and changing public behaviours.*

*If you mean shutting down a whole load of smaller fire stations and making a few large ones then I completely disagree. Every town needs a fire service.*

*Whilst maintaining high levels of flexibility which I also believe to be essential.*

*I can only speak as a resident of \*\*\*\*\* which is growing as a village hugely with new houses being built all the time. In rural areas having a local station is the difference between life and death*

*Presently, WFRS response times against their own standards are not being met as evidenced within this IRMP. This is either down to lack of appliances and staff - a matter for urgent review if that is the case, or it is due to appliance stations being in the wrong places. A review is encouraged but ONLY in the event that there is no net loss in staff numbers or appliance numbers.*

*This needs to be done as you are not currently meeting your 75% attendance time target. This suggests resources are either in the wrong place or simply not enough resources to cover the area.*

*Its of obvious benefit to have resources where they are needed, with more and more housing and business areas being developed and spreading out the current locations of assets may nit be the right place for the future.*

*There is no need for a whole time Station in Alcester it is a money pit and Is not busy enough to warrant the spending.*

*This is surely critical*

<i>I would hope you have already done this?</i>
<i>I often wonder why the police, fire and ambulance service do not share the same campus? This would make co-ordination and communication easier and may support efficiency.</i>
<i>By making sure resources are in the right place at the right time there will be a faster response and that can save lives and distress</i>
<i>Again, Listen to staff and stop taking on mindless projects that waste money that is so valuable elsewhere.</i>
<i>This is a necessity in order for the Service to provide the most effective service to it's communities.</i>
<i>It makes complete sense to have resources where they are needed</i>
<i>It's all about getting there faster, with the proper trained staff</i>
<i>Change is happening all of the time - there's a risk that if this does not remain a priority previous plans become out of date very quickly</i>
<i>Warwickshire is growing all the time, HS2..</i>
<i>Surely this is something you should be doing already, as a matter of course.</i>
<i>Looking at the results on where the most incidents were over the previous year we need to look at are the right resources in the right place and do we have enough to cope with the growing population of the areas with new homes and schools opening.</i>
<i>This should not be used as an excuse to make further cutbacks under the guise of improvement to services</i>
<i>Fire stations are dated, in the wrong places and in need of assessment. They were great when they were built in the 70s but as the towns expand they need to move to enable response times to be met.</i>
<i>Time is of the essence - life or death so its important the service can cover the requirement sof all the borough.</i>
<i>It is vital we have the personnel and assetts in the correct places to deal with anything that is presented to us.</i>
<i>It is rather obvious. I would expect any closures to be risk assessed.</i>
<i>Most stations were built long before the network of roads surrounding them, and the expanding size of towns has put strain on the road networks with increased number of vehicles moving through the county. The unreliability of an on call appliance being available 24/7 has increased the burden on it`s nearest wholetime station, and combined with the loss of strategically located stations in a political game of chess in 2009 there are huge disparities in the likelihood of getting a reasonable response in a postcode lottery.</i>

<i>Emergencies need prompt access to resources.</i>
<i>It is vitally important that you asses the risk in the correct manner. Your IRMP document does not do this. Looking at fires and RTCs is not a proper risk evaluation. You have other types of incidents where there is immediate life risk and this does not appear to be taken into consideration.</i>
<i>being in the right place in the future is important. Given the expaning numbers of housing estates, and the work you do on the motorways is a base in the cnetre of Leamington still sensible?</i>
<i>This goes without saying however your assessment of risk will need to be reflective of rural communities not just mass population or industrial area.</i>
<i>How else can you effectively function?</i>
<i>We have such a rural patch, response times to these areas needs to be comparable with urban communities</i>
<i>The only time I called the fire brigade for a car fire a few years ago, 2 engines arrived. One from ***** road, *** and one from *****.</i>
<i>Times change, our services must change with them, if and when it is needed, but we should not be scared to say no, at times to change, just for change sake.</i>
<i>Completely agree. However thought must be given to those who may suffer if there is a change of location and they are adequately compensated due to not living within a turnout area - due to a change of station. I know this could happen to me personally.</i>
<i>You should be doing this all ready, not something that should be a new proposal</i>
<i>I strongly agree, so long as this isn't a cost cutting exercise to close stations and lose staff!</i>
<i>To insure support applied when needed</i>
<i>Yen minutes is a long time to wait of you are in a life threatening situation.</i>
<i>in a world of limited resources, efficient use of what is available is critical</i>
<i>That's required to deliver the fundamental services.</i>
<i>Society is continually evolving and services need to be targeted to as wider and more diverse area as possible. Lessons learned are very important in realising where services fall short or where services should be available for immediate help. As more housing is built and the population grows, the emergency services have to be able to provide resources anywhere they could be needed.</i>
<i>It is the only way of ensuring that with limited resources what we do have are both targeted/sited in the best places, but also flexible enough to deal with the unforeseen.</i>

<i>resources should match risk and reflect changes</i>
<i>WFRS needs to constantly look at where people are living, where climate events are taking place, where developments are taking place and comparing it to where they have their resources - both engines, stations and people.</i>
<i>Not enough part time stations are available in the daytime. Do we have enough availability in the day. If so what are the plans. Proposals are rather vague with no substance .are there plans to move firefighters or engines?</i>
<i>Don't close down fire stations without careful assessment of the danger you put the community in if you close local fire stations...which is what your really trying to do..</i>
<i>Without the fire service people would die. It is very important that the resources are maintained and deployed in the right areas to maximise them.</i>
<i>I think there have been too many cuts to our emergency services and know a number of fire stations have been closed. I think it is right to review and assess this, even more so in light of COVID, to ensure that the service does have the right capacity as well as sites to offer the first class service that we have come to expect from our fantastic Fire Service.</i>
<i>Fire service must be situated where its needed most and to have easy access to major arterial roads</i>
<i>Goes without saying this is a given and highly important</i>
<i>You can't do the job if you don't have the people and equipment</i>
<i>This is not necessary: you should be doing this as a matter of course. We are aware that you will need to consult with local authorities and the community when forming any further proposals.</i>
<i>It is vital that resources are near enough to get to where they are required in the shortest time to prevent loss of life and property.</i>
<i>The risks are changing and the various industrial and housing projects need to be reflected.</i>
<i>You must at all times avoid the catastrophic centralization of services that has so badly affected the Police and Ambulance Services from correctly doing their job.</i>
<i>Obvious .... There is one question that your statement leaves open "who decides that resources are needed in the place that they are located?"</i>
<i>Stop cutting resources to meet budgets. The resources required should dictate the budget required, not the other way round.</i>

<i>Its about getting fire appliances to incidents in the quickest and safest time to meet our standards to add better value for the community. Looking at new station locations is important</i>
<i>I would have thought this was an ongoing activity all the time. Like the previous questions, the proposal is very bland and almost meaningless without further details as an issue for public consultation.</i>
<i>Should be continually under review as needs change, houses are built and population increases. We need facts, not media driven, alarmist campaigns, such as keeping Kenilworth open. Was that the right thing?</i>
<i>I believe that it is important that we have a high level of service in all areas meaning that the equipment and staff are well equipped with the knowledge and information and are at the right place at the right time so that they are able to meet the demand at all times.</i>
<i>I would also like to add that the safety of firefighter is important taking to account the wellbeing and fatigue issues as well making sure that the level of training is delivered as and when required.</i>
<i>As a service we are able to make investment to building and equipment so that the service is well equipped with new technology which is paramount to the safety of Warwickshire communities.</i>
<i>fire services should be accessible all over the county. There should not be any areas that could be let down due to a station not being near by. This will put communities at risk of incident and accident.</i>
<i>I agree with the above explanation. A improved service will save more lives.</i>
<i>All organisations/ businesses must carry out regular checks on themselves in order to ensure they are functioning .</i> <i>Have the right personnel of the right calibre, that they are up to date with the changes in technology. Are providing value for money in the service they provide.</i> <i>Sometime it is useful to have these carried out by external consultants.</i>

<b>How important to you is it that the Fire Service 'Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties'? - Please tell us why.....</b>
<i>It's important that we have local fire stations. The closure of small local stations is not an option.</i>
<i>Without proposals it is difficult to comment</i>
<i>You should be doing that on an ongoing basis.</i>
<i>With more houses being built in Warwickshire some stations may need to be more than retained</i>
<i>Whilst maintaining high levels of flexibility which I also believe to be essential.</i>

<i>See response above. More work needs to be done with District Councils, in their guise as Local Planning Authorities to release and create Section 106 liabilities in order to fund any associated changes eg major housing developments in Rugby &amp; Leamington Spa should be funding new response stations on the 'Gaydon' model.</i>
<i>See above response</i>
<i>See above</i>
<i>Right equipment in the right place at the right time</i>
<i>as above</i>
<i>As I said above, if this is not already the case then why is it not?</i>
<i>By making sure resources are in the right place at the right time there will be a faster response and that can save lives and distress</i>
<i>Maintaining the best emergency response possible</i>
<i>Again, Listen to staff and stop taking on mindless projects that waste money that is so valuable elsewhere.</i>
<i>It could mean the difference between life or death</i>
<i>As above</i>
<i>Change is happening all of the time - there's a risk that if this does not remain a priority previous plans become out of date very quickly</i>
<i>As above really as the population of Warwickshire grows over the next 5 years does the Fire Service have enough personnel and physical assets to cope with the growth. Larger families living closer together.</i>
<i>It is time to evaluate shift systems fully, and look at new operating models to ensure we meet the risk.</i>
<i>As above</i>
<i>For our communities and the safety of our personnel.</i>
<i>This piece of work should have taken place a long time ago, and has been widely investigated and discussed. Unfortunately the service has always relied too heavily on pleasing its political masters and has historically allowed them to dictate badly thought out closures of stations, in order to place a resource on a councillors doorstep.</i>
<i>As above.</i>
<i>As above</i>

<i>But it should not be just about response, other support services with in WFRS also need the correct buildings to work from and deliver focused solutions and be able to move with purpose and energy.</i>
<i>As above - consultation needs to be upfront and honest from the beginning</i>
<i>Obviously you need resources in the places they are most likely to be used and from where they can be swiftly deployed. This should be regularly reviewed, especially with the closure of stations - if this has not had an impact on your ability to deliver your statutory duties, then this is good, but it should be recognised if it has affected it.</i>
<i>See above!</i>
<i>Staff and public need to feel confident and comfortable with services provided</i>
<i>in a world of limited resources, efficient use of what is available is critical</i>
<i>Plans must be in place with enough resources to cover for the majority of situations.</i>
<i>Increasing population in some areas, including the increase of developments in the county which increase the pressure of existing resources to cope with the new developments.</i>
<i>It is important that information is collected to better direct available resources where they can be best used. A continually evolving society must be reflected by the fire service, which must be able to adapt to change.</i>
<i>See previous answer</i>
<i>as above</i>
<i>WFRS needs to be they are needed when they are needed</i>
<i>Closure to save money doesn't always work...</i>
<i>For the above reasons: ie "Without the fire service people would die. It is very important that the resources are maintained and deployed in the right areas to maximise them."</i>
<i>Saving time saves lives</i>
<i>It will keep us safer and ensure the best level of safety is delivered</i>
<i>Stands to reason</i>
<i>You have previously consulted local authorities regarding unnecessary 'assets'. This proved to be a waste of the authorities time and your time as you did not act on any suggestions.</i>
<i>This is core business.</i>

<i>The pattern &amp; location of bases has been worked out based upon years of actual need, it is ridiculous to simply close stations and rely on 'Hubs' (always miles from real areas of need, ineffectual and inefficient) just as a money saving project.</i>
<i>As per previous reason</i>
<i>Its about getting fire appliances to incidents in the quickest and safest time to meet our standards to add better value for the community. Looking at new station locations is important</i>
<i>I expect this to happen routinely! Any public consultation should be based on what you plan to enhance or change the service, not set out a general intention to review something.</i>
<i>Having the stations situated where they are is encouraging as they can save more lives and property and protect the environment</i>
<i>Repeated Question Please see above.</i>
<i>People's lives and safety depend on it Closing fire stations</i>
<i>As stated in question above unless this work is carried out regularly management is not going to know what is going on and whether this is correct for the organisation.</i>

<b>Based on the information provided above, is there anything else which you think Warwickshire Fire and Rescue Service should consider when developing this proposal? – Comments (Proposal 3)</b>
<i>Upgrading stations from retained to either day crewed or whole time with more houses being built in Warwickshire</i>
<i>Section 106 liability maximisation; co-location with WARKS Police or WMAS eg at Greys Mallory or Tournament Fields to serve M40; M6 response station at the Ricoh arena</i>
<i>What has changed between now and the previous IRMP? You said you needed to do this last time and yet attendance targets are still not being met. Will you achieve anything this time?</i>
<i>Give consideration to enviromental issues such as flooding and maybe enhance the ability to deal with them.</i>
<i>Look at 2 pump stations and why they are needed other neighbouring services have more incidents at single pump stations why do we pay for 2?</i>
<i>Warwickshire F and R S yes, but who is talking to and with other fire services? Which service is, or has, developed best practice? Collective collaboration is a rich vein to explore.</i>
<i>Again, Listen to staff and stop taking on mindless projects that waste money that is so valuable elsewhere.</i>
<i>Review of appliances eg LRP capabilities and general issues that have arisen with the appliances recently</i>



<i>Sadly there is no real information provided in the plan. No real indication of how you intend to cope with the increase in housing being built in the south of the county. No information on your plans to keep equipment up to date, and in the right places, what you plan to invest in. I would expect to see a 5 year financial/investment plan.</i>
<i>Location is the key</i>
<i>To consider what assets are available from bordering Fire services</i>
<i>There should be adequate cover for built up areas, but also rural areas. Ideally, resources need to be divided into different suitable locations as required to satisfy the needs of both urban and rural areas.</i>
<i>Future proof the new locations and consider OB assistance may not always be reciprocated due to their own constraints.</i> <i>Consider the crews forced to work in poorly designed and equipped stations (such as Gaydon) and the difficulty then faced of attracting anyone into it.</i> <i>Consider the wisdom of splitting a 2 pump station with specials who will then have to co-locate in order to operate or train that equipment.</i> <i>Strain put on single pump left in Rugby for example while awaiting second appliance at incidents..... better to increase number of appliances in a risk area rather than rob peter to pay paul.</i>
<i>That there is adequate services for the local community and any cuts does not lead to losing lives</i>
<i>All life risk incidents, the lack of 10 minute coverage within the service to be able to respond to life risk incidents.</i>  <i>Consider special contingency measures and hub locations when flooding incidents occur so response can be more efficient.</i>
<i>How flexible is your resources do they move with risk this said planning for the unexpected is always difficult did you plan for COVID 19. resources will need to be pulled together in the future and reliance on other services will need be looked at.</i>
<i>I am not sure how you can achieve this with the current funding issues, there presents (to a lay person) as there not be sufficient funds to have the right assets and people in the right place at the right time.</i>
<i>Small communities and stations are just as important as large cities, please protect them</i>
<i>To keep open mind</i> <i>Be flexible if necessary and change accordingly</i>
<i>Staff must widen their portfolio of functions that they can provide</i>
<i>How could you use volunteer groups to address extraordinary situations?</i> <i>Maybe during the current pandemic, volunteers could be used to deliver items to the needy leaving your resources free to cover for the situations where specific training is required.</i>

<i>Act as a focal point for command and control of volunteer groups to effectively increase the resources to tackle extraordinary circumstances, such as COVID</i>
<i>Statistics and data are important in directing services where they will be most needed, and a continually evolving service will better reflect their need by the ever growing community. As wider coverage of services as possible should be available and no section of society should feel they are not able to call on help when needed. Education is important but services should be directed to as wider area as possible, not leaving businesses or public feeling they are not covered by help.</i>
<i>If your thinking of closing rugby fire station, remember the population has increased a lot in 20 years....thinking you can close fire stations and using say Coventry or Other local fire stations is complete nonsense.</i>
<i>Think about rural areas as well as towns. A fire station on call responds slower than a 24 hr one. Don't just consider populations based on number of houses, there are many communities living in alternative ways, marinas of boats, park homes, traveller communities etc as well as the ones that travel the waterways or roads. Consider how you would attend a boat fire in the middle of nowhere.</i>
<i>Provide awareness education of safety and fire risks for :</i> <i>The general public in the the home,</i> <i>Risks in the workplace</i> <i>Risk the wider community</i> <i>Safety at home for the elderly and vulnerable adults</i> <i>Arson prevention measures.</i>
<i>As Special services rescues include rescues from water and given the recent flooding in Warwickshire in November 2019 - the number of these rescues or impacts of flooding may increase in the future due to climate change and more extreme weather events. As such considering flood risk when placing resources and assets could assist in delivering statutory duties, both in relation to flooding preventing access/egress to residents or flooding hotspots where specialist rescues are likely to be required.</i>
<i>Bigger budget but used wisely</i>
<i>Reduce the large number of Fire Stations with immediate effect.</i>
<i>It is important that fire stations do not close down so that a nearby response is available in all areas rural and urban</i>
<i>The 70% in 10 minutes response does not sound very impressive. It would be interesting to know the quantity of response to different levels of risk in various geographic areas within the County. Those figures could be more reassuring.</i>
<i>Local communities should have a major voice in deciding what resources are required locally</i>

<i>Maybe possibly split all 2 pump stations and re-locate to harder areas to hit.</i>
<i>Transparency in all data provided to help all understand compromises</i>
<i>Strengthening our collaboration, networks and engagement opportunities with all communities.</i>
<i>I hope Closing fire stations and making fire fighters redundant are not in the plan. That smacks of austerity not improvements for the people that you claim to want to keep safe.</i>

<b>To what extent do you agree with the proposal 'Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS'? - Please tell us why.....</b>
<i>Leave health matters to the NHS.</i>
<i>You deal with fires. Leave the NHS to do it's thing.</i>
<i>Long term and integrated solutions need to take priority.</i>
<i>Only if agreed with other agencies eg as Northants FRS where appliances turn out to assist the ambulance service with medical emergencies (especially in rural areas)</i>
<i>I can't disagree with this statement but you are not giving me any information on how you are going to achieve this proposal. It is unbelievably vague.</i>
<i>Horses for courses. A firefighter is just that not a social worker or community nurse. Fair enough fire safety advice etc but as for social care issues leave it to the professionals in that area</i>
<i>There is latent capacity within response to enable this to be a focus for five years</i>
<i>Not in fireservice role</i>
<i>The government should stop cutting back in social care, social workers, care in the community, and mental health support so that police and fire fighters can do their actual jobs.</i>
<i>Losing sight of core business</i>
<i>If there is no 'shout' to answer and no training in the pipeline then this would represent a real opportunity to deploy staff into a wider role in the community. It would be one that would be appreciated.</i>
<i>It feels sensible that our health care and social care partners are supported by WFRS. By educating and helping people to stay safe and well this also reduces the burden on the NHS and Social Care</i>
<i>Help in protecting the community when they need us most</i>

<i>See previous comment, broadening the role of the FS would help to make it relevant to future situations that might arise</i>
<i>I think the work we do with partner organisations is 100% brilliant. This is going to continue to need funding. I hope the government won't screw this up too!</i>
<i>There is always more that can be done even with limited resources</i>
<i>I would think it's the government's job to protect social care and the NHS, and it should be a priority. If it isn't, we need a new government.</i>
<i>The Fire service make's a different to people lives.</i>
<i>The current offer e.g. hospital to home and safe and health checks demonstrates how the fire service can support wider community health outcomes</i>
<i>Similar to the pandemic question, however ensure you are covering and exceeding your statutory duties before expanding into other areas.</i>
<i>The Fire Service is a specialised service so in some ways we don't want to dilute that. If however there is some cross over with the services then working together to get the best result is always the best way.</i>
<i>Should not be the job of a firefight</i>
<i>We have alot to offer other service, so why wouldn't we work with our partners to assist the most vulnerable.</i>
<i>Social care is on teh brink and needs as much support as can be provided by trained resources especially when in pandemic situations.</i>
<i>Support of further initiatives in the community is good but this must not be at the reduction of service of our primary function.</i>
<i>WFRS serve the community so the more involved they can be, the better. Extend the Hospital to Home service</i>
<i>While we carry out their roles the government will be seeing that as an opportunity to cut them further. We should be supporting the hard working staff of the NHS by backing them in their fight for more funding. We should concentrate on the primary role of the fire service unless the services merge and we get paramedics on the back of fire engines putting us up to 5.</i>
<i>Some degree of integration and cooperation between services can help deliver and support the community more effectively, although it is a shame that each of the other services do not have sufficient resources to provide their own backup.</i>
<i>Reduction of injury/damage to property would obviously be of benefit to social care and NHS.</i>

<i>I work for the ** and *** so this is important to me</i>
<i>I think this is really hard as everywhere is under funded - I agree that the proposal is a good one but in practice, will this limit your capacity in other areas and what effect could this have?</i>
<i>Although these questions are loaded towards an answer this is again essential we can respond to the health needs of our communities</i>
<i>In the past information and services have been fragmented. Shared data and more communication between services is vital.</i>
<p><i>I think your work should compliment but 'protect' the NHS and social care? The NHS and social care have their own roles and what would 'protect' actually entail?</i></p> <p><i>As previous sections of this questionnaire I can't answer as the sentence is too vague, you would need to tell me what 'protect' entails to be able to answer. On this question I fear you have gone with a populist headline rather than something meaningful that could be considered and critiqued?</i></p>
<i>Can be ideally placed to support those vulnerable and isolated communities</i>
<p><i>I agree, but it must be proportionate to what work we can deliver on and the support that we can give to NHS and Public Health.</i></p> <p><i>Steps have to be taken carefully to ensure we chose the right work and not because it attracts large pots of funding. Work that we know makes a difference to the people and the wider Health Organisation.</i></p>
<p><i>Agree</i></p> <p><i>However it is important not to let this get in the way of our core statutory duties - this is something to work on - once we have the statutory elements of our duties in a good place.</i></p>
<i>This work is already showing good signs and it is good to collaborate.</i>
<i>A collaborative effort enables the blue light services provide the best possible service for the community and its changing needs.</i>
<i>Your job is to fight fires etc stick to that</i>
<i>Perhaps these proposals could be made more widely public?</i>
<i>To provide support and guidance</i>
<i>Whilst their capacity allows them to support this idea I am not sure that this area is the most effective use of fire &amp; rescue staff.</i>
<i>It is essential to ensure no single resource is stretched beyond capacity.</i>
<i>Multi-Agency Approach</i>

<i>Wherever possible the fire and rescue services need to be able to help other emergency services when they are called upon. Best use of resources is important and when not actually fighting fires the service should be helping other emergency services whenever and wherever they may be needed.</i>
<i>Unless all public services work together and support each other with all the cuts there have been the public will really suffer even more neglect than they do now.</i>
<i>build relationships with key partners will enable risk reduction opportunities</i>
<i>its important agencies work together to help support those most vulnerable people in the communities</i>
<i>I hope frontline availability is not compromised with such proposals. I assume this is directed at support staff</i>
<i>Your fireman and women....your not trained to do social care.....though doing fire checks for the elderly is greatly appreciated.</i>
<i>By working with the NHS and health and social care you are freeing up resources that allow them to focus on the most needy and they can stretch their resources further. Social Care and NHS need protecting and if you can support them in any way that would be great. Although ultimately they should be adequately funded and supported by the government in the first place!</i>
<i>Now, even more than before, we all need to work together to help our community and so I think this is a great proposal for all concerned.</i>
<i>I Think that it is A Good idea for WFARS to work alongside other Emergency Services as this could Possibly benefit everybody.</i>
<i>It's the ideal opportunity to broaden the fire services remit</i>
<i>The more integrated we work with each other the better</i>
<i>We are a nation with many needs and not so many good people to deliver what is needed</i>
<i>Community health, social care and the NHS are not within the competence of the Fire Service. You should not be contemplating any involvement.</i>
<i>The Covid-19 pandemic has demonstrated why it is important for emergency services to work jointly with the community and the Social Care and NHS</i>
<i>I do not understand this. The whole community deserves protection. The NHS should be protecting us.</i>
<i>The 'multi agency approach' bought in by Authorities in the 90's was very quickly proven to be a serious error, and showed that no-one benefitted, certainly not the Public. By taking away the prime directive for a Service ad spreading its role out, it caused confusion at both grass roots level and in general response to all questions.</i>

<i>This is not a “fire service” requirement, it depends on the degree of “support”</i>
<i>The Fire Service should be the Fire Service, not the NHS....</i>
<i>The NHS are under immense strain and by the service working collaboratively together could help ease that strain.</i>
<p><i>I have seen some positive examples of the work the service has done over the last few years and it is laudable. I would question, however, whether this is of such high importance to the service that it is appropriate to be contained within this set of proposals.</i></p> <p><i>When listening to the current evidence being submitted to ongoing public enquiries such as Grenfell Tower and Manchester Arena I would have expected to see major emergency preplanning to be a key priority for you in this plan rather than the proposals I have seen so far.</i></p>
<i>You are the fire brigade, not the NHS!</i>
<p><i>I believe as a service we need to work cross services especially with the excellent collaboration during CV19. A more community centred approaches is needed mobilising assets within communities, promoting equity and increasing people’s control over their health and lives.</i></p> <ul style="list-style-type: none"> <li><i>• Strengthening communities – where approaches involve building on community capacities to take action together on health and the social determinants of health.</i></li> <li><i>• Volunteer and peer roles – where approaches focus on enhancing individuals’ capabilities to provide advice, information and support or organise activities around health and wellbeing in their or other communities developing fire volunteers to support.</i></li> <li><i>• Collaborations and partnerships – where approaches involve communities and local services working together at any stage of planning cycle, from identifying needs through to implementation and evaluation.</i></li> <li><i>• Access to community resources – where approaches connect people to community resources, practical help, group activities and volunteering opportunities to meet health needs and increase social participation.</i></li> </ul>
<i>If the service have the ability to assist the wider community outside of the fire remit then they should be able to do so.</i>
<i>It sounds great, but what does it actually mean? What can you do to improve health and protect the NHS and social care? It sounds like political speak to me.</i>
<i>This will depend to a large extent on how it is viewed by the representative bodies.</i>

**How important to you is it that the Fire Service ‘Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS’? - Please tell us why.....**

<i>Leave health matters to the NHS.</i>
<i>Same as above.</i>
<i>I can't see how social care is part of the fire services job. We need more firemen/women and more social care reinstated. Cuts to these are criminal.</i>
<i>Long term and integrated solutions need to take priority.</i>
<i>It is important that our emergency services work together and support each other to provide an integrated service</i>
<i>As above - only with active encouragement and participation of WMAS</i>
<i>You are a fire and rescue service. The basics of meeting your response targets should be met before you divert resources to other areas</i>
<i>This should not be a fire service activity i would rather they spend their time on fire/accident prevention and training</i>
<i>This is essential within the role of a firefighter and the service should push the union to change their stance</i>
<i>Focus in doing your own job not nhs jobs</i>
<i>Whilst it should be considered government should stop cut backs in other areas to allow police and fire fighters to focus on their main jobs.</i>
<i>This is irrelevant for fire service</i>
<i>Our population is aging and there is an increasing need to deploy our resources to maximum benefit.</i>
<i>I would hope that any advice given to me by the WFRS would keep me safer and well so that I could live a better life keeping me healthier and able to look after myself for longer.</i>
<i>I think the work we do with partner organisations is 100% brilliant. This is going to continue to need funding. I hope the government won't screw this up too!</i>
<i>See above</i>
<i>I think there should be much closer links between WFRS and the ambulance services.</i>
<i>Prevention is better than the cure</i>
<i>The current offer e.g. hospital to home and safe and health checks demonstrates how the fire service can support wider community health outcomes</i>



<i>Community when something like the pandemic hits we need to pull together so that we all get the best possible outcome</i>
<i>We have a good track record of working with our partners, we have started projects that have been very successful in recent years, my only worry is that it is properly funded and commissioned.</i>
<i>As previously stated - social care needs extra support in these times</i>
<i>To assist our colleagues in the Health and Social Care is vital but again not at the reduction of service in our primary function.</i>
<i>It is not the role of the service. Where do we stop...? Should we start working the checkouts in Tesco to alleviate the strain on the retail sector, or harvest crops to ease the pressure on farmers. We are not and never should be a national asset to be used as the army have in the past. Next time Serco can't provide security at the olympics we'll have trucks off the run while we prop them up at this rate.</i>
<i>As above</i>
<i>As above the point is too vague to understand what you mean by this.</i>
<i>It is important to develop opportunities to build strong relationships to protect social care and NHS, as it has shown countless times, one departments vulnerable person is another departments vulnerable person, they are one of the same.</i>
<i>There is a role for us to play in this area - using the good reputation that the Service has. However this is not to go racing ahead of our core duties which are to prevent fires, rtc's and water incidents, it should be done almost as a separate arm to the service on a non- profit making basis ( any additional money invested back into service)</i>
<i>it gives use a wider view of the communities that we serve, improving our delivery.</i>
<i>As long as it doesn't distract the fire service from its core job.</i>
<i>The Fire Service is excellent at being the eyes and ears on the front line, and informs Social Care and the NHS of what is going on behind the community's front door. Most people trust us and see us as a friend who is there to help.</i>
<i>....so long as it does not take away from firefighters being firefighters and remove funding from this crucial service</i>
<i>Roles in all services have changed and will / may need to change again according to pandemic now or in future</i>
<i>Why is this needed as a priority of the fire service. Surely concentrating on protecting the health of people through education on fire safety, accident prevention and fire precautions should be the priority not</i>

<i>"supporting community health outcomes". The community have Joe Wicks etc for that but if my house is on fire I'm not sending for him.</i>
<i>Whilst their capacity allows them to support this idea I am not sure that this area is the most effective use of fire &amp; rescue staff.</i>
<i>In these times of job cuts, layoffs etc there is only so much resources (people, equipment, money...) to go around. Cross functional services must be considered to ensure that the system remains effective regardless of the circumstances.</i>
<i>Sharing information and resources cuts costs overall</i>
<i>Although not their primary duty, the fire service should be adaptable in order to best use its resources to help other services so that everyone feels safer.</i>
<i>Please see previous answer</i>
<i>Read above.</i>
<i>For the above reasons: "By working with the NHS and health and social care you are freeing up resources that allow them to focus on the most needy and they can stretch their resources further. Social Care and NHS need protecting and if you can support them in any way that would be great. Although ultimately they should be adequately funded and supported by the government in the first place!"</i>
<i>We all use these services at one time or another in our lives so we need to protect as not sure what it would be like without them.</i>
<i>I think the work that has been done through Covid, and before, has been important, but it is not the first line job of the fire service. if resources are limited, the fire service need to ensure that they are not overwhelmed by calls to action that are not achievable and put too much pressure on the service as a whole.</i>
<i>It's an important role and needs to be done by trusted personnel</i>
<i>This will enable you to evolve and improve</i>
<i>I would think you are busy enough already and yet you are expected to just turn up and sort things out at the drop of a hat</i>
<i>See above.</i>
<i>I do not understand</i>
<i>The Fire Service should be there for what it is designed for, not as a taxi for people to get home from hospital.</i>

<i>The NHS are under immense strain and by the service working collaboratively together could help ease that strain.</i>
<i>See previous comments re other issues being more important.</i>
<i>I think it helps knowing that u can deal with these scenarios is reassuring to all groups in society especially the most vulnerable</i>
<p><i>Fire and rescue services have a proven track record of significantly reducing demand through prevention activities; this presents an opportunity to health and social care partners to modify and make use of their early intervention mechanisms in a range of risk areas.</i></p> <p><i>I believe that it is so important that we continue to strengthen the excellent collaborations with partners, stakeholders and communities and allies to continue to develop and protect work around social care and NHS.</i></p> <p><i>Fire frontline staff have had a massive impact on communities especially the elderly and vulnerable providing friendship calls, food parcels and pharmacy drop offs where they were most needed. This joint collaboration and working with agencies have become a life line to many and should be continued as part of the delivery plan for the next 5 years and beyond.</i></p> <p><i>This collaboration could even go further developing our links with voluntary and community sector, faith communities and communities of interest.</i></p>
<i>It sounds great, but what does it actually mean? What can the fire service do to improve health and protect the NHS and social care? It sounds like political speak to me.</i>
<i>This will depend to a large extent on how it is viewed by the representative bodies. If they do not want to get involved then it is dead.</i>

<b>Based on the information provided above, is there anything else which you think Warwickshire Fire and Rescue Service should consider when developing this proposal? – Comments (Proposal 4)</b>
<i>Give the money you would spend on this to social services/nhs</i>
<i>Work with FBU nationally to use firefighters for more roles in health</i>
<i>Communicate with Social Care and NHS providers. What do they need and how can the fire service support?</i>
<i>I think the work we do with partner organisations is 100% brilliant. This is going to continue to need funding. I hope the government won't screw this up too!</i>
<i>Funding for this offer needs to be still available and also not detract from the Fire Service being able to deliver key Fire Service priorities including fire safety</i>

<i>An excellent proposal that brings the WFRS together with healthcare professionals, to help provide services that either complements theirs, or free them up to concentrate on their other priorities.</i>
<i>Get our own house in order first. Once properly resourced and funded we then consider growing the role.</i>
<i>Being mindful of listening to everyone</i>
<i>Invest in Future technologies development, maximise resource usage skill sets, use data to make informed decisions and development of strategy.</i>
<i>As above, please be specific.</i>
<i>Funding streams are fluctuating especially in these times - consider impact of short term contracts on people.</i>
<i>Many older adults feel safe with us, especially during lockdown. Many of them struggle to get to appointments, and worry about having to pay for transport and putting themselves at risk, or may be due to sensory deprivation may worry about not hearing when their name is called. If we had a branch of Hospital to Home who was solely there to provide assistance with getting people to appointments, we could be their eyes and ears throughout the entire hospital visit.</i>
<i>Again keep open mind do not close doors</i>
<i>Consider ceasing this support and focus on other areas</i>
<i>Incident "Aftermath" care</i>
<i>Agency approach for the injured (rtc &amp; fire) , the homeless due to fire, to develop a method of improving the mental health of those affected by incidents by helping physically.</i>
<i>All emergency services need to work together to cover as wider area as possible and best use of available resources made. Nobody should feel left out or that they cannot rely on emergency help, and integrated services will go a long way to make every section of society feel safer.</i>
<i>any future collaboration needs to be beneficial to both partners - the fire service should support activities that enable them to provide fire safety advice/ interventions to those people they are in contact with through any collaboration</i>
<i>Once the pandemic is over, go to schools, colleges, show them what you do...this used to be done all the time...hardly see it now...pre COVID 19.</i>
<i>Consider how helping people out of hospital and settled back home can make discharge much quicker. Sometimes people have no support around them and being discharged home where there is no food and you're not well enough to get it is a real problem for many.</i>

<i>Consider also how you could maybe offer work experience or volunteer opportunities to people with additional needs so that they can gain experience to help them get a job.</i>
<i>Concentrate on core duties and only add extra projects when the current ones are running smoothly. Do not spread your efforts too thinly</i>
<i>No as I,ve said it,s A good thing that WFARS Should be able to Work alongside other Emergency Services as it Would Benefit everybody.</i>
<i>No. Under no circumstances should the proposal go forward.</i>
<i>To keep the momentum going in NHS.</i>
<i>Consider a mapping exercise of all our partners, stakeholders, community groups and organisations and allies who are able to support the collaboration to support social care and NHS.</i>
<i>It sounds impressive, but it sounds like something a politician would say. It sounds good but means little. I would like to know how you intend to improve health and protect the NHS and social care?</i>
<p><i>Produce a IRMP Consultation that is in plain English.</i></p> <p><i>This has been designed to confuse anyone who attempts to complete it.</i></p> <p><i>Who produces this drivel. Every time one of these consultation is launched it seems to provide less information on which to base constructive answers.</i></p> <p><i>Previous consultations have provided information on which to make a judgement, there appears to be none of that this time.</i></p> <p><i>I just wonder how many residents of the county will even attempt to complete it once they have started to read it through.</i></p>

<b>To what extent do you agree with the proposal 'Implement digital solutions to enhance our service delivery'? - Please tell us why.....</b>
<i>Not enough information to quantify.</i>
<i>Implement what works best for now and the future. The fact that it is digital technology should not be a primary driver.</i>
<i>Service delivery at present can only be enhanced with more appliances or response staff. Enhanced IT provision should only be where it can be realised as a cost neutral exercise.</i>
<i>I can't disagree with this statement but you are not giving me any information on how you are going to achieve this proposal. It is unbelievably vague.</i>

<i>Technological solutions are improving all the time its important that the best is used</i>
<i>We are in digital age and gire service need to keep up with modern standards</i>
<i>Anything that keeps firefighters safer and helps them do job better or quicker should be done.</i>
<i>Best technical solutions make sense</i>
<i>If this saves lives then it must be a priority.</i>
<i>Technology does bring benefits when it works but I would hope that it is not relied on entirely and does not replace good training and good sense because if the digital system fails I would hope that the service would continue to operate well. Technology seems to bring difficulties as well as benefits and sometimes seems to create an industry of its own and is expensive</i>
<i>Fire Service need the funding to maintain sector competence and compliance otherwise this will affect operational effectiveness</i>
<i>Future IT innovation in technology is important for the future of the emergency fire service to have the right response to any emergency and assist in collecting data that will assist in decision making for the future needs of our county</i>
<i>Speed is often v important which modern communication allows however there should be backup to consider situations where mobile signals or internet availability is not what it should be as in a rural location</i>
<i>To have the knowledge readily available to enable the best assistance possible for the general public.</i>
<i>We live in a digital society and the Service has to keep keep up with technological advances especially in those areas of work that can help make the Service more effective</i>
<i>The service needs to move with the times</i>
<i>You have to move forward with all the Fire fighters Training</i>
<i>Digital solutions demonstrate efficiency and maximises value for money solutions</i>
<i>They way you deliver your products should always be reviewed, are the tax payer getting the best value</i>
<i>Fire Service when the majority of the workforce are frontline and are in the public eye technology cannot replace that human contact. If the pubic benefit from technology and it improves the human contact that is fine but there does have to be some input from the public</i>
<i>The best of technology should be available to our fire service</i>
<i>We work in a digital age, its so important to develop this , we are still using numerous systems that dont talk to each other which is madness</i>

<i>Faster response times if quicker accurate info gathered</i>
<i>We need all the current information regarding premises and risks within our communities at the time of call. We need to ensure this information is available to our crews through digital enhanced information and is easily available. Should premises be made to disclose information that may be of use to us as a matter of law.</i>
<i>Digital is the way forward and to be successful services need to embrace this.</i>
<i>A lot of time is wasted transferring from hand written notes across to digital format..... however, the standard of BA comms has and always will be an issue and the service should prioritise tech to enhance the operational ability before investing in tablets for CFS. Thermal imaging and BA comms. MDT touch screen turnout, in attendance, assistance and stop messages to reduce radio time.</i>
<i>Efficient analysis/transmission of information.</i>
<i>as long as it doesnt impact on local services and vulnerable people like the elderly</i>
<i>IT can help. Increased and timely communication is vital. Robust hand held or body devices essential, To include cameras.</i>
<i>Making contact more effective is always good. Please be cautious who benefits from this effectiveness; too often it can be the service not the customer.</i>
<i>digital solutions 'fit' the younger age groups predominantly, releasing up more face-face time for isolated populations.....maybe!</i>
<i>This should be and is needed in some areas, but not all areas of service work. It certainly helps staff deliver a better more efficient service.  In saying that, we must also remember not everybody (our vulnerable) we work with has access to broadband/intranet services and still require that face to face engagement, with old school leaflets.  For them to be effective it needs to be delivered on quickly and efficiently, not try to rule the world, but bite size chunks that can be delivered on, too many times work is started and it quickly spirals out of control and never gets delivered on.</i>
<i>We have too many systems - some of which are not suitable for purpose Invest in order to make things more efficient - Premises risk information needs to be a priority - and ideally we need to go to one/two systems most where everyone can input and by seeing one premise we can see incidents, risks, safe and wells completed, in one place. Also need to update MDT's to make them more user friendly</i>

<i>We are developing all the time and digital services will help progress</i>
<i>Good idea</i>
<i>But more money should always be used on training the fire fighters. Good technology is useless if the basic training of firefighters is neglected.</i>
<i>The more information you have and have access to quickly and accurately, the safer your staff will be and more helpful to the public</i>
<i>Digital age</i> <i>Can be helpful even though others may be intrusive</i> <i>Not more intrusive than use of credit card at the supermarket</i> <i>But results equates to a safer service provider by warwickshire</i>
<i>in a world of decreasing resources we must use what is available to best effect.</i> <i>Digital and IC technologies offer significant opportunities to meet demands in innovative, efficient ways and research in to what technologies can be utilised must be maximised</i>
<i>Big data is an essential part of everyday life.</i> <i>Understanding, developing &amp; utilising this data is critical to ensure that effective responses can be delivered in the most efficient way possible.</i>  <i>Establishing vulnerability &amp; risks in any situation can only be done with effective information.</i>
<i>Continually evolving technology should be made use of in order to best direct the right resources to where they are most needed. It should be efficient and help to combine as many services together as possible to best direct help, but not be overly complex or costly at the expense of other resources.</i>
<i>However please make sure that they are really fit for purpose and also there are back-up mechanisms in place if they go down.( learn from the NHS fiasco!)</i>
<i>future proofing the Service</i>
<i>But don't lose your sense of community.</i>
<i>It is important to have systems and processes in place that work and are accurate, allowing you to respond effectively and quickly. However they are not the most important thing in my opinion.</i>
<i>Digital services can be great but face to face can have a greater impact.</i>
<i>To enable quick communication to all stakeholder</i>
<i>New technology is being made available daily and I think that it is very important the Fire service keep up with any updates and digital solutions that will improve the service that is already provided.</i>



<i>In this day and age all technology that improves the service should be implemented</i>
<i>This is key to your future and engagement with a community that is moving more and more into a digital world</i>
<i>All good as long as the internet works, but in critical situations a plan B is important</i>
<i>Disappointed to learn that you are not already doing this.</i>
<i>Every service needs to keep up digitally with data on risk and to ensure services can be implemented where required in the shortest of time.</i>
<i>A key source of future efficiency</i>
<i>It is a serious error to put too much reliance on Technology. This can, as has been proven recently by the Gov't in its Track &amp; Trace and Testing systems, fail catastrophically. It is open to cyber attack and other simple failures. When dealing with serious incidents, as much evidence as early as possible must be available to front line staff, this needs to come directly from those concerned. Active decisions need to be made from Front Line Officers, not someone in a far distant call centre.</i>
<i>Embracing technology is the best way to keep efficiency levels improving.</i>
<i>We have moved massively over the past 10 years in technology so lets adapt the way we work and operate to reflect this. Equally when we inspect premises and SW Checks maybe link to tabs and databases to save crews repeating work when arriving back at the station.</i>
<i>Like the previous proposals already commented on, there is insufficient information to give a meaningful response. I would expect every organisation - public or private - to be looking at furthering its digital support but without better detail it is unrealistic to expect a suitable response that is positive or negative.</i>
<i>Optimise the use of technology</i>
<i>The specialist services can be deployed where needed and having the latest tech will save many more lives</i>
<p><i>Modern technology and modernising the service go without saying. The service needs to invest in the latest digital technology to produce results. As information grows so should the service making sure that all departments are well equipped with the latest technology with systems which provide vital information to support prevention, protection, response and control. This information is vital form receiving a 999 call to the role that firefighters play on an incident ground and control room.</i></p> <p><i>Supporting meaningful transformation of our Fire &amp; Rescue services, and ensuring that digital becomes business-as-usual will be significantly boosted by industry's engagement with, and understanding of services' priorities and ambitions, which commonly include:</i></p> <ul style="list-style-type: none"> <li><i>• Transforming communications</i></li> <li><i>• Better data management and use (including storage, security, application)</i></li> </ul>

<ul style="list-style-type: none"> <li>• <i>Instilling flexibility and agility to enable integration of future technologies</i></li> <li>• <i>Facilitating multi-agency working and collaboration</i></li> <li>• <i>Training and up-skilling</i></li> </ul>
<i>The better the equipment the better the service that could be provided</i>
<i>Technology has the potential to improve the efficacy of service delivery in many areas, including the fire service.</i>
<i>Technology is changing almost daily, so there is a need to keep up.</i> <i>No examples of just how this could be achieved.</i>

<b>Based on the information provided above, is there anything else which you think Warwickshire Fire and Rescue Service should consider when developing this proposal? – Comments (Proposal 5)</b>
<i>Digital solutions should not be at the expense of actual jobs for people. Actual “feet on the ground” is the best solution.</i>
<i>Same as above.</i>
<i>Cost! It should only be considered as a cost neutral proposal</i>
<i>Saves timeAnd money</i>
<i>A lot of money has been wasted by the police and health service on so called digital solutions that simply did not work. Find out why and avoid the waste of money they have burnt through.</i> <i>What is the view of front line fire fighters? What do they need?</i>
<i>Again there is no information provided here. What 'digital solutions' do you have currently, what are missing, what are you linking at implementing? How will they help meet your targets, improve your service levels?</i>
<i>Don't rely on computers there do not put fires out</i>
<i>This will enhance our capabilities so much, reduce risk and aid firefighters and incident management.</i>
<i>Still need face to face interaction with the public thatnyou serve.</i>
<i>Consider the use of better imaging equipment such as sonar for water based incidents.</i>
<i>As above</i>
<i>As above</i>

<i>As above - and again there is too little in the way of what this means. If it means you will implement a call centre that is 'press one for fire, press two for cat in tree' then no, this does not enhance my service. I don't know what it actually means?</i>
<i>I believe fire safety is best taught face to face, in schools. Digital solutions should be developed for difficult times like the present, when face to face contact is discouraged, but otherwise actually getting out and speaking to people is best. This is the same for home safety checks and information sharing - many people take in information and retain it much better if they have learnt it face to face and have been able to ask questions.</i>
<i>Same as NHS to provide best care faster and more Efficient</i>
<i>in a world of decreasing resources we must use what is available to best effect. Digital and IC technologies offer significant opportunities to meet demands in innovative, efficient ways and research in to what technologies can be utilised must be maximised</i>
<i>It is a huge resource that is widely available - utilising it it correctly is essential</i>
<i>Live feedback and inter-departmental communication including video, photos and graphics where needed.</i>
<i>Technology is not cheap but available technological help must be made best use of to combine help and target it where and when needed, but not at the expense of other resources. Our reliance on technology grows continually but I feel that an action plan must be in place to fall back on when that technology fails or becomes overly complex. Use of technology must not be made at the expense of other services.</i>
<i>If technology can improve response times this must be a good thing</i>
<i>See above..</i>
<i>Consider that if you are planning to share these systems and digital infrastructure that not everyone has or can use the internet. We have many economically deprived areas who struggle to get online and also an large elderly population who don't know how to get online. That's without even thinking about people who have learning disabilities, either severe or mild, that mean that online information is not the best thing for them.</i>
<i>With any new solutions, need to ensure that there is the support behind it as this will ensure a smooth implementation and enhanced experience for all involved and in addition, training so that the service know how to use any new system.</i>
<i>Include the most up to date flood risk data in planning and preparing for future emergencies which includes allowances for climate change etc. Include surface water flood risk data in risk assessments in addition to fluvial flood risk from rivers etc. Use data to identify hotspots where special rescues are more likely to be required in flooding conditions.</i>

<i>It is worrying that there are so many false alarms; better tracing of reporting may assist in dealing with fraudulent reports and help to take action against those responsible. I think this should be considered in the technological advancements.</i>
<i>Failure to do so will compromise your ability to deliver an effective service</i>
<i>It must remain easily accessible and usable for all residents.</i>
<i>There has to be a balance between how much is spent on digital solutions and actually providing a service.</i>
<i>Sounds as though you are doing the right things.</i>
<i>Avoid at all costs losing the personal touch. People who contact the Fire Service usually do so at times of great distress, a push button, coded or box ticking response does not work, and always results in misinformation.</i>
<i>As above</i>
<i>Better information needs to be given rather than listing bland concepts.</i>
<i>How will you do this, how will you specify needs? Who will you go to for solutions and are there systems out there already that would work?</i>
<i>Investment, Investment and more Investment!</i>
<i>Listen to the software developers and not their managers. Bosses/sales people will promise the earth to close a sale and to keep their customers happy. Technology is not as easy as it sounds. Make sure the products are tested to death. Tech managers are so obsessed with deadlines that they allow software to be released without proper testing, developers don't like that. Which is why things go wrong like Santander bank.</i>
<i>Technology is changing almost daily, so there is a need to keep up, however millions can be wasted chasing technology that will never materialise. I.E. Fire Control Project</i>

<b>Do you think the proposals will help us prepare for fire related risks and issues over the next 5 years? If not, what else should we think about? - Comments</b>
<i>But there needs to be more emphasis on rural firefighting.</i>
<i>Insufficient resources</i>
<i>Not enough information.</i>
<i>All analysis should be on going. Change is a constant.</i>

<p><i>More detailed work needs to be done with assessment of vulnerable people living in the community; risk profiles assess building types generally, not necessarily the occupiers.</i></p> <p><i>Post Grenfell it is interesting that WFRS have deleted 2No CARP's in favour of a single TL. Has a specific risk assessment been carried out associated with high rise properties and TL availability across the county?</i></p> <p><i>When was the County's Major Incident Plan last reviewed, updated and tested? What are assessed as the County's biggest risks and how would incidents there be managed eg DM Kineton, Kingsbury, M40 nuclear transportation, DIRFT, major terrorist targets eg Stratford, Warwick, etc</i></p> <p><i>Will HS2 affect WFRS eg risk increases, attendance times, etc?</i></p>
<p><i>You haven't actually given any proposals, just vague suggestions of what you hope to start looking at. How can I know if this will have any effect as I don't yet know what it is you are proposing to do.</i></p>
<p><i>Not all of the proposals are aimed at risk those that are will help the others are just political</i></p>
<p><i>This will assist a risk based approach to incidents similar to that done by the ambulance 10'yeats ago i</i></p>
<p><i>Reflecting public minorities with the service won't help to solve fire related risks and issues.</i></p> <p><i>Focus on keeping us safe, we don't care who turns up when we are in need, just that they can do the job.</i></p>
<p><i>Is the fire service equipped with the physical and human resources it needs?</i></p> <p><i>Cuts to the Police force were damaging, so let us hope that lesson has been learned by those with the purse strings.</i></p> <p><i>The fire service is our insurance for a safe and secure future. It must be able to deliver this with the resources it needs.</i></p> <p><i>The work it has done and continues to do, is much appreciated by the general public.</i></p>
<p><i>It would seem from the data that fire risks are reducing with but the FS is essential to attend any fire that happens, broadening its remit might make the justification of an adequate personnel role easier to the benefit of all</i></p>
<p><i>You don't seem to have enough resource available, as your own figures show you have missed the 75% target for life threatening incidents.</i></p>
<p><i>Maybe - depends on funding</i></p>
<p><i>No detail provided. Nothing on which to make any judgement.</i></p>

<i>Some of the proposals directly help preparation for fire related risks and issues, some proposals are tangential and not core. There's a need to assess whether it's cost effective and appropriate for Fire personal to pick up other areas of responsibility. If supporting communities in other ways e.g. around health outcomes, can be delivered by latent capacity along side other fire related activities that are already happening then expanding the remit of officers seems a sensible thing to do. If expansion is simply requiring additional resources and doesn't have the natural alignment then there needs to be clear justification that it offers value for money to utilise fire staff in this way rather than other professionals.</i>
<i>With many large developments now happening in Nuneaton, Rugby and Leamington with vast amounts of housing to meet local needs do we need to increase the amount of resources we have to meet these needs.</i>
<i>Economic downturn / recession (caused by Coronavirus and/or Brexit) needs to be considered</i>
<i>recruitment and retention. Poor stagnant wages, shift systems made un-family friendly, too woke, insufficient focus on team building and social aspect of a watch based culture is turning off old and new alike.</i>
<i>If there are cutbacks then things are put into place so lives are not lost</i>
<i>You need to consider unique risks, such as flooding, HS2 within the proposals.</i>
<i>Yes it will, understanding and been representative of communities will def help</i>
<i>Too many of the statements here have been too vague for me to know one way or the other. It feels like popularist statements with catch phrases have been used at the expense of detail about what they mean. I think if you were clearer what you mean it would be easier to give an opinion on whether they will be effective or not.</i>
<i>I would hope so, the fire Service have done a great job to reduce the number of actual fires</i>
<i>If done in the right way and carried out and delivered upon it should help us do what we say, enable us to move with purpose and energy, be very focused on delivering solutions and best serve the people of Warwickshire the best way we can.</i>
<i>Most of the proposals seem to distract from the fire service core mission. Seems to be ideas for the higher ups to save money in different departments by stretching the fire service to do other jobs to cover from cost cutting in other areas.</i>
<i>All except the first proposal, which is box-ticking and has no relation to fire related risks.</i>
<i>The worry would be that your proposals are spreading you too thin when it comes to fighting fires or attending rescues</i>
<i>I certainly hope the proposal will support their services and community</i>

<i>The proposals don't seem focused on fire related risks. I completely agree with reviewing deployment, ensuring trading of staff and investment in new technology but I don't understand why the other priorities are there at all.</i>
<i>I hope so</i>
<i>I feel the proposals will make resources more widely available and combine different emergency services to attempt to cover each and any possible need, but when something works well, don't change it. I think it is possible to over analyse resources and make available services overly complex. The public need to be able to call on reliable services and therefore it is important that every available resource is made best use of, but not at the expense of their primary use.</i>
<i>I hope the expanding roles into health is not at the detriment of your primary role. I hope you do not Spread your resources too thinly. We need a proper resourced fire service and not a diluted jack of all trades service. Please ensure that when we need the fire service that is what we get. The right people. The right equipment in the shortest time</i>
<i>Communicating to the stakeholders who are not digitally equipped.</i>
<i>Cyber crime, especially if you are doing more things digitally</i>
<i>It is very important that the service remains publicly owned and funded - not put out to private contractors</i>
<i>The proposals seem to have little to do with Fire Related Risks.</i>
<i>Future risks should always be considered in a changing world. Such things as more people using electric vehicles leading to more charging points or the possibility of war or chemical attack all have to be considered in the bigger picture.</i>
<i>See comments above about changing risks both structural and geographic.  Unfortunately the document is difficult to access and read as it does not open in a large window.  Does it mention the disruption due to HS2 Construction quite apart from the associated risks?</i>
<i>You have completely ignored the effect of HS2 and its 'ribbon development' and other threats to the Green Belt affecting Warwickshire which will result in real incidents for the Service to deal with, in preference for PC box ticking.</i>
<i>I am concerned about the increase in road traffic (locally) and the increased potential for RTA. I am also concerned about the long term risk of HS2 - both the potential of derailment (as an extreme) and also the effect of poor maintenance of the track area and the potential for "pedestrian incidents"</i>
<i>Not if too much focus is spent on ensuring Diversity and propping up the underfunded NHS</i>

<i>I feel this is a great way forward for WFRS</i>
<i>At least 2 of the earlier proposals deal with risks other than fire so this question is inconsistent to the earlier part of the consultation.</i>
<i>I am very surprised to see how little attention seems to be being currently given to what I, and I think the whole public, expect the Fire Service to focus its main attention on.</i>
<i>The plan provides and vision as a service moves forward into the next 5 years setting out key priorities and actions which are around people and place as identified. The plan needs to have realistic targets and milestones so that they are measured by outcomes. This should be around the reporting process considering community risks and how we manage the risk as we move forward.</i>
<i>I hope so, fire service personnel are consulted at all levels as they will useful comments to make. If you want to make real change, ensure that you are authentic in your desire to improve and be transparent throughout the process. Change is not easy.</i>
<i>Why is this Risk Profile hidden away this far into the document, when it could have been there to be read at the beginning.</i> <i>I have been struggling to find information on which to base my observations.</i>

<b>How would like WFRS to communicate with you in the future?</b>
<b>' - Please specify here.....</b>
<i>Integration with other services and other aspects of the community are important.</i>
<i>Social</i> <i>Media is quick and works</i>
<i>Online and newspaper updates I like. Community events are another way of reaching the public and the occasional visit to a school is worthwhile.</i>
<i>On line broadcast/blogs</i>
<i>I think more presence within the Indian community would be helpful to give them a better understanding of what the Service can provide</i>
<i>Targeting appropriate groups and looking at on-line forums might increase coverage. There are a lot more on-line communities since Covid that could be tapped into.</i>
<i>Virtual Network Events</i>
<i>Email</i>



<i>By email please.</i>
<p><i>All of the above, as one communication path is not inclusive and does not allow true communication and representation across the board.</i></p> <p><i>Even then we have to accept we wont get to everybody as we need the public to play their part and be engaging and there is always a small percentage that do not.</i></p>
<i>Open days at University Hospital, for better information sharing/collaboration between you and NHS? You turned out on a Thursday night, now come on in?? :)</i>
<i>Online I am a happy to respond</i>
<i>A greater role is schools particularly secondary would be beneficial.</i>
<i>A visible service is important in making the public feel safer, and they should be approachable to the general public in order to make them more integrated in society.</i>
<i>NFCC</i>
<i>Through work</i>
<i>Online meetings that I can access from my own home, via Zoom or equivalent.</i>
<i>Seasonal messages to the general public about preventing fires, also minimising risk of accidents in the home.</i>
<i>Relevant information via newsletters online</i>
<i>***** Council would welcome attendance from the Fire Service to establish efficient working relationships</i>
<p><i>Online surveys like this are not effective if the proposals are as bland as the ones I have currently answered. This feels like a poor attempt at public consultation as the questions asked carry little detail as to what is actually planned and they also cover some areas I am surprised you regard as being your top priorities in the coming years.</i></p>
<i>I believe a strong communication plan is needed so that the workforce and colleagues are able to share the same information which is relevant. The information and content need to be accurate and engagement with communities needs to be straightened exploring all community networks.</i>
<p><i>Warwickshire's PCC issues a monthly newsletter.</i></p> <p><i>Information could be circulated via the Localities Teams.</i></p> <p><i>Very little appears in the Warwickshire Weekly News that relates to Fire &amp; Rescue. Maybe you need a better Communications Officer.</i></p>

<b>Do you have any other comments you would like to make about Warwickshire Fire and Rescue Service? - Comments</b>
<i>I think they're amazing. More resources are needed.</i>
<i>I think they do a wonderful job and are a hugely important service to our community. Fantastic</i>
<i>Generally, public perception is that the Service is excellent and delivers a high quality emergency response. Speaking with personnel, it seems it is a little strained and creaking with respect to a number of issues with some of its buildings eg HQ, response times and appliance availability.</i>
<i>You do a first rate job</i>
<i>Doing a great job.</i>
<i>Thanks for risking your lives for the public. What the government have said/dine in grenfel case of fire fighters etc is disgraceful. Only government and their departments are to blame for using poor materials.</i>
<i>Keep up your good work so that we can all sleep safely in our beds. You are a reassuring presence for every community.</i>
<i>I believe that WFRS has a very good reputation and does a very good job. Thank you for your hard work and the pride you have in it. You make us feel safe and we know that you will always respond to our emergencies. Your attitude to helping and educating the public is well thought of and I hope that the reputation that you currently have and the service you give will continue into the future.</i>
<i>I'm very proud to serve as a firefighter in Warwickshire and the commitment from the leadership team.</i>
<i>Only that I think they provide an outstanding service to the population of Warwickshire.</i>
<i>Keep doing what you are doing because you do a great job.</i>
<i>I think that the Fire and Rescue Service of Warwickshire are excellent and would like to say they don't always get the recognition that they deserve. Thank you</i>
<i>People in rural areas do feel more vulnerable in certain circumstances due to the attend times when faced with fire threat. Good communication is key to keep people feeling supported.</i>
<i>We are excellent at what we do. We need to remember that.</i>
<i>It is an excellent service and one we tend to taker for granted except when we need it. A more public face would help with keeping the service in the public mind and increase appreciation for much needed service.</i>
<i>Thank you for all services you have provided.</i>
<i>An outstanding 24hr service, the staff are remarkable and many are volunteers, giving up their spare time for others. Truly amazing, thank you one and all</i>

<i>The IRMP document released is not adequate, Its very basic and there are too many charts within it with no explanation of what the reader is actually looking at. Graphics on the document are poor.</i>
<i>I think the staff do an amazing job, I hope the funding can be increased so this can continue.</i>  <i>p.s. your next page is wrong for the diversity, you are obliged to capture 'sex' not 'gender' information, please read the updated information about this subject so you can correctly comply.</i>
<i>This survey does not allow you to tick more than one geographical area. Our charity delivers to ***** Warwickshire and *****</i>
<i>I'm sure you already know how grateful the public are for the job you choose to do and the enormous risks you take to help people. I applaud you all.</i>
<i>I believe we are great and I am proud to be part of the service, but at times we could be better and provide more, there is always room to improve to be the best we can. I believe the people of Warwickshire get great value for money and most of the time get a fantastic service, but it needs to be continuous with no dips. I believe that green book supportive departments need to be recognised more, developed more and not seen as just supporting departments. As some functions with in the service would not take place, but these are the staff that don't move on (because no path for promotion) but still enjoy their jobs, work to a high standard, so offer continuity, experience and knowledge and carry out the jobs that are not sexy but provide support to ensure we offer a fantastic fire service to the communities of Warwickshire.</i>  <i>All departments are important, response is high but should not be king, remember its Prevention, Protection Response, in that order, for a reason.</i>
<i>I have only worked for Warwickshire Fire and Rescue Service for a *** ***, and quickly realised what an amazing organisation it is to work for. We have terrific managers who listen to us, and allow us to develop our training to tailor our and the service's needs. Members of the community trust the Fire Service, and feel reassured by our help.</i>
<i>Please stop using drag queens as entertainment in your Pride events - they are an offensive parody of women and totally unrelated to fire safety.</i>
<i>I think more should be done to involve kids. They are the fire fighters of the future. Maybe days where they get to go for rides in the truck, or get to slide down poles. Maybe in summer you could have fire hose parties. Anyway to get kids excited about a life as a firefighter.</i>
<i>Stay safe!</i>
<i>An Excellent service</i>  <i>which like other services has to change as needs require</i>

<p><i>with the white paper on local government reform due to be published imminently and the inevitable savings that we will all have to make following the Corona Virus pandemic, Collaboration will never be more appropriate.</i></p> <p><i>wider collaboration with other blue light services, neighbouring fire services, communities and local business will be essential to ensure the service is able to meet future challenges in the most effective and efficient way</i></p>
<p><i>Keep up the good work and stay safe.</i></p>
<p><i>great service provided and great support during this pandemic. Well done and Thank you</i></p>
<p><i>Keep up the good work</i></p>
<p><i>I have always felt more comfortable knowing that help is a phone call away, and that needs to be continued into the future. Making services more diverse can have the effect of making communication more complex to the public and the big three services, fire, ambulance and police should not be diluted by breaking those services into smaller more diverse units, thereby making things confusing to the public. Simplicity is important so when needed people know who to call upon in any given situation.</i></p>
<p><i>Keep doing what you do.....there is respect out there for your guys/girls..</i></p>
<p><i>Only comment I would like to make is that you continue to provide an excellent service to the people of Warwickshire and I feel safe knowing we have such an efficient, up to date Fire service to support us.</i></p>
<p><i>No as I Say like everybody else think WFARS Do A Brilliant Job under some very difficult Circumstances (certainly since Covid19 as Been Around) which as Probably added more Problems to A Already Difficult Job.</i></p>
<p><i>Thank you for the work that you do</i></p>
<p><i>An essential service to maintain the safety of our community</i></p>
<p><i>I think you do a great job and it's good to see you want to develop further and be fit for the future</i></p>
<p><i>Thank you to our unsung heroes</i></p>
<p><i>One is prompted to enquire if you have completely lost your way and lost sight of your purpose.</i></p> <p><i>This survey and the suggestions appear to indicate that you have rather a lot of spare time on your hands.</i></p> <p><i>Perhaps you should consider reducing the number of fire stations as per your proposal of a few years ago.</i></p>
<p><i>Personally, a forward thing service which is really moving positively towards making WFRS a better service through continuous development.</i></p>
<p><i>I have always had very high regard of the service and the work it has done over many years, particularly in the last decade. This consultation, however, feels poorly constructed for the reasons given previously.</i></p>

*I believe they do an amazing job and if it creates more opportunity's to be part of it then i would like the opportunity to join*

*An excellent service provided by talented workforce!*

*Be safe*

*Advertise more what work you do with other services e.g. police etc*  
*Show the work you do in schools etc*

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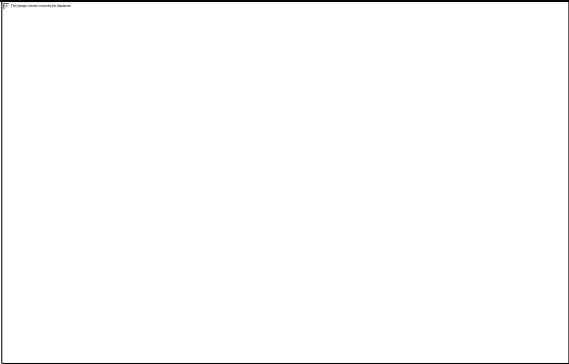
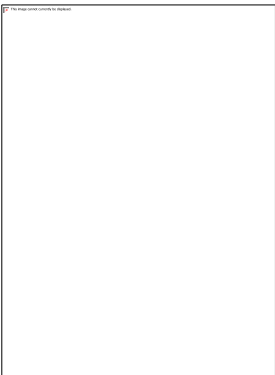
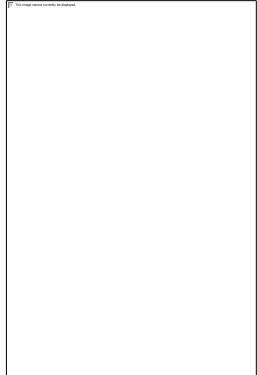


## Integrated Risk Management Plan - Consultation and Engagement

Marcomms Evaluation: November 2020

<b>Communications Objectives</b>	To raise awareness and increase take up for our IRMP Consultation 2020-2025
<b>Audience</b>	Residents, key stakeholders, MP's, businesses, local members
<b>Key Success</b>	<ul style="list-style-type: none"> <li>• Increase in the amount of surveys filled in</li> <li>• Improve resident and stakeholder engagement</li> </ul>

Inputs		
Media	<b>News releases</b> <a href="#">Have you had your say yet?</a> <a href="#">Views sought on Warwickshire's integrated risk management plan</a>	<a href="#">Have you had your say yet?</a> - 98 views, average time on page 05:17 <a href="#">Views sought on Warwickshire's integrated risk management plan</a> - 279 views, average time on page 03:20 <a href="#">Coverage in Leamington Observer</a>
Social media (organic)	<ul style="list-style-type: none"> <li>• Planning and scheduling social media content across WCC and WFRS Facebook and Twitter channels</li> <li>• Draft regular posts for social media</li> </ul>	WFRS Facebook – <ul style="list-style-type: none"> <li>• 24 posts</li> <li>• 40k reach</li> <li>• 1195 engagements</li> </ul> Twitter <ul style="list-style-type: none"> <li>• 21 posts</li> <li>• 95 likes, retweets and replies</li> </ul>
Social media (paid advertising)	Creation of paid adverts to be promoted across YouTube, Facebook and Instagram	22,284 impressions 2,998 views and clicks

	  		
Newsletters	Link to survey promoted in newsletters going out to residents in Warwickshire	<a href="#">Warwickshire Weekly News (18<sup>th</sup> September)</a> – emailed out to 3,127 residents – 43 clicks	
Internal	<ul style="list-style-type: none"> <li>• Drafting relevant content for internal publications</li> <li>• Ensure that all editors are aware of content and that the story is being covered.</li> <li>• Provide relevant images</li> </ul>	<p>Content was issued in the following publications;</p> <ul style="list-style-type: none"> <li>• <a href="#">Fire Matters – Issue 127</a> – 88 views</li> <li>• Intranet – <a href="#">Shape the future of WFRS</a> – 69 views</li> <li>• <a href="#">Working for Warwickshire – 18<sup>th</sup> September</a> – 336 views</li> </ul>	



## Warwickshire County Council Equality Impact Assessment (EIA) Form

The purpose of an EIA is to ensure WCC is as inclusive as possible, both as a service deliverer and as an employer. It also demonstrates our compliance with Public Sector Equality Duty (PSED).

This document is a planning tool, designed to help you improve programmes of work by considering the implications for different groups of people. A guidance document is available [here](#).

Please note that, once approved, this document will be made public, unless you have indicated that it contains sensitive information. Please ensure that the form is clear and easy to understand. If you would like any support or advice on completing this document, please contact the Equality, Diversity and Inclusion (EDI) team on 01926 412370 or [equalities@warwickshire.gov.uk](mailto:equalities@warwickshire.gov.uk)

<b>Service / policy / strategy / practice / plan being assessed</b>	WFRS IRMP 2020/2025
<b>Business Unit / Service Area</b>	Warwickshire Fire and Rescue Service
<b>Is this a new or existing service / policy / strategy / practice / plan?</b> If an existing service / policy / strategy / practice / plan please state date of last assessment	New Plan – (Reviewed after consultation)
<b>EIA Review team – list of members</b>	Ade Mallaban – IRMP Manager Rose Holme – IRMP Support Officer
<b>Do any other Business Units / Service Areas need to be included?</b>	No
<b>Does this EIA contain personal and / or sensitive information?</b>	No

**Are any of the outcomes from this assessment likely to result in complaints from existing services users, members of the public and / or employees?**

No

**1. Please explain the background to your proposed activity and the reasons for it.**

Section 21 of the Fire and Rescue Services Act 2004 states that Fire Authorities must comply with the Fire and Rescue National Framework, which requires each Fire and Rescue Service (FRS) to produce an Integrated Risk Management Plan. The plan must

- reflect up to date risk analyses including an assessment of all foreseeable fire and rescue related risks that could affect the area of the authority;
- demonstrate how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on its communities, through authorities working either individually or collectively, in a way that makes best use of available resources;
- outline required service delivery outcomes including the allocation of resources for the mitigation of risks;
- set out its management strategy and risk-based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005 in accordance with the principles of better regulation set out in the Statutory Code of Compliance for Regulators, and the Enforcement Concordat;
- cover at least a three-year time span and be reviewed and revised as often as it is necessary to ensure that the authority is able to deliver the requirements set out in this Framework;
- reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies and partners; and be easily accessible and publicly available.

**2. Please outline your proposed activity including a summary of the main actions.**

The IRMP 2020 - 2025 sets out the Fire Authority's vision and priorities for the next five years and the actions WFRS will take to ensure Warwickshire's communities and individuals are supported, to be safe, healthy and independent. The plan fulfils the requirements of the Fire and Rescue National Framework for England, which sets out the government's expectations for all FRSs. The framework recognises that FRSs are best placed to identify, prepare for and address the risks within the communities they serve.

Our plan reflects up to date risk analyses and demonstrates how the Service assesses and manages foreseeable risks within our communities. It allows us to ensure that Warwickshire remains a safe place to live and work and it describes how we mitigate risks through our activities and the effective and efficient use of our people, resources and equipment.

Our approach to developing the IRMP consists of incorporating and coordinating a number of elements to form a continuous and interactive process. It will continue to evolve and adapt to address and mitigate emerging national and local community risks and will reflect effective consultation throughout its development and at all review stages. In this way, our methodology allows us to review and revise our plan as often as it is necessary to ensure that we are able to deliver the requirements set out within it.

The IRMP therefore includes the following components all of which will be easily accessible and available for the public consultation:

- IRMP 20-25 Summary Document (includes the proposals)
- Warwickshire Risk Profile 2020
- Local Area Profiles
- Community Risk Register
- Warwickshire Insights (includes our performance)
- Annual Action Plans
- Our Annual Review
- Annual Statement of Assurance

The service intends to consult on the following IRMP proposals:

- Ensure our workforce and ethos reflect the diverse communities we serve
- Assess our capabilities to improve our ways of working in response to any future pandemics
- Assess our overall resource capacity to ensure our personnel and physical assets are in the right place and at the right time to deliver our statutory duties
- Develop further opportunities to support the wider community health outcomes and help to protect Social Care and the NHS
- Implement digital solutions to enhance our service delivery

These proposals will inform and influence our future annual action and business plans over the five year period of the IRMP, and in this way, will support WCC outcomes and objectives as outlined in the Council Plan 2020/2025.

The action planning process will detail how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on our communities in a way that will make best use of available resources.

It is proposed that an 8-week consultation exercise takes place between Monday 14 September 2020 and Friday 6 November 2020.

### 3. Who is this going to impact and how? (customers, service users, public and staff)

It is good practice to seek the views of your stakeholders and for these to influence your proposed activity. Please list anything you have already found out. If you still need to talk to stakeholders, include this as an 'action' at the end of your EIA. **Note that in some cases, there is a duty to consult, see [more](#).**

We have a legal duty to consult. The IRMP will impact everybody who lives and works in Warwickshire.

The WFRS IRMP Survey Results 2020 report produced by BI can be viewed [here](#).

The consultation sought the views of the community on the 5 proposals that will form the strategic framework for WFRS over the next 5 years. The consultation did not identify any further issues in relation to inclusivity or compliance with PSED.

### 4. Please analyse the potential impact of your proposed activity against the protected characteristics.

**N.B** Think about what actions you might take to mitigate / remove the negative impacts and maximize on the positive ones. This will form part of your action plan at question 7.

	What information do you have? What information do you still need to get?	Positive impacts	Negative impacts
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<b>Age</b>	The number of people aged over 65 is increasing significantly across Warwickshire. People are living longer but live with poor health for longer.	People in this group are likely to fall into our vulnerable category. Our targeted prevention activity is aimed at protecting vulnerable residents including this group with protected characteristics.	<a href="#">Please click here to view the Council Report, which contains full details of the consultation process and outcome.</a> No further issues were identified from the consultation for this group. We will continue to work with our expert partners to ensure we address any issues that may arise from our future action plans
<b>Disability</b> Consider <ul style="list-style-type: none"> <li>Physical disabilities</li> <li>Sensory impairments</li> <li>Neurodiverse conditions (e.g. dyslexia)</li> <li>Mental health conditions (e.g. depression)</li> <li>Medical conditions (e.g. diabetes)</li> </ul>	Living with a disability may increase the chances of experiencing poor health and social isolation	People in this group are likely to fall into our vulnerable category. Our targeted prevention activity is aimed at protecting vulnerable residents including this group with protected characteristics.	<a href="#">Please click here to view the Council Report, which contains full details of the consultation process and outcome.</a> No further issues were identified from the consultation for this group. We will continue to work with our expert partners to ensure we address any issues that may arise from our future action plans
<b>Gender Reassignment</b>	There is no impact identified for this group		
<b>Marriage and Civil Partnership</b>	There is no impact identified for this group		
<b>Pregnancy and Maternity</b>	There is no impact identified for this group		
<b>Race</b>	There is a low representation of people from the BAME community in our workforce	Our recruitment strategies and policies will be aimed at ensuring our workforce reflects more accurately all our communities.	

		Proactively engage BAME communities within their neighbourhoods and build on the community engagement work with existing relationships and networks.	
<b>Religion or Belief</b>	There is no impact identified for this group		
<b>Sex</b>	There is an under representation of women in our workforce	Our recruitment strategies and policies will be aimed at ensuring our workforce is more balanced in terms of gender.	
<b>Sexual Orientation</b>	There is no impact identified for this group		

**5. What could the impact of your proposed activity be on other vulnerable groups e.g. deprivation, looked after children, carers?**

**Community / Customer Impact.**

Our proposals are based on extensive research on the risks that exist within our communities, including groups with protected characteristics.

The proposals are aimed at mitigating both current and future community risk identified and in improving our prevention and protection work in the community, by targeting our services at the most vulnerable residents and by widening our role to increase the range of preventative services we offer through collaborative working with all partners including the NHS, Social Care and the Third Sector. Our proposals will provide greater social value and will contribute to improved community health and well-being. The introduction of the new service 'hospital to home' service and our support to the NHS in the Covid 19 pandemic is evidence of the impact we are currently having on providing greater social value and contributing to the overall objective of protecting the NHS and Social Care.

**6. How does / could your proposed activity fulfil the three aims of PSED, giving due regard to:**

- the elimination of discrimination, harassment and victimisation
- creating equality of opportunity between those who share a protected characteristic and those who do not
- fostering good relationships between those who share a protected characteristic and those who do not

In relation to responding to emergencies, preventing emergencies and protecting the public, and supporting and developing our staff, WFRS services are intended to benefit all. Through our IRMP and extensive community risk profile we plan and maintain our service to all members of the public including those who share a protected characteristic and those who do not. We actively continue to target the more vulnerable members of our communities, (who may have a protected characteristic) through our prevention and protection work. This has been demonstrated by the introduction of the hospital to home service and our response to the Covid 19 pandemic, which supports our most vulnerable residents and helps protect the NHS.

WFRS will be conducting a public consultation on the draft proposals and using WCC's consultation platform and WFRS and WCC's social media to connect with communities, staff, partners, and representative bodies.

WFRS's Community Engagement officer will set up and co-ordinate focus groups to ensure we reach a diverse and wide-ranging audience including those groups with protected characteristics. The IRMP is a continuous and evolving process and through the work of our community engagement officer and our station network we will continue to foster good relations with all our communities.

We are aware that the Covid 19 pandemic will curtail our face to face consultations however we intend to address this by making use of technology and holding virtual meetings e.g a closed Facebook group, virtual focus groups etc. and will work through our network of partners and colleagues to ensure we reach as many people as possible.

'The IRMP 2020 Consultation Report' produced by BI contains the outcome of the consultation and can be viewed [here](#)

Full Council will consider any responses to the consultation and approve the new IRMP at their meeting on 16<sup>th</sup> March 2021.

The IRMP will be implemented from April 2021.

## 7. Actions – what do you need to do next?

Consider:

- Who else do you need to talk to? Do you need to engage or consult?

- How you will ensure your activity is clearly communicated
- Whether you could mitigate any negative impacts for protected groups
- Whether you could do more to fulfil the aims of PSED
- Anything else you can think of!

Action	Timescale	Name of person responsible
Portfolio - Permission to Consult	By August 2020	Ade Mallaban
Formal Public Consultation with communities, partners, etc.	Sept to November 2020	Ade Mallaban
Formal Consultation with staff and rep bodies.	Sept to November 2020	Ade Mallaban
Cabinet/Council Approves Draft IRMP	February/March 2021	Ade Mallaban
IRMP Implemented	By April 2021	

## 8. Sign off.

Name of person/s completing EIA	Ade Mallaban
Name and signature of Assistant Director	Kieran Amos
Date	July 2020 - reviewed Dec 2020.
Date of next review and name of person/s responsible	April 2021 Once IRMP proposals approved – Ade Mallaban



## **Cabinet**

**11 February 2021**

### **Allocation of 2021/22 Dedicated Schools Grant**

#### **Recommendations**

Cabinet is recommended to:

- 1) Support the allocation of the Schools Block DSG, as outlined in Section 3, in line with the National Funding Formula for Schools and in particular increasing funding allocated to schools through the lump sum and sparsity factors as outlined in 3.3.1 and 3.3.2.
- 2) Support the Early Years allocation of funding for all early years providers as outlined in Section 4
- 3) Approve the proposed allocation of the High Needs DSG budget for 2021/22, as set out in Section 5.
- 4) Support the proposals for allocating the 2020/21 Central School Services DSG budget, as set out in Section 6.

#### **1. Purpose of the Report**

- 1.1. The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils.
- 1.2. The report outlines the 4 blocks of the DSG, and the current proposals to allocate the provisional DSG allocation. Schools Forum received these proposals at their January meeting, and subject to Cabinet approval, they will be confirmed at the Schools Forum March meeting.
- 1.3. Full Council will have approved the 2021/22 budget resolutions on Monday 8 February which allocates resources to schools and other educational settings in accordance with the National Funding Formula for schools and early years settings. There is an expectation in the annual budget that the cost of schools and educational settings will be contained within the level of the DSG, but a reserve has been created to support a deficit if spending continues at the

levels currently estimated without further external funding and/or recovery plan activities do not deliver cost reductions.

- 1.4. As part of the 2019/20 budget resolution approved at Council on 7 February 2019, Council agreed:
- The cost of funding schools and relevant pupil-related services should be contained within the level of the DSG so that the Council does not subsidise the DSG from its own resources.
  - To continue with the approach of moving towards the implementation of the National Funding Formula for schools.
  - To implement the proposals arising from the review of non-schools block DSG spend with a view to bringing the DSG back into balance.
- 1.5. This report has been prepared based on the strategy agreed in February 2019. Where changes are proposed as a result of more recent information this is highlighted in the body of the report. The report also recognises that achieving a balanced DSG budget is not possible in the short term due the pressures on the High Needs Block for which a recovery plan is now in place and has been shared with Cabinet.

## 2. Dedicated Schools Grant

- 2.1. Whilst the DSG is often referred to as a single grant it is, in fact made up of four blocks with minimal flexibility to move funding between the blocks. Therefore, in considering how the DSG is allocated it is necessary to consider each block separately.
- 2.2. The provisional 2021/22 DSG allocations of £495.6m, split across the four blocks by the ESFA is set out in Table 1.

<b>Table 1: 2021/22 DSG Allocations</b>	<b>£m</b>
Schools Block	381.6
Early Years Block	34.1
High Needs Block ( <i>Note 1</i> )	75.7
Central Schools Services Block	4.2
<b>Total DSG Allocation 2021/22</b>	<b>495.6</b>

### Notes

1. Provisionally, the amount of the 2021/22 High Needs Block DSG allocation that will come to the authority is £62.068m. The Education and Skills Funding Agency (ESFA) will top-slice £13.680m to allocate directly to non-maintained providers. This table does not include the impact of the 0.5% transfer noted in paragraph 3.7 as it represents the 'starting point' of the allocations from the ESFA .

- 2.3. The rest of this section outlines the powers and responsibilities of the Local Authority and Schools Forum in relation to DSG allocations before the rest of this report covers the basis of allocations in each of the blocks separately.

**2.4. Schools Block**

It is the responsibility of the County Council to propose and decide any changes to the formula which is used to allocate Schools Block DSG to all primary and secondary schools. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

**2.5. Early Years Block**

The local authority must passport a minimum of 95% of funding for the universal 15 hour entitlement for 3 and 4 year olds and the additional 15 hours entitlement for 3 and 4 year old children of eligible working parents directly to settings. This means up to 5% can be retained by the Council to fund Early Years functions delivered by Education Services.

It is the responsibility of the local authority to propose and decide the allocation of Early Years funding. The Schools Forum and all early years providers are consulted annually and given an opportunity to give their view on the local authority proposal.

**2.6. High Needs Block**

The High Needs Block supports provision for children and young people with special education need and disabilities (SEND). The High Needs Block also provides the resources for place funding; top-up funding for institutions and funding for high need services delivered by the local authority.

It is the responsibility of the local authority to propose and decide the allocation of High Needs Block funding. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

**2.7. Central School Services Block**

The Central School Services Block provides funding for the local authority to carry out central functions on behalf of pupils in both maintained schools and academies. Services are split between on-going and historic responsibilities.

The local authority proposes the spending allocations funded from the Central School Services Block but the final decision is made by the Schools Forum.

### 3. Schools Block National Funding Formula 2021/22

3.1. The Schools Block DSG allocation for 2021/22 is £381.6m. This is an increase of £31.9 million (9.12%) from the 2020/21 allocation and is due to three main reasons:

- The total number on roll for 2021/22 has increased by 576 pupils (0.75%) above 2020/21 pupil numbers. Table 2 shows the number on roll changes by phase and school type.

Table 2: Changes to the Number on Roll between 2020/21 and 2021/22 October Census Points	
	Total on roll
Primary	26
Secondary	475
All-through	75
	<b>576</b>

- The minimum pupil funding allocated as part of the DSG for Primary Schools has increased to £4,000 in 2021/22 from £3,700 in 2020/21, whilst Secondary Schools has remained at £5,000 over both years.
  - There have been further increases to the minimum pupil funding allocations to reflect historic costs of teachers pay and pension increases now being funded within the Schools Block National Funding Formula from April 2021 rather than through specific grant. This increases the minimum pupil funding allocation further to £5,415 for Secondary Schools and £4,180 Primary Schools in 2021/22.
- 3.2. The Schools Block DSG allocation for 2021/22 has meant the authority can continue to apply the 'hard' National Funding Formula (NFF) in 2021/22, which is the direction both Schools Forum and WCC have worked towards.
- 3.3. Schools Forum have recommended (and voted in favour of) allocating additional funding in two areas above those in the 'hard' NFF. These are:
- 3.3.1. **Lump sum payments.** Within the NFF lump sum payments for both primary and secondary schools are set at £118,800 per school. Funding guidance allows individual local authorities to set these up to a maximum of £175,000. It is expected that the lump sum payments for all primary and secondary schools will be set at a level between £118,800 per school (the minimum) and £130,000 per schools; ensuring that if above the minimum level, the increase is affordable.
- 3.3.2. **Sparsity Funding.** School attracting sparsity funding must meet 2 criteria: average class size less than 21.4 children and the distance from next their

next comparable school is more than 2 miles away as the crow flies. Using this criteria means 1 secondary school and 12 primary schools are eligible for these payments. It has been agreed with the ESFA that for 2021-22 we can use road journeys when assessing if schools are more than 2 miles apart. It is therefore recommended that we use road journeys distance in 2021-22 when allocating sparsity funding. Using this criteria means a further 7 small primary schools will be eligible for sparsity funding in 2021-22.

- 3.4. A breakdown of the movements in the NFF factors between 2020/21 and 2021/22 is shown in Table 3 below.

<b>Table 3: Comparison of NFF allocations 2020/21 and provisional 2021/22 (subject to submission of our model to ESFA; verification by ESFA, and also the final DSG allocation)</b>				
<b>Factor</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Difference £m</b>	<b>Reason for Change</b>
Age Weighted Pupil Unit (AWPU)	261.4	288.2	+26.8	Pupil led factor + Increase to reflect cost of pay and pension increases
Deprivation	20.4	21.8	+1.4	Pupil led factor + increase uptake of 26.11% for Free Schools Meals due to impact of Covid-19
English as an Additional Language	2.4	2.3	-0.1	Pupil led factor + 5% drop in eligible children in 2021-22
Prior Attainment	24.0	24.4	+0.4	Pupil led factor
Lump Sum	26.3	29.9	+3.6	Increase lump sums to max of £130,000
Sparsity Funding	0.3	0.9	+0.6	Increased rate and more schools eligible
Split Sites	0.2	0.2	0.0	No change
Rates	3.6	3.6	+0.0	No change
Minimum Pupil Funding	5.8	7.7	+1.9	Changes in allocations for 201-22. (£4,180 for primary schools and £5,415 for secondary schools)
Minimum Funding Guarantee	1.0	0.6	-0.4	All schools get +2.00% increase (+1.84% in 2020-21) so fewer schools receive MFG
Growth Fund	1.9	2.4	+0.5	More Growing Schools
Unallocated	2.4	0.1	-2.3	Use of schools block surplus
<b>Total</b>	<b>349.7</b>	<b>382.1*</b>	<b>+32.4</b>	

\* This differs from the 2021/22 allocation of £381.6m due to the use of the prior year's unallocated DSG and 0.5% transfer.

- 3.5. Increases in the minimum per pupil funding and minimum funding guarantee ensures schools will receive increased funding where their number on roll remains the same between 2020/21 and 2021/22. Where a school's number on roll has dropped between the 2020/21 and 2021/22 their budget share may also decrease as well. 110 out of 230 schools have seen a drop in their number on roll between 2020/21 and 2021/22. None of these schools has seen a drop in its budget share greater than the drop in its number on roll.

- 3.6. The Schools Forum strongly supported the policy decision to move to the NFF at the earliest opportunity taken last year and therefore also support the decision to make no changes to the approach for 2021/22.
- 3.7. Within National Funding Formula Guidelines a Local Authority can transfer up to 0.5% from the Schools Block to the High Needs Block. A consultation with mainstream schools and academies on this transfer was undertaken during the early part of the 2020 autumn term. 44 schools and academies responded to the consultation and 32 (72.7%) supported the transfer. The value of the transfer is currently estimated to be £1.824m, to be confirmed by the ESFA.
- 3.8. At a special meeting of Schools Forum on 19 November 2020 17 of the 21 members attending the meeting supported the transfer whilst 4 voted against. Due to the overall support of Schools Forum, the transfer can take place as part of the 2021/22 DSG budget setting process without a 'Disapplication' being submitted to the Education and Skills Funding Agency (ESFA).

#### **4. Early Years Block National Funding Formula 2021/2**

- 4.1. The Early Years NFF allocates funding to Warwickshire below what is deemed to be the minimum hourly rate. This means, along with many other shire counties, Warwickshire receives 'top-up' funding to bring our allocation up to the minimum hourly rate of £4.44 per hour to cover all early years activity. Of this minimum hourly rate at least 95% (£4.22) must go directly to providers either as a universal rate or as the mandatory supplement for deprivation and up to 5% (£0.22) can be retained by the local authority to fund central Early Years functions.
- 4.2. The increase in overall funding levels means it is possible to increase the overall universal rate to £4.15 per hour, an increase of £0.06 per hour compared to the £4.09 universal rate in 2020/21.
- 4.3. The breakdown of how the £4.44 is to be allocated is set out in Table 4.

<b>Table 4: Early Years Allocation of Funding per Hour</b>	
<b>Factor</b>	<b>2021/22 Allocation Per Hour £</b>
Universal rate allocated to all providers	4.15
Deprivation Supplement	0.07
Central Provided Services (5%)	0.22
<b>Total for 3 and 4 Year Olds</b>	<b>4.44</b>

## **5. High Needs DSG Budget Allocations 2021/22**

- 5.1. The 2021/22 allocation for High Needs DSG is £75.748m. This represents a £7.675m increase on the equivalent allocation for 2020/21. Of the total allocation of £75.748m the ESFA will top slice and allocate £13.680m direct to academies for high needs places. The allocation available to the local authority to manage is therefore £62.068m.
- 5.2. High Needs Block funding is based on SEND pupil numbers at October 2020 in mainstream; special and resourced provision maintained schools and academies, and SEND pupil numbers at January 2020 in independent provision. The funding is made up as follows:
- Basic entitlement factor funding at £4,660 per pupil, adjusted for area costs. This is an increase of £660 above 2020/21 per pupil funding and reflects the historic cost of teachers pay and pension increase now being included in the High Needs DSG Block.
  - Historic spend factor. This amount is maintained at a cash-flat level and accounts for 87% of the total High Needs allocation.
  - The remaining amount of overall funding is distributed to local authorities using the following proxy indicators:
    - 2-18 year old population
    - deprivation
    - health and disability
    - low attainment
  - The formula then applies the protection of a funding floor to all elements except the basic entitlement factor.
  - Hospital education funding is added.
  - Import/export adjustments are made mid-year to reflect the transfer of pupils with SEND into and out of the County
  - Additional funding for Special Free Schools
- 5.3. The 2020/21 Quarter 3 forecast figures reported to Cabinet in January showed a 2020/21 High Needs Block in year overspend of £10.716m. Demand and therefore expenditure are forecast to grow in 2021/22 at a rate that is higher than the increase in the 2021/22 High Needs Block allocation. It is recognised that nationally pressures on the school system, and the high needs budget in particular, are an issue; and Local Authorities continue to raise this with Central Government.
- 5.4. With the Government requiring all schools and early years services to be provided within the level of DSG allocated, more still needs to be done to ensure the budget for these services is robust and sustainable. A further report will be brought to Cabinet, for approval, by September 2021 that sets out the

next stage of our plans for how the DSG can be brought back into balance following consultation with partners across the sector, alongside an update on the benefits being delivered from the current SEND & Inclusion Change Plan (SICP). Whilst the next stage of the plan is developed and implemented, or the Government brings forward proposals for funding DSG deficits at a national level, sufficient funding will be set aside in reserves, as below, to create an equal and opposite position to offset the projected deficit until a sustainable solution is in place.

	2021/22 £m	2021/22 £m	2023/24 £m	2024/25 £m	2025/26 £m
Contribution to Reserve	1.364	6.181	6.601	8.005	7.798
Reserve at year end	1.364	7.545	14.146	22.151	29.949

## 6. Central School Services DSG 2021/22

- 6.1. The allocation to the Central School Services Block (CSSB) is £4.178m in 2021/22. This represents a £0.127m increase on the 2020/21 figure. CSSB funding is allocated partly for ~~to~~ historic commitments and partly for ongoing functions relating to both maintained schools and academies.
- 6.2. As expected. Warwickshire's historic commitments allocation has again reduced by 20% from 2020/21 to £1.023m. this is a reduction of £0.255m.
- 6.3. Funding for ongoing functions is allocated using a pupil-led formula. based on 2020/21 pupil numbers. and comprises a basic per-pupil factor. through which authorities receive the majority of funding. and a deprivation factor. This factor increases by £4.66 to £41.20 in 2021/22 to reflect the historic cost of teachers pay and pension moving to DSG grant. Warwickshire ongoing funding will increase by £0.382m to £3.165m in 2021/22.
- 6.4. The decision on the use of the CSSB is one for the Schools Forum. and the CSSB allocations for 2021/22 will be confirmed by the Schools Forum at their meeting on 18 March 2021.

## 7. Financial Implications

- 7.1. In addition to the financial implications which are within the body of the report. the following paragraphs are for noting:



- 7.2. While Councils are not permitted to fund DSG overspend from funding outside of the ringfenced DSG grant, proving our financial sustainability as an organisation requires us to hold an amount equal to the deficit in our financial reserves. Section 5.4 details the building of this reserve. This reserve will be released to the General Reserve if funding or spending varies beneficially from estimates.
- 7.3. It should be noted that the ESFA has indicated that any local authorities overspending their overall DSG by more than 1% in 2020/21 is expected to have a recovery plan that they may request a copy of. As at Quarter 3 forecasting, Warwickshire is projecting an overspend of 1.73%. The DSG recovery plan will be maintained and updated annually so that it remains a 'live' document; and can be submitted to the ESFA if requested.
- 7.4. This demand and cost pressures, alongside the need to deliver material savings and manage future demand to bring the budget back into balance, means the High Needs DSG remains an area that requires close oversight. Progress on the recovery plan will continue to be reported to Cabinet and to Schools Forum as appropriate.
- 7.5. The High Needs DSG deficit is not unique and reflects a major national problem. The Leader has written to government to ask for a sustainable funding model to be implemented, and has raised the issue of the terms and conditions of the DSG conflicting with accounting standards and audit requirements, therefore creating the need for a £30m contribution to reserves by 2025/26.

## **8. Environmental Implications**

- 8.1. There are no specific environmental implications arising from the decision being made as part of this report.

## **9. Background Documents**

None

## **10. Supporting Papers**

- Schools Forum 14 January 2021
- Full Council 8 February 2021

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

## Cabinet

11 February 2021

### Long Term Savings for Children in Care

#### 1. Recommendation

- 1.1 That Cabinet agrees the changes to the Long-Term Savings policy as set out in the report.

#### 2. Executive Summary

- 2.1 The purpose of the Long term savings policy is to ensure all Children In Care and young people in the care of Warwickshire County Council have the opportunity to develop financial capability skills and have savings available to them when they leave care.
- 2.2 The Department for Education (DfE) has two policies relating to savings opportunities for children who are looked after by the Local Authority continuously for 1 year or more and are aged over the age of 5 years. These are 'Child Trust Funds for Looked after Children' and 'Junior ISAs for Looked after Children'. A summary and links to these DFE policies can be found in Appendix 1, as well as the responsibilities of Warwickshire County Council within these policies.
- 2.3 In addition to these two policies, Local Authorities have the jurisdiction to provide additional savings for Children in Care. Saving for the future of Children In Care and supporting the financial education and planning forms part of the discharge of duties within the following standards: -
- Fostering National Minimum Standard 16: children are prepared for, and supported into, adulthood so that they can reach their potential and achieve economic wellbeing.
  - Residential – Regulations and Quality Standards, section 6.2 (VI): help each child to develop resilience and skills that prepare the child to return home, to live in a new placement or to live independently as an adult.
- 2.4 The current Long-term savings policy is based on a percentage of young person's allowances being saved. This has meant that there has been an inconsistency in savings across the children in care population, with children based with Independent fostering agencies, residential establishments being disadvantaged, as these organisations have not always made the appropriate savings requested. It is particularly concerning that when young people have

moved between placements somehow their savings have not moved with them, this has required the Local Authority to estimate how much the young person is entitled to and reimbursed.

- 2.5 The proposed long-term savings policy will mean that for some young people there will be a reduction in long terms savings however, the allowances remain the same and no young person overall will be financially worse off. The money going to the child remains the same in both policies, but it is provided in different areas.
- 2.6 The current policy does not encourage young people to develop financial awareness or have access to their savings until they are 18 years of age. By having both a short-term savings account and a long term savings account young people will develop financial awareness and an understanding of financial independence. The carers will be encouraged to continue to support young people to save money from their allowances in a short-term savings account which they can access before they turn 18 and with shorter notice.

### **3. Financial Implications**

- 3.1 There are no cost implications to Warwickshire County Council
- 3.2 There will be changes to the amount that young people have in their long term savings with a reduction in long term savings for some young people, however this money will be still available to the child/young person paid through allowances and young people will be supported to open their own short term savings account and manage their money, encouraging financial independence.

### **4. Environmental Implications**

- 4.1 There are none.

### **5. Supporting Information**

- 5.1 Long term savings are provided once a child or young person has been in care for a period of 12 months and is over the age of 5 years old. Under the current policy Warwickshire County Council begin the long-term savings for children in care after 12 months. The new policy will allow Warwickshire County Council to begin to save the long term savings for the child or young person from the day they enter care (if over the age of 5 years old) and use the first 12 months savings as the deposit to open their long term savings. This ensures the child is not penalised and received long term savings for the entirety of their period of time in care.
- 5.2 The current long term savings policy increases the amount young people are saved as they get older. The new policy recommends that every child and

young person receives £5 per week and ensures consistency across all ages. This will look like some young people will receive less money on the new policy recommendations however, the children and young people do not lose any money as they receive the same amount as before but in a different format, less is placed in long term savings. This means that their allowance is available to the children and young people in the present rather than in the future.

- 5.3 The new policy will ensure all children and young people's long-term savings is taken from source by our finance team. The current policy has different systems dependent on the type of placement the young person is in. If the child or young person is living with a Warwickshire Foster Carer then their long term savings is taken from source and Warwickshire Local Authority finance have oversight of the savings however if the child or young person is in a residential setting or living with an Independent Fostering Agency Carer it is the responsibility of the setting or agency to save the expected long term savings allowances. This can cause problems when a child or young person moves carer as the long-term savings can get mislaid by the settings and agencies. The new policy ensures consistency across all types of placements.
- 5.4 The new policy will ensure we are in line with our neighbouring Local Authorities, ensure siblings get the same long term savings, irrelevant of their age when they are in care, making it equitable for all children and young people in care and ensure consistency across all types of placements.

## 6. Timescales associated with the decision and next steps

- 6.1 It is proposed that if Cabinet agree the proposal the change in policy is introduced for all young people entering care from the 1<sup>st</sup> April 2021. Those who already in care will remain under the terms of the previous policy.

## Appendices

1. Long Term Savings Policy
2. Financial Comparisons of Current policy to Proposed Policy
3. Equality Impact Assessment

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# Long Term Savings

## Policy for Long Term Savings for Children in Care

**Version:** 1.0

**Date Issued:** December 2020

**Team:** Corporate Parenting

**Protective Marking:** Internal

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# 1. Introduction

- 1.1 This policy sets out the context and overarching principles to savings for children in care in Warwickshire. It seeks to provide consistent opportunities regarding savings arrangements for all children who are cared for by WCC.
- 1.2 The guidance is for:
- Children's Social Care Staff
  - Placement Hub Staff
  - Commissioning Staff
- 1.3 The Department for Education (DfE) has two policies relating to savings opportunities for children looked after by the Local Authority continuously for 1 year or more. These are '[Child Trust Funds for Looked after Children](#)' and '[Junior ISAs for Looked after Children](#)'.
- 1.4 In addition to these two policies, Local Authorities have the jurisdiction to provide additional savings for Children in Care. Saving for the future of CIC and supporting the financial education and planning forms part of the discharge of duties within the following standards:
- Fostering National Minimum Standard 16: children are prepared for, and supported into, adulthood so that they can reach their potential and achieve economic wellbeing.
  - Residential – Regulations and Quality Standards, section 6.2 (VI): help each child to develop resilience and skills that prepare the child to return home, to live in a new placement or to live independently as an adult.

# 2. Who does this policy apply to?

- 2.1 This policy applies to all children and young people who are in the care of Warwickshire County Council over the age of 5 years whether placed with internal or independent foster carer, or in residential provision under contractual arrangements on or after April 1<sup>st</sup> 2021.
- 2.2 This policy does **not** apply to children in care who are: -
- Subject to a **Care Order and placed at home with their parent(s)** on basis that:-
    - Warwickshire County Council would not want to undermine the parents in how they choose to / not to save for their child who is living with them.

- Parents do not receive allowance from the local authority to fund weekly contributions for short or long term savings and may already have savings arrangements in place for their child(ren).
- Children subject to these arrangements are likely to return to their parent(s) full time care without a Care Order in short to medium term
- Receiving **short term breaks under section 17** on the basis that the child will not have been in care for 12 months consecutively and parents retain parental responsibility for their child's needs.
- In **residential school provision** who return home to live with parents / family at weekends / during vacation periods on the basis that the child will not have been in care for 12 consecutive months and parents retain parental responsibility for their child's needs.
- Placed for **adoption** on the basis that Adopters do not receive automatic allowances from the Local Authority to fund weekly contributions. Adopters may already have savings arrangements in place for their children.
- **Under the age of 5 years.**

### 3. Key Principles

- 3.1 Once a child or young person has been within the care of Warwickshire County Council continuously for at least 1 year, Warwickshire County Council will contribute to savings for that child of £5 per week until the earliest of:
- a) the child leaving the care of Warwickshire County Council
  - b) the child no longer meeting the criteria set out within the scope of this policy or
  - c) the child turning 18.
- 3.2 At the point that the child or young person in care meets these savings criteria, an opening balance equal to 12 months savings (£5 x 52 weeks = £260) will be deposited into their savings investment account.
- 3.3 This savings investment account will take the form of either:
- Child Trust Fund,
  - Junior ISA, or
  - In the event that for any reason there is a delay in a CTF or JISA being set up, these funds will be held on Warwickshire County Council's balance sheet until an account is set up or the funds can be appropriately

transferred into the possession of the young person or their parent/guardian.

- 3.4 Warwickshire County Council will calculate these savings on behalf of the child or young person in care and deposit them into their savings investment account as listed above, on a quarterly basis.
- 3.5 Resources to fund these savings will be accrued through deductions from placement costs. This will be a £5 deduction per week at the point of payment incurred from day 1 of the placement and will be agreed with providers during commissioning discussions, as part of individual placement agreements or as part of the foster carer agreement.

## **4. Transitional Arrangements**

- 4.1 This policy will be implemented on April 1<sup>st</sup> 2021. At the point of implementation, all children and young people currently placed within the care of Warwickshire County Council, who meet the scope and criteria set out within this document, shall be transferred onto this new scheme and a savings entitlement shall be accrued for them consistently from that date.
- 4.2 External providers, where the requirement is not already in the specification and contract, will be asked to implement this new policy. This will result in a change to the current contractual arrangements between ourselves and our placement providers where long-term savings have been included within contracts. We will negotiate this transition with our providers and cannot legally require it. From the 1<sup>st</sup> April 2021 the long-term saving amount will be deducted from agreed contract prices and providers will need to reflect this in their invoices. For example: if a placement cost is £825 per week and the weekly saving amount is £5 the price paid to providers will be £820 per week.
- 4.3 Any new contracts and specifications commissioned from 1<sup>st</sup> April 2021 for the care of Warwickshire's children and young people in care, should be agreed in line with this policy.
- 4.4 Existing placement providers will be asked to transfer any existing savings held for our children in care to Warwickshire County Council for it to be paid into the child's investment account as set out in section above.

## 5. Responsibilities

- 5.1 Assistant Director of Children's Services / Strategic Lead for Children in Care maintain oversight of:-
- Maintenance of accurate LAC Junior ISA and CTF lists for children in care.
  - Robust, accurate and timely reporting processes to HMRC and Share Foundation
  - Procedures reflect arrangements to support this policy, maintain information and regular reporting.
  - Payments to children in care and young people's LAC Junior ISA and CTF accounts reflect this policy and are timely and accurate.
- 5.2 Children's Social Work staff, carers and placement providers have appropriate guidance and information on: -
- The local authority's savings policy for children and young people in care.
  - Arrangements for long term savings for children and young people in care for 12 months or more.
  - Arrangements for the transfer of savings to give to the young person or their parent or guardian as appropriate whether they move to permanency, return home or leave care for independence.
  - How to promote age appropriate financial capability / money management skills.
- 5.3 Social Worker / Personal Advisor for the child or young person in care is expected to ensure that:
- Support child / young person to develop age appropriate financial capability skills
  - Any money held by placements for the child are transferred when there is a placement change.
  - Young people are given appropriate information at 16 and 18 years of age regarding their CTF or JISA.
  - Notify relevant person with parental responsibility when child / young person returns home of the JISA or CTF.
- 5.4 Other Children's Services Staff are expected to: -
- Understand the savings policy and procedures regarding children and young people in care and be aware of any links relevant to their role.
- 5.5 Placement Hub and Children's Commissioning Team are expected to ensure that:
- All external placements providers are given a copy of the Savings Policy for children in care before a child is placed.

- Contracts with Placement Providers clarify expectations regarding savings policy in particular the deduction of £5 per week from the placement cost.
- Issues regarding a non-compliance with policy and expectations are addressed at an early stage with the provider and escalated to the Operational Lead for Commissioning for children and young people in care and care leavers, if unable to resolve the matter.
- External placement providers receive regular reminders of the policy.

5.6 Independent Reviewing Officer (IRO) for child or young person is expected to ensure as part of the All About Me Review process that:-

- Child / young person is aware of their savings account
- Child / young person is developing appropriate financial capability skills
- Where young person has final review after their 18th birthday, IRO is to ensure the young person's social worker / Personal Adviser has supported them to access their savings account.
- The IRO Manager will include any issues relating to savings in their annual report.

5.7 Insight (Social Care) Team are expected to:-

- Provide monthly data reports for Financial Management and Lead Administration identifying:
  - Children and young people who are newly in care, plus data required to establish CTF eligibility risk (date of birth & nationality/immigration status),
  - Children and young people who have ceased to be in care by the Local Authority.
  - Children and young people who have been in care continuously for 12 months or more, to enable Financial Management to include them on the payment run for savings transfers to The Share Foundation.
  - List of suspended payments to mitigate overpayments to The Share Foundation.
  - Children and young people who have been in care continuously for 12 months or more, and will have their 18th birthday within 2 months' time. So that final calculations and closing account procedures can be triggered.
- Provide monthly data reports to The Share Foundation as defined in the DfE policies and Local Authority section of The Share Foundation website, regarding children and young people who are eligible for Junior Isas and Child Trust Funds
- Liaise with Children's Services to ensure data reporting is accurate regarding children and young people newly accommodated or leaving care

### 5.8 Lead Administrators are expected to: -

- Ensure administrative responsibilities as set out in the Procedures document are carried out in a timely manner including:
  - Quarterly payments to The Share Foundation
  - Forwarding closing account letters to young people or their parents/guardians as required by the Share Foundation
  - Making payments to young people or their parents/guardians where closing account balances are held by the Local Authority or Making payments to into relevant Junior ISAS and Child Trust Funds for any other contributions received towards individuals savings accounts
  - Respond to queries regarding account management
  - To liaise with The Share Foundation
  - Verify eligibility of new Childs Trust Funds regarding Nationality / Immigration Status, before the 12 month trigger.
  - Provide The Share Foundation with relevant authorisation for contact with Carers, parents and guardians.
  - Ensure the Strategic Lead for Children in Care is made aware of any irregularities or concerns.

### 5.9 Financial Management Lead

- Ensure financial management responsibilities as set out in the Procedures document are carried out in a timely manner including:
- Financial reconciliation processes are carried out monthly
- Prepare quarterly payments file for Lead Administrator regarding transfer of funds to The Share Foundation
- Respond to queries regarding savings balances for children in care or those who have left care.
- Ensure an accurate record of the savings for each eligible LAC are recorded and understood including the amount and where the savings are held (JISA, CTF or CCC Balance sheet).
- Provide annual statements to all current children and young people in care with a savings balance held within accounts.

## 6. Short Term Savings

- 6.1 All children and young people in care should have a short term savings account which should be set up as soon as is practical when the child / young person comes into care.
- 6.2 The short term account is to enable the child / young person to save for their current and future short term needs. This maybe for a particular item they want i.e. games console, contribution towards a laptop, driving lessons, or for when they experience a gap in funding i.e. getting their salary or benefits.

- 6.3 Warwickshire County Council will ensure arrangements are in place to ensure key professionals involved in the care of children and young people are aware of and meet their responsibilities in relation the procedures for savings of children and young people in care. This will include: - Foster carers/ placement providers being responsible for ensuring all children/young people placed with them have a short term savings account.

## **7. Financial Education and Management for children and young people in care**

- 7.1 Young people are supported to plan for independence through the pathway planning process, which begins as young people approach 16. As part of this specific support is given around finances and budgeting with access offered to relevant money management courses when required.
- 7.2 We are currently in the process of developing an accredited independence training programme with the House Project and young people who are aged 14 years plus will have the opportunity to attend independence workshops as well as having tailored packages put in place to further support them to gain the skills they need to manage their money independently.
- 7.3 We have a full Financial support package for young people leaving care.

## **8. Further Information**

- 8.1 [Child Trust Funds for Looked after Children](#)
- 8.2 [Junior ISAs for Looked after Children](#)

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## **Appendix 2 - Comparisons of Current policy to Proposed Policy**

### **1. Introduction**

- 1.1 The current savings policy is age banded and it is linked to the personal allowance rate. This being 10% of the personal allowance rate. Therefore, the savings amounts will be directly affected by the decision around annual uplifts of the foster-care rates.
- 1.2 There are 2 main differences being proposed in the new policy which will affect the amount of savings that a child will receive over the time of their placement.
  - 1. Flat £5 per week over all ages as opposed to being 10% of the personal allowance and age banded.
  - 2. After being in care for 12 months savings under the new proposal will be back dated to the day the child came into care, whereas savings under the current policy only start from post 12 months of the continual placement.
- 1.3 It is important to remember when reviewing these financial differences that the child will continue to receive the same personal allowance in the current and new policy and therefore will not be receiving any less money. The difference is that there will be less in their long term savings but more available in the present with their personal allowance.

### **2. Comparison of Policies on Savings Generates**

- 2.1 Table 1 below demonstrates the annual differences in the policies. It is assumed that the child under the current policy has already been in care for 12 months.

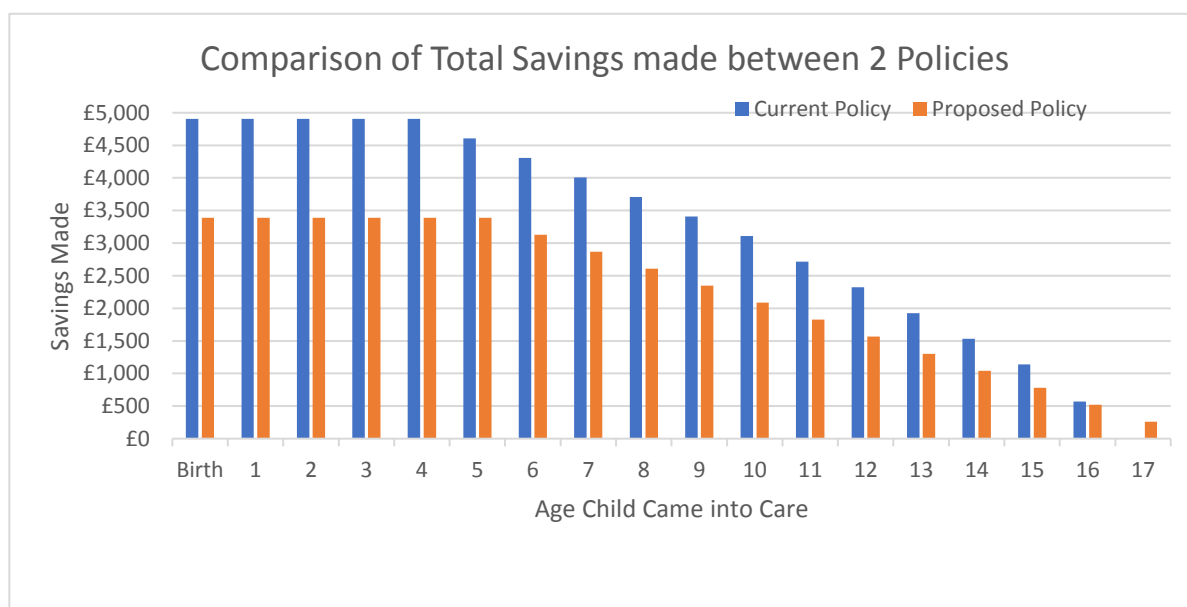
**Table 1 – Comparison of annual savings under the different policies**

2020/21 RATES				
	0-4	5-10	11-15	16-17
<b>CURRENT POLICY</b>				
Weekly Rate	0.00	5.74	7.56	10.92
Annual Savings	0.00	299.30	394.20	569.40
<b>PROPOSED POLICY</b>				
Weekly Rate	<b>0.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
Annual Savings	0.00	260.71	260.71	260.71
<b>Annual Difference -</b>	<b>0.00</b>	<b>(38.59)</b>	<b>(133.49)</b>	<b>(308.69)</b>

What this shows is that the older the child gets and moves through the age bands less long term savings are made.

- 2.2 Table 2 below tries to compare the total savings made by age of when the child entered care until reaching 18. E.g.

Age Came into Care	Current Policy	Proposed Policy	Total Difference
4 till 18	4,905.60	3,389.29	<b>(1,516.31)</b>
12 till 18	2,321.40	1,564.29	<b>(757.11)</b>

**Table 2 – Comparison of total savings made over the different policies by age child came into care**

- 2.3 Table 3 below shows the data that relates to above chart. This along with the visual graph shows that overall no matter what age (apart from entering care at 17) the proposed policy will generate less long term savings than the current policy.

**Table 3 – Comparison of total savings made between each policy**

Age Came into Care	Current Policy	Proposed Policy	Total Difference
Birth	4,905.60	3,389.29	(1,516.31)
1	4,905.60	3,389.29	(1,516.31)
2	4,905.60	3,389.29	(1,516.31)
3	4,905.60	3,389.29	(1,516.31)
4	4,905.60	3,389.29	(1,516.31)
5	4,606.30	3,389.29	(1,217.01)
6	4,307.00	3,128.57	(1,178.43)
7	4,007.70	2,867.86	(1,139.84)
8	3,708.40	2,607.14	(1,101.26)
9	3,409.10	2,346.43	(1,062.67)
10	3,109.80	2,085.71	(1,024.09)
11	2,715.60	1,825.00	(890.60)
12	2,321.40	1,564.29	(757.11)
13	1,927.20	1,303.57	(623.63)
14	1,533.00	1,042.86	(490.14)
15	1,138.80	782.14	(356.66)
16	569.40	521.43	(47.97)
17	0.00	260.71	260.71

### 3. Scenarios to further demonstrate differences between savings generated

- 3.1 Below in Table 4 are several examples to demonstrate the various scenarios that will occur as children enter care for different lengths of time and at different mixture of ages. For ease of calculation all children will assume to enter care on 1<sup>st</sup> April and their birthday is also 1<sup>st</sup> April.

**Table 4 – Scenarios of savings made for different ages and lengths of time in care**

Scenarios	Age at start of care	Age at end of Care	Years in Care	Current Policy £	Proposed Policy £	Difference £
Child A	2	4	2	0.00	0.00	0.00
Child B	3	7	4	598.60	521.42	(77.18)
Child C	4	9	5	1,197.20	1,042.84	(154.36)
Child D	5	13	8	2,379.80	2,085.68	(294.12)
Child E	6	16	10	3,263.10	2,607.10	(656.00)
Child F	8	13	5	1,387.00	1,303.55	(83.45)
Child G	10	18	8	2,284.90	2,085.68	(199.22)
Child H	12	15	3	598.60	782.13	183.53
Child I	14	18	4	1,533.00	1,042.84	(490.16)
Child J	16	18	2	569.40	521.42	(47.98)

- 3.2 A final comparison in Table 5 would be for 3 siblings and the amount of money saved for the same length of stay in care over the different policies.

**Table 5 – Sibling comparison of savings over same length of time**

Scenarios	Age at start of care Years	Age at end of Care Years	Years In Care Years	Current Policy £	Proposed Policy £
Sibling 1	4	9	5	1,197.20	1,042.84
Sibling 2	8	13	5	1,387.00	1,303.55
Sibling 3	11	16	5	1,576.80	1,303.55

- 3.3 Due to the over 5 savings rule on both policies this would mean that not all 3 children on leaving care would receive the same amount of savings. Under the current policy there is a large difference between Sibling 1 and 3 of £379.60, but this is less under the proposed rule and Sibling 1 has less savings than Sibling 2 and 3 by £260.71.

## Warwickshire County Council Equality Impact Assessment (EIA) Form

The purpose of an EIA is to ensure WCC is as inclusive as possible, both as a service deliverer and as an employer. It also demonstrates our compliance with Public Sector Equality Duty (PSED).

This document is a planning tool, designed to help you improve programmes of work by considering the implications for different groups of people. A guidance document is available [here](#).

Please note that, once approved, this document will be made public, unless you have indicated that it contains sensitive information. Please ensure that the form is clear and easy to understand. If you would like any support or advice on completing this document, please contact the Equality, Diversity and Inclusion (EDI) team on 01926 412370 or [equalities@warwickshire.gov.uk](mailto:equalities@warwickshire.gov.uk)

<b>Service / policy / strategy / practice / plan being assessed</b>	Long Term Savings Policy for Children in Care
<b>Business Unit / Service Area</b>	Corporate Parenting
<b>Is this a new or existing service / policy / strategy / practice / plan?</b> If an existing service / policy / strategy / practice / plan please state date of last assessment	New Policy
<b>EIA Review team – list of members</b>	Sharon Shaw
<b>Do any other Business Units / Service Areas need to be included?</b>	No
<b>Does this EIA contain personal and / or sensitive information?</b>	No
<b>Are any of the outcomes from this assessment likely to result in complaints from existing services users, members of the public and / or employees?</b>	If <b>yes</b> please let your Assistant Director and the Customer Relations Team know as soon as possible  No

# 1. Please explain the background to your proposed activity and the reasons for it.

The purpose of the Long term savings policy is to ensure all Children In Care and young people in the care of Warwickshire County Council have the opportunity to develop financial capability skills and have savings available to them when they leave care.

The current long-term savings policy is based on a percentage of young person's allowances being saved. This has meant that there has been an inconsistency in savings across the children in care population, with children based with Independent fostering agencies, residential establishments being disadvantaged, as these organisations have not always made the appropriate savings requested. It is particularly concerning that when young people have moved between placements somehow their savings have not moved with them, this has required the Local Authority to estimate how much the young person is entitled to and reimbursed.

The proposed long-term savings policy will mean that for some young people there will be a reduction in long terms savings. However, the allowances remain the same and therefore the money going to the child remains the same, it is provided in different areas. The carers will be encouraged to continue to support young people to save money from their allowances in a short term savings account which they can access before they turn 18 and with shorter notice, enabling them to purchase items such as travel, driving lessons and more expensive personal items. This system encourages young people to think about and develop a savings habit as they mature.

The current long-term savings policy increases the amount young people are saved as they get older. The new policy recommends that every child and young person receives £5 per week and ensures consistency across all ages. This will look like some young people will receive less money on the new policy recommendations. However, the children and young people do not lose any money as they receive the same amount as before but in a different format, less is placed in long term savings. This means that their allowance is available to the children and young people in the present rather than in the future.

The new policy will ensure all children and young people's long-term savings is taken from source by our finance team. The current policy has different systems dependent on the type of placement the young person is in. If the child or young person is living with a Warwickshire Foster Carer then their long term savings is taken from source and Warwickshire Local Authority finance have oversight of the savings. However, if the child or young person is in a residential setting or living with an Independent Fostering Agency Carer it is the responsibility of the setting or agency to save the expected long-term savings

allowances. This can cause problems when a child or young person moves carer as the long-term savings can get mislaid by the settings and agencies. The new policy ensures consistency across all types of placements.

These changes to the Long Term Savings Policy will be applicable to any new child or young person entering care from 1 April 2021, this means that there will be a period of time where two Long Term Savings Policies are running alongside each other. This will ensure any current child or young person in care is not affected by the changes.

This EIA is to ensure equalities have been considered appropriately for the Children in Care Long Term Savings Policy.

## 2. Please outline your proposed activity including a summary of the main actions.

A Long-Term Savings Task Group met to consult and draft the Long-Term Savings Policy. The Task Group was inclusive of colleagues from Finance, Commissioning, Business Support, Fostering, Safeguarding and Support and Children in Care Team. The policy has now been signed off by Senior Managers through the correct channels of Democratic Services.

The activity to apply the Long-Term Savings Policy is now being implemented.

Summary of Main Actions:

- Business Support change of financial packages
- Children and Young People who enter care from 1 April 2021 and remain in care for 12 months or longer will have a Long-Term Savings account with Warwickshire as per the new policy
- Amendments to be made to IPAs by Commissioning
- Launch the new Long-Term Savings Policy with Children and Families Directorate (Peoples Group)

## 3. Who is this going to impact and how? (customers, service users, public and staff)

It is good practice to seek the views of your stakeholders and for these to influence your proposed activity. Please list anything you have already found out. If you still need to talk to stakeholders, include this as an 'action' at the end of your EIA. **Note that in some cases, there is a duty to consult, see [more](#).**

There will be no impact for children who are currently in care as they will continue to receive their Long-Term Savings in line with the old policy.

This new policy will impact children and young people who enter care from 1 April 2021. However, these children and young people will not be financially worse off and will have the opportunity to continue to save more money if they wish to.

A discussion with young people who attend Children in Care Council has been planned for 9 February 2021 to ensure young people's views are included.



**4. Please analyse the potential impact of your proposed activity against the protected characteristics.**

**N.B** Think about what actions you might take to mitigate / remove the negative impacts and maximize on the positive ones. This will form part of your action plan at question 7.

	<b>What information do you have? What information do you still need to get?</b>	<b>Positive impacts</b>	<b>Negative impacts</b>
<b>Age</b>	<p>The age range of children and young people this Long-Term Savings Policy will affect is 5 – 18 years.</p> <p>The Long-Term Savings Policy comes into effect when a young person over the age of 5 has been in care for 12 months.</p> <p>As of 18 January 2020, there were 835 children in care. Of these 456 children are aged over 5 years and have been in care over for 12 months. These young people will continue on the current policy. We are not able to know how many children and young people will enter care from 1 April 2021 however</p>	<p>There will no longer be an age banded allowance rate – every child or young person in care will receive the same amount per week into their long-term savings. This will continue to come from their personal allowance.</p> <p>The child will continue to receive the same personal allowance in the current and new policy and therefore will not be receiving any less money.</p> <p>This policy will teach young people about managing finances as they have more control over their short-term savings and personal allowance.</p>	<p>Young people entering care from 1 April 2021 will have less money in their long-term savings when they turn 18. However, they will have received the difference in their weekly personal allowances and will be encouraged to save this in short term savings if they desire.</p>

	this could be used as a baseline for future.	This policy will provide young people in care the opportunity to participate in extra-curricular activities such as school international trips as they can use their short-term savings to top up their holiday allowance.	
<b>Disability</b> Consider <ul style="list-style-type: none"> <li>Physical disabilities</li> <li>Sensory impairments</li> <li>Neurodiverse conditions (e.g. dyslexia)</li> <li>Mental health conditions (e.g. depression)</li> <li>Medical conditions (e.g. diabetes)</li> </ul>	This policy will be applied equally to all children in foster care, regardless of disability.  Foster Carers are supported to support children with disabilities, to make decisions when it comes to money in their short-term accounts.	No impact expected	No impact expected
<b>Gender Reassignment</b>	This policy will be applied equally to all children in foster care, regardless of sex or gender.	No impact expected	No impact expected
<b>Marriage and Civil Partnership</b>	This policy will affect children and young people under the age of 18, so none should be impacted on the basis of marriage or civil partnership.	No impact expected	No impact expected
<b>Pregnancy and Maternity</b>	This policy will be applied equally to young people equally. Should a young person become pregnant they will still have access to their savings at 18 and will be	No impact expected	No impact expected

	supported by the Children in Care Team alongside this.		
<b>Race</b>	This policy will be applied equally to all children in foster care, regardless of race or ethnicity.	No impact expected	No impact expected
<b>Religion or Belief</b>	This policy will be applied equally to all children in foster care, regardless of religion or belief.	No impact expected	No impact expected
<b>Sex</b>	This policy will be applied equally to all children in foster care, regardless of sex or gender.	No impact expected	No impact expected
<b>Sexual Orientation</b>	This policy will be applied equally to all children in foster care, regardless of sexual orientation.	No impact expected	No impact expected

**5. What could the impact of your proposed activity be on other vulnerable groups e.g. deprivation, looked after children, carers?**

As above for looked after children.

This policy encourages children and young people to become financially independent by learning about savings and budgeting.

This policy ensures young people will not be in poverty when they leave foster care at the age of 18.

**6. How does / could your proposed activity fulfil the three aims of PSED, giving due regard to:**

- the elimination of discrimination, harassment and victimisation
- creating equality of opportunity between those who share a protected characteristic and those who do not
- fostering good relationships between those who share a protected characteristic and those who do not

The long-term savings policy is available to all young people who are in care, who are aged over 5 and have been in care for over 12 months.

The current policy was age banded which resulted in differences for children dependent on their ages. This new policy will no longer be an age banded allowance rate – every child or young person in care will receive the same amount per week into their long-term savings.


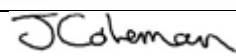
**7. Actions – what do you need to do next?**

Consider:

- Who else do you need to talk to? Do you need to engage or consult?
- How you will ensure your activity is clearly communicated
- Whether you could mitigate any negative impacts for protected groups
- Whether you could do more to fulfil the aims of PSED
- Anything else you can think of!

Action	Timescale	Name of person responsible
Attend Children in Care Council and consult with young people	9 February 2021	Sharon Shaw

## 8. Sign off.

<b>Name of person/s completing EIA</b>	Sharon Shaw 
<b>Name and signature of Assistant Director</b>	John Coleman 
<b>Date</b>	25.01.2021
<b>Date of next review and name of person/s responsible</b>	

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## **Cabinet**

**11 February 2021**

### **Warwickshire Recovery and Investment Fund**

#### **Recommendations**

That Cabinet:

1. Supports the Business Case at Appendix A to establish the Warwickshire Recovery and Investment Fund.
2. Approves in principle the establishment of a Warwickshire Recovery and Investment Fund (WRIF) and authorises the Strategic Director for Resources to finalise the proposals and the fund allocations and to develop the Year 1 Business Plan based on the principles set out in Section 1.11 of this report for further consideration by Cabinet.
3. Supports the proposed WRIF governance arrangements and approves the establishment of a Member Oversight Group and an Officer Investment Panel as more fully described in Section 7 of this report.
4. Notes that a further report will be brought back to Cabinet to approve the final arrangements, including the 2021-22 Business Plan and to ask Cabinet to consider making the recommendations to Council in respect of the changes considered necessary to the Treasury Management Strategy and the Investment Strategy and to add the WRIF loan facility to the capital programme.

#### **1. Executive Summary**

- 1.1 Following the Cabinet decision on 8<sup>th</sup> October 2020, officers have progressed consideration of the options related to the creation of a Warwickshire Recovery & Investment Fund (WRIF) to support the Council's strategic place shaping agenda and its recovery and regeneration strategies, particularly in light of very significant economic impacts brought to the fore by the COVID-19 pandemic. This report seeks the approval in principle of Cabinet to the establishment of the WRIF as recommended in the WRIF business case at Appendix A and the further development of the operational arrangements which will be brought back to Cabinet for consideration.
- 1.2 The proposal is that the WRIF operates as a 'closed fund', time limited for 5 years, after which there will be no further investments made unless it is decided by the Council that the WRIF is operating successfully and there is demand for it to continue. Any external contractual arrangements will not go beyond the 5

years (unless agreed in advance) and will have adequate break clauses to end the contract at stages before this.

## **Rationale for establishing the WRIF**

1.3 The Council commissioned the economic and social development research and advisory company SQW to undertake research into the potential impact of Covid on the local economy and to forecast the potential impact by sector and into job losses and the recovery timescale of both. Their report (August 2020) which was considered by Cabinet on 8<sup>th</sup> October 2020 indicated that, in Warwickshire:

- There could be an increase in the number of unemployed people from 7,000 before the pandemic, to around 26,500, with potential further growth in subsequent phases of the pandemic response. When the second wave scenario was applied to the model, it resulted in a forecast of between 19,500 and 23,500 additional people out of work. Further waves will increase this number.
- Tourism is worth over £1 billion to the local economy and it employs over 20,000 people – approximately 6% of all employment in Warwickshire. VisitBritain's central scenario for inbound tourism to the UK in 2020, as of June 3rd, is for a decline of 59% in visits - to 16.8m - and 63% in spend - to £10.6bn. The pre-COVID forecast was for 25.3m visits and £19.7bn spend.<sup>1</sup>
- Sectors reliant upon in-person service delivery, such as retail, hospitality, leisure and recreation are particularly exposed as a result of the pandemic.
- Modelling demonstrates that potentially a third of the additional jobs lost in 2020 could be in food and beverage services, retail and accommodation, sectors that employ a large proportion of younger people, with the effects spread across the entire County.
- Alongside this, the number of jobs lost in manufacturing is also likely to be high. The model suggests there could be 1,700 – 1,800 job losses in automotive manufacturing.
- The model indicates a potential 12% loss in GVA for Warwickshire when the second wave scenario was applied.
- The results are particularly sensitive to the impacts on the automotive manufacturing sector and its supply chain. A significant drop in activity in this sector in 2020 is one of the reasons that GVA and employment in Warwickshire is expected to be hit harder than in the UK as a whole.

1.4 This SQW analysis has formed the foundation for the proposals for a WRIF, strengthened by the fact that the outlook for the local economy has, in all likelihood, worsened since the August 2020 report as a result of the extended period of national restrictions. A Business Case has therefore been developed by 31Ten, external specialists, setting out the case for the establishment of the WRIF. As a part of the Business Case development process, the options to establish a WRIF, or 'do nothing' (which includes investing through alternative Council initiatives or letting the market fill the gap), were assessed against the following criteria:

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<sup>1</sup> VisitBritain's 2020 tourism forecasts (last updated June 3rd 2020)



- ability to deliver the Council's Strategic Objectives;
- ability to support Warwickshire's post-COVID economic recovery in a targeted way;
- ability to support businesses, social enterprises and create jobs; and
- ability to generate financial returns that, as a minimum, cover cost but also provide a small return across the whole fund.

1.5 In recent years other Local Authorities have undertaken similar initiatives to further achievement of their organisational objectives. Examples include:

- Cardiff Capital Region Wider Investment Fund, which deploys £495m to achieve the core objectives of the Cardiff Region City Deal, including leveraging in £4bn of additional investment to create 25,000 jobs and a 5% uplift in Gross Value Added (GVA).
- Greater Manchester Investment Fund, which has invested £123m into over 110 businesses in Greater Manchester, creating/safeguarding over 7,450 jobs. The fund has leveraged private sector funds of approximately £1.1 billion.
- Kent County Council, which operates a Property Investment Fund, capped at £17m, which is aimed at supporting regeneration and the economy in the county.

1.6 The WRIF is closely aligned to the Council's strategic objectives; its establishment will provide a direct way of supporting delivery of the Council's strategic outcome 'Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure' which will in turn help the Council deliver its second outcome relating to supporting Warwickshire's communities, while also making best use of resources. In a 'Do Nothing' option the delivery of strategic outcomes would be via other council initiatives, but some may be challenging to deliver in the context of the forecast impact of the pandemic on the local economy.

1.7 The existing investment market will support Warwickshire-based businesses but there is anticipated to be a growing and unmet demand for finance which may limit or delay economic recovery.

1.8 The WRIF has a specific focus on supporting Warwickshire based businesses, social enterprises and on creating jobs in the county. Existing funds within the regional market will have wider objectives than the Council's specific objectives and the WRIF will have a focussed commitment to providing funding specifically within Warwickshire. Economic forecasting indicates that WRIF will have a significant positive impact on the county's Gross Value Added (GVA) and employment and therefore there is a strong policy rationale for a direct and targeted approach, via the WRIF, to realise this positive impact.

1.9 The mechanism of the WRIF has been developed on the basis that it is intended to generate financial returns that as a minimum cover costs (principal, interest

and overheads) and therefore is not exposing the Council to additional financial burden.

1.10 The WRIF business case, prepared by 31Ten on behalf of Warwickshire County Council, utilises the HM Treasury 'Five Case' model, which derives a full business case from separate component sections, comprising:

- Economic Case;
- Strategic Case;
- Commercial Case;
- Financial Case; and
- Management Case.

1.11 The WRIF business case sets out the full detail; however, in summary, the conclusions reached following the options appraisal are set out below. These form the principles on which the further work necessary to move to implementation of the WRIF will be developed:

- a. there is a viable business case and clear policy rationale for the establishment of WRIF, using the Council's strong balance sheet to make non-treasury investments in the county, which is preferable to a "do nothing" option;
- b. the evidence of demand and the gap in the market supports the establishment of a flexible WRIF, targeting priority sectors for the county's future, leveraging further external investment into Warwickshire, and driving social value, comprising three pillars aimed at:
  - i. Growing existing businesses;
  - ii. Supporting the creation of new and SME businesses; and
  - iii. Property and infrastructure.
- c. WRIF should be managed via a 'mixed-economy' of in-house and externally sourced expertise;
- d. Robust governance and risk management arrangements should be put in place to secure the Council's objectives whilst at the same time ensuring due diligence in relation to the Council's investments, protecting the taxpayer and making appropriate use of public funds that reflects the Council's fiduciary duties; and
- e. The Council should consider investing up to £140m into WRIF over the 5 year period of the MTFS, with annual business plans setting the levels of investment for each individual year based on an assessment of the risk profile performance of the Fund during preceding years and setting the indicative allocations between the pillars. This is in addition to the £160m already proposed to be allocated to WPDC. If approved, this would bring the Council's investment in place shaping and economic recovery to approximately £300m over a five year period, as set out in the Table below:

### Draft Investment Profile

£m	2021/22	2022/23	2023/24	2024/25	2025/26	Cumulative
<b>Business Growth Pillar - Capital</b>	<b>10.100</b>	<b>19.950</b>	<b>19.950</b>	<b>20.000</b>	<b>20.000</b>	<b>90.000</b>
<b>Local Communities Enterprise Pillar - Capital Loans</b>	<b>0.900</b>	<b>1.825</b>	<b>1.825</b>	<b>0.450</b>	<b>0.000</b>	<b>5.000</b>
<b>Local Communities Enterprise Pillar - Revenue Loans</b>	<b>0.900</b>	<b>1.825</b>	<b>1.825</b>	<b>0.450</b>	<b>0.000</b>	<b>5.000</b>
<b>Sub Total - BGIF and LCEF</b>	<b>11.900</b>	<b>23.600</b>	<b>23.600</b>	<b>20.900</b>	<b>20.000</b>	<b>100.000</b>
<b>Property - Non WPDC Investment</b>	<b>0.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>40.000</b>
<b>In Year Total - WRIF</b>	<b>11.900</b>	<b>33.600</b>	<b>33.600</b>	<b>30.900</b>	<b>30.000</b>	<b>140.000</b>
£m	2021/22	2022/23	2023/24	2024/25	2025/26	Cumulative
<b>Property - WPDC Equity</b>	<b>14.128</b>	<b>4.130</b>	<b>0.000</b>	<b>2.117</b>	<b>9.029</b>	<b>29.404</b>
<b>Property - WPDC Capital Loans</b>	<b>0.000</b>	<b>13.716</b>	<b>27.216</b>	<b>41.153</b>	<b>38.015</b>	<b>120.100</b>
<b>Property - WPDC Revenue Loans</b>	<b>0.556</b>	<b>1.007</b>	<b>0.718</b>	<b>1.813</b>	<b>4.382</b>	<b>8.476</b>
<b>In Year Total - WPDC</b>	<b>14.684</b>	<b>18.853</b>	<b>27.934</b>	<b>45.083</b>	<b>51.426</b>	<b>157.980</b>
Split between Capital and Revenue (£m)	2021/22	2022/23	2023/24	2024/25	2025/26	Cumulative
<b>Capital</b>	<b>25.128</b>	<b>49.621</b>	<b>58.991</b>	<b>73.720</b>	<b>77.044</b>	<b>284.504</b>
<b>Revenue</b>	<b>1.456</b>	<b>2.832</b>	<b>2.543</b>	<b>2.263</b>	<b>4.382</b>	<b>13.476</b>
<b>Total - WPDC and WRIF</b>	<b>26.584</b>	<b>52.453</b>	<b>61.534</b>	<b>75.983</b>	<b>81.426</b>	<b>297.980</b>
£m	2021/22	2022/23	2023/24	2024/25	2025/26	
<b>Cumulative Total Investment</b>	<b>26.584</b>	<b>79.037</b>	<b>140.571</b>	<b>216.554</b>	<b>297.980</b>	

1.12 The £140m figure for investment in the WRIF is the upper limit set as affordable and reasonable to invest through the Treasury Management Strategy and the Investment Strategy. Together, the Treasury Management and Investment Strategies set the control limits for WRIF. They must be complied with in order to ensure that there is authority for the WRIF investments and that the operation of the WRIF is in compliance with all legal and financial requirements. Full Council will need to approve any required amendments to these Strategies before any WRIF business plan, approved by Cabinet can be implemented. This can happen as part of the annual approval of the strategies or in-year, if required. The modelling in the 31 Ten Business case has tested different funding profiles, which will be re-run when a final profile is recommended to Cabinet to consider prior to making a final decision on the business plan.

1.13 These and the other proposals made by the Business Case were tested by engagement with the market (see section 3 of this report) and evaluated by the Economy & Skills team based on their knowledge and experience of the current and anticipated economic landscape in light of the Covid pandemic.

1.14 There are significant benefits anticipated from that creation of the WRIF that align with the Council's priorities. These will:

- stimulate and accelerate economic growth/recovery by filling identified gaps and demand for finance by businesses;
- drive growth and productivity gains, with an estimated uplift in Gross Value Added of four times WCC's initial investment;
- unlock and secure new and additional private sector investment (c. £98m);
- generate a direct positive net return on the value invested;
- create new jobs in the county (c. 2,200+) and safeguard thousands (c. 4,000) more from redundancies;
- increase attractiveness of Warwickshire to new inward investment and business relocation; and
- safeguard and increase Business Rates and Council Tax base.

1.15 A performance framework will be developed and finalised for use by the proposed governance arrangements (see section 7 of this report) to monitor the WRIF and ensure that the potential benefits of it are realised to the maximum possible extent. The Business Case includes the following for consideration:

Benefit	Measures & Quantification
<b>Support business and grow the economy;</b> create the conditions for business innovation and investment to support business growth in growing sectors and drive economic growth.	Annual GVA / Value of GVA uplift to the County Number of new start-up businesses / businesses supported Business rates income Council Tax income County-wide equitable distribution of funding
<b>Increase the rate of employment;</b> investment stimulates job creation with an increase of skilled or entry level jobs in the County	Number of jobs created/ filled by unemployed  Number of jobs safeguarded
<b>Provides employment land and premises;</b> investment addresses the lack of appropriate employment land and premises in the County	Sq ft of employment land and number of premises created
<b>Creates Housing Growth;</b> investment supports housing growth and infrastructure	Number of new homes, split by type
<b>Enables Carbon reduction;</b> investment in environmentally and/or economically sustainable businesses that are driving	An increase in the use of/public support for low and zero carbon technologies Number of responsible investments

Benefit	Measures & Quantification
climate change benefits, carbon neutral and low carbon initiatives	
<b>Increases Social Value;</b> investment brings benefits to local residents by promoting initiatives that increase skills and capabilities, remove barriers to employment, improve health and wellbeing, protect and enhance the natural environment, create better places to live and maximise opportunities to strengthen community capacity and resilience.	Poverty premium how many people's lives have they touched and households helped
<b>Attracts inward investment;</b> investment attracts new employers, increases employment and brings wealth into the local economy	Value of third party/private sector investment leverage
<b>Enables development;</b> investment unlocks the development potential of sites or kick starts stalled developments to quicken the pace of housing delivery and creation of employment land to support jobs	Number of brownfield sites remediated Sq ft of development
<b>Improves connectivity;</b> improves the county's infrastructure and connectivity to break down barriers to digital inclusivity	Increased network capacity

1.16 The remainder of this report provides context and key points from the business case document, to enable informed decision making and is structured as follows:

- background, including policy context and previous Cabinet decision making on the subject;
- business case development, including the market engagement exercises undertaken;
- the WRIF Business Case and WRIF configuration, including key features of the three proposed investment themes/sub-funds within the WRIF;
- the WRIF management;
- proposed WRIF governance;
- decision making and considerations of fiduciary duty;
- financial implications and risk mitigations of WRIF establishment;
- environmental implications of WRIF establishment; and
- Appendices, including WRIF Business Case full document.

1.17 Subject to Cabinet's decision on the recommendations before it today, a WRIF business plan for 2021-22, with more detailed proposals, will be presented to Cabinet for decision at the next appropriate meeting and thereafter to Council to approve the funding arrangements (the addition of the WRIF loan facility to the

capital programme) and the changes that will be required to the Investment Strategy and the Treasury Management Strategy prior to the WRIF being launched.

## 2 Background

- 2.1 Further to a detailed report on the Council's Place Shaping programme in June 2020, Cabinet approved the investigation of the establishment of a recovery and investment fund for Warwickshire (the WRIF). In October 2020, Cabinet approved the principles, objectives and fund structure for WRIF based on independent economic research and requested a further report to Cabinet setting out a full business case confirming the proposals and viability of such a fund.
- 2.2 A Project Team consisting of Council officers and external advisors has since been working to build the business case that is included at Appendix A of this report.
- 2.3 It should be noted that changes to the Treasury and Investment Management Strategies and any additions to the capital programme which will require full Council approval are key enablers in the setup of the WRIF and, subject to Cabinet approval of the recommendations in this report, these changes will follow alongside the detailed Year 1 business plan and before any launch of the WRIF.

## 3.0 Business Case Development

### Approach to development

- 3.1 The Business Case (at Appendix A) follows the Treasury 'Five Case' Model, which is structured under the following sections:
  - **The Strategic Case:** makes the case for change, its context and outlines how the proposal fits with the wider policy and strategic objectives of the Council. This includes clarification of the WRIF objectives, structures, principles and strategic fit.
  - **The Economic Case:** sets out the critical success factors and demonstrates that a range of potential options have been considered for achieving the strategic goals of the proposal and recommends a preferred option to deliver the proposal. This section includes market analysis and engagement, options appraisal, measurement of success and benefit realisation, WRIF investment criteria, economic risks.
  - **The Commercial Case:** addresses commercial feasibility and seeks to answer the question "can the proposed solution be effectively delivered through a workable commercial deal or deals?"; it sets out the opportunity, the route to investment, the commercial terms and considerations that must be addressed in taking forward the preferred option.
  - **The Financial Case:** presents financial data and the financial parameters set for the fund(s) and demonstrates the affordability of the proposal

alongside funding sources. This section includes consideration of the fund size, funding sources, affordability, modelling, sensitivity analysis, accounting and risks.

- **The Management Case:** demonstrates whether the proposal is deliverable by setting out the governance structure, project planning, risk management and communication & engagement arrangements required to ensure successful delivery of a proposal. This section includes the proposal for the most appropriate model for fund management, governance, project planning and communication.

## Market engagement

3.2 To complement and inform the business case development, market engagement was undertaken. The approach was to establish how the WRIF might align with existing investment funds in the region and the extent to which there is existing or potentially unmet demand for finance within the County. The market was also asked for its views on how the fund should be structured. This builds on research previously undertaken by Warwickshire County Council around the lack of availability of finance for businesses in the county, and the findings from the Midlands Engine Independent Economic Review which found that access to finance was a major barrier to growth for businesses in this region.

3.3 The first stage of market engagement involved informal conversations with the following organisations that operate in or have experience of the region:

- British Business Bank;
- Coventry & Warwickshire Reinvestment Trust;
- Mercia;
- Maven CP;
- BCRS;
- Ascension Ventures; and
- Finance Birmingham/Frontier Development Capital (FDC).

3.4 Feedback from the market engagement concluded that:

- a) There is demand for finance from Warwickshire businesses: £12m of £85m invested by the MEIF (Midlands Engine Investment Fund) has been in Coventry & Warwickshire businesses. Fund managers all felt that additional capital targeted within Warwickshire would be beneficial.
- b) Gaps exist in the regional market, as companies struggle to secure loans between £1.5m and £5m and other forms of capital and financing.
- c) There is a need to keep the WRIF flexible and a need to avoid prescriptive lending and repayment terms. It was also considered important by the market to be able to flex the targeting of the fund, based on gaps and opportunities arising. Also, there was a sense that the fund should look at more innovative investment products, for example loan repayment holidays or debts converting to equity.

- d) The WRIF proposals would be attractive to the existing market of fund managers. Several of them already have operations that they could utilise for the WRIF. Each fund manager had specific niche areas of operation, for example: start-ups; equity; loans; property; and mid-market SMEs. None of the fund managers spoken to had expertise in social enterprises.
  - e) All fund managers consulted were familiar with seeking investments that bring wider social benefits, such as job creation. However, for start-up businesses the view was that it is important to concentrate on achieving viability and then job creation will follow.
  - f) Most of the fund managers highlighted the need for additional support to businesses pre-investment. Suggestions varied but included: signposting and liaison across different funds; accelerator programmes; and incubator arrangements. This is recognised, and consideration is being given as to how the Council can support businesses in their applications for funding before applying for investment through existing teams, existing business support initiatives such as the Business Ready Programme, and through further investment in specialist advisors.
- 3.5 The outputs from the market engagement and the internal intelligence have been factored into the Business Case which has followed the Treasury Model in its approach. The development of the Business Case also reflects the requirements that a Local Authority establishing such a fund must consider and these aspects are set out in more detail in the sections which follow.
- 3.6 Informal conversations about WRIF have also been undertaken with key local business intermediary organisations, such as the Coventry & Warwickshire Chamber of Commerce, CWLEP and C&W Growth Hub; who have all endorsed the need for the WRIF and supported the concept given known current and expected future issues around the availability of finance for businesses.

## **4.0 The WRIF Business Case**

- 4.1 The WRIF Business Case attached at Appendix A follows the Treasury 'Five Case' Model however this section provides a summary. At a headline level the Fund is intended to use Council cash funds to invest in Warwickshire businesses and developments by means of loans initially, but with the option to consider alternative types of funding products as the WRIF becomes more established and there is assurance that the Fund is delivering its strategic goals whilst at the same time delivering within the investment parameters set out in the Council's Investment Strategy and Treasury Management Strategy.
- 4.2 The Business Case was developed against the strategic objectives and principles identified for the Fund and is based on the fund structure, all of which were approved by Cabinet in October 2020 and set out below:

### Objectives

- Provide access to finance that helps businesses start, grow and scale up;



- Leverage additional resources or funding for the county through the investment and support of key growth businesses;
- Secure an ongoing financial return, commensurate with risk, for reinvestment to continue to deliver the benefits and outcomes sought from the Fund or other permitted activities;
- Make investments that deliver benefits in both in the short term (12 months) and medium term (1-5 years);and
- Support the delivery of the Council's strategic goals and priorities as set out in the Warwickshire Council Plan 2025, COVID-19 Recovery Plan, Economic Strategy, Commercial Strategy and Place Shaping Programme.

### Principles

- Support County based businesses;
- Create a diversified and balanced portfolio of risk-based investments that protect the public purse, support business, create new jobs and protect existing ones;
- Manage risk and target full recovery of investments;
- Generating permitted financial returns for reinvestment into the Council and/or to continue to deliver benefits and outcomes set out in the WRIF objectives subject to a further business case;
- Provide a flexible tool to consider and enable a range of opportunities for supporting business;
- Provide targeted business support through investments based on agreed investment criteria and priorities that are developed from analysis of the economy and strategic sectors; investments will support key sectors and growth, rather than weaker sectors;
- A consistent and streamlined approach to considering investment opportunities and ensure all investment decisions are made against agreed investment criteria and align with Council priorities and outcomes; and
- Complement the existing investment landscape and other recovery packages.

### Fund Structure

The Fund will be structured around three pillars as below:

- The business investment growth pillar – to focus on providing finance to growing businesses with sound prospects;
- The local communities and enterprise pillar – to focus on meeting local, smaller scale requirements for access to finance with the aim of maintaining social capital in communities, supporting new local small businesses and creating entry level jobs; and
- The property and infrastructure pillar – to enable development in the County, facilitating new employment land and commercial premises and which could also include investing in commercial sites and premises consistent with the needs of key sectors and/or wider ambitions for economic recovery.

## **WRIF Strategic Case**

4.3 The Strategic Case situates the WRIF project within the broader strategic context faced by the Council. It references the following key policy and strategy documents of the Council, including:

- Council Plan;
- COVID 19 Recovery Plan;
- Economic Growth Strategy 2020 – 25;
- Emerging Capital Strategy 2020 – 2030 (draft);
- MTFS;
- Commercial Strategy;
- Voluntary and Community Sector Strategy;
- Local Industrial Strategy (West Midlands); and
- Coventry & West Midlands LEP Strategic Economic Plan (updated).

4.4 In particular the specific policy objectives / outcomes which the proposed WRIF is designed to support and deliver are as set out below (with further detail set out in Section 3 of the Business Case and supported by the SQW report):

- ‘Warwickshire’s economy is vibrant and supported by the right jobs, training, skills and infrastructure’ (Council Plan);
- ‘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’. (Recovery Plan);
- ‘Stimulate job creation and skills: Work with our partners in the Local Enterprise Partnership and higher and further education, to invest in getting people back into employment, or starting their careers, supporting skills, training and re-learning’ (Recovery Plan);
- ‘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’ (Recovery Plan);
- ‘Make sustainability and tackling climate change central to our recovery so that we lay the foundations for a sustainable long-term future’ (Recovery Plan); and
- ‘Our ambition is for strong economic growth, with seven strategic priorities and particular focus given to four sectors: automotive technology, advanced manufacturing, digital creative/video game development, and tourism’ (Economic Growth Strategy).

## **WRIF Economic Case**

4.5 The Economic Case assessed the way in which the WRIF could be delivered to best achieve the strategic goals of the Council Plan and Covid-19 Recovery Plan. It considered the following three elements in sequence:

- whether to continue with current approach (which includes a mix of WCC support, external financial markets and current investment framework to access public sector financial support) or establish a WRIF;
- how should the fund be structured – as a single fund or two or three funds; and
- how should the fund be managed – in-house, outsourced or mixed economy.

4.6 The primary issue to address is whether to establish a WRIF to support economic recovery or whether to continue with the Council's current approach to supporting local businesses, assessed against the policy objectives that the Council is seeking to deliver (set out at paragraph 4.2). The Business Case concludes that establishing a WRIF to complement the current approach is the preferred option. Section 4 (in particular the table at paragraph 142) of the Business Case sets out the analysis in more detail; however, a summary of the alternative options for delivery and why the establishment of a WRIF is considered the most appropriate solution to deliver the Council's policy objectives is set out below:

Options to deliver policy objectives	Analysis	
	Pros	Cons
Continue the Council's current approach and let market / other funds fill the gap	The Council is not exposed to risks arising from investment in gaps in the market.	Gaps for the provision of funding have been highlighted by market engagement and these gaps have not yet been addressed by market forces alone.  Scale of economic challenge arising from pandemic would go unaddressed.
Scale up the Council's investments in the existing funds (CWRT, Coronavirus Business Interruption Loan Scheme (CBILS))	Existing arrangements in place and well established. Well understood and relatively low risk. Existing skills and expertise within the Council to enable this.	Missed opportunity to use alternative forms of investment to achieve a better return for the Council.  Inability to apply the Council's own risk/reward criteria and controls to specific investments.  Initiatives such as CBILS and CWRT are time-limited.

Deliver support through alternative/ new grant funding arrangements	<p>Skills and expertise to achieve this delivery support are already available within the Council but may need additional resources.</p> <p>There is no need to secure additional internal and/or external expertise to achieve this.</p>	<p>Limited budgets to support grant programmes.</p> <p>Grants are 100% loss, whereas WRIF aims to recover its costs (the principal, interest and overheads) plus an overall small return.</p> <p>Missed opportunities to use alternative forms of investment to achieve a better return for the Council.</p>
Establish WRIF	<p>Existing funds do not offer direct alignment to WCC-specific policy objectives and investment principles (see para. 4.2).</p> <p>The WRIF will enable investment to be targeted at businesses in Warwickshire, support job creation and retention in a way that the current investment market is not supporting.</p>	<p>Set-up costs and heightened exposure to risk arising from use of new forms of investment.</p>

4.7 In terms of the fund structure and fund management the Economic Case preferred options are set out below:

### **Fund structure**

To establish a fund which comprises three pillars and allows maximum flexibility in its operations with the ability, on an annual basis, to flex the indicative fund allocations to meet demand. The rationale for this decision is:

- the three pillars match the findings of the economic analysis undertaken by SQW;
- the three pillars are sufficiently different in focus to allow different recipients/beneficiaries and different benefits to be targeted;
- investment criteria, governance and decision making can be tailored across the three-pillar structure in accordance with respective scale, type and risk of investment; this also allows for more effective risk management;
- a three-pillar structure allows specific gaps in the market to be targeted and also allows market differentiation, making the proposition more

attractive to Fund Managers with specific skills and experience in the Fund areas; and

- a three-pillar structure, including a specific focus on enabling development via the Property & Infrastructure component, which enables accelerated development in the County.

### **Fund Management**

- To establish a WRIF which adopts a mixed economy for fund management –the rationale for this is given in summary in Section 6 of this report and in detail in section 4 of the Business Case; and
- Further work will be undertaken by officers on the split of internal/ external fund management across the three pillars and how the arrangement would work in practice. This detailed work will be presented to Cabinet in the next report on the establishment of the WRIF.

### **WRIF Commercial Case**

4.8 The Commercial Case recommends that there should be a blended approach to the management of the WRIF, utilising a combination of WCC internal resource and external resource. A mixed economy of fund management secures the advantages of external expertise, resource, capacity, and knowledge of sectors and the investment market but also provides the opportunity for involvement and control for the Council (in respect of internally managed funds), plus the opportunity for skills transfer.

4.9 It is proposed that a newly created internal team be established, operating alongside the existing business support programmes being delivered through the Council's Economy & Skills Team in the Communities Directorate, although it should be noted that resourcing of the WRIF is subject to further consideration before bringing a recommendation to Cabinet. The role of the newly created team, comprising Investment Manager(s) (IMs) and Business Advisor(s) (BAs), would potentially be as follows:

- promoting the programme to businesses and intermediary organisations, and as a vehicle to facilitate and encourage inward investment into the county within our key priority sectors;
- signposting appropriate potential applicants to the WRIF and supporting investor readiness;
- identifying investment opportunities that are in line with the WRIF Investment Strategy;
- developing sift documentation for investment opportunities;
- undertaking initial appraisal of the business, the investment opportunity, and an assessment of the leadership team within the business and their motivations and abilities
- being represented on the Investment Panel and presenting sift documents and applications for Investment Panel consideration;
- reporting on the financial and non-financial performance of individual investments of Funds under internal management;
- contract management and monitoring of External Fund Manager(s); and

- reporting on performance of WRIF portfolio overall.

4.10 The proposed in-house team would potentially be supported by a team of external advisors that will need to be sourced and/or recruited externally to the Council. Scope exists to appoint specialist external advisors either following a procurement process (using frameworks or stand-alone procurement exercise(s)) or alternatively via direct recruitment. It should be noted that resourcing of the WRIF is subject to further consideration before bringing a recommendation to Cabinet.

### **WRIF Financial Case**

4.11 The Financial Case for the WRIF is set out in more detail in Section 9 of this report and has not been repeated in full here. However, the Financial Case concludes that proposals for the WRIF are affordable within the parameters of the Council's Treasury Management Strategy and Investment Strategy due to its annual business planning cycle and its flexibility that enables investment in various opportunities to manage and diversify risk and ensure that all costs are contained within the Fund. The WRIF Investment Strategy will ensure that the investment is aligned with strategic priorities and other agreed criteria.

### **WRIF Management Case**

4.12 The key considerations in the Management Case include:

- The proposed WRIF governance structure – this is set out in more detail in section 7 below;
- Resourcing of the proposed internal team – see section 6, below; and
- The sourcing of external advisers and ICT solutions, where required.

4.13 Other considerations included in the Business Case that are not described elsewhere in this report include project planning (including indicative timescales), communication and engagement, indicative set up costs and the risk management strategy, all of which are subject to further consideration and development following Cabinet decision. The following table derived from the Business Case gives a summary of many of the key risks:

<b>Risk</b>	<b>Mitigation</b>
<b>The public finance environment</b> Changes to PWLB and other recent guidance from central government, particularly the Cipfa Prudential Code, is that Local Authorities are expected to be more considered when making investment decisions than previously permitted. This represents a risk to a purely commercial investment approach.	A business case is to be prepared for each individual investment decision (for internally managed funds) and a framework for investments will be developed (for externally managed funds) to demonstrate the economic, social and environmental benefits to be delivered via the investment in order to meet the current guidance, and consider compliance with the Prudential Code. This will need to be kept under close review.

<p><b>HMT Public Works Loan Board</b> – future lending terms November 2020 sets out that local authorities should not borrow primarily for yield or other speculative purposes.</p>	<p>The WRIF Strategy includes both financial and non-financial criteria for the assessment of investment opportunities and the business case will seek to show alignment with both to demonstrate that any borrowing is policy-driven and will not be solely for the purpose of yield</p>
<p>The restrictions in place on <b>access to PWLB</b>.</p>	<p>To be monitored and considered by the Investment Panel in relation to each investment opportunity on a case-by-case basis and in relation to the externally managed portfolio to ensure that the Council's wider borrowing power is not compromised.</p>
<p><b>Resources and Skills</b> – A lack of available or suitable resources could result in delays to the establishment of the Investment Panel / procurement of external Fund Management services and consequently the sourcing of investment opportunities.</p>	<p>The marketing strategy and promotion of the opportunities of the Fund via the Council's own network will widen the potential pool of resources available to the Council.</p> <p>The Council can scale up the WRIF over time as resources are procured.</p>
<p><b>Benefit Realisation</b> – the WRIF is unable to finance the number of investments anticipated or investments perform more poorly than anticipated and consequently the complete realisation of benefits is not achieved.</p>	<p>Regular monitoring of performance and benefit realisation by the Investment Panel through the life of the investment and at portfolio level.</p> <p>A clear exit strategy will be put in place to ensure that investments only remain live when delivering against the investment criteria agreed and future year's investments will taking into account previous performance.</p>
<p><b>Reputation</b> - concerning liability surrounding investments, public perception of investments made and adhering to responsible and sustainable practice. Perception if funds underperform or the Council seeks to enforce against assets etc.</p>	<p>The marketing, communication &amp; engagement strategy will be key to managing the public perception of the Fund.</p> <p>The contract for external fund managers will set the parameters for investment to mitigate this risk.</p> <p>The robust decision-making process for internal fund management will help mitigate this risk.</p>
<p><b>Investment performance</b> - Higher levels of bad debt, higher default levels, lower levels of return and /or low market interest results in under</p>	<p>Sensitivity testing analysis has been undertaken to model the WRIF to demonstrate that overall investment performance can be achieved in a range of</p>

performance of the WRIF and the Council losing money.	<p>scenarios and via a diverse portfolio of investments.</p> <p>A number of crystallisation events will be created as milestones in the management of the WRIF that will ensure the Council covers its costs as a minimum.</p> <p>The flexibility of the WRIF with a portfolio approach will ensure a diversification of investments with a range of risk, return and types of investments to mitigate against underperformance.</p>
<b>Market Interest</b> in the Fund is lower than expected causing a lower number of investment opportunities.	<p>The focus and priority areas of the Fund are based on economic analysis of the likely needs of the local market. The bespoke forecasting tool should continue to be used to shape and update the WRIF Strategy to ensure it continues to reflect the market.</p> <p>The WRIF will only continue to operate if it has sufficient resource, expertise and experience to manage it.</p>

## 5.0 The Proposed Fund Configuration

5.1 The proposal is that the WRIF is focussed on three pillars for investment:

- The business investment growth pillar – to focus on providing finance to growing businesses with sound prospects;
- The local communities and enterprise pillar – to focus on meeting local, smaller scale requirements for access to finance with the aim of maintaining social capital in communities, supporting new local small businesses and creating entry level jobs; and
- The property and infrastructure pillar – to utilise a range of possible property investments to deliver the Council's policy objectives with examples including commercial sites and premises to deliver new business premises to deliver and safeguard jobs, consistent with the needs of key sectors and the wider ambitions for economic recovery.

5.2 This configuration is in accordance with the recommendation of the SQW report and the fund structure proposals approved by Cabinet in October 2020 which identified demand for additional investment funding into these sectors to stimulate economic growth post Covid.

5.3 A table allowing comparison of the key features of each of the themes is included in the Business Case at Appendix A and the following sections summarise the proposed focus and priorities for each of the respective themes.



### **Business Investment Growth pillar**

- 5.4 The pillar is focussed upon providing finance for growing businesses with sound prospects, operating in sectors where Warwickshire has particular strengths. The pillar will make investments <£10m per investment application, numbering approx. 2-5 per annum. Projects and investments that help implement greener operations will be a priority and there will be an overall focus on growth, rather than addressing the short-term effects of the pandemic; the intention is that this approach will help underpin medium and longer-term recovery. These requirements will be factored into the fund documentation and loan conditions.
- 5.5 The main drivers of this pillar will be:
- Supporting business and growing the economy;
  - Increasing productivity and development of new market opportunities
  - maximising the rate of employment;
  - enabling carbon reduction; and
  - improving social value, including employment, skills and protection of the natural environment.
- 5.6 The investment case for this pillar is derived from the market engagement with existing Funds which identified a gap in the market based on existing fund operations. The gaps this fund would be addressing as identified by the market engagement are:
- A scarcity of funding for Warwickshire businesses in the range of £1.5m to £5m debt that was highlighted by those we spoke to as part of the market engagement exercise;
  - The problem of companies securing capital finance with a longer-term pay back in industries such as advanced manufacturing. The Council is able to take a wider and longer-term view of the impact of debt finance than a commercial organisation;
  - Management Buy Out, acquisitions or refinancing options;
  - The market engagement exercise confirmed that there is demand for a fund of this nature. However, it has not been possible to quantify this demand or assess the scale of finance that is required by Warwickshire-specific businesses as other current investment vehicles have a wider geographic remit; and
  - The proposed size of the pillar has been determined based on the likely value of investments (£), considering market feedback, and the volume (number) of loans anticipated per annum over the 5-year life of the WRIF.
- 5.7 The priorities for investment in this pillar are intended to focus on investment opportunities that both stimulate job creation or retention of skilled or entry level jobs in the County and can/will leverage additional resources or funding into the county.
- 5.8 The priority sectors are those growing sectors where Warwickshire has particular strengths. Those sectors outlined in the Economic Strategy as priorities for economic growth in the County include;
- automotive technology;
  - advanced manufacturing;

- digital creative/video game development;
- tourism;
- logistics;
- house building/modern methods of construction;
- 'green' /sustainable technologies or industries;
- rural industry and enterprise; and
- social care or other supply markets of the Council.

5.9 The priority sectors are not exclusive, and any sector will be considered if it meets the fund objectives and creates or retains skilled or entry level jobs.

### **Local Communities & Enterprise pillar**

5.10 This pillar is aimed at directly addressing the local challenges, economic and social consequences of the pandemic, focusing on new business funding and meeting local smaller scale requirements for access to finance. The pillar will make investments <£1m, numbering approx. 10-30 or greater per annum. Due to the higher risk and specialist requirements associated with the proposed investments to be made by this pillar, we anticipate a need to procure external expertise to manage this fund. However, further consideration will be given to fund management and the detailed arrangements and will brought back to Cabinet in the next report on the WRIF. The fund has additional aims to maintain and build social capital in communities and to create entry level jobs, particularly for young people in Warwickshire.

5.11 The main drivers of this pillar will be:

- Promotion of additional employment by stimulating job creation and increasing skills;
- Supporting new business starts and early phase growth of small businesses;
- maintaining some of the County's key social capital assets;
- improving town centers and high streets in Warwickshire; and
- the delivery of benefits in relation to climate change.

5.12 The investment case for this pillar is derived from market engagement which identified that within the space of the Local Communities & Enterprise Fund there is a gap in the market for some product types including:

- Debt finance for micro-businesses (<10 employees) and new start-ups;
- Start-up equity<sup>2</sup>; and
- Mezzanine finance<sup>3</sup>.

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<sup>2</sup> Equity investment refers to buying shares in a company and thereafter holding those shares in order to gain an ownership interest that can be sold later to generate returns. Equity investments are a classic example of taking on higher risk of loss in return for potentially higher reward.

<sup>3</sup> Mezzanine financing is a hybrid of debt and equity financing that gives the lender the right to convert debt to an equity interest in the company

5.13 In addition, engagement also identified that the current supply of funding is considered insufficient to meet the high demands brought about by the current pandemic.

5.14 Whilst the market engagement exercise confirmed that there is demand in these areas, it has not been possible to quantify this demand or assess the scale of finance that is required by Warwickshire-specific businesses as other current investment vehicles have a wider geographic remit.

5.15 The market engagement did not identify any insights on the social enterprise space as the existing providers have no previous experience in it. This aspect of the fund is to be further tested during the second stage of the market engagement and included in the subsequent report to Cabinet.

5.16 The priorities for investment for this pillar are investment opportunities that:

- Stimulate job creation or retention of skilled or entry level jobs in the County;
- Support the development of new enterprises and business opportunities
- can leverage additional resources or funding; and
- increase social value.

5.17 It is not proposed that this pillar will operate on the basis of a priority sector focus. Instead focus will be given to investment opportunities that relate to Council policy priorities. Particular focus will be given to support the following priority business types:

- new and growing small and medium sized businesses;
- small, local businesses that support social capital;
- start-ups;
- social enterprises;
- environmentally and/or economically sustainable businesses that are driving climate change benefits, carbon neutral and low carbon initiatives;
- businesses that create entry level jobs and/or increase skills; and
- businesses where investment will improve high streets and town centres.

5.18 The priority business types are not exclusive, and all business types will be considered if the proposal meets the fund's objectives and creates or retains skilled or entry level jobs.

### **Property & Infrastructure pillar**

5.19 The fund will provide loans to invest in commercial sites, premises and infrastructure, addressing the needs of key sectors and wider ambitions for economic recovery. The pillar aims for investment in viable developments that underpin medium and longer-term recovery, supporting growing business, rather than addressing the short-term effects of the pandemic. There is also scope for this pillar to support any future business cases brought forward by the Council or its Warwickshire Property and Development Company (WPDC) such as a

‘support to buy’ initiative , for example for key workers, however that would be subject to separate consideration and appropriate member approval; any such initiative would require further development before being considered for investment under this pillar.

5.20 The main drivers for this pillar will be:

- additional housing;
- additional employment land/premises and enhanced or accelerated infrastructure to support housing and employment growth, potentially through forward funding infrastructure schemes, investment in commercial sites and premises and by seeking to unlock stalled sites and development schemes;
- addressing the requirements of place making and regeneration; and
- unlocking employment land that will enable business growth.

5.21 The investment case for this pillar is derived from engagement with existing Funds which identified a gap in the market and indicated that this could be one of the fastest growing spaces for investment with a direct link to growth. There is an existing market for this type of finance; however, companies still struggle to get traditional finance for speculative developments i.e. land which is developed with no formal commitment from end users. However, no information was available on the demand for investment in this area from Warwickshire specific businesses.

5.22 The priority focus is on enabling development. The investment focus and beneficiaries of this fund are likely to be:

- developers, contractors and buyers of houses;
- developers of employment land;
- developers of office space;
- developers of operational business buildings;
- infrastructure projects; and
- occupiers of existing businesses.

## **6.0 The Proposed Fund Management arrangements**

6.1 As set out above, the Economic Case recommended a hybrid approach to fund management. This means that some elements of the fund would be managed by the in-house team and some by externally appointed fund managers who have the necessary experience and expertise in managing a particular area of investment activity.

6.2 At this stage in the development of the proposals it has not yet been determined whether a single fund manager could deliver the Council’s strategic objectives or whether more than one fund manager would be required to provide sufficient coverage of the three investment pillars identified and to effectively manage risk.

6.3 At this stage the following gives an indication of how the different pillars of the fund are expected to be managed. However further work on this will be

undertaken by officers and brought back to Cabinet for a decision at a subsequent Cabinet meeting, which will also consider the WRIF Year 1 business plan.

<b>Pillar</b>	<b>Proposed Fund Management Arrangement</b>
Business Growth	More likely to have internal management with option for external management at any later stage; and  likely to have relationships with the existing British Business Bank and Midlands Engine Investment Fund.
Local Communities & Enterprise	Likely to be externally managed due to volume of work/administration; and  likely to have a relationship with the existing Coventry & Warwickshire Investment Trust.
Property and Infrastructure	Likely to be internally managed with option to move to external management to get wider expertise, leverage private sector finance, etc.

- 6.4 External fund managers would be appointed following a procurement process(es). Members needs to recognise that where a fund is externally managed, the Council will be able to set investment parameters (the criteria, limits and requirements as based on the WRIF Investment Strategy) through the procurement process and those could be enshrined in the contract between the Council and the external fund managers. However, day to day investment decisions would be made by the external fund manager in line with the framework and criteria laid down by the Council.

## 7.0 Proposed WRIF Governance

### Member decision making

- 7.1 The business case proposes that each year Cabinet considers and recommends to Council approval of the relevant annual budgeted amount for each WRIF pillar and sets out the authority within which to operate them, supported by an officer-led WRIF Investment Panel for the next year.
- 7.2 It is also envisaged that a specific WRIF Investment Strategy, containing objectives, priorities and investment criteria, is agreed by Cabinet on an annual basis, to ensure that funding is allocated within the parameters of appropriate criteria and in accordance with the agreed purposes. Whilst the intention is to run this scheme for the full 5 year period, a review at least on an annual basis as part of the MTFS and budget setting process will consider the continuation of the WRIF. This will incorporate a review of performance for the year just ended (and previous years), and in this way provides an annual continue/stop decision point. As such, this arrangement provides a crucial risk management control in that

each new year will be planned in light of the experience and performance of previous years. There will be a 'tail' of investments to manage after any decision to stop further investments.

- 7.3 For the internally managed element of the Fund, it is envisaged that all individual investments will be referred to Cabinet to approve within the total investment portfolio size and in line with the criteria set by the WRIF Investment Strategy (subject to any officer delegations that Cabinet approve). Cabinet will receive and decide on recommendations and will also decide on investments which fall outside of the parameters of the WRIF Investment Strategy. Any further detailed proposals in relation to internally managed elements of the Fund will be brought back to Cabinet as necessary.

### **Officer role in decision making**

- 7.4 It is also proposed that an Investment Panel is established. It is proposed that Investment Panel membership would include representatives from the relevant services within the Council, including Finance, Legal, Business and Economy, Property and Regeneration, and Governance and Policy, with the Strategic Director for Communities as Chair. The Investment Panel would be supported by the appointment of specialist expertise to advise and inform its recommendations. Its proposed role would be:

- To oversee the governance and decision-making process for investments to ensure investment opportunities are thoroughly evaluated and appropriate due diligence undertaken;
- Review and update the WRIF Investment Strategy to reflect the current needs of local businesses, the local economy and investment market;
- Allocate appropriate resources to support the governance and decision-making process;
- To make recommendations to Cabinet on any individual investment decisions for Funds, in line with the criteria set by the WRIF Investment Strategy;
- To consider individual business case investment proposals, reviewing, challenging and making recommendations on individual investment decisions;
- Monitor the progress and performance of individual investments as well as the overall portfolio;
- Undertake effective risk management;
- Regularly review and take corrective action to ensure the returns on live investments meet the overall criteria and targets;
- Regularly review the effectiveness of decision-making tools and make changes to better achieve the Council's investment strategy objectives; and
- Provide updates to Cabinet (and Member Oversight Group when required) on the performance of the Portfolio.

- 7.5 Where the fund is externally managed the role of the Panel is to:
- Review and update the WRIF Investment Strategy to reflect the current needs of local businesses, the local economy and investment market;

- Provide contract management of External Fund Managers/Management, ensuring their awareness of and alignment with the current Investment Strategy;
- Monitor the progress and performance of the overall portfolio; and
- Provide updates to Cabinet (and Member Oversight Group and the relevant Overview and Scrutiny Committee when required) on the performance of the Portfolio.

7.6 The Panel will also have an overarching role in relation to the overall Fund to make recommendations to Cabinet and Council on Fund priorities and allocations for the following year.

### **Member Oversight and Scrutiny**

7.7 It is proposed to establish a cross-party standing Member Oversight Group chaired by the Deputy Leader to consider the direction, scope and extent of investment decisions and alignment to the Business Plan on internally managed elements of the Fund, and to consider any proposals for changes to the WRIF Investment Strategy prior to Cabinet being asked to approve them. There may be opportunities to align this group with the Member group overseeing WPDC activity. This will be confirmed in the next report to Cabinet as part of the confirmed proposals for the WRIF.

7.8 Monitoring the performance of funds (at an officer and member level) will also be a critical aspect of the arrangements to ensure robust governance and early alerts and corrective action if the investments are considered to be underperforming against the Council's strategic objectives and in terms of financial performance. This role would encompass active monitoring and scrutiny of the fund's performance on policy and financial grounds, assessing delivery of the annual business plan, identifying weaknesses and improvement actions. It would also include making recommendations for continuation, augmentation or exit depending on the Fund performance. Further detail around the global performance management arrangements and scrutiny of the fund will be developed and presented to the next Cabinet meeting.

7.9 The relevant Overview and Scrutiny Committee could also include in its work programme consideration of the overall performance of the Fund and make recommendations to Cabinet about its parameters and operations as it considered appropriate.

7.10 The Audit and Standards Committee will review the Council's accounts, WRIF investments, and the wider risk and assurance framework supporting the operation of the Fund.

## **8.0 Legal powers and fiduciary duties**

8.1 The Council has sought external legal advice in developing the WRIF proposals, covering the questions of vires (does the Council have legal powers to set up the fund), what considerations must the Council consider before investing or offering

products through the fund (including the Council's fiduciary duties in respect of public money and appropriate governance), changes to state aid rules post EU transition, and regulatory requirements. The full legal advice (confidential) is available to members on request however the key matters are set out below.

### **Legal Powers (vires)**

8.2 The legal advice has confirmed that the Council has the necessary legal powers to establish the WRIF. These are contained in:

- The General Power of Competence (for lending, funding and other activities);
- Section 12 Local Government Act 2003 (power to invest);
- Local Authorities Land Act 1963 – acquiring, developing land and funding for certain third party developments;
- Section 120 Local Government Act 1972 (acquiring land – particularly for the benefit, improvement or development of its area); and
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 – (treatment of receipts and capital treatment of certain loans).

8.3 The legal powers will need to be subject to ongoing review over time depending on the size and scale of its activities and to ensure that governance arrangements are robust, fiduciary duties are considered and that there is compliance with the requirements of any PWLB borrowing.

### **Fiduciary Duties**

8.4 The issue of fiduciary duties has been considered in shaping the initial concept and design of the proposals and a summary is set out below. In making decisions about the establishment of the WRIF and approving the funds, the Council must have regard to its fiduciary duties. These can be summarised as the Council acting as 'a trustee' of tax and public sector income (and liabilities) on behalf of its local taxpayers and other residents. The Council in effect holds money but does not own it; rather, it spends money (and incurs liabilities) on behalf of its business rate and council taxpayers.

8.5 The potential quantum of funding involved in the WRIF proposals coupled with the potential risk of losses and the fact that a Council will be funding something different from typical local authority activities has required consideration of fiduciary duties throughout this project. This report highlights for members the key considerations in terms of fiduciary duties, and how risks and mitigations will manage/avoid losses arising from the proposed investments.

8.6 A summary of the Council's fiduciary duties and how they have been considered and are assessed in this report is set out below:



<b>Considerations</b>	<b>How addressed</b>
Clarity of the policy objectives/outcomes which WRIF (or its separate streams) are designed to support/deliver	Section 4 of this report covers the policy objectives / outcomes which the WRIF is designed to deliver. The evidence based for these objectives is the SQW report (August 2020) which set out the post Covid economic outlook for Warwickshire
Options Appraisal – assessment of WRIF versus alternative routes to deliver the policy/objectives. Why are the WRIF proposals best suited to deliver these?	The options appraisal is set out at paragraph 142 of the Business Case and summarised at paragraph 4.6 of this report, and concludes that WRIF is the most appropriate policy option for the Council to pursue
Financial impact (to the Council) of the proposals and the risks of non-recovery and steps to mitigate/manage such risks. If some of funding is expected to be non-recoverable, this should be identified.	This is set out in detail in Section 6 of the Business Case and covered at Section 9 of this report. The analysis includes the risks of non-recovery
Benefit of WRIF to target groups (who would benefit under WRIF) fairly balanced against the interests of Warwickshire's taxpayers/residents – i.e. the impact of the money being spent on WRIF (especially if a loss is projected or high level of risk is involved) on the Council's other activities/level of Council Tax.	<p>The direct economic benefits of WRIF are estimated in paragraphs 214 and 215 of the Business Case. These show an annual contribution to the county's gross value-added of £110m – 160m.</p> <p>The direct financial benefit to the County Council in terms of the potential Net Present Value of the net revenue £4.9m (paragraph 367 of the Business Case).</p>
Fiduciary Duty considerations are not a one-off exercise. They remain relevant throughout the life of the programme. Members and officers need to continue to consider the above points – i.e. act in an efficient 'business like' manner	This will be kept under review throughout the duration of the fund and any future Fund decisions taken

- 8.7 The Business Case projects that the LCEF will potentially make a loss given the profile of investments and the industries supported, However, the fact that not all funds, i.e. the LCE pillar within WRIF, are projected to be recovered does not, in itself, mean that the Council is failing in its fiduciary duties if it supports the WRIF. It does mean that the Council needs to recognise that there is a potential risk in relation to LCEF, and decision makers need to properly consider these issues (such as the quantum of loss; were other alternatives to deliver the policy

objective considered and were these less likely to result in a loss; would other aspects of the WRIF programme compensate for this shortfall; was this approach better than a grant (100% loss) and how would the projected loss impact on the wider interests of the Council's taxpayers/residents) in reaching their decisions. These points are addressed in more detail in Section 9. This approach needs to be applied throughout the life of the WRIF as decisions are made on investments, and as new products or interventions are considered.

- 8.8 As highlighted in the table, consideration of fiduciary duties should also be applied to future decisions in relation to the activities of the Fund including:
- allocation of Council funding to WRIF funds;
  - scoping and approving new products / initiatives;
  - approving individual transactions – against criteria for the relevant product; and
  - active management and monitoring of the WRIF funds' performance.

These aspects will need to be kept under continual review throughout the Fund's existence and will need to be covered in any future reports to Members as necessary.

### **Subsidy Control, Regulatory Requirements and Governance**

- 8.9 The position on subsidy control (State Aid's replacement) is that broadly speaking the same considerations apply. The new subsidy control principles are broad and are focused on subsidy being policy-driven, proportionate, and necessary, designed to incentivise policy-conducive economic behaviour. Given that the proposals for WRIF primarily involve the offer of loans at market rates, it is not considered that subsidy control will have a significant impact on the proposals however this will be kept under review as the detail of the products available is developed and defined.
- 8.10 In terms of regulatory requirements, the proposals in the main involve relationships which are classed as business-to-business lending. Provided the Council keeps within the framework of such relationships and avoids any activity which could be classed as consumer lending (Council lending to private individuals) then the requirements of the FCA regulations do not need to be considered.
- 8.11 The most obvious area of risk comes with the LCEF interventions. Here, although lending will be business to business in the sense that it is funding intended to support small business, there is an added risk in any lending to small businesses who may be sole traders and thus "individuals" for the purposes of the regulatory framework. Although there are specific exemptions which can be used for lending to individuals for business purposes, the requirements of the exemption (which include a declaration by the individual as to the purpose of the loan) need to be closely followed to ensure that the parties do not inadvertently create a regulated loan. There may also be some situations where the fund may potentially be dealing with individuals which do not readily fit within the available exemptions. For this reason, officers are continuing to explore the balance of internally versus externally managed funds. Contracting with a third-party

external fund manager who has an existing FCA authorisation, would enable the Council to indirectly fund regulated loans without being at risk of a Regulatory infringement. An entity with an existing FCA authorisation to provide smaller regulated loans should also have available loan documentation in the correct format and existing policies to incorporate the required FCA regulations.

- 8.12 Section 7 of this report contains the detailed Governance proposals for the establishment and operation of the WRIF.

## **9.0 Financial Implications and Risk Management**

### **Level of investment**

- 9.1 The £140m figure for investment in the WRIF over five years is considered to be the upper limit of what is affordable and reasonable to invest. Changes to the Treasury Management & Investment Strategies will be needed to accommodate this level of investment and these changes will be brought forward at the point at which Cabinet will be asked to approve the Year 1 Business Plan (noting that changes to the Treasury Management & Investment strategies will require Council approval). Council will also be required to approve the addition of a loan facility for the element of the WRIF spend that is capital in nature. Within this overall £140m figure for WRIF, a cap of £90m has been allocated for the Business Investment Growth pillar which has the lowest risk and strongest return, with a much lower £10m cap set for the higher risk Local Communities and Enterprise Pillar to minimise the risk of 'losses' on that pillar and ensure the overall WRIF makes a positive return, is affordable and takes account of the Council's fiduciary duties. There is a £40m cap for Property Investment.
- 9.2 £140m is the maximum investment, and repayment profiles will mean that peak debt is significantly below this level. The financial modelling behind the Business Case has demonstrated a peak funding level of £76m over the 5 year investment cycle. The Monte Carlo simulation<sup>4</sup> in the financial model has also indicated a high probability that the WRIF will produce a net positive return. The Council is also able to manage risk based on the overall economic and market conditions at the time. If losses start to increase then the Council may wish to slow or stop future investments or invest in more secure counter parties.

### **Analysis of Investment and Returns**

- 9.3 The following table represents the potential returns to the Council over a 5 year period from the WRIF including recovery of principal and interest and any estimated losses arising from default. In overall terms the WRIF is expected to return a net revenue over 10 years of £6.5m (NPV £4.9m). These are modelled numbers, and the Council will target the recovery of all investments to avoid

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<sup>4</sup> A model used to predict the probability of different outcomes

default losses across all 3 pillars and in particular to avoid the LCE potential losses.

	<b>Total WRIF</b>	<b>Business Growth</b>	<b>Communities &amp; Enterprise</b>	<b>Property &amp; Infrastructure</b>
Gross Funding	£140m	£90m	£10.0m	£40m
Peak Funding <sup>5</sup>	£76m	£50m	£3.4m	£25m
PWLB Interest	-£9.5m	-£6.3m	-£0.4m	-£2.8m
Potential Loss	-£2.8m	-£0.5m	-£2.3m	£0.0m
Running Cost	-£2.8m	-£1.8m	-£0.2m	-£0.8m
Arrangement Fee	£0.5m	£0.45m	£0.05m	£0.0m
Interest Repayment	£21.0m	£12.6m	£1.2m	£7.2m
<b>Net Revenue</b>	<b>£6.5m</b>	<b>£4.4m</b>	<b>-£1.5m</b>	<b>£3.6m</b>
<b>Net Revenue (NPV)</b>	<b>£4.9m</b>	<b>£3.5m</b>	<b>-£1.3m</b>	<b>£2.7m</b>

9.4 The table below from the Business Case is a breakdown of the potential loss arising from defaults across all 3 pillars, which are already included in the 'potential loss' figures within all three pillars of the table above.

<b>Financial Year</b>	<b>Potential Loss</b>
20/21	£0k
21/22	£94k
22/23	£351k
23/24	£495k
24/25	£422k
25/26	£419k
26/27	£477k
27/28	£327k
28/29	£147k
29/30	£24k
10-Year Total	£2,755k

9.5 The following table from the Business Case summarises the key financial risks (not exhaustively) and actions that can be taken to mitigate them.

<b>Risk</b>	<b>Potential Management &amp; Mitigations</b>
<b>Governance</b>	

<sup>5</sup> Peak Funding is the maximum exposure of each of the pillars and its impact on the WRIF as a whole. Timing is an important control for the Council, as the peak funding of one pillar may not occur at the same point as another, and this can be used as a tool to manage risk. As the peak funding for each pillar occurs at a different time in the cycle, the calculation is not merely the sum of the peak of each pillar.

Risk	Potential Management & Mitigations
<p>Insufficient resource and expertise is committed to the business case process that supports any investment decision (for internally managed funds) and as such investment decisions are poor and increase the likelihood of loss.</p> <p>The Council is slow in making corrective actions where investments are performing below expectations</p> <p>Recent coverage of Local Authorities getting into difficulty when making loans to third party entities has highlighted the need for a robust understanding of the risks, governance arrangements and the need to quickly identify and act on any financial issues. Appropriate training, sufficient understanding of investment and purpose, timing of returns and robust reporting against issues where all identified as key areas to Council wishing to undertake these activities.</p>	<p>The Council must identify sufficiently qualified resource to ensure business cases are robust and any investment decisions properly understood.</p> <p>Reporting should be sufficiently regular and detailed to ensure that issues are identified and addressed in a timely manner.</p> <p>The Council should pay regard to recent Public Interest reports in this area and ensure that lessons learnt are embedded in the governance of the WRIF. A key element highlighted in the reports was the need to challenge optimism bias and for appropriate training and skills for officers and also training for members to enable members to adequately scrutinise and challenge the information they receive.</p>
<p><b>Finance and Funding Risks</b></p> <p>Finance rates are currently at historically low levels, with some commentators believing that the current market outlook may push these rates lower. As such, debt is currently relatively cheap, although this could be considered the new norm when looking at the current Government Bond Market. There is a risk that the future success of the programme could be impacted by an interest rate rise.</p>	<p>The Council has a corporate Treasury Management strategy that allows rises in interest rates to be managed across a range of financial instruments thereby lower the impact of future rate increases.</p>
<p><b>Debt monitoring and recovery</b></p> <p>Where an element of a fund is internally managed there is insufficient resource applied to monitor and recover debts once the initial investment has been made.</p>	<p>Sufficient resource must be identified to monitor and report on the performance of the funds. Market Testing has indicated the total costs of the Fund to be in the region of 2% of the total sums invested, which is in line with industry norms.</p>

Risk	Potential Management & Mitigations
<p><b>Default levels exceed Fund estimates</b></p> <p>Default rates have been estimated based on the financial strength of the counterparties. However, as the Fund is focused on Growth and Recovery losses may exceed those expected and there may be insufficient set aside to cover Fund losses.</p>	<p>The creation of the commercial risk reserve (£7.5m) proposed as part of the 2021/22 MTFS provides additional financial cover in the short term should the level of loan repayment defaults be higher than those expected in the business case until such time as corrective action to the operational arrangements for the WRIF or the next MTFS refresh can be put in place.</p> <p>The value of the reserve could be assessed each year for prudence and adjustments made accordingly. Where losses exceed expectations, this should be fed back to the Investment Panel and consideration given to a tightening of investment criteria.</p>
<p><b>Investment Objectives</b></p> <p>Investment objectives are unclear, not consistently applied or don't adapt to meet changing market conditions or the needs of the Council.</p>	<p>Regular review of the relevance of the investment objectives, including their rationale, is vital in keeping the programme and investment decision making responsive.</p>
<p><b>Local Government Regulation</b></p> <p>There is currently heightened scrutiny in the Sector, where authorities are looking to support their financial positions through the use of commercial investments. This increases the risk of changes to Local Government Regulation that may inhibit the ability of the Council to invest in such activities or increase the cost of doing so. Failing to meet the current PWLB rules would have an adverse impact on the Council's ability to borrow for future activities. For instance, regulation around MRP has been adapted to respond to current market activity and borrowing requirements from PWLB have recently changed.</p>	<p>The Council must identify key individuals responsible for the regular review of all legislation and financial requirements.</p> <p>The Council must have the flexibility to alter investments if those changes would adversely impact the ability to borrow/fund statutory services.</p> <p>The WRIF proposals are policy-driven non-treasury investments and therefore are considered to comply with the current regulatory framework.</p>

9.6 The appropriate source of finance for each investment will be considered during investment decision making, when the opportunity is being reviewed, by the Investment Panel prior to making investment recommendations to Cabinet (in respect of internally managed funds) and by the external fund manager in other cases.

9.7 Returns potentially come from several sources, for example:

- capital receipts;
- financing returns, e.g. return on loans issues to third parties;
- other payments for financial support e.g. Loan guarantees, income strips; and
- return on equity.

9.8 However, each of the above relies on a different investment approach by the Council and a different risk profile, providing a combination of short, medium- and long-term returns that go beyond the current approach.

9.9 Sensitivity analysis demonstrates a strong likelihood of a positive return across the total WRIF,<sup>6</sup> but demonstrates that the Local Communities & Enterprise pillar, taken in isolation, provides only a low chance of a positive NPV, as per the below table from the Financial Case:

	Business Investment Growth	Local Communities & Enterprise	Property & Infrastructure
% Chance of Positive NPV	High	Low	High

9.10 For the Local Communities & Enterprise pillar to break even, there would have to be significant adjustments made to assumed rates of investment return, loan default rate and recovery on default. It is therefore stated that a cross subsidy model between the funds may need to operate, in order to support the viability of the Local Communities & Enterprise pillar.

9.11 In isolation, the Local Communities & Enterprise pillar has a low likelihood of a positive NPV, but it has a potentially vital role in delivering positive policy outcomes across the county, including job creation, increasing skills, supporting new businesses and maintenance of some of the County's environment and key social capital assets.

9.12 Using external expertise to manage the Local Communities & Enterprise pillar will assist in mitigating the risks associated with it, as described above. In

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<sup>6</sup> I.e. all three funds (Business Investment Growth, Local Communities & Enterprise, and Property & Infrastructure) considered together.

procuring the expertise we will look for appropriate targets and incentives to form part of the contractual arrangements. In summary, these risks arise from the nature of the target market of the pillar and the types of product it is likely to offer.

### **Financial Implications for the Council**

9.13 Potential sources of finance for WRIF activities are:

- external borrowing (for example PWLB);
- internal borrowing (temporary use of our cash balances); and
- co-investment/partner funding.

9.14 The Financial Case also references recent changes to the Lending Arrangements for PWLB Loans. Government concerns about excessive investment risk taking by some Local Authorities have led to the requirement that the Section 151 officer must certify that the Council is not borrowing in advance of need and does not intend to buy investment assets primarily for yield/income. This will impact on the amount of borrowing available for WRIF in that not all types of activity will be capable of attracting PWLB borrowing. It is critical that the PWLB criteria are not breached as failing to meet the criteria could see a council prevented from using the PWLB for any purpose during that financial period – this would impact on the availability of funds to provide services or undertake capital projects.

9.15 Running and operating costs, including all internal costs for resources and external costs for management as well as any transaction fees and charges, are expected to be covered by the borrowers wherever appropriate. This will be generally achieved through a normal market transaction charge for any investment.

9.16 There is likely to be a minimum level of activity that the WRIF will need to undertake to recover the overhead and administration costs of operating the Fund, whether it is run internally or commissioned externally. This will need to be explored further through the development of the WRIF business plan and operational arrangements.

### **External borrowing**

9.17 At the end of March 2020, the Council's level of outstanding debt was £321m with a further £327m forecast over the period of the 2021-26 MTFS as the financing for the Capital Investment Fund (CIF)/WPDC. Any loans/purchase of shares through the WRIF would be additional to our current plans or could utilise some of the capacity for additional borrowing already built into the MTFS for the CIF. The business case estimates up to £130m additional capital spend through the WRIF, with £10m to be funded from internal resources. Borrowing of this magnitude would suggest it will need to be additional to our current plans, and brought back to Council for approval to be added to the capital programme.



- 9.18 Where £130m is the maximum exposure to external debt within the WRIF, investment and repayment profiles will mean that peak debt is significantly below this level.
- 9.19 Any borrowing the County takes out and then provides onwards through the WRIF as a loan/purchase of equity is proposed to be taken out on the basis that the financial returns from the investment more than cover both the interest and principal repayments to the Council that arise from taking out the borrowing plus any costs of the WRIF administration and decision-making arrangements.
- 9.20 As has been highlighted in the report and business case, as a local authority, the Council is required to make sure it acts prudently in setting aside resources to repay the principal of any loans taken out to fund capital expenditure, which is the nature of the loans/equity investment it would be providing through the WRIF. The recent public interest reports on local authority owned companies determined that not setting aside resources because of an assumption that income would be received to repay the loans before they were due was not a prudent approach. Therefore, the County Council will need to make provision for Minimum Revenue Provision (the provision for the repayment of principal) in its revenue budget. The repayment of loans made through the WRIF would need to be structured in such a way as to ensure sufficient levels of repayment to offset the costs of financing our PWLB loan/s and hence creating no additional call on the Council's revenue budget.

### **Internal borrowing**

- 9.21 The Council currently has a significant level of cash balances. However, these cash balances are not unencumbered. They represent income we have received/collected in advance of the spend planned for using the reserve taking place e.g. reserves and borrowing deferred as the result of slippage in the capital programme. We are able to 'lend' these cash resources through our Investment Strategy provided we are confident that the cash will be returned and available by the time the future commitments to its use materialise.
- 9.22 Any revenue loans made through the WRIF would need to be financed from this source, if there is not to be an immediate cost to the MTFS. Therefore, the detailed operational arrangements of the WRIF will need to ensure timely repayment of any such loans.
- 9.23 The Investment Strategy seeks to manage the overall financial risk to the Authority through the use of our cash balances in this way. It sets an overall maximum limit for such loans that should ensure we do not reach the position of having insufficient available cash to meet our commitments. Current commitments against this limit include the working capital loans to Educaterers and WPDC, and the contribution to the CBILs. There will be an ongoing need to monitor the net level of outstanding debt in its entirety to ensure these limits are not breached and our financial standing impaired.

## Risk and Risk Management

9.24 The following table summarises the key risks and proposed mitigations involved in setting up and operating the WRIF.

Risk	Mitigation
Fiduciary duties (PWL, Prudential Code)	<ul style="list-style-type: none"> <li>• Annual Cabinet review and decision making</li> <li>• Legal and specialist Treasury Management advice supports creation of Fund</li> <li>• Engagement with external auditors</li> <li>• Member Oversight Group and role of other member bodies (eg Audit and Standards Committee/OSC)</li> </ul>
Default/loss, bad debts, interest rates	<ul style="list-style-type: none"> <li>• Securitisation of loans and use of specific points enabling WCC to recover its investments</li> <li>• Investment Panel, chaired by the Strategic Director for Communities, due diligence to inform investment recommendations</li> <li>• Diversified and balanced portfolio of investments to mitigate risk</li> <li>• External advice to support sound running of WRIF, including to manage impact of changes in interest rates</li> <li>• Provision of business support to ensure strong, investment-ready proposals come forward</li> </ul>
Impact on MTFS	<ul style="list-style-type: none"> <li>• Ability to start small and build the fund up slowly with ongoing review of impact on MTFS of external/internal borrowing</li> <li>• Prudent accounting by including default assumptions in the business case and plan</li> <li>• Annual review and annual business plan approval by Cabinet, effectively an annual 'continue/stop' decision</li> <li>• Creation of £7.5m commercial reserve to cover any losses from WRIF, WPDC and other commercial activity</li> </ul>
Reputational	<ul style="list-style-type: none"> <li>• Policy-driven objectives underpin WRIF, with clear strategic priorities to drive investment decisions</li> <li>• Annual review and approval of business plan</li> <li>• Clear performance framework and benefits to track impact of WRIF</li> <li>• Member Oversight Group meets quarterly to review performance and operation of the WRIF</li> <li>• Annual Cabinet review/continue decision point</li> </ul>
Skills and capability	<ul style="list-style-type: none"> <li>• Likely mix of internal/external provision to run the WRIF</li> <li>• Appointment of specialist staff in Finance and Communities teams</li> </ul>

**Regulatory**

- Where any products are likely to require FCA registration (most probably products within the LCEF) external fund management will be sourced

## 10.0 Environmental Implications

There are no direct environmental implications arising from the setup of the WRIF. Environmental implications arising from bids to the WRIF can be considered on a case-by-case basis as the respective funds become operational. Investing in new technologies and low carbon opportunities will be priorities and there may be scope to include some monitoring/evaluation around environmental impact. There may also be scope to have restrictions on use of funding that would have a direct negative environmental impact.

## 11.0 Supporting Information

Supporting information is included in the appendices to this report.

## 12.0 Timescales associated with the decision and next steps

A further report will be brought back Cabinet in due course and to Council thereafter prior to establishment and launch of the WRIF.

## Appendices

Appendix A: WRIF Business Case

Appendix B: Equality Impact Assessment

Appendix C: SQW report

## Background Papers

None

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The report was not circulated to members prior to publication.

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Warwickshire County Council

# Warwickshire Recovery Investment Fund (WRIF)

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Business Case  
JANUARY 2021



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# 1. Executive Summary

## INTRODUCTION & CONTEXT

1. Warwickshire County Council's ('the Council') Council Plan and other key strategic documents place a focus on supporting Warwickshire's economy to ensure it remains vibrant and is supported by the right jobs, training, skills and infrastructure.
2. The COVID-19 Pandemic has had profound impacts, globally and locally, for public health, the economy, society and the environment, highlighting and compounding existing known challenges. Like the rest of the UK, these impacts are being directly experienced in Warwickshire where GVA and employment is expected to be significantly adversely affected.
3. Economic analysis was commissioned and undertaken by SQW, (a provider of research, analysis and advice in economic and social development). Its research assessed the potential impact of COVID-19 in the local economy and endeavoured to forecast this impact by sector and indicate potential job losses and the recovery timescale of both.
4. The SQW report recommended the establishment of a Warwickshire Recovery and Investment Fund (WRIF). The WRIF could access funds and provide further provision of finance to enable investments that can help support local businesses in key growth sectors that in turn create jobs, underpin social enterprise and unlock land.
5. The Council now wishes to test the business case for the WRIF to be established and to outline how this proposal will need to be delivered. To do this the Council has commissioned a Business Case, based on a proportional approach to the Treasury Green Book, 5 Cases Model that will look to support the Council's decision-making process.

## STRATEGIC CASE

6. The purpose of the Strategic Case is to outline how the proposal fits with the wider policy and strategic objectives of the Council.

### The Proposal

7. The Council is seeking to test the establishment of the Warwickshire Recovery and Investment Fund (WRIF) to support the economic recovery of the County. Its aim is to provide access to finance for businesses and through this access to provide a platform to support social and financial investment in key growth sectors.
8. The WRIF is proposed as a mechanism for implementing a programme of interventions and investment within the County. Its governance is such that it will enable a range of targeted support across a variety of different needs based on their key financial and growth characteristics.

9. It will use a variety of potential sources to finance a range of investments; with each investment being assessed on a consistent basis against a number of pre-agreed objectives. This approach will allow the Council to choose the best form of investment given the known financial parameters; whilst paying regard to the commercial and wider economic conditions at the time.
10. Economic analysis undertaken by SQW suggested that a Fund focused on three themes for investment might best support the economic recovery in the County. The three themes were:
  - Business Growth;
  - New Business, Local Communities & Enterprise; and
  - Property & Infrastructure.
11. The three themes or pillars upon which the WRIF will be based as an overarching portfolio are:
  - Business Improvement Growth;
  - Local Communities & Enterprise; and
  - Property & Infrastructure.
12. Each Pillar of investment is proposed to have a different focus, different investment criteria, different types of investment, different management arrangements and different target beneficiaries and outcomes.
13. The recent approval of the formation of the Warwickshire Property Development Company (WPDC) will also contribute towards the Property & Infrastructure Pillar. WPDC has its own separate Business Case and Business Plan and does not therefore form part of this Business case for the WRIF.

#### The Case for Change

14. There is clear strategic alignment of the Fund with delivering Council priorities. Specifically, establishment of the Fund will support delivery of the Council Plan, Recovery Plan and other key strategies by promoting investments and setting investment criteria that are aligned with strategic priorities and will help enable the delivery of priority outcomes.
15. The SQW report and subsequent economic analysis has indicated there will be a significant impact of COVID 19 on the local economy, resulting in a significant increase in the number of unemployed and a drop in GVA.
16. Changes in banking terms as a result of COVID-19 meaning there is less capacity to engage with higher risk or more innovative funding requests, coupled with an existing unmet demand for finance within the County indicates a growing demand for investment to support Warwickshire based businesses and the local economy.
17. Without the WRIF, the contributions to economic recovery will be limited to those from the existing investment market and the broader County and government response to the pandemic. This could delay recovery and restrict economic growth into the longer term.
18. There is therefore a clear rationale for action to be taken by the Council to mitigate the impact to the County, aid the economic recovery from COVID 19 and help support businesses in key growth sectors to continue to grow. This fund, if created, will be one of the Council's significant directly



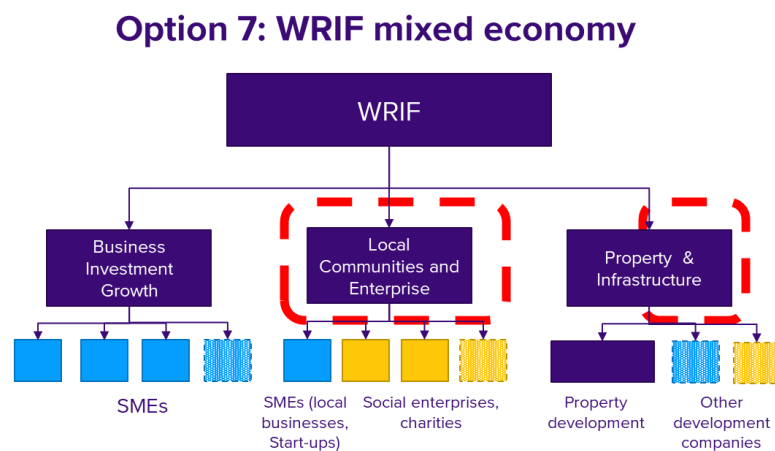
controlled contributions to the economic recovery of Warwickshire amongst the much larger and broader county and government response.

## THE ECONOMIC CASE

19. The purpose of the Economic Case is to assess the range of potential options for best achieving the strategic goals of the project.
20. A total of seven options are being considered by the Council, which can be categorised into three main decisions:
  - Decision 1: WRIF or “Do Nothing”;
  - Decision 2: The Structure of the Fund or Funds; and
  - Decision 3: The future management arrangements for the Fund or Funds (based on the preferred fund structure determined in Decision 2)
21. A market engagement exercise was undertaken to help shape and develop the focus of the WRIF and to provide a gap analysis to understand the current investment market and how the WRIF might align, complement, or enhance existing investment funds and the extent to which there is existing or potential unmet demand for finance in the region.
22. In line with HM Treasury guidance and methodologies, decision criteria have been used for appraising the options, alongside feedback from the market engagement.

### The preferred option

23. Using the decision criteria it has been determined that **Option 7 – Establishing a WRIF based around three-pillars and a mixed economy of fund management is the preferred option.** A visual of this option is shown in the diagram below:



Mix of in house and outsourced. This is illustrative and actual mix to be determined by market engagement

24. The red boxes in the above diagram are indicative only to illustrate the parts of the fund which may be managed externally.

#### Conclusion – the preferred approach

25. The preferred approach, and the approach to be taken forward as part of this Business Case, is the option to establish the WRIF to support the identified three-pillar structure and a mixed economy of fund management.
26. This option is the preferred approach because:
- Establishment of the WRIF is aligned with strategic priorities and will enable the Council to have a dedicated fund and a targeted approach to support the economic recovery of the County.
  - A do-nothing option, that relies on contributions from the existing investment market and broader government response to the pandemic, has been discounted for not directly contributing towards the Council's aims and objectives or strategic priorities and not supporting a targeted approach to the economic recovery of Warwickshire.
  - The Fund will manage investments by monitoring outcomes, be set up to best meet WCC's objectives and will use investment criteria to support its outcomes around increased GVA, business growth and the creation of new jobs.
  - The three-pillar structure reflects that the proposed elements of the WRIF are sufficiently different to require a fund structure that allows different recipients and different benefits to be targeted.
  - A three-pillar structure is also expected to be more attractive to the market by allowing specific gaps in the market to be targeted and the skill set for Fund Management to be able to be tailored to the specific requirements.
  - A three-pillar structure also ensures that the investment criteria, governance and decision making can be tailored to the scale, type and risk of investment which is expected to differ across each of the funds.
  - A mixed economy of fund management secures the advantages of external expertise, resource, capacity, and knowledge of sectors and the investment market but which provides some involvement and control for the Council plus the opportunity for skills transfer too.

#### COMMERCIAL CASE

27. The purpose of the Commercial Case is to address any issues of commercial feasibility and seeks to answer the question "can the proposed solution be effectively delivered through a workable commercial deal or deals?" In the case of the WRIF this section outlines the types of investment, commercial terms and decision-making process by which all investment opportunities for the

WRIF will be assessed together with the fiduciary and commercial considerations the investment opportunities progressed by the WRIF must satisfy.

#### Summary of the Pillars of Investment

28. A total portfolio of c.£140m is proposed across the three pillars,
29. A proposed breakdown of the total WRIF portfolio is as follows:
  - £90m for the Business Investment Growth Pillar
  - £10m for the Local Communities & Enterprise Pillar
  - £40m for the Property & Infrastructure Pillar
30. The WRIF as a Fund is flexible to respond to market need and changing economic and financial climates, as such, the proposed governance structure allows the proposed allocation to each pillar to change provided it stays within the £140M envelope.
31. It is suggested that the WRIF operate as a closed Fund, meaning that a period of investment decision making for the Fund would initially be limited to up to 5 years.
32. The following tables summarise the key features and proposed terms for each individual pillar of investments operating within the WRIF.

*Table 1 -Investment Priorities*

Name	Description	Priorities
<b>Business Investment Growth</b>	Finance for growing businesses with sound prospects	Priority industries <ul style="list-style-type: none"> <li>• automotive technology,</li> <li>• advanced manufacturing and engineering,</li> <li>• digital creative/video game development</li> <li>• tourism and hospitality</li> <li>• logistics</li> <li>• house building/ modern methods of construction (MMC)</li> <li>• 'green' /sustainable technologies or industries</li> <li>• rural industry and enterprise</li> <li>• social care or other supply markets of the Council</li> <li>• Any new sector that creates skilled or entry level jobs</li> </ul>
<b>Local Communities &amp; Enterprise</b>	Aimed at addressing local challenges and the economic and social consequences of the pandemic	Priority business types <ul style="list-style-type: none"> <li>• New and growing SMEs</li> <li>• Small, local businesses that support social capital</li> <li>• Start ups</li> <li>• Social enterprises</li> <li>• Environmentally and/or economically sustainable businesses that are driving climate change benefits, carbon neutral and low carbon initiatives</li> </ul>

Name	Description	Priorities
		<ul style="list-style-type: none"> <li>Those businesses that create entry level jobs and/or increase skills</li> <li>Those businesses where investment will improve high streets and town centres</li> </ul>
<b>Property &amp; Infrastructure</b>	Provide loans to invest in commercial sites, premises and infrastructure. Support viable developments to underpin economic recovery	Priority is on enabling development: <ul style="list-style-type: none"> <li>Supporting viable external led schemes where they fit the investment strategy</li> </ul>

Table 2 -Key Investment Features

Name	Indicative fund size	Investment size & volume	Investment term	Investment type
Business Investment Growth	[£90m]	<£10m (Approx. 2-5 per annum. Low number of high value loans)	Up to 10 years	<ul style="list-style-type: none"> <li>Predominantly commercial loans</li> <li>Management Buy Outs/ Acquisitions / Refinancing</li> </ul>
Local Communities & Enterprise	[£10m]	<£1m (Approx. 10-30 per year. Higher volume, lower value loans)	Up to 5 years	<ul style="list-style-type: none"> <li>Commercial loans</li> <li>Equity investment</li> <li>Co-investment with social investment partners</li> <li>Other more innovative products</li> </ul>
Property & Infrastructure	[£40m] For investments that sit outside WPDC	<£40m	Up to 10 years	<ul style="list-style-type: none"> <li>Commercial loans</li> <li>Equity investment</li> <li>Corporate guarantees</li> <li>Joint Ventures</li> </ul>

### Benefits

33. Using metrics from other Funds it is possible to illustrate the scale of direct benefits that the WRIF may be able to deliver according to the proposed size of the fund. The table below indicates the potential range of benefits the WRIF as a portfolio fund at £140m could deliver:

#### **WRIF at £140m**

Projected outcomes	Summary
--------------------	---------

Jobs created	2,500 - 3,400
Jobs safeguarded	2,700 - 3,900
Annual regional GVA (£m)	110 - 160
Number of Businesses supported	118
Private sector leverage (£m)	£78 - 104m
Public sector leverage (£m)	£26 - 35m
Land remediated (hectares)	15-23 ha

### Approach

34. A WRIF Strategy that sets out the objectives, priorities, type of investment and criteria for assessing investment opportunities is to be approved.
35. It is proposed that an Investment Panel (an officer body) is established to monitor the performance of the WRIF at a portfolio level and also to guide and make recommendations on any investment decisions that are to be managed in house, with Cabinet making the final decision to invest.
36. It is proposed that the WRIF is to have a mixed economy of Fund Management with some elements of the Fund managed in-house, with the support of advisors, and some outsourced to external Fund Managers. A procurement exercise will be undertaken to secure Fund Management services to support delivery of elements of the WRIF where it is considered that the type of investment, volume of opportunities, due diligence and/or resource and skills required justify the costs for external management.
37. The WRIF Strategy will form the basis of the criteria for all investment decisions but there will be an alternative set of arrangements and approach to decision making depending on the management arrangements for each Fund/element of the WRIF.
38. A robust Sift and Business Case approach to support investment decision making for those elements of the Fund that will be managed in house.
39. The Council will establish an in-house team for the WRIF that will operate alongside the existing Business & Economy Team and the Business Support Programme that is already established and being operated by the Council. The in-house team will be responsible for managing investments that relate to the Business Improvement Growth Pillar and any other elements of the WRIF that are to be internally managed and will report into the Investment Panel that will be established for decision making and management and monitoring of the WRIF.
40. It is anticipated that a large proportion of the potential investment opportunities available to the Fund will be gained by directly engaging with the local market. Where external Fund Management is in place it will be the role of the Fund Manager to source opportunities using their network. In addition to this a detailed marketing strategy and associated website will be

developed that sets out the nature of the fund(s), its focus and priority areas and the nature of the investment it is likely to make. This will promote the fund locally and be used to source investment opportunities.

41. Each year Full Council and Cabinet (as appropriate to the decision being made) will approve:
  - the relevant annual budgeted amount for each WRIF pillar of investment;
  - set out the WRIF's authority to operate the fund via the Investment Panel for the next year; and
  - the key priorities and themes for investment, should these have changed from the prior year.
42. A Member Oversight Group will be established for the scrutiny of investment decisions where quarterly monitoring reports will be referred and any individual investments or investment decisions can be referred in for further scrutiny.

#### Commercial Considerations

43. In addition to the practical mechanisms of investment decision making, including counterparty risk and profile and of return there are four key factors that the commercial case of any investment made by the WRIF must satisfy:
  - The Council has sufficient powers to makes the investment (known as vires);
  - The Council's fiduciary duties;
  - There is no State Aid associated with the investment; and
  - There are clear exit arrangements.
44. The Council's legal advisors have provided an advisory report to provide guidance on these matters. Specific advice has been given regarding the Powers to set up WRIF and the legal advisors have concluded that *"The Council, in principle, has the powers to create WRIF and the related funds for the broad purposes set out in the Strategic and Economic Cases"*.
45. The Council must however keep the activities of the WRIF under review to check vires, ongoing compliance with its fiduciary duties, and ensure the structure of the fund (and their activities) remain (for capital spending) within the PWLB's guidance's 'permitted activities' and related conditions.

#### Conclusion

46. All the key factors that the commercial case must satisfy have been considered and legal advice has confirmed that the Council has sufficient powers to create the WRIF.
47. The approval of a WRIF Strategy will form the basis of the decision-making process for the WRIF and ensure that investment decisions are aligned with strategic priorities but also commercially robust as a viable investment opportunity.

48. A robust governance and accountability process, through establishment of an Investment Panel and Member Oversight Group, is proposed for adoption whereby all investment opportunities will be assessed via a consistent decision-making process that will ensure that all the commercial considerations are assessed for the investments progressed by the WRIF.
49. Specific advice will be required on key investment points to ensure that legal requirements such as appropriate security, financial strength of each entity and the impact each of these has on matters such as State Aid (it's replacement) or any legacy matters, have been factored in the decision.
50. Assessing a portfolio of investments through the establishment of the WRIF will allow the Council to manage risk and give it the ability to invest in some moderately higher risk activities, where these risks are offset against some lower risk opportunities. A commercial investment case will also be made for all individual investment opportunities that are progressed to business case stage.
51. Establishment and resourcing of robust monitoring and reporting of investments and appropriate exit strategies will also ensure that the Fund remains affordable to the Council throughout the duration of an investment. Affordability will be considered in the finance case, but there is a requirement that there is a constant feedback loop between robust monitoring, investment criteria and affordability to ensure investments meet the objectives of the WRIF.

## FINANCIAL CASE

52. The Financial Case is used to consider the affordability of the proposed project. In the case of the WRIF, the finance case assesses the affordability of the Fund as the preferred approach and how each investment will be considered with reference to the financial parameters set out in the WRIF Strategy.

### Funding

53. The WRIF approach enables the Council to directly invest in a wide range of interventions; introducing a diverse range of returns both in terms of size, timing, and nature of receipts.
54. The potential sources of finance are Borrowing, Guarantees, Reinvestment of surplus balances from the WRIF and Co-investment/ Partnerships.
55. The most appropriate source of finance for each individual investment will be determined and recorded at the time of the investment decision making when the individual opportunity is being reviewed by the Investment Panel via consideration of a Business Case. Where external borrowing is used the business case will need to state which of the permitted activities the investment falls under and a positive confirmation with appropriate evidence that it complies with new PWLB lending arrangements will be required

### Affordability

56. Affordability will be a key constraint, and the Council will need to understand the programme of investment at a portfolio level as well as the return profile of each intervention.
57. The fund will operate on a commercial basis and should not therefore be investing into financially unviable schemes or providing grants.
58. Running and operating costs of the Fund will need to be accounted for and monitored in relation to the performance of the Fund.
59. It is proposed that the Fund will cover all internal costs for resources and external costs for management as well as any transaction fees and charges. The aim is to make the Fund run as efficiently as possible, seeking to pass costs on to borrowers wherever appropriate. This will be generally achieved through a market normal transaction charge for any investment.

#### Financial Modelling

60. Financial modelling and financial scenario testing has been undertaken to understand the financial impact and affordability of the WRIF based on a “typical” level of investment across the three pillars of investment over a 5 year profile of investment.

#### **Overall Financial Performance of the WRIF**

Item	Total £M
Gross Funding	140
Peak Funding	76
PWLB Interest payable	(9.5)
Potential Loss through default	(2.7)
Running Cost	(2.8)
Arrangement Fee	0.5
Interest Repayment	21.0
<b>Net Revenue</b>	<b>6.5</b>
<b>Net Revenue (NPV)</b>	<b>4.9</b>

61. The modelling indicates the total financial return from the WRIF over its investment cycle lies in the region of £6.5m, (£4.9m NPV).
62. Sensitivity and scenario analysis was conducted to determine the predicted range for how the WRIF returns could vary. Based on the results there is a “near certain” probability that the WRIF will produce a net return. However, due to the varied nature of investments and market needs across the three pillars the risks and returns vary. More detailed analysis of each of the pillars has been conducted in the Finance Case.



## Conclusion

63. The Financial Case concludes that proposals for the WRIF, as a whole, are affordable as the Fund has been designed as a flexible tool to enable investment in a wide range of different opportunities to manage and diversify risk and ensure that all costs are contained within the Fund.
64. Risks will need to be managed at a Portfolio level and will form part of the performance and monitoring measures put in place by the Investment Panel.

## MANAGEMENT CASE

65. The purpose of the Management Case is to assess whether a proposal is deliverable by setting out the governance structure, project planning, risk management and communication & engagement arrangements required to ensure successful delivery of a project.

## Management arrangements

66. The Council will establish an in-house team for the WRIF that will operate alongside the existing Business & Economy Team and the Business Support Programme that is already established by the Council. The in-house team will be supported by a team of external advisors that will need to appropriately procured.
67. The in-house team will report into the Investment Panel that will be established for decision making and management and monitoring of the Fund.
68. A procurement exercise will be undertaken to secure Fund Management services (and any other external advice required) to support delivery of elements of the WRIF where it is considered that the type of investment, volume of opportunities, due diligence, risk, skills and resource require external involvement. It is anticipated that there will be a requirement for more than one external Fund Manager across the WRIF in order to support operation of investments relating to both the Local Communities & Enterprise and the Property & Infrastructure pillars.
69. It is proposed that an Investment Panel is established to monitor the performance of the WRIF at a portfolio level and also to guide and make recommendations on any investment decisions for any investments that are to be managed in house.
70. Each year Full Council and Cabinet will approve the relevant annual budgeted amount for each WRIF fund and set out the WRIF's authority to operate the fund(s) via the Investment Panel for the next year.
71. All individual investments will be referred to Cabinet to approve within a total investment portfolio size of £140M and in line with the criteria set by the WRIF Strategy. The Panel will report to Cabinet to whom it will also refer investment decisions that fall outside of the parameters of the WRIF Strategy and delegations that will be considered as part of the future business plan, subject to approval of this business case, in due course..

72. A high-level Project Plan will be prepared to cover all significant activities, events and milestones involved in the setting up and running of the WRIF. The Project Plan will be regularly updated and included in regular Progress Reports.
73. The Council's risk management strategy will be embedded by the Investment Panel into its management of the WRIF and robust monitoring process of individual investments as well as the portfolio as a whole. Performance of the WRIF will be monitored by the Investment Panel and reported through the highlight reports and the use of a risk log or register and as part of the Quarterly reporting to Cabinet.
74. The Member Oversight Group will have the opportunity to consider any investments where the risk of investment requires further scrutiny, or the risk of default has increased following the original investment decision.

#### Communication & Engagement

75. The purpose, scope, and operation of the WRIF will need to be clearly communicated across the Council. Effective operation of the WRIF will also require communication and engagement with stakeholders outside of the Council who may introduce potential investment opportunities.
76. A detailed marketing strategy will be developed that sets out the nature of the fund(s), its focus and priority areas and the nature of the investment it is likely to make. This will promote the fund locally and be used to source investment opportunities.

#### Conclusion

77. The Management Case concludes that the Council intends to resource and manage the WRIF using robust governance and decision-making arrangements and by sourcing resources internally and externally to the Council.

#### **WAY FORWARD & NEXT STEPS**

78. The Business Case confirms the preferred approach to establish the Warwickshire Recovery & Investment Fund. It describes the structure of the Fund, how it will be funded, resourced, managed and monitored.
79. The Council will seek approval of the Business Case from Cabinet to establish the WRIF, agree the WRIF Strategy, agree governance arrangements and seek the approval of Full Council where required.
80. Approval will also be requested to commence procurement activities needed to support the management and delivery of the WRIF and the set up and running costs associated with this.

## 2. Introduction

### CONTEXT FOR THE PROPOSAL

81. Warwickshire County Council's ('the Council') Council Plan and other key strategic documents place a focus on supporting Warwickshire's economy to ensure it remains vibrant and is supported by the right jobs, training, skills and infrastructure.
82. The COVID-19 Pandemic has had profound impacts, globally and locally, for public health, the economy, society and the environment, highlighting and compounding existing known challenges.
83. Like the rest of the UK, these impacts are being directly experienced in Warwickshire where GVA and employment is expected to be significantly adversely affected.
84. In response to the pandemic, the Council has developed a Recovery Plan setting out its priority actions for recovery from COVID-19. The Recovery Plan sets out 10 priorities aligned to the long-term vision and outcomes the Council has already set out in their Council Plan to 2025. Three of these priorities focus on Warwickshire's economy to ensure it is vibrant and supported by the right jobs, training, skills and infrastructure.
85. During the Recovery Plan development, Member Working Groups considered the key challenges and solutions which could be used to support recovery in terms of Economy, Place and Climate Change. One potential solution was an Investment Fund and accordingly it was requested that the Council commission work to investigate whether a fund should be set up by the Council, and potentially partners, given the economic downturn and extreme challenges business and residents would face caused primarily by the pandemic.
86. Against this backdrop, the Council first wanted to explore how the economy of Warwickshire might change over the next period of 5 years given the effects of the pandemic and the process of EU transition, (commonly referred to as "Brexit"). Secondly, the Council wanted to understand the difference it could make by using its financial strength to set up a Fund that could support Warwickshire based businesses and the jobs of its residents.
87. Economic analysis was commissioned and undertaken by SQW, (a provider of research, analysis and advice in economic and social development). Its research assessed the potential impact of COVID-19 in the local economy and endeavoured to forecast this impact by sector and indicate potential job losses and the recovery timescale of both. SQW also developed an economic forecasting model to enable the Council to review and update the potential impacts on the local economy over time.
88. As further context to the current impact of COVID-19, other research suggests access to bank finance becomes more problematic for SMEs during crisis episodes. This is a combination of reduced supply of lending by banks and reduced demand from SMEs who face chronic

uncertainty. Managing finances is likely to become hugely important for small companies. This is on top of a recognised shortage of finance availability for businesses in Warwickshire pre-COVID, particularly with respect to mezzanine and equity finance options.

89. In this context the SQW report recommended the establishment of a Warwickshire Recovery and Investment Fund (WRIF). The Council, through the WRIF, could access funds and provide further provision of finance to enable investments that can help support local businesses in key growth sectors that in turn create jobs, underpin social enterprise and unlock land. The WRIF could aim to provide access to finance for businesses and for social investment, but also provide a return commensurate with risk to cover costs that can be reinvested over time to continue to deliver benefits and outcomes sought from the Fund.
90. In light of these reports, the Council now wishes to test the business case for the WRIF to be established and to outline how this proposal will need to be delivered.
91. To do this the Council has commissioned a Business Case, based on a proportional approach to the Treasury Green Book, 5 Cases Model that will look to support the Council's decision-making process.
92. The structure of the business case will include key information under each of the following sections: -
  - **The Strategic Case** - makes the case for change, its context and outlines how the proposal fits with the wider policy and strategic objectives of the Council;
  - **The Economic Case**- demonstrates that a range of potential options have been considered and compared against the existing landscape. and that a preferred option is able to better achieve the strategic goals of the Council whilst complementing the current offer;
  - **The Commercial Case** – sets out the opportunity, the route to investment, the commercial terms and legal considerations, including both internal and external constraints that must be addressed in taking forward the preferred option;
  - **The Financial Case** - presents financial data the financial parameters set for the fund(s) and demonstrates the affordability of the proposal; and
  - **The Management Case** - demonstrates whether the proposal is deliverable by setting out the governance structure, project planning, risk management and communication & engagement arrangements required to ensure successful delivery of a proposal.

### 3. Strategic Case

93. The purpose of the Strategic Case is to outline how the proposal fits with the wider policy and strategic objectives of the Council.

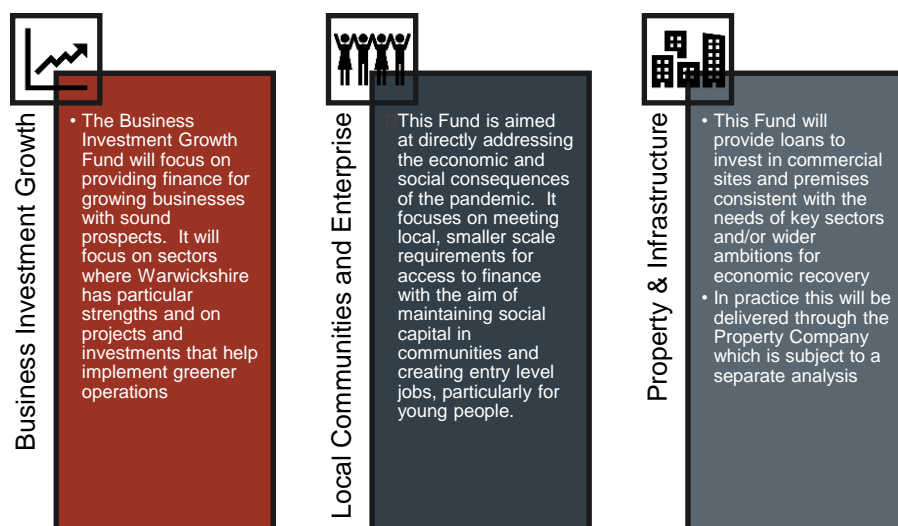
#### THE PROPOSAL AND APPROACH

94. The Council is seeking to test the establishment of the Warwickshire Recovery and Investment Fund (WRIF) to support the economic recovery of the county by providing access to finance for businesses and for social investment in key growth sectors. The expected outcome of this support is that it will support existing business, create new business and create jobs in Warwickshire and in delivering these policy driven Council objectives also provide a relatively small return, commensurate with risk, that can be reinvested into the Council over time to support future service delivery and or investments and continue to deliver benefits and outcomes for the residents of Warwickshire.
95. In October 2020, Cabinet agreed to investigate the establishment of a WRIF and requested a further report to Cabinet by February 2021 setting out a full business case. If approved, officers have been working on a report, potentially for consideration in March, on the WRIF delivery business plan, with a view to set-up the WRIF thereafter recognising the economic impact being experienced by residents and business now.

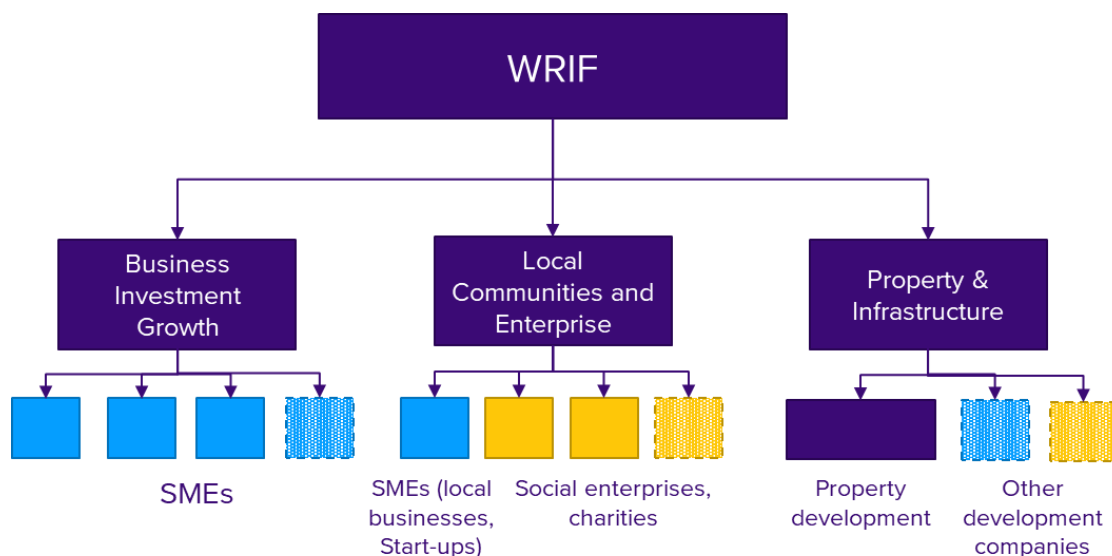
#### The Structure

96. The SQW report, commissioned by the Council to assess the impact of the current pandemic on the Warwickshire Economy put forward a Fund that focused on the following three themes or pillars for investment that might best support the economic recovery in the County:





97. These proposals form the broad basis for the WRIF which has then been shaped through market engagement and more detailed understanding of demand and the priority focus and subsequent beneficiaries of the Fund. A more detailed description of the WRIF is set out in subsequent sections of this document.
98. An initial structure for the WRIF, using the three main themes to establish three pillars or focused areas of investment, was suggested (as shown below).



### Objectives

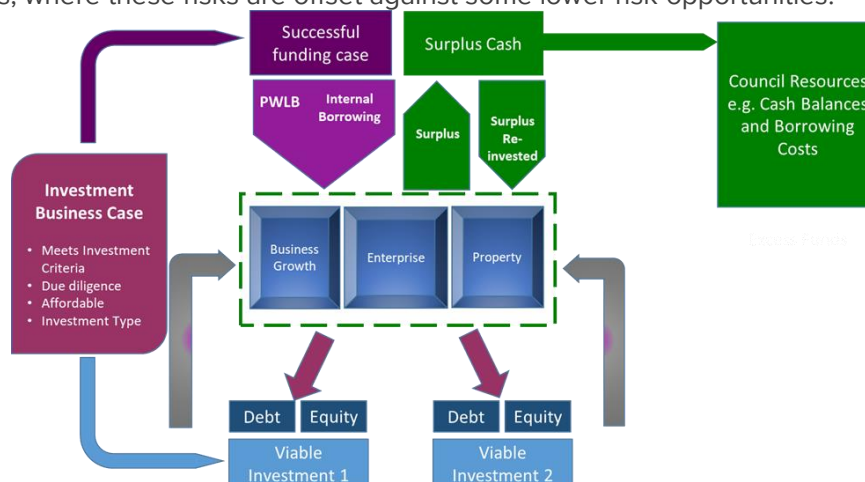
99. An initial set of objectives and principles were set out by SQW and then subsequently agreed by Cabinet.
100. The objectives have been revisited in more detail and have been updated to set out what the Fund is aiming to achieve. The proposed objectives for the WRIF are to:
- Provide access to finance that helps businesses start, grow, and scale up;
  - Leverage additional resources or funding for the county through the investment and support of key growth businesses;

- Secure an ongoing financial return, commensurate with risk, for reinvestment to continue to deliver the benefits and outcomes sought from the Fund or other permitted activities;
- Make investments that deliver benefits in both in the short term (12 months) and medium term (c. 1-5 years); and
- Support the delivery of the Council's strategic goals and priorities as set out in the Warwickshire Council Plan 2025, COVID 19 Recovery Plan, Economic Strategy, Commercial Strategy and Place Shaping Programme.

### Principles

101. The main principles of how a Fund might operate have also been revisited and have now been established to be:
  - Support County based business;
  - Create a diversified and balanced portfolio of risk-based investments that protect the public purse and support business and create new and protect existing jobs;
  - Manage risk and target full recovery of investments;
  - Generating permitted financial returns for reinvestment into the Council and/or to continue to deliver benefits and outcomes set out in the WRIF objectives subject to a further business case;
  - Provide a flexible tool to consider and enable a range of opportunities for supporting business.
  - Support business through investments based on agreed investment criteria and priorities that are developed from analysis of the economy and strategic sectors and support key sectors and growth, rather than weaker sectors;
  - A consistent and streamlined approach to considering investment opportunities and ensure all investment decisions are made against agreed investment criteria and align with Council priorities and outcomes; and
  - Complement the existing investment landscape and other recovery packages
102. The WRIF is proposed to act as a mechanism for implementing a programme of investment and a process for enabling a range of investment opportunities with a variety of different needs based on their key investment characteristics.
103. It will use a variety of potential sources to fund a range of investments that can be assessed on a consistent basis against a number of pre-agreed objectives. This approach will allow the Council to choose the best form of investment given the known financial parameters; whilst paying regard to the commercial and wider economic conditions at the time.

104. The WRIF will provide a clear and consistent methodology to assess each request to the Council for investment support. By establishing this structure and assessing a portfolio of support it will allow the Council to manage risk and give it the ability to invest in some moderately higher risk activities, where these risks are offset against some lower risk opportunities.



## THE STRATEGIC FIT

105. The Council has defined its strategic priorities and ambition for Warwickshire over the next five years in its Council Plan 2020 – 25. The Plan has a clear vision ‘To make Warwickshire the best it can be, sustainable now and for future generations’ by making best use of its resources by focusing on:
1. Warwickshire’s communities and individuals are supported to be safe, healthy and independent; and
  2. Warwickshire’s economy is vibrant and supported by the right jobs, training, skills and infrastructure;
106. By establishing a Fund, the Council is able to directly support delivery of the Council Plan and more specifically create a vibrant economy and the associated priority to ‘attract economic investment and maximise the rate of employment, business growth and skill levels in Warwickshire’. The Fund will provide access to finance to support businesses and leverage additional funding for the County, both of which will support the economic recovery of Warwickshire.
107. The COVID 19 Recovery Plan sets out 10 priorities aligned to the long-term vision and outcomes the Council has already set out in their Council Plan to 2025. Three of these priorities focus on Warwickshire’s economy to ensure it is vibrant and supported by the right jobs training, skills and infrastructure:
- 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.



- Stimulate job creation and skills: Work with our partners in the Local Enterprise Partnership and higher and further education, to invest in getting people back into employment, or starting their careers, supporting skills, training and re-learning
- 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.

108. The Council has declared a climate change emergency and has also indicated that recovery from COVID-19 must be a green recovery that helps to address the serious long-term challenge of climate change. One of the priorities set in the Recovery Plan focuses on Climate Change and indicates that:

- Sustainability and tackling climate change should be made central to our recovery so that we lay the foundations for a sustainable long-term future

109. The WRIF will support delivery of the Recovery Plan by promoting investments and setting investment criteria that are aligned with these priorities, including those that are focused on sustainability.

110. The WRIF will also support the Economic Growth Strategy which outlined seven strategic priorities for economic growth in the county, with particular attention given to four sectors: **automotive technology, advanced manufacturing and engineering, digital creative/video game development, tourism and hospitality**. These sectors will be included as priority sectors for investment by the Fund to ensure that investment is focused in strong sectors to enable continued growth.

111. The WRIF will also support a number of the Council's other key Strategies, including the Commercial Strategy, Capital Strategy, Property Strategy, Local Industrial Strategy (West Midlands) and Coventry & West Midlands LEP Strategic Economic Plan (updated) by providing access to finance, supporting Warwickshire based businesses and mitigating some of the impact of COVID-19 on the local economy which in turn will enable the Council to continue to deliver on the key outcomes set out in these Strategies.

## THE CASE FOR CHANGE

112. There is clear strategic alignment of the Fund with delivering Council priorities. Specifically, establishment of the Fund will support delivery of the Council Plan, Recovery Plan and other key strategies by promoting investments and setting investment criteria that are aligned with strategic priorities and will help enable the delivery of priority outcomes.

113. The SQW report and subsequent economic analysis has indicated there will be a significant impact of COVID 19 on the local economy, resulting in an increase in the number of unemployed and a drop in GVA.

114. Changes in banking terms as a result of COVID-19 meaning there is less capacity to engage with higher risk or more innovative funding requests, coupled with an existing unmet demand for

finance within the County indicates a growing demand for investment to support Warwickshire based businesses and the local economy.

115. Without the WRIF, the contributions to economic recovery will be limited to those from the existing investment market and the broader County and government response to the pandemic. This could delay recovery and restrict economic growth into the longer term.
116. There is therefore a clear rationale for action to be taken by the Council to mitigate the impact to the County, aid the economic recovery from COVID 19 and help support businesses in key growth sectors to continue to grow. This fund, if created, will be one of the Council's significant directly controlled contributions to the economic recovery of Warwickshire amongst the much larger and broader county and government response.
117. The fund, if successful, will have several beneficial financial impacts for Warwickshire County Council, will leverage additional funding for the county through opportunities to collaborate funding streams and secure match funding and support the long-term financial sustainability of the Council.

## CONCLUSION

118. There is a clear rationale and a robust case for the establishment of the WRIF as:
  - Without the WRIF, the contributions to economic recovery will be limited to those from the existing investment market and the broader County and government response to the pandemic. This contribution is not expected to be sufficient to mitigate the impact of COVID-19 or support the economic recovery of the county in a short time frame.
  - The market engagement has confirmed there is an existing and growing demand for finance in the county, but existing sources of funding are limited and there are increasing barriers to businesses being able to access finance they need to continue to thrive and grow.
  - Establishment of the WRIF provides an opportunity for the Council to directly contribute to the economic recovery of the County rather than businesses relying on the current investment market and external financial markets to access finance and support which is now more limited.
  - There is clear strategic alignment of the proposed WRIF with delivering Council priorities. Specifically, the Fund will:
    - help meet the priority to 'attract economic investment and maximise the rate of employment, business growth and skill levels in Warwickshire';
    - support delivery of the Economic Growth strategy by investing in priority sectors;
    - support delivery of the COVID-19 Recovery Plan by supporting business and stimulating job creation and skills with a direct positive impact on business rates and council tax payments.

- The Fund will offer the Council a flexible tool and act as a mechanism for implementing a programme of investment and a process for enabling a range of investment opportunities with a variety of different needs based on their key investment characteristics.
- The Fund will provide support to the County in both the short, medium, and longer term and, whilst not the primary objective, has the potential to generate financial returns from the investments to reinvest into the Fund, to continue to deliver benefits and outcomes in jobs over the longer term.

## 4. Economic Case

119. The purpose of the Economic Case is to assess the range of potential options for best achieving the strategic goals of the project.
120. A range of options have been developed to test how the WRIF could be structured and delivered. The Economic Case will:
- Set out the options;
  - Set out the basis on which these options will be assessed;
  - Establish the decision criteria against which these options will be assessed;
  - Outline the market engagement exercise to be and already undertaken and the results of this engagement;
  - Complete an assessment of the options to determine the **preferred approach** – this will be a qualitative assessment against the agreed criteria;
  - Outline the anticipated benefits of the WRIF; and
  - Set out key risk and considerations to be taken into the Commercial assessment

### THE OPTIONS

121. A total of seven options are being considered by the Council, which can be categorised into three main decisions:
- Decision 1: WRIF or “Do Nothing”;
  - Decision 2: The Structure of the Fund; and
  - Decision 3: The future management arrangements for the Fund or Funds (based on the preferred fund structure determined in Decision 2)
122. The options under consideration and how they relate to each of the three main decisions are set out in the table and diagram below:

Decision 1: WRIF or “Do Nothing”	Decision 2: The Fund Structure	Decision 3: The Fund Management
Option 1: WRIF or Do Nothing	Option 2: WRIF operates as a single fund Option 3: WRIF operates with 2 pillars Option 4: WRIF operates as 3 pillars	Option 5: WRIF in house fund management* Option 6: WRIF outsourced fund management Option 7: WRIF mixed economy

\*In house fund management is where the Council, supported by external consultants and advisors, manages the fund. They are responsible for sourcing investments, investment decision making, governance, performance monitoring and management.

### Decision 1: WRIF or Do Nothing

Option 1: Do Nothing

### Decision 2: Fund structure

Option 2: WRIF operates as a single fund



Option 3: WRIF operates with 2 pillars

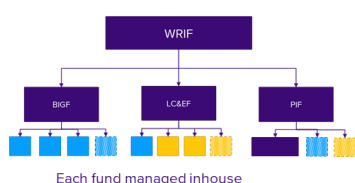


Option 4: WRIF operates with 3 pillars

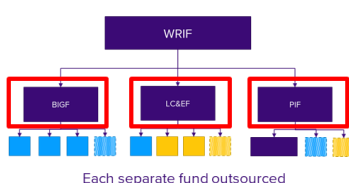


### Decision 3: Sourcing fund management. Based on preferred fund structure – indicative only below

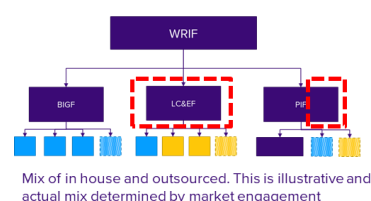
Option 5: WRIF inhouse fund management



Option 6: WRIF outsourced



Option 7: WRIF mixed economy



## MARKET ANALYSIS

123. Economic analysis has been undertaken by SQW for the Council to understand the economic impact of COVID-19 and an economic forecasting model has been used to assess the potential impact of the EU exit on Warwickshire's economy.
124. Overall, the model suggested the following economic impact for Warwickshire:
  - That there could be an increase in the number of unemployed people from 7,000 before the pandemic, to around 26,500 albeit this could grow with further phases. When the second wave scenario was applied to the model this equates to a forecast of between 19,500 and 23,415 additional people out of work.
  - Like the rest of the UK, the challenges are facing sectors that rely on in-person service delivery, such as retail, hospitality, leisure and recreation
  - The model shows that perhaps a third of the additional jobs lost in 2020 could be in food and beverage services, retail and accommodation
  - These sectors employ a large proportion of younger people, on lower wages and lower productivity, and the effects will be spread across all County. It points to some clear priorities for a recovery plan.
  - Alongside this, the number of jobs lost in manufacturing is also likely to be high. The model suggests there could be 1,700 – 1,800 job losses in automotive manufacturing.

- The model indicates a potential 12% loss in GVA for Warwickshire when the second wave scenario was applied.
- The results are particularly sensitive to the impacts on the automotive manufacturing sector and its supply chain. A significant drop in activity in this sector in 2020 is one of the reasons that GVA and employment in Warwickshire is expected to be hit harder than in the UK as a whole.

125. The longer-term outlook for the UK economy remains highly uncertain. It is dependent on the evolution of the pandemic and the measures taken to protect public health. It will also depend on how governments, households, businesses, and financial markets respond to those developments.
126. In November 2020, the Bank of England published its Monetary Policy Report, which outlined 'The economic outlook', 'recent developments' along with 'projections and risks'. In the Bank of England's projections, the economy is expected to start to recover in 2021, although GDP is not expected to not exceed its level in 2019 Q4 until 2022.
127. The process of economic recovery is often described in relation to 'bounce back curves' which come in four distinct shapes—L, U, W, and V. The exact curve of recovery the U.K will follow is still unknown, due to ongoing policy changes around COVID-19 restrictions and the impact of the current trade deal with the EU. Initial expectations were for a V- shape recovery for the UK, the best-case outcome, where there is an initial sharp downturn fall, bottoms out and economic recovery quickly follows. This was based on assumptions for a full reopening of the economy and removal/reducing COVID-19 restrictions occurring all at once (September 2020). This has not happened due to the second wave of the pandemic, the discovery of the new variant virus and the need for implementation of Tiers with differing rules (and the majority of the country continuing under some form of restrictions affecting economic sectors to a greater degree than originally anticipated). The current position may lead to a further dip and accordingly a more U-shape recovery, where the recession lasts longer with a slow return to the level of growth seen before the original downturn. The impact of the virus mutation and the success of the vaccine rollout and community testing will also impact on the recovery curve in ways that have yet to be determined.
128. In consideration of the broader economic outlook, the rationale for the WRIF to be established and to have a direct and targeted impact to help support economic recovery for Warwickshire is well made. However, this case must now be considered as part of this process to ensure governance, legal and financial risks are known and considered before commencement of the Fund.

## MARKET ENGAGEMENT

129. A market engagement exercise in two stages was proposed to help shape and develop the focus of the WRIF. The first stage was intended to provide a gap analysis to understand the current investment market and determine:
- How the WRIF might align/complement or enhance existing investment funds in the region
  - The extent to which there is existing or potential unmet demand for finance within the County
  - How the fund should be structured from a market perspective
130. The second stage is to test the preferred option in the market in order to refine the details of the Fund. Further details on this soft market testing exercise is included in the Commercial Case.
131. For the first stage of market engagement informal verbal conversations were held with the following organisations that operate in or have experience in the region:
- **British Business Bank** – a government owned business development bank who run the Midlands Engine Investment Fund (MEIF) as well as other regional investment programmes
  - **Coventry & Warwickshire Reinvestment Trust** - a not-for profit, FCA accredited, specialist finance provider who provide business loans on behalf of WCC and other local public sector bodies to businesses and individuals looking to start a business
  - **Mercia** – an asset manager with a focus on regional businesses seeking venture capital, private equity or debt finance to scale their business. Mercia operate the proof-of-concept equity finance up to £750k for the MEIF
  - **Maven CP** – provides debt finance between £150k and £1.5m on behalf of the MEIF and also similar finance for other regional and local government partners
  - **BCRS** – a non-profit distributing lender providing small business loans between £25k to £150k on behalf on the MEIF
  - **Ascension Ventures** – an early-stage venture capitalist who have advised WCC and other regional funds and operates Fair by Design, a fund dedicated to ending the poverty premium
  - **Finance Birmingham/Frontier Development Capital (FDC)** – sister companies with a strong relationship with Birmingham City Council (BCC). Finance Birmingham is owned by BCC and manages targeted funds that are largely now closed to new opportunities. BCC also has a small shareholding in FDC that provides long term debt between £1m and £10m to mid-market SME business and property developers in the UK.
132. We also contacted Midven as a MEIF fund manager but the contact was reluctant to engage at this stage.
133. The following scope of questions formed the basis of the informal discussions:
- Extent of investment in Warwickshire-based businesses & type of businesses/organisations that are prioritised
  - Types of finance offered

- Types of businesses/organisations supported
- Gap for investment/support – areas of unmet demand, areas of weakness in proposals/applicants, reasons unable to support some current applicants
- Attractiveness of the proposed WRIF funds to fund managers
- Consideration of social benefits in investments
- Any lessons specific to Warwickshire based businesses or that WCC should take into account when setting up its fund and using external fund managers for example balancing financial return with economic benefits, additional support for businesses prior to coming to the fund

134. The main themes of feedback from the discussions were as follows:

- **Demand** - there is clear demand for finance from businesses located in Warwickshire: £12m of £85m invested by the MEIF has been in Coventry & Warwickshire businesses. Whilst fund managers do not specifically measure or record investments in Warwickshire as distinct from Coventry, they all felt that additional capital targeted at Warwickshire would be beneficial and could be utilised
- **Gaps** – there are some identified gaps in the regional market where companies struggle to secure finance for example: loans between £1.5m and £5m; start-up capital; equity/mezzanine finance; management buy-out or refinancing; capital financing with longer term payback. These gaps are generally as a result of changes in banking terms as a result of COVID-19 meaning there is less capacity to engage with higher risk or more innovative funding requests.
- **Flexibility** – a key area of learning raised by a number of the funds was the need to keep the WRIF flexible and to avoid prescriptive lending and repayment terms. It was considered important to be able to flex where the fund is targeted based on the gaps and opportunities at the time. Also, there was a sense that the fund should look at more innovative investment products for example loan repayment holidays or debts converting to equity and that links between different types of fund managers through the lifecycle of companies could be better managed and indeed built into contracts.
- **Attractiveness to the market** – the WRIF proposals are attractive to the existing market of fund managers. A number of them already have operations on the ground that they could utilise for the WRIF. Each fund manager had specific niche areas for example start-ups; equity; loans; property; mid-market SMEs. None of the fund managers we spoke to had expertise in social enterprises, however this will be tested via broader range of participants in the engagement with the market in early 2021.
- **Wider social benefits** – all fund managers were familiar with seeking investments that bring wider social benefits such as job creation. That said, for start-ups the view was that it is important to concentrate on getting the business viable and the jobs will follow.



- **Business support** – most of the fund managers we spoke with highlighted the need for additional support to businesses pre-investment. This took the form of different suggestions but included: signposting and liaison across different funds; accelerator programmes; and incubator arrangements.

135. This feedback from the market has been used to shape and refine the terms of the WRIF to ensure that the Fund is designed to meet the needs of the market but also complement and enhance the existing investment landscape rather than compete against it. Some specific aspects of the fund, such as lending and repayment terms, measuring and evidencing benefits, attractiveness to the market in terms of fund management will be tested further via soft market testing in the early part of 2021.

## ASSESSMENT OF THE OPTIONS

136. In line with HM Treasury guidance and methodologies, decision criteria have been used for appraising the options.
137. A workshop with officers of the Council was used to determine the objectives of the Fund and accordingly the decision criteria that could guide a decision on the preferred approach. It was agreed that there were three main decisions required;
- Decision 1 - firstly, whether or not there was a rationale for the Fund;
  - Decision 2 - secondly, how the fund should be structured; and
  - Decision 3 - thirdly, how the fund could be managed.
138. The table below sets out the decision criteria that were used in a staged, three decision, approach:

Decision 1: WRIF or Do Nothing	Decision 2: Fund structure	Decision 3: Sourcing
1. Ability to deliver Strategic Objectives of WCC 2. Ability to support the post-COVID economic recovery of Warwickshire in a targeted way 3. Ability to support businesses, social enterprises and create jobs 4. Ability to generate financial returns from investment for the Council	1. Similarity of objectives 2. Reflective of economic analysis & main themes for investment 3. Similarity of recipients 4. Similarity of types of finance 5. Similarity of benefits (financial return, social benefits)	1. Level of specialist knowledge and skills needed to operate 2. Existing market to utilise 3. Attractiveness to the market 4. Requirement for regulated advice 5. Legal Powers 6. Ability to leverage additional investment finance

139. The options were then qualitatively assessed against the appropriate criteria for Decision 1, 2 and 3 in order to determine the preferred option. A matrix, using the following scoring key, is provided below to demonstrate the extent to which an option meets the decision criteria:

Scoring Key	Description
Y	Yes - The option fully meets the criteria by enabling the Council to support, deliver and generate the objectives and outcomes for the Fund and/or best meets the decision criteria

Scoring Key	Description
P	Partially – The option meets the criteria to some extent but is not the best option for delivering the Council's objectives or meeting the decision criteria
N	No – The option does not meet the criteria, provides minimal support to delivering the Council's objectives and/or does not adequately reflect the decision criteria

#### Decision 1: WRIF or "Do Nothing"

140. Decision 1 first gives consideration whether there is a clear rationale for the establishment of the WRIF in comparison to a "do nothing" option.
141. Do nothing is defined as continuing to rely on the contributions from the existing investment market and the broader county and government response to the pandemic that will support the economic recovery of Warwickshire, for example:
- The county Council continues with its current approach to supporting the local economy;
  - Businesses rely on the current external financial markets to access finance and support;
  - Businesses access public sector support through the current investment framework that includes, but is not limited to:
    - Midlands Engine;
    - Central Government schemes
    - Investment Trusts, including CWRT and BCIT; and
    - Current County initiatives.
142. The table below compares these two options against the decision criteria.

Decision criteria	Do Nothing Option 1	WRIF All other options	Comments
Ability to deliver Strategic Objectives of WCC	P	Y	In a Do-Nothing option, delivery of Council priorities will be via other council initiatives and without a targeted approach may take longer to deliver The WRIF supports the delivery of a number of priorities in the Council's key strategy documents
Ability to support the post-COVID economic recovery of Warwickshire in a targeted way	P	Y	In a Do Nothing Option the existing investment market will contribute to the economic recovery of Warwickshire and thus the criteria is only partially met. The WRIF will enable investment to be targeted at businesses in Warwickshire, support job creation and retention in a way that the current investment market is not supporting.
Ability to support businesses, social enterprises and create jobs	P	Y	In a Do-Nothing option, the council will have to support and finance businesses, social enterprises and create jobs via other council initiatives and thus the criteria is only partially met The WRIF has a specific focus on supporting business, social enterprises and creating jobs, increasing GVA and will generate investment returns commensurate with risk

Decision criteria	Do Nothing Option 1	WRIF All other options	Comments
			that can be reinvested to continue support into the medium and longer term.
Ability to generate financial returns that as a minimum cover cost and provide a return commensurate with the risk taken by the Council	N	Y	As a portfolio the WRIF will generate a financial return commensurate with the risk for reinvestment into the Fund. The risk associated with individual investments can be mitigated across the portfolio.

143. The matrix table above demonstrates that establishing a WRIF is the best option to fully meet all the decision criteria for Decision 1. The main rationale for establishing the WRIF is set out below:

- The WRIF is clearly aligned with strategic objectives and through its establishment will provide a direct way of supporting delivery of strategic outcomes. In a Do Nothing option the delivery of strategic outcomes will be via other council initiatives, but some may be challenging to deliver in the context of the forecast impact of the pandemic on the local economy.
- The existing investment market will support Warwickshire based businesses but there is anticipated to be a growing and unmet demand for finance which may limit or delay economic recovery.
- The WRIF has a specific focus on supporting Warwickshire based businesses, social enterprises and on creating jobs. The economic forecasting is indicating a significant impact on GVA and employment to the County and therefore there is a rationale for a direct and targeted approach to mitigate this impact.
- The mechanism of the WRIF will generate financial returns that as a minimum cover costs and therefore are not exposing the Council to additional financial burden.

144. A “Do Nothing” option has been discounted for not meeting the strategic objectives of the Council and not providing the ability to support the economic recovery of the County in a targeted and more timely manner.

#### Decision 2: The Structure of the single Fund with 3 flexible component fund parts (pillars)

Decision criteria	2 Single Fund (under WRIF umbrella)	3 – Two pillars (Merge Business Investment & Local Communities & Enterprise)	4 Three pillars	Comments
Are the objectives sufficiently similar across the fund(s)?	Y	Y	Y	All 3 proposed pillars have similar objectives around economic recovery

Decision criteria	2 Single Fund (under WRIF umbrella)	3 – Two pillars (Merge Business Investment & Local Communities & Enterprise)	4 Three pillars	Comments
Ability to target investment against the three themes highlighted from economic analysis?	P	P	Y	Only the three-pillar structure enables targeted investment to reflect the themes from the economic analysis. A single fund or two fund structure can target investment against the broad objectives but will not allow a priority focus on different outcomes and thus only partially meets the criteria
Ability to target specific recipients/beneficiaries?	N	Y	Y	There is some cross over of recipients between the Business Investment Growth Fund and the Local Communities and Enterprise Fund (SMEs, business) but the recipients of the Property Investment Fund are quite different.
Will the fund(s) offer similar types of finance?	Y	Y	Y	Both the Business Investment Growth pillar and the Local Communities and Enterprise pillar will have the ability to provide debt and equity. The Property & Infrastructure pillar might offer a wider array of intervention including supporting other financial structures e.g. corporate guarantees and local help to buy
Will the fund(s) deliver similar benefits?	P	P	P	The financial and non-financial benefits are likely to be different across the 3 pillars
Will the fund(s) be appealing to the market?	P	P	Y	The potential market for each pillar is different and it is unlikely that a fund manager would have the knowledge and experience to operate across the 3 areas
Ability to set different investment criteria/due diligence requirements?	N	P	Y	The scale of investment and level of risk is likely to differ and the criteria and decision-making process needs to be tailored accordingly. A two-pillar fund structure provides some additional flexibility to tailor the investment criteria and decision making and thus partially meets the criteria whereas a three fund structure provides the most amount of flexibility
Will the costs/resources to the Council to set up be similar?	Y	N	N	There will be additional resource and costs associated with setting up more than one single fund
Ability to enable/	P	Y	Y	A single fund partially meets the criteria in that some investment can enable

Decision criteria	2 Single Fund (under WRIF umbrella)	3 – Two pillars (Merge Business Investment & Local Communities & Enterprise)	4 Three pillars	Comments
accelerate developments?				development. Separate pillars for property & infrastructure however will enable a focus on and prioritisation of enabling developments.
Will the risks be more easily managed/mitigated?	N	Y	Y	Separate pillars enable due diligence and investment criteria to be tailored to the risk

145. The economic analysis highlighted three themes for investment and thus proposed a structure of three flexible pillars of investment aligned with each theme. Decision 2 compares this three-pillar structure with a single or two pillars which would see the Business Investment and Local Communities & Enterprise pillars merged. A matrix, using the same scoring key, is provided above to demonstrate the extent to which an option meets the decision criteria.
146. Decision 2 assesses the most appropriate structure for the Funds by giving consideration to the objectives, types/scale/size of investment, ability to target different recipients and benefits and appeal to the market. The table above compares three options against the decision criteria:
147. The matrix table above demonstrates that **Option 4** – the option to have three pillars within the WRIF is the best option to meet all the decision criteria. The rationale for a three-pillar structure is set out below:
- All three pillars have similar objectives around economic recovery.
  - The three pillars have been defined to reflect the three main themes of investment from the economic analysis.
  - The focus of each of the three pillars are sufficiently different to indicate that a fund structure that allows different recipients/beneficiaries and different benefits to be targeted is most suitable.
  - A three-pillar structure, with a focus on enabling development via the Property & Infrastructure Fund allows the opportunity to accelerate development
  - A three-pillar structure will enable different investment criteria, governance and decision making to be tailored to the scale, type and risk of investment. It also allows for more effective risk management. This arrangement gives the Council more flexibility in terms of the structure and repayment terms of the investment.
  - The investment market is distinct, and a three-pillar structure will allow more specific gaps in the market to be targeted.

- g) A three-pillar structure will allow market differentiation and make it a more attractive option for potential Fund Managers that have specific skills and experience in each area.

148. The management of a three-pillar structure will now be considered further via Decision 3.

Decision 3: The future management arrangements for the Fund or Funds

149. Based on the preferred fund structure determined by Decision 2, Decision 3 considers the options for:

- The Council to manage all three pillars in-house using their own (or appointed) resources (Option 5 – Insource all)
- The Council to outsource all three pillars and use external fund management (Option 6 – Outsource all)
- The Council establish a mixed economy option where they internally manage some aspects and outsource others (Option 7 -Mixed Economy)

150. The matrix table below sets out how the three options relating to the future management arrangements for the Fund(s) meet the decision criteria. The same scoring key is used to assess each option.

Decision criteria	5 Insource all	6 Outsource all	7 Mixed economy	Comments
Is there sufficient knowledge, experience, skills and resources to operate the funds?	N	Y	Y	The Council are unlikely to have the resource capacity, skills and experience to internally manage all 3 of the Pillars. Outsourcing or a mixed economy option allows the market to respond and tailor the offer against the fund management requirements.
Is there an existing market to utilise?	N/A	P	Y	There is a clear market for the Business investment and potentially the Property Investment Pillars but it is less well defined for the Local Communities & Enterprise. The Council could outsource all three pillars but there is likely to be less market interest or capability to manage all three and thus the criteria is only partially met.
Is the offer likely to be attractive to the market?	N/A	P	Y	The Council are likely to want the flexibility to have a mixed economy of management support which is tailored to where knowledge, resource and skills are required. The potential market for each pillar is different and it is unlikely that a fund manager would have the knowledge and experience to operate across the 3

Decision criteria	5 Insource all	6 Outsource all	7 Mixed economy	Comments
				areas and therefore the criteria is only partially met.
Financial regulation (through FCA) advice is required	Y	Y	Y	Some FCA regulated management is recommended for some of the higher risk type of investment. This would need to be sourced as required
Does the Council have legal powers for this Fund Management arrangement?	Y	Y	Y	Yes, with adequate support from advisors.
Will this arrangement attract or leverage additional investment or finance?	N	Y	Y	Outsourcing options provide the opportunity to leverage private sector finance
Will the costs/resources to operate be lower to the Council?	N	P	Y	The Fund will cover all costs for resources as well as any transaction fees and charges. The aim is to make the Fund run as efficiently as possible, seeking to pass costs on to borrowers wherever appropriate. The Council are unlikely to be able to run the Fund in the most efficient way and therefore Option 5 is a No. The size and activities of the fund are different, and it will take time to scale up from the initial set up – this may mean there isn't justification for the costs of procuring and setting up an external fund for the entire WRIF from day one and therefore option 6 only partially meets the criteria.
Will the risks be more easily managed/mitigated?	N	Y	Y	Outsourcing and mixed economy options ensure that market knowledge, experience and expertise is a key part of investment decision making, management and monitoring

151. The matrix table above demonstrates that **Option 7 – the option of having a mixed economy for Fund Management** is the option that best meets all the decision criteria. The rationale for a mixed economy being the preferred option is set out below:

- a) From discussions with officers, the Council do not currently have the resource capacity, knowledge, skills or experience to manage the WRIF all in house.

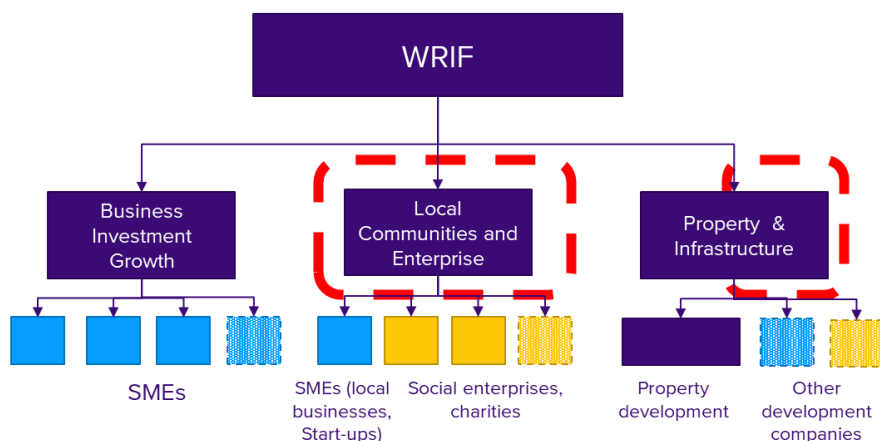
- b) Outsourcing all of the pillars may not be the most attractive option to the market as the types of proposed investment and scale of businesses to be supported is varied and the market engagement completed to date indicated that multiple fund managers or specialist would be required. Outsourcing all may also not be justified in terms of costs – the size and activities of each proposed pillar are different, and the volume of potential investment opportunities is expected to differ also. It is also anticipated that the scale of the WRIF will take time to build up and on this basis, there may not be justification for the costs of procuring and setting up an external fund for its initial operation. The potential market for each pillar is also different and it is unlikely that a single fund manager would have the knowledge and experience to operate across the 3 areas.
- c) The Council are likely to want the flexibility to have a mixed economy of management support that secures the advantages of external expertise, resource, capacity, and knowledge of sectors and the investment market but which provides some involvement and control for the Council plus the opportunity for skills transfer too. A mixed economy option is also tailored to where knowledge, resource and skills are required to ensure the due diligence and management of risk is effective and appropriate to the scale and associated risk of investment.
- d) A mixed economy option provides the option of scaling up the management arrangements – starting with internal management and then moving to external management to get wider expertise where and when appropriate.
- e) A mixed economy option provides the opportunity to leverage private sector finance when funds are delivered externally or in partnership.

#### THE PREFERRED OPTION

152. Using the decision criteria across a three-decision staged approach it has been determined that **Option 7 – Establishing a WRIF with a three-pillar structure and a mixed economy of fund management is the preferred option.** A visual of this option is shown in the diagram below:



## Option 7: WRIF mixed economy



Mix of in house and outsourced. This is illustrative and actual mix to be determined by market engagement

153. The red boxes in the above diagram are indicative only to illustrate the parts of the fund which may be managed externally.

### WRIF INVESTMENT CRITERIA

154. All investment decisions that are to form part of the WRIF will be assessed against a set of predetermined criteria that covers both its strategic alignment with the Fund objectives and whether it meets financial, economic, and social value, and environmental criteria that will be set differently for each of the three funds.
155. Across the three pillars, particular focus will be given to investment opportunities that:
- Stimulate job creation of skilled or entry level jobs in the county
  - Can or will leverage additional resources or funding
  - Increase social value – where the investment brings benefits to local residents, removes barriers to employment, supports health and well-being, protects and enhances the natural environment, creates better places to live and/or maximises opportunities to strengthen community capacity and resilience.

### Investment Priorities

156. The WRIF will also be used to accelerate and promote investments in **priority sectors** (those sectors considered as important for economic growth) and for **priority business** types (the size, scale and type of business activity it is engaged in) and for investments that **enable development**. Separate Priorities will be set for each element or pillar of the WRIF with a focus on:
- The Business Investment Growth Pillar (BIGP)** will focus on growth in order to underpin medium- and longer-term recovery rather than addressing the short-term effects of the pandemic. The

priorities for investment will be **priority sectors** where Warwickshire already has particular strengths and are growing sectors.

**The Local Communities & Enterprise Pillar (LC&EP)** will focus on investment opportunities that address the local challenges and economic and social consequences of the pandemic in the short term. The priorities for investment will be **priority business types** such as new and growing small and medium sized businesses. It will be a closed fund extending no longer than 5 years.

**The Property & Infrastructure Pillar (PIP)** will focus on enabling developments that underpin medium- and longer-term recovery. The priority focus will be on **enabling development**.

157. These criteria are outlined in more detail in the Commercial Case and in full in the WRIF Strategy at Appendix A.

## MEASURING SUCCESS & BENEFIT REALISATION

158. The WRIF will manage all investments by monitoring outcomes against different performance measures. The Fund will be set up to best meet WCC's objectives and support its outcomes around increased GVA, business growth and the creation of new jobs.
159. Initial work has indicated that it is desired for the fund to deliver the following direct benefits (delivered through the WRIF rather than other measures) – these are to be quantified and informed by the market engagement

Benefit	Measures & Quantification
<b>Support business and grow the economy;</b> create the conditions for business innovation and investment to support business growth in growing sectors and drive economic growth.	Annual GVA / Value of GVA uplift to the County Number of new start-up businesses / businesses supported Business rates income Council Tax income County-wide equitable distribution of funding
<b>Increase the rate of employment;</b> investment stimulates job creation with an increase of skilled or entry level jobs in the County	Number of jobs created/ filled by unemployed Number of jobs safeguarded
<b>Provides employment land and premises;</b> investment addresses the lack of appropriate employment land and premises in the County	Creation of employment land and premises
<b>Creates Housing Growth;</b> investment supports housing growth and infrastructure	Number of new homes, split by type
<b>Enables Carbon reduction;</b> investment in environmentally and/or economically sustainable businesses that are driving climate change benefits, carbon neutral and low carbon initiatives	An increase in the use of/public support for low and zero carbon technologies Number of responsible investments
<b>Increases Social Value;</b> investment brings benefits to local residents by promoting initiatives that increase skills and capabilities, removes barriers to	Poverty premium how may people's lives have they

Benefit	Measures & Quantification
employment, improves health and wellbeing, protects and enhances the natural environment, creates better places to live and maximises opportunities to strengthen community capacity and resilience.	touched and households helped
<b>Attracts inward investment;</b> investment attracts new employers, increases employment and brings wealth into the local economy	Value of third party/private sector investment leverage
<b>Enables development;</b> investment unlocks the development potential of sites or kick starts stalled developments to quicken the pace of housing delivery and creation of employment land to support jobs	Number of brownfield sites remediated Sq ft of development
<b>Improves connectivity;</b> improves the county's infrastructure and connectivity to break down barriers to digital inclusivity	Increased network capacity

160. Further work will be completed and collated within the WRIF Investment Strategy to set out the full set of benefits, measures and quantification.
161. Further detail on the scale of benefits is included in the Commercial Case to help understand the benefits that can be delivered from varying levels of Council investment.

## ECONOMIC RISKS

162. The key economic risks are:
- The Council, via the Fund, is unable to cover the costs of investments and therefore cannot sustain WRIF to deliver benefits in the medium to longer term;
  - The Council loses money on investments and this directly impacts on its future ability to meet its MTFS;
  - The Fund does not deliver the range of benefits or to the targets that have been set;
  - Increasing economic issues/recession require more finance/a larger Fund to support economic recovery;
  - Political support for the Fund reduces or changes significantly;
  - The current investment market changes and therefore the gap/rationale/focus of the Fund is no longer relevant.
163. These risks will be taken into consideration in the Commercial Case and Financial Case, together with commercial and financial risks, to ensure the preferred option is defined and targets set that give the Council the best opportunity to meet its objectives and deliver against the benefits and outcomes it is aiming to achieve.

## CONCLUSION – PREFERRED APPROACH

164. The preferred approach, and the approach to be taken forward as part of this Business Case, is the option to establish the WRIF with a three-pillar structure and a mixed economy of fund management.
165. This option is the preferred approach because:

- Establishment of the WRIF is aligned with strategic priorities and will enable the Council to have a dedicated fund and a targeted approach to support the economic recovery of the County.
- A do-nothing option, that relies on contributions from the existing investment market and broader government response to the pandemic, has been discounted for not directly contributing towards the Council's aims and objectives or strategic priorities and not supporting a targeted approach to the economic recovery of Warwickshire.
- The Fund will manage investments by monitoring outcomes, be set up to best meet WCC's objectives and will use investment criteria to support its outcomes around increased GVA, business growth and the creation of new jobs.
- The three-pillar structure reflects that the proposed three funds are sufficiently different to require a fund structure that allows different recipients and different benefits to be targeted.
- A three-pillar structure is also expected to be more attractive to the market by allowing specific gaps in the market to be targeted and the skill set for Fund Management to be able to be tailored to the specific requirements.
- A three-pillar structure also ensures that the investment criteria, governance and decision making can be tailored to the scale, type and risk of investment which is expected to differ across each of the funds.
- A mixed economy of fund management secures the advantages of external expertise, resource, capacity, and knowledge of sectors and the investment market but which provides some involvement and control for the Council plus the opportunity for skills transfer too.
- A mixed economy option is also tailored to where knowledge, resource and skills are required to ensure the due diligence and management of risk is effective and appropriate to the scale and associated risk of investment.
- A mixed economy option provides the option of starting incrementally and then scaling up the management arrangements – starting with internal management and then moving to external management to get wider expertise where and when appropriate.
- A mixed economy option provides the opportunity to leverage private sector finance when funds are delivered externally or in partnership.

## 5. Commercial Case

166. The purpose of the Commercial Case is to address any issues of commercial feasibility and seeks to answer the question “can the proposed solution be effectively delivered through a workable commercial deal or deals?”
167. In the case of the WRIF this section outlines the opportunity for, and route to, invest as well as the commercial issues that any decision to invest must address.
168. This section also outlines the types of investment, commercial terms and decision-making process by which all investment opportunities for the WRIF will be assessed together with the fiduciary and commercial considerations the investment opportunities progressed by the WRIF must satisfy.

### MARKET DEMAND

169. Market engagement was undertaken to explore the current investment activity that is supporting businesses in the county. The findings from the market engagement are being used to shape the proposals for the WRIF. It is intended that the WRIF will be designed to complement and enhance the existing investment landscape, to address the perceived gaps in the provision of finance, and not compete with or dilute the role of other Funds already operating in the County or wider region.
170. There appears to be clear demand for finance from Warwickshire businesses: £12m of £85m invested by the MEIF has been into businesses operating in Coventry & Warwickshire. Whilst fund managers do not specifically measure or record investments in Warwickshire as distinct from Coventry, they all indicated that there was a role for the WRIF to provide additional, unmet demand for finance and that additional targeted capital would be beneficial and could be utilised to support the Council’s objectives.
171. On the basis of the conversations with fund managers, the main perceived gaps are:
  - Business loans between £1.5m and £5m
  - Start-up finance
  - Capital with longer term payback than is traditionally granted by banks e.g. 3-5 years
  - Equity/mezzanine finance
  - Management buy-out or company refinancing.

### FUND STRUCTURE

172. The preferred approach determined in the Economic Case is to establish a three-pillar structure within which the WRIF which will act and be treated for governance purposes as an overarching Fund portfolio.
173. The three pillars proposed to operate within the WRIF are:

- Business Investment Growth Pillar
- Local Communities & Enterprise Pillar
- Property & Infrastructure Pillar

174. Each Pillar is proposed to have a different focus, different investment criteria, different types of investment, different management arrangements and different target beneficiaries and outcomes. Further detail on each of these Pillars is provided in the following sections.
175. Warwickshire Property Development Company (WPDC) will also contribute towards the Property & Infrastructure Pillar, however WPDC has its own separate Business Case and Business Plan and does not therefore form part of this Business case.

## SUMMARY OF THE FUNDS

176. A total fund size of c.£140m is proposed across the three pillars. The overall single fund is flexible, so these amounts are movable between funds based on market need and changes in economic and financial conditions.
177. A breakdown of the total portfolio is as follows:
- £90m for the Business Investment Growth Pillar
  - £10m for the Local Communities & Enterprise Pillar
  - £40m for the Property & Infrastructure Pillar
178. In reflection of the feedback from the market engagement, the following tables summarise the key features and proposed terms for each individual fund operating within the WRIF. Further detail on each individual fund is then provided in the paragraphs below.

*Table 1 -Investment Priorities*

Name	Description	Priorities
<b>Business Investment Growth</b>	Finance for growing businesses with sound prospects	Priority industries <ul style="list-style-type: none"> <li>• automotive technology,</li> <li>• advanced manufacturing and engineering,</li> <li>• digital creative/video game development</li> <li>• tourism and hospitality</li> <li>• logistics</li> <li>• house building/ modern methods of construction (MMC)</li> <li>• 'green' /sustainable technologies or industries</li> <li>• rural industry and enterprise</li> <li>• social care or other supply markets of the Council</li> <li>• Any new sector that creates skilled or entry level jobs</li> </ul>
<b>Local Communities &amp; Enterprise</b>	Aimed at addressing local challenges and the economic and social	Priority business types <ul style="list-style-type: none"> <li>• New and growing SMEs</li> </ul>

Name	Description	Priorities
	consequences of the pandemic	<ul style="list-style-type: none"> <li>• Small, local businesses that support social capital</li> <li>• Start ups</li> <li>• Social enterprises</li> <li>• Environmentally and/or economically sustainable businesses that are driving climate change benefits, carbon neutral and low carbon initiatives</li> <li>• Those businesses that create entry level jobs and/or increase skills</li> <li>• Those businesses where investment will improve high streets and town centres</li> </ul>
<b>Property &amp; Infrastructure</b>	Provide loans to invest in commercial sites, premises and infrastructure. Support viable developments to underpin economic recovery	Priority is on enabling development: <ul style="list-style-type: none"> <li>• Supporting viable external led schemes where they fit the investment strategy</li> </ul>

Table 2 -Key Investment Features

Name	Indicative fund size	Investment size & volume	Investment term	Investment type
Business Investment Growth	[£90m]	<£10m (Approx. 2-5 per annum. Low number of high value loans)	Up to 10 years	<ul style="list-style-type: none"> <li>• Predominantly commercial loans</li> <li>• Management Buy Outs/ Acquisitions / Refinancing</li> </ul>
Local Communities & Enterprise	[£10m]	<£1m (Approx. 10-30 per year. Higher volume, lower value loans)	Up to 5 years	<ul style="list-style-type: none"> <li>• Commercial loans</li> <li>• Equity investment</li> <li>• Co-investment with social investment partners</li> <li>• Other more innovative products</li> </ul>
Property & Infrastructure	[£40m] For investments that sit outside WPDC	<£40m	Up to 10 years	<ul style="list-style-type: none"> <li>• Commercial loans</li> <li>• Equity investment</li> <li>• Corporate guarantees</li> <li>• Joint Ventures</li> </ul>

## THE FUNDS IN DETAIL

### Business Investment Growth Pillar

179. The Business Investment Growth Pillar will **focus on growth in order to underpin medium- and longer-term recovery** rather than addressing the short-term effects of the pandemic. The priorities for investment will be **priority sectors** where Warwickshire already has particular strengths and are growing sectors.
180. This Pillar is most closely aligned with the following in the current investment market:
- Debt finance between £100k and £1.5m offered through the MEIF by the Maven CP fund manager
  - Frontier Development Capital for mid-market SME with debt finance up to £7.5m.
181. The gaps this pillar would be addressing as identified by the market engagement are:
- A scarcity of funding for Warwickshire businesses in the £1.5m to £5m debt space that was highlighted by those we spoke to as part of the market engagement exercise
  - The problem of companies securing capital finance with a longer term pay back in industries such as advanced manufacturing. The Council are able to take a wider and longer-term view of the impact of debt finance than a commercial organisation
  - Management Buy Out, acquisitions or refinancing options.
182. The market engagement exercise confirmed that there is demand for investment in this area. However, it has not been possible to quantify this demand or assess the scale of finance that is required by Warwickshire-specific businesses as other current investment vehicles have a wider geographic remit.
183. The proposed size for this pillar has been determined based on the likely value of investments (£), considering market feedback, and the volume (number) of loans anticipated per annum over the 5-year life of the WRIF.
184. The proposed size is £90m with individual investments up to a limit of £10m. The type of investments will be predominantly commercial loans with investment into sound and established businesses which require capital to grow and where Warwickshire already has particular strengths.
185. Considering the size of individual investments, it is anticipated that there will be a low number of higher value loans with approximately 2-5 successful investments approved per annum.
186. Due to the smaller volume of loans and the predominance of more straightforward commercial loans as a type of investment it is recommended, in the first instance, that this Pillar could be managed internally by the Council with the support of a range of legal, financial, commercial and technical external advisors as required. MBO and acquisitions require more specialist skills and if this is an area that the Council would like to provide support in further work should be done on how best to deliver this type of finance.
187. For the remaining finance options in this pillar there is an existing market for fund managers operating at the lower levels of investment (<£10m) and if the Council found there was a higher



level of demand or demand for more complex products, it is possible that an external fund manager could be engaged at a later stage.

### **Local Communities & Enterprise Pillar**

188. The Local Communities & Enterprise Pillar will focus on investment opportunities that address the local challenges and **economic and social consequences of the pandemic in the short term**. The priorities for investment will be **priority business types** such as new and growing small and medium sized viable businesses.
189. This Pillar has similar characteristics to a number of other funds operating in the region, including those supported by the Council (through CWRT) and through the MEIF. These characteristics include:
  - Capital loans up to £75k – operated by CWRT on behalf of the Council
  - Proof of concept – early-stage equity finance up to £750k operated by Mercia as part of the MEIF
  - Equity finance - later stage equity finance up to £2m operated by Midven as part of the MEIF
  - Debt finance - business loans up to £1.5m operated by Maven CP as part of the MEIF
  - Small business loans – up to £150k operated by BCRS as part of the MEIF.
190. However, market engagement identified that within the space of the Local Communities & Enterprise Pillar there remain some areas where there is believed to be unmet demand (definitions for these terms are included in the glossary):
  - Debt finance for micro-businesses (<10 employees)
  - Start-up equity
  - Mezzanine finance
191. In addition, engagement also identified that the current supply of funding was insufficient to meet the high demands brought about by the current pandemic.
192. There is the potential opportunity for the Council to consider expanding the current arrangements and increasing the amount of finance allocated to the Coventry and Warwickshire Reinvestment Trust. This opportunity will be tested via further market engagement.
193. The market engagement did not identify any insights on the social enterprise space as the existing providers have no previous experience in this space. It is intended that this aspect of the fund be further tested during the second stage of the market engagement.
194. Whilst the exercise confirmed that there is demand in these areas, it has not been possible to quantify this demand or assess the scale of finance that is required by Warwickshire-specific businesses as other current investment vehicles have a wider geographic remit.

195. The proposed size of £10m has been determined based on the likely value of investments (£), considering market feedback, and the volume (number) of loans anticipated per annum over the 5-year life of the WRIF.
196. This pillar is intended to operate as a closed fund with a investment horizon limited to 5 years.
197. The proposed size is £10m with individual investments up to a limit of £1m. Investments are likely to be relatively small in size and given to a broad range of organisations which may include social enterprises and potentially individuals. There is also expected to be a broader range of types of investment to enable it to deliver the interventions that the market requires.
198. There is anticipated to be a higher volume of lower value loans in the region of approximately 10 -30 investments approved per annum, with an average size of c.£100,000.
199. Considering the focus on the short-term impact of the pandemic and drive for economic recovery, and due to the broader types of investment, higher volume of loans and objective to deliver finance in the short term it is recommended that this Pillar is externally managed. The types of finance proposed to be offered is quite wide, requiring different skills sets to operate and this would be difficult for the Council to manage. This approach will allow the Council to engage market specific advice and additional support to undertake the level of due diligence required for potentially higher risk investments.
200. The Council's legal advisors have also provided the following advice that provides additional rationale for the management to be external:

*The investment activities for WRIF that may move us close to the territory of consumer lending and these must be kept under close review to ensure that we do not stray across the lines. The most obvious area of risk is any lending to small businesses who may be sole traders and the most likely theme where this could arise is in relation to the Local Communities and Enterprise investments. Although there are specific exemptions to FSMA which can be used for lending to individuals for business purposes, the requirements of the exemption (which include a declaration by the individual as to the purpose of the loan) need to be closely followed to ensure that the parties do not inadvertently create a regulated loan. There may also be some situations where the fund may potentially be dealing with individuals which do not readily fit within the available exemptions.*

201. In consideration of the above, it is recommended that the Council look to work with a regulated entity in order to administer the LC&EF pillar. This would enable the Council to contract with the third party in order to rely on their existing FCA authorisation and for the Council to indirectly fund regulated loans if required.
202. As such, it is clear that the appropriate approach would be to seek external FCA regulated advisors to manage this Fund who will be qualified to undertake the appropriate level of due diligence required.
203. Given this variety of skills and potential for regulated activities it is unlikely that any single fund manager would offer the full suite of financing offers proposed. Further work is required to

establish the exact market offer but it is likely that equity products would need to be offered to the fund management market separately to debt finance; and starts-up as well as social enterprises would each require a specific focus/fund manager. Fund managers felt that the minimum size of fund they would be interested in operating was around £20m unless it aligned with an existing fund with a team already on the ground. The Council will therefore need to consider:

- The size of this pillar given market demand, the higher risk profile, and the broader needs of the applicants;
- How/if to allocate investment across the components;
- Phasing the introduction of this pillar, perhaps focussing on a specific type of finance of business first whilst aiming to maintain as much flexibility as possible going forward;
- Collaborative (perhaps specific in the contract) or adviser/partnership arrangements across fund managers.

### **Property & Infrastructure Pillar**

204. The Property & Infrastructure Investment Pillar will focus on enabling developments that underpin medium- and longer-term recovery including the provision of housing across a range of tenures. The primary focus will be on **enabling development**.
205. Market engagement has indicated that this could be one of the fastest growing spaces for investment with a direct link to growth. There is an existing market for this type of finance, however, companies still struggle to get traditional finance for speculative developments i.e. land which is developed with no formal commitment from end users. Though, no information was available on the demand for investment in this area from Warwickshire specific businesses.
206. It is anticipated that this Pillar will initially be established and managed by the Council. However, it is accepted that Council may not have the in-house capacity, regulatory requirements or skill sets to undertake the work required to gain the most out of this Fund.
207. The Council may elect to procure fund management services for this Pillar. The nature of the likely investments and the potential to attract and leverage other investment means that a Fund Manager may need to be regulated by the Financial Conduct Authority (FCA); however, these requirements will be tested with the market.
208. This Pillar has a broader aspiration to enable development in the County beyond that of WPDC.
209. The Pillar is set up to target projects which are key to delivery of the County's growth, in support of innovation, business growth and regeneration. It will address funding market failures, accelerate and increase investment in private sector led development and site-specific infrastructure. The pillar provides the Council with the necessary finance to unlock projects, with the risk managed in accordance with a pre-approved Investment Strategy.

210. An amount of £40m has been identified through market engagement as a minimum amount that would provide a sufficiently robust fund to meet the wider needs of the county's Property Market. Evidence of similar Funds set up at a regional level suggest that this amount of resource could typically attract an external fund manager and leverage a similar amount of finance to provide greater reach.
211. As previously noted, the Council should consider further whether there is sufficient unmet demand to offer finance more widely to Warwickshire businesses undertaking development projects in the County and this may be more appropriately offered through an external fund manager.

### SCALE OF BENEFITS

212. Defining the potential benefits of the WRIF will, in part, depend on the level and nature of support given to specific businesses. However, it is possible to draw conclusions about the potential benefit the WRIF could bring to the county by assessing the impact of other regional funds.
213. The European Regional Development Fund (ERDF) focuses investment on a range of priority areas to redress the balance between richer and underdeveloped regions in the EU in order to allow those underdeveloped regions to attract private sector investments and create jobs on their own. ERDF have prepared a series of 'ready reckoner' (standard numerical calculations) that can be used to facilitate an assessment of the level of benefits investment can bring.

#### Direct Benefits

214. Using 'ready reckoner' metrics from ERDF it is possible to illustrate an estimate of the scale of direct benefits that the WRIF may be able to deliver according to the proposed size of the fund and individual pillars of investment. The table below indicates the potential range of benefits the WRIF as a portfolio fund at £140m could deliver:

<b>WRIF - £140m</b>	
<b>Projected outcomes</b>	<b>Summary</b>
Jobs created	2,500 - 3,400
Jobs safeguarded	2,700 - 3,900
Annual regional GVA (£m)	110 - 160
Number of Businesses supported	118
Private sector leverage (£m)	£78 - 104m
Public sector leverage (£m)	£26 - 35m
Land remediated (hectares)	15-23 ha

215. These figures can be further broken down to demonstrate the scale of direct benefits that the WRIF could deliver between each of the individual pillars proposed as is shown in the tables below.

#### **Business Investment Growth (£90m)**

<b>Projected outcomes</b>	<b>Range</b>
Jobs created	1,800 - 2,400
Jobs safeguarded	2,200 - 3,200
Annual regional GVA (£m)	86 - 116
Number of businesses supported	18
Private sector leverage (£m)	70 - 95
Public sector leverage (£m)	23 - 32

#### **Local Communities and Enterprise (£10m)**

<b>Projected outcomes</b>	<b>Range</b>
Jobs created	207 - 263
Jobs safeguarded	247 - 350
Annual regional GVA (£m)	9.5 - 13
Number of Businesses supported	100
Private sector leverage (£m)	7.5 - 11
Public sector leverage (£m)	2.5 - 3

#### **Property & Infrastructure (£40m)**

<b>Projected outcomes</b>	<b>Range</b>
Jobs created	500 - 760
Jobs safeguarded	270 - 420
Annual regional GVA (£m)	20 - 30
Land remediated (hectares)	15 - 23

#### Indirect Benefits

216. It is also important to recognise that the WRIF will support the delivery of a range of indirect, and non-cashable, benefits to the Council, the wider Public Sector, and the county as a whole.
217. As well as measuring the total number of jobs created by the fund, i.e. the cost per job created, it is also worth considering the costs avoided by safeguarding jobs that, if lost, could lead to an increase in subsequent unemployment. When a job is lost there is the potential for additional costs to be felt throughout the public sector purse, most obviously through unemployment support. However, costs can also increase as a result of the need for supported housing, deterioration in health standards and in some case a reduction in educational standards to name but a few. All of these can lead to higher whole life costs as a result of moving from employment to unemployment.
218. Although this metric does not offer the Council any direct return from the investment, it is delivering cost savings to the public purse from employment itself as well as improved health

outcomes and reductions in crime etc. Public Health England in their Moving into Employment Report conclude that employment 'has been shown to improve the wellbeing of individuals, their families, and their communities from both an economic and a quality-of-life standpoint' (Public Health England, Moving into Employment 2017)

219. This is particularly relevant in making the case for investment and accepting that there may be the potential for net loss from some elements of the fund. Any proposed net loss can be balanced by consideration of the cost per job saved (to the public purse) as well as the other wider social and economic benefits of people remaining or returning to employment.

## FUND MANAGEMENT

220. The preferred approach determined in the Economic Case is to set up a mixed economy model where the Council internally manage some aspects of the fund, with the support of external advisors, and outsource other parts of the fund to be managed by an external Fund Manager(s).
221. It is proposed that the Business Investment Growth pillar is managed inhouse by the Council with support from external advisors.
222. It is proposed that the Local Communities & Enterprise pillar and any investments that within the Property & Infrastructure pillar will be managed by an external Fund Manager(s).
223. Flexibility for the WRIF to adapt to respond to the market and scale up and down to reflect demand will be important and therefore the management arrangements may adjust as the scale of the Fund increases.
224. Further detail on the management of the WRIF is provided in the Management Case.

## TYPES OF INVESTMENT

225. The Council's legal advisors have recommended that the scope of the WRIF is kept as broad as possible to enable it to deliver the interventions that the market requires.
226. The types of investment that the WRIF will predominantly undertake are commercial loans to businesses within the County that are focused on the key priorities, or that support and enhance the overarching objectives of the Fund;
227. However, the Council will also consider opportunities that require the following types of investment and a decision will be made on a case-by-case basis considering the market, due diligence, assessment of risk and the potential reward/outcomes to be delivered from the investment (definitions for these terms are available in the Appendix):
- Mezzanine Finance;
  - Investment in company equity, for example in start-up companies;
  - Co-Investment – capital or equity – with other Funds or individual investors;

- Purchase of assets: Including housing, [residential] commercial/retail property, land or infrastructure where it can be shown to meet the funds objectives and is in line with PWLB lending requirements;
- Partnerships to leverage additional private sector resources (skills or finance);
- Management buy-outs/acquisitions;
- Corporate Guarantees; and
- Other more innovative products that allow start-ups to repay once they are successful e.g. debts convert to equity or loan repayment 'holidays' for 2 years

228. The type of investment to be undertaken is expected to differ between each individual pillar and has been determined using the feedback from the market engagement, legal advice and accounting considerations as well as from discussions with Council officers. The predominant (but not exclusive) types of investment for each individual pillar are expected to be:

Business Investment Growth	Local Communities & Enterprise	Property & Infrastructure
<ul style="list-style-type: none"> <li>• Commercial Loans</li> <li>• Management buy-outs acquisitions/ refinancing</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial Loans</li> <li>• Equity Investment/Mezzanine Finance</li> <li>• Co-Investment</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial Loans</li> <li>• Equity Investment</li> <li>• Purchase of assets</li> <li>• Corporate Guarantees</li> <li>• Partnerships (Joint Venture)</li> </ul>

229. The most appropriate source of funding for each individual investment will be determined on a case-by-case basis at the time of the investment decision making when the individual opportunity is being reviewed by the Investment Panel via consideration of an Investment Business Case.

## COMMERCIAL TERMS

230. It is proposed that the WRIF will operate with a total investment portfolio size up to [£140m]. The portfolio size indicates the maximum expected exposure of the Council to the activities of the WRIF.

231. From the overall portfolio an allocation will be made to each individual Fund accordingly:

- Business Improvement Growth Fund [£90m]
- Local Communities & Enterprise Fund [£10m]
- Property & Infrastructure Fund [£40m]

232. The Fund, as a whole is designed to be flexible and responsive to market needs. If after an assessment of risk and affordability it is felt that these allocations should change to meet demand,

then this will be addressed by a recommendation of the Investment Panel to Cabinet as ultimate decision maker.

233. Each year Full Council and Cabinet will approve:
  - the relevant annual budgeted amount for the WRIF;
  - review and agree any allocation, if appropriate, across each of the three pillars;
  - set out the WRIF's authority to operate the fund(s) via the Investment Panel for the next year; and
  - the key priorities and themes for investment, should these have changed from the prior year.
234. There will be alignment between the operations of the WRIF and the statutory Investment Strategy and Treasury Management Strategy agreed by the Council.
235. For elements of the fund that are to be internally managed, the investment decision making will be referred to Cabinet with a recommendation from the Investment Panel for consideration.
236. For those pillars under the WRIF that are proposed to be externally managed, the investment decision making will be under the remit and control of the Fund Manager subject to the terms of the contractual arrangement between the Council and the Fund Manager. Authority will be given to the Fund Manager to make individual investment decisions up to the limit of that individual fund and performance against agreed targets will be set out in the contractual agreement.
237. The Fund will seek to operate on the following basis:
  - Make investments where they meet the investment criteria and the objectives of the Fund and the financial return is commensurate with the level of risk taken
  - Offer a flexible approach to financing designed to reduce the impact of market failures, increase economic resilience, and accelerate the delivery of projects
  - Seek full recovery of costs
  - Seek to generate financial returns (over and above costs) to continue to meet the overarching objectives of the Fund through reinvestment or on permitted uses
  - Operate alongside other wider funding streams to accelerate economic recovery and/or the delivery of schemes
  - Leverage private sector investment into priority areas of growth
  - Manage risk at a portfolio level to give the Council the ability to invest in some moderately higher risk activities, where these risks are offset against some lower risk opportunities
  - Use external Fund Management expertise where required to source investment opportunities, undertake due diligence to support decision making, allocate funding and manage and monitor the performance of the Fund in line with the investment criteria
238. The fund will operate on a commercial basis and should not be investing into financially unviable schemes or providing grant. It is envisaged that if a project requires grant to realise its benefits, these funds will be made available from a different source.



- 239. Investment proposals that the Council wishes to progress but that are considered to be outside the remit of the WRIF, to not meet the investment criteria or to exceed the financial delegation thresholds will be referred to Cabinet for a decision.
- 240. The duration of the Fund and closure of the Fund will form part of a recommendation by the Investment Panel to Cabinet. It is suggested that the period of investment decision making for the Fund would operate initially for up to 5 years, with annual performance reporting, at which point the Investment Panel would undertake an assessment of the effectiveness of the Fund as a tool to continue to support delivery of the Council's objectives.
- 241. The exit strategy for an individual investments, as well as closure of the Fund as a whole, will need to be clearly determined and the contractual ability for the Council to close the Fund enabled throughout all contractual specification and documents.
- 242. A Member Oversight Group will be established for the scrutiny of investment decisions where quarterly monitoring reports will be referred and any individual investments or investment decisions can be referred for further scrutiny.

#### IDENTIFYING OPPORTUNITIES

- 243. It is anticipated that a large proportion of the potential investment opportunities available to the Fund will be gained by directly engaging with the local market. Where external Fund Management is in place it will be the role of the Fund Manager to source opportunities using their network. In addition to this a detailed marketing strategy and associated website will be developed that sets out the nature of the fund and pillars, its focus and priority areas and the nature of the investment it is likely to make. This will promote the fund locally and be used to source investment opportunities.
- 244. In addition to the in-house team that will be established for operation of the WRIF, the Council's Economy & Skills Group, Business and Economy Team and the Business Support Programme that is already established and operated by the Council will support the identification of opportunities by signposting local businesses to the Fund.
- 245. The Council may decide to establish 'invitation to bid' windows to ensure that a mix of investment opportunities are sourced together so they can be considered alongside each other and against the WRIF Strategy criteria rather than in a piecemeal fashion. This approach may also ensure more effective resourcing of the Sift and Business Case process.
- 246. There is also an aspiration from the Council plus feedback from the market engagement that an incubator and/or accelerator programme is desired to help start-ups develop a viable investment opportunity and advance the growth of existing companies. The Council will consider the opportunity to create an investor support programme. There is also an existing portfolio for Business Centres and the potential opportunity to combine this offer with incubator/accelerator

support will be explored further via the WRIF. If established this could also be a source for identifying opportunities.

## RESOURCES

247. The Council will establish an in-house team for the WRIF that will operate alongside the existing Business & Economy Team and the Business Support Programme that is already established and being operated by the Council. The in-house team will be responsible for managing the Business Investment Growth pillar and any other elements of the WRIF that are to be internally managed and will report into the Investment Panel that will be established for decision making and management and monitoring of the WRIF.
248. There is anticipated to be one main role of Investment Manager that will be responsible for identifying investment opportunities and developing the business cases for these investments for Investment Panel consideration. This role will need to be resourced appropriately for the WRIF to operate effectively and as the Fund scales up in size there may need to be more than one of this role in the team.
249. To support the initial assessment of bids it is recommended that an IT solution is developed or procured to allow potential investment opportunities to be submitted through a portal; allowing for consistency of information at an early stage.
250. The Investment Manager would be a member of the Investment Panel and will present the investment business case for all investment opportunities that are seeking approval and will report on the financial and non-financial performance of individual investments and the WRIF portfolio overall.
251. The in-house team would also include Business Advisor roles that would signpost potential applicants to the fund, support investor readiness via incubator/accelerator programmes and spend time with investees to fully understand the business proposition prior to business case stage. These support programmes will be part of the remit of the Fund as a whole and will be funded via the operating costs of the Fund.
252. The in-house team will be supported by a team of external legal, banking, and technical specialist advisors that will need to be sourced externally to the Council. The Council has access to a number of panels and frameworks that may be suitable to source these resources from as well as the option to secure additional resources via direct recruitment.
253. Further detail on these roles and the external advisors required is set out in the Management Case.

## INVESTMENT CRITERIA

254. A WRIF Strategy that sets out the objectives, priorities, type of investment and criteria for assessing investment opportunities is to be approved. This document is included at Appendix A.
255. These investment criteria are to be tested with the market as part of the next stage of market engagement.

## DECISION MAKING PROCESS

256. It is proposed that the WRIF is to have a mixed economy of Fund Management with some elements of the Fund managed in-house, with the support of advisors, and some outsourced to external Fund Managers. The WRIF Strategy will form the basis of the criteria for all investment decisions but there will be an alternative set of arrangements as options for consideration in the business plan, and approach to decision making depending on the management arrangements for each Fund/element of the WRIF.
257. The Council's legal advisors have confirmed that the Cabinet and Council have wide scope to delegate most of their respective functions (relating to the operation of WRIF) to officers and/or relevant sub-committees should it wish to do so.
258. It is proposed that an Investment Panel (an officer body) is established to monitor the performance of the WRIF at a portfolio level and also to guide and make recommendations on any investment decisions that are to be managed in house, with Cabinet making the final decision to invest.
259. The Investment Panel will refer all investment decision making to Cabinet together with a recommendation that reflects the due diligence undertaken and investment business case made. All investment decision making is to be aligned with the WRIF Strategy.
260. A Member Oversight Group will be established for the scrutiny of investment decisions where quarterly monitoring reports will be referred and any individual investments or investment decisions can be referred for further scrutiny.

### Existing Governance arrangements

261. The WRIF will need to operate alongside existing Council governance, particularly the Business and Economy Team but will also seek to complement the governance arrangements and proposed to be put in place for WPDC.
262. The WRIF and WPDC Member Oversight Group could operate as one governance forum, established to monitor performance, achievement against objectives and to scrutinise any decision making as required.

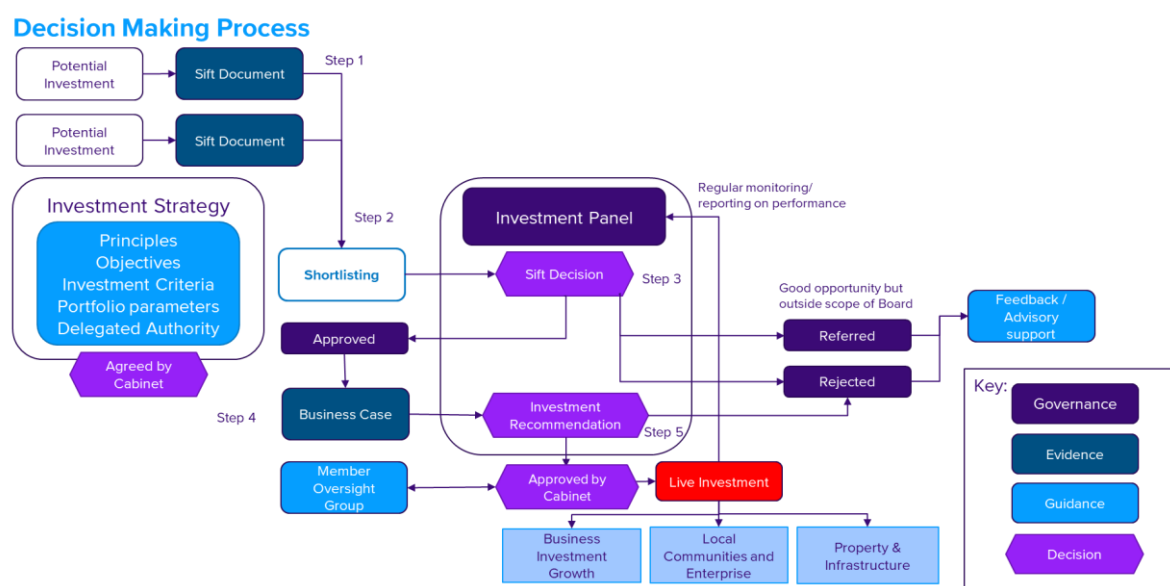
### Decision making - Internal Fund Management

263. The Council's Legal advisors have indicated that Members (and reports to them) should address not only the potential benefits of the proposed fund but also the Council's objectives in relation

to them (e.g. support local economic development); potentially why other options to secure these objectives have been discounted and also the risks of adopting this approach (together with any strategies to manage such risks). This is fundamental to ensure that the Council properly fulfils its fiduciary responsibilities as regards its budget and the money proposed to be invested. Members must have sufficient information to make appropriate and rational investment decisions.

264. In consideration of this advice, we are recommending a robust Sift and Business Case approach to support investment decision making for those elements of the Fund that will be managed in house.

265. The process for making investment decisions is outlined in the diagram below:



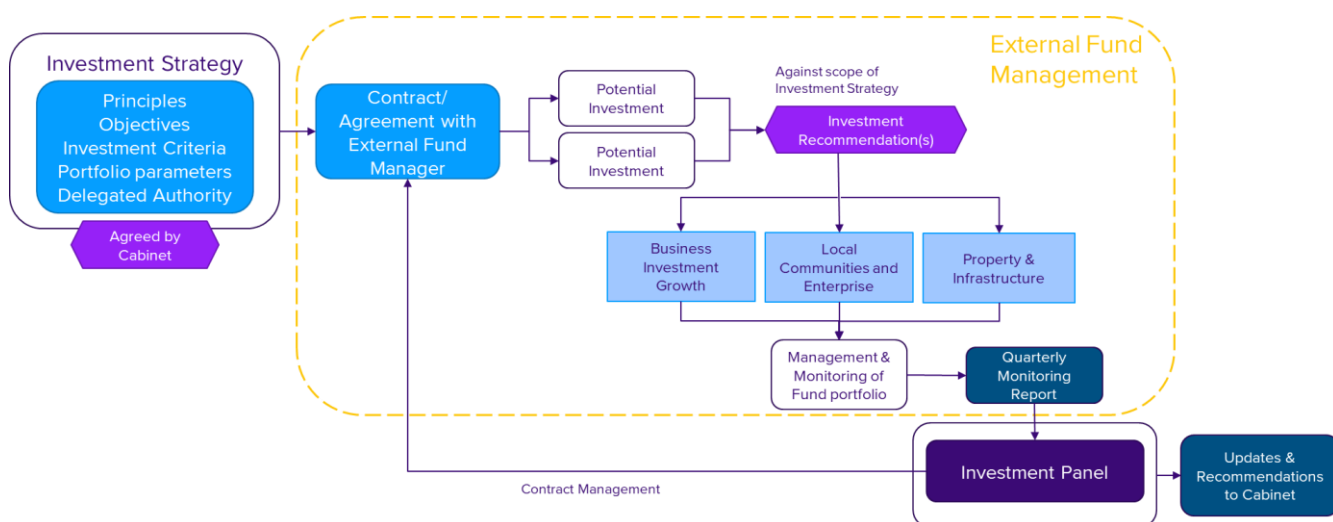
266. Each step is described further here:

- Step 1 – Prepare a SIFT Document:** a short Sift Document should be completed to outline the potential opportunity at a high level
- Step 2 – Sifting process:** The Investment Manager reviews all Sift Documents against the WRIF Strategy and provides a shortlist of potential investments to the Investment Board
- Step 3 – Investment Panel Review:** Investment Panel reviews the shortlisted Sift Documents and rejects or approves them to move to Business Case stage
- Step 4 - Prepare Business Case:** An investment Business Case is prepared by managers of potential investments in conjunction with the Investment Manager
- Step 5 - Investment Panel Decision Making:** Business Case presented to Investment Panel and if appropriate criteria are met, a recommendation is made and the investment is then referred to Cabinet to then approves or reject it for funding. If approved, the investment becomes part of the WRIF.
- Any individual investment decisions can also be referred to the Member Oversight Group for further scrutiny if required.

267. The key information that should be included within the Investment Business Case is:
- Outline of investment opportunity, including total value, investment proposer, date of submission, overview of opportunity, etc;
  - assessment of strategic fit;
  - assessment against Investment Criteria (as set in WRIF Strategy), including quantifiable metrics and how the investment meets Council objectives and PWLB lending criteria;
  - proposed source(s) of funding;
  - financial model of investment, including cash flow, peak debt, etc;
  - investment duration;
  - exit strategy;
  - commercial considerations (vires, state aid, etc.);
  - risks and risk management arrangements split into (1) risks to the borrower and (2) risks to the lender;
  - management and monitoring arrangements; and
  - recommendation and key considerations.

#### Decision making - External Fund Management

268. The involvement of the Council in investment decision making will be reduced where the management of pillar or elements therein is outsourced via an External Fund Manager(s).
269. The process for making investment decisions under an outsourced fund is outlined in the diagram overleaf:
270. A key issue for further consideration is whether to give an external fund manager delegations to a set level and then reporting into the Council or require all decisions to be brought by a fund manager to the investment panel for onward recommendation to Council.



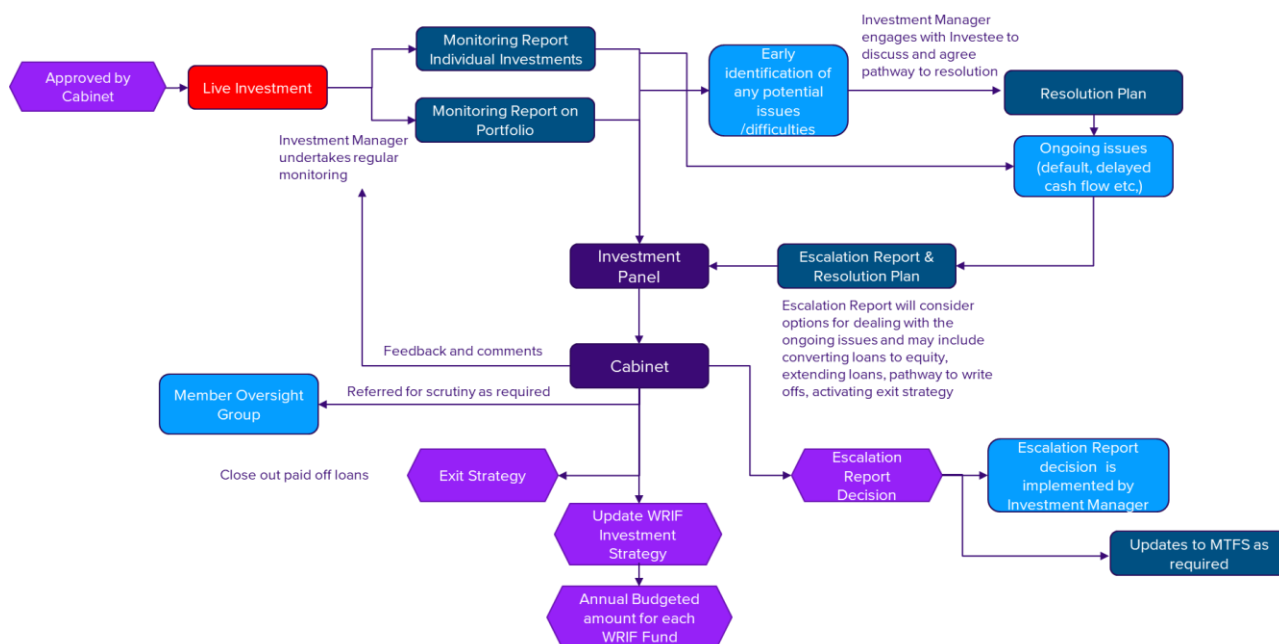
#### Unsuccessful Investments - Feedback/Advisory support

271. The Council are very keen to support potential investees where their investment proposal is closely aligned with the objectives of the Fund but perhaps doesn't meet the investment criteria. There is an opportunity for those investment opportunities that are rejected to be provided:

- Feedback on the proposal and perhaps the opportunity to resubmit following some additional advisory support
- Access to Advisory support via incubator/accelerator programmes or for example the LEP growth hub, to provide the following:
  - Support preparing revised proposal
  - Guidance and signposting to other potential sources of funding
  - Other advice on business resilience

### Managing Investments

272. The following flow chart indicates the type of process that would be undertaken by the Council in managing investments once they have been approved.



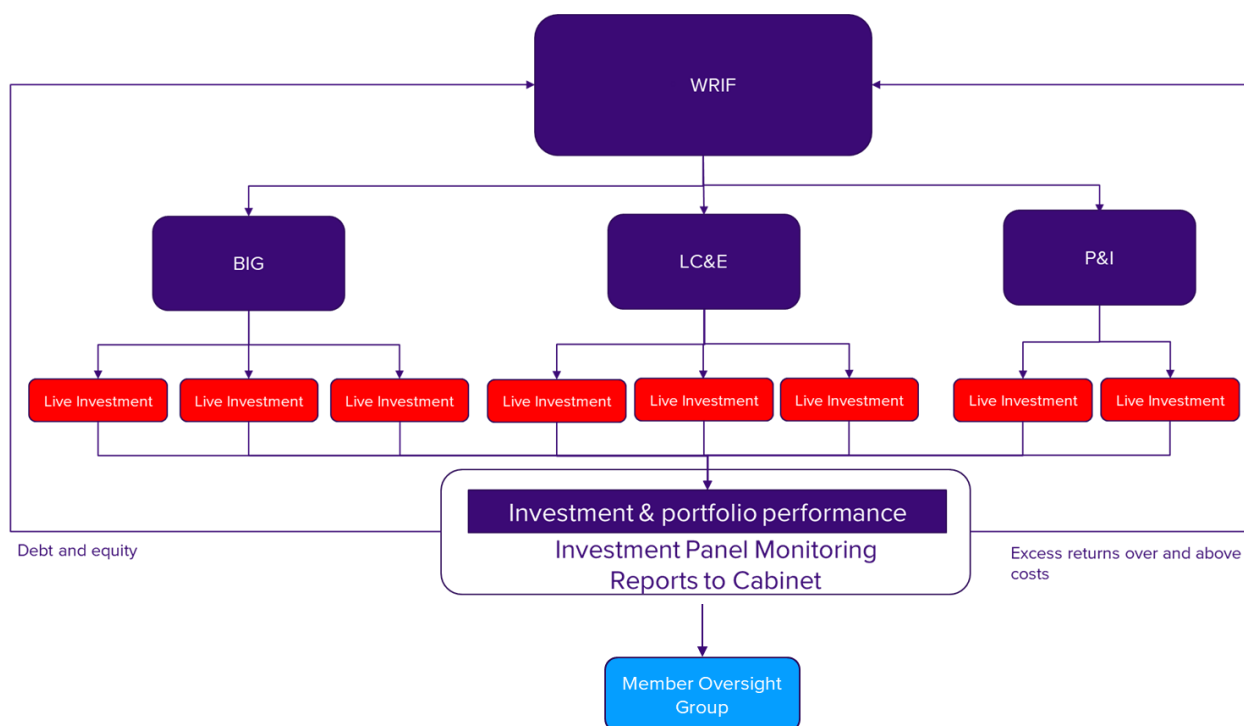
273. The Investment Manager will be responsible for monitoring all live investments and providing monitoring reports to Investment Panel, Cabinet and Member Oversight Panel as required. Challenge to the investment arm and advice to the Investment Panel will be provided via the finance team through a risk focussed role(s).

274. For any instances where potential issues/difficulties have been identified by the Investment Manager in the performance of a live investment they will engage with the investee in the first instance to understand the potential cause of the issues and to agree a Resolution Plan to resolve them.

275. Where there are ongoing issues with a live investment and the potential for default/delayed cash flow etc and Escalation Report and Resolution Plan will be reported to Investment Panel, Cabinet and Member Oversight Panel as required.

#### Performance monitoring

276. Once the investment has been made, the following governance process applies for monitoring the performance of individual investments and the fund as a portfolio:



277. Once an investment is agreed and live, the progress is monitored regularly by the Investment Manager and external Fund Managers with regular reports to the Investment Panel and quarterly performance reports to Cabinet and Member Oversight Group.
278. Debt or equity funding is repaid back into the WRIF at the level of return and cash flow specified. After the costs are repaid, returns generated are fed back into the WRIF and any excess retained for reinvestment into the fund.
279. In both internally managed and externally managed arrangements, individual investment performance will be regularly monitored to ensure it continues to meet or deliver the WRIF objectives.

#### Exit Strategy

280. Establishment of robust monitoring and appropriate exit strategies will also ensure that the Fund remains affordable to the Council throughout the duration of an investment.
281. For all elements of the fund where the management is in-house, Cabinet will have the authority to exit any individual investment subject to the implications of that exit. The exit strategy could

be executed at the end of the investment period or due to a non-performing investment - for example if, following performance monitoring, the investment is determined to not be performing in line with the expected Return on Investment or other key indicators. An exit strategy may also be executed when an investment has met or exceeded its profit target or return on investment if it is deemed commercially advantageous to do so.

282. For all elements of the fund with external management, the authority will be granted to the Fund Manager to determine the appropriate exit strategy for individual investments and to exit any investments at the most opportune and appropriate stage.
283. In any instances where the exit of an investment has potential negative consequences, reputational risk or adverse impact on the financial sustainability of the Fund as a whole, the decision to execute the exit strategy will be considered by Cabinet for a decision.
284. The annual review (or more frequent) provides an opportunity for the Cabinet to consider whether to continue with the fund in future years. This would not only take into account the performance of the pillars but also whether market conditions continued to support the need for the WRIF in part or full.

## PROCUREMENT

285. A procurement exercise will be undertaken to secure Fund Management services to support delivery of elements of the WRIF where it is considered that the type of investment, volume of opportunities, due diligence and/or resource and skills required justify the costs for external management. Consideration as to the structure of this procurement exercise is being undertaken.
286. The broad services expected from external Fund Management are:
  - Sourcing investment opportunities
  - Support to businesses in developing viable business/investment propositions
  - Evaluating applications
  - Due Diligence & Business Case preparation
  - Investment appraisal
  - Investment decision making & allocating funds
  - Valuation services (tbc)
  - Fund Management
  - Performance Monitoring
287. It is anticipated that there will be a requirement for more than one external Fund Manager across the WRIF in order to support operation of the Local Communities & Enterprise pillar and the Property & Infrastructure pillar although this element may not operate from day one.
288. In consideration of the feedback from the market engagement there is the possibility of separate Fund Managers being required for operation of the Local Communities & Enterprise pillar where



there is a broader range of recipients, outcomes, and types of investment. The different management could be with a focus on:

- Start-ups;
- Micro Businesses; and
- Social Enterprise.

289. A soft market testing exercise will be undertaken to refine the details of the Fund, shape the procurement strategy, determine the role of the Fund Manager and the scope and services that can be procured externally. This exercise will also help to provide challenge to the Council's investment criteria and performance and provide some insight into the most appropriate method for incentivising Fund Managers to deliver the priorities of the WRIF. An updated version of the WRIF Strategy will then be brought to Cabinet for approval.
290. The soft market testing will also assist the Council to determine the number of different lots to be procured to reflect the number of external Fund Managers required to support different elements of the Fund in consideration of experience and expertise.
291. It is also anticipated that a procurement exercise(s) may be required to procure some of the advisory resources required to support delivery of the WRIF that will need to be sourced and recruited externally to the Council. The Council has access to a number of panels and frameworks that may be suitable to source these resources from as well as the option to secure additional resources via direct recruitment. However, a procurement exercise may be required to broaden the range of skills available from current existing frameworks.
292. In addition, the Council may decide that an IT solution should be procured to allow potential investment opportunities to be submitted through a portal, allowing for consistency of information at an early stage.

## COMMERCIAL CONSIDERATIONS

293. In addition to the practical mechanisms of investment decision making, including counterparty risk and profile and of return there are four key factors that the commercial case of any investment made by the WRIF must satisfy:
- The Council has sufficient powers to makes the investment (known as vires);
  - The Council's fiduciary duties;
  - There is no State Aid (replacement regulations) associated with the investment; and
  - There are clear exit arrangements.
294. The Council's legal advisors have provided an advisory report at Appendix D to provide guidance on these matters.
295. Specific advice has been given regarding the Powers to set up WRIF and the legal advisors have concluded that:

*“The Council, in principle, has the powers to create WRIF and the related funds for the broad purposes set out in the Strategic and Economic Cases”*

296. This advice is subject to:

- The Council continuing to check vires as the terms of the fund are refined and as particular 'products' or interventions are developed;
- Compliance with the Council's fiduciary duties – which, in view of the potential size of the funds, should address in some depth the risks of (and mitigations) to manage/avoid council losses;
- Adoption of robust governance and accountability processes;
- Ensuring that revenue funding to recipients (of the WRIF funds) is not financed from Council borrowing;
- Ensuring that the use of PWLB funding for the WRIF does not contravene PWLB lending criteria. In particular that it does not amount to borrowing in advance of need nor buying investment assets for yield

297. In consideration of the recently issued PWLB lending criteria and the final bullet point above, the Council must ensure the structure of the funds (and their activities) remain (for capital spending) within the PWLB's guidance's 'permitted activities' and related conditions. Details are included at Appendix E and a positive statement regarding these points will be required where PWLB debt is used to support investments.

298. The legal advisors also highlight that the legal and financial obligations which apply to the Council would to the extent they were relevant also apply to the funds even where they are externally managed. This would include not only distributing the original funding, but also how repayments/receipts are treated.

#### Subsidy Control

299. The UK-EU Free Trade Agreement reached on 24 December 2020 and published on 26 December 2020, contains extensive provisions around subsidy control that must be adhered to and are directly enforceable in UK law as a consequence of the EU (Future Relationship) Act 2020 (unlike the World Trade Organisation (WTO) rules). These arrangements effectively replace the EU state aid laws.

300. The position in relation to subsidy control is of particular relevance to the WRIF as the new regime will govern relationships with third parties. The UK-EU Free Trade Agreement has agreed to maintain a system of control in relation to subsidies and sets out a series of principles that must be adhered to when (in the Council's case) the local authority is transacting with borrowers. The principles governing the agreed regime are essentially based on the EU state aid regime. There are also new obligations around publication of information relating to the grant of subsidies and

different remedies for breach. We are expecting Central Government to provide more legislation and guidance in the forthcoming months.

301. It is anticipated that the WRIF agreements will be on commercial terms which will negate the need to consider the issue of subsidies. However, the detailed compliance requirements will be considered in due course to ensure that the new regime is adhered to and that the risks to the Council of unlawful aid under the new regime are minimised.

#### Regulatory position

302. The legal advisors have indicated that FCA regulation needs to be considered where bodies are lending to individuals who are acting as consumers. The majority of the activities proposed to be funded WRIF are likely therefore be outside of the scope of FSMA and will not require FCA regulation. However, although business to business lending is not caught by the scope of the Financial Services and Markets Act 2000 (FSMA) which details the activities which are subject to regulation by either the Financial Conduct Authority or the Prudential Regulation Authority, there are some instances where the type of business or the activity concerns means regulation is required and it is important to keep the activities under review to ensure that they do not extend to consumer lending. The most obvious area of risk is any lending to small businesses who may be sole traders. In consideration of this, and in particular in relation to the type of activities expected under the Local Communities & Enterprise pillar, the Council may be best seeking the support of external fund management with FCA authorisation for that element of investment.

#### CONCLUSION

303. The economic analysis has assessed the potential impact of COVID-19 on the local economy and determined that there is a role and rationale for the WRIF to be established to support the economic recovery of the County.
304. Engagement with the market has indicated an ongoing and unmet demand for the provision of financial support for Warwickshire businesses for different investment types. There is therefore a clear opportunity for the WRIF to provide investment which is tailored to meet demand.
305. In addition, it was identified that the current level of provision where insufficient to meet overall requirements, as such there is also a clear opportunity for the WRIF to supplement current supply.
306. All the key factors that the commercial case must satisfy have been considered and legal advice has confirmed that the Council has sufficient powers to create the WRIF.
307. The Council must however keep the activities of the WRIF under review to check vires, ongoing compliance with its fiduciary duties, and ensure the structure of the funds (and their activities) remain (for capital spending) within the PWLB's guidance's 'permitted activities' and related conditions.

- 308. The approval of a WRIF Strategy with associated objectives, scope, priorities, type of investment and criteria for assessing investment opportunities will form the basis of the decision-making process for the WRIF and ensure that investment decisions are aligned with strategic priorities but also commercially robust as a viable investment opportunity. It is recommended that this document is regularly reviewed to ensure that it meets the overarching objectives of the Council, whilst still providing a relevant market facing initiative.
- 309. A robust governance and accountability process, through establishment of an Investment Panel and Member Oversight Group, is proposed for adoption whereby all investment opportunities will be assessed via a consistent decision-making process that will ensure that all the commercial considerations are assessed for the investments progressed by the WRIF.
- 310. Specific advice will be required on key investment points to ensure that legal requirements such as appropriate security, financial strength of each entity and the impact each of these has on matters such as State Aid or any legacy matters, have been factored in the decision.
- 311. Assessing a portfolio of investments through the establishment of the WRIF will allow the Council to manage risk and give it the ability to invest in some moderately higher risk activities, where these risks are offset against some lower risk opportunities. A commercial investment case will also be made for all individual investment opportunities that are progressed to business case stage.
- 312. Establishment and resourcing of robust monitoring and reporting of investments and appropriate exit strategies will also ensure that the Fund remains affordable to the Council throughout the duration of an investment. Affordability will be considered in the finance case, but there is a requirement that there is a constant feedback loop between robust monitoring, investment criteria and affordability to ensure investments meet the objectives of the WRIF.

## 6. Financial Case

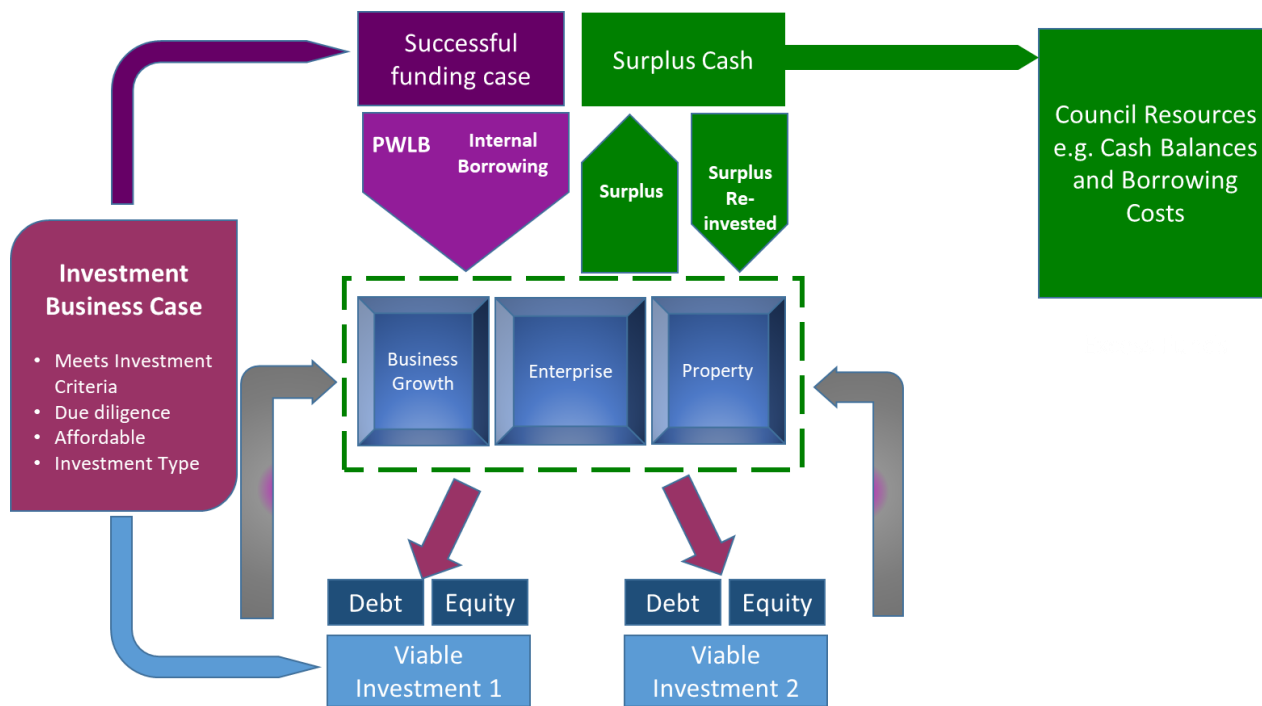
313. The Financial Case is used to consider the affordability of the proposed project. In the case of the WRIF, the finance case assesses the affordability of the Fund as the preferred approach and how each investment will be considered with reference to the financial parameters set out in the WRIF Strategy.
314. The focus of the Financial Case is on the affordability of the Business Investment Growth Fund [£90m], Local Communities & Enterprise Fund [£10m] and Property & Infrastructure Fund [£40m] at a total portfolio size of £140m.

### THE PREFERRED APPROACH

315. The Preferred Approach provides the Council with a governance process for addressing a range of key interventions that support a variety of different needs based on their key characteristics. It allows the Council to choose the best possible approach to support, given the known financial, commercial, and wider economic conditions prevalent at the time.
316. As set out in the WRIF Strategy, it can be location specific, focusing on investment within the county, aimed at key sectors and business types that will drive growth and be responsive to market forces and local level needs. For instance, it recognises that an intervention in one business type may require a substantially different investment to a similar opportunity in a different sector.
317. This is an important control for the Council as it recognises that no “one size” fits all approach would be appropriate. This flexibility allows the Council greater control when addressing the market, growth, and the specific needs of the area.
318. This flexible approach also enables the Council a much greater control over defining the risks it is willing to take and the potential commensurate rewards it is likely to receive in return, especially when investing in a wide range of business and growth opportunities.
319. The approach has been designed in such a way that should an investment opportunity result in too high a risk profile, or the potential returns are not commensurate with the risks taken, or do not fit in with the Council’s appetite for risk at the time of delivery, then another delivery route can be sought – or indeed the Council can delay or decline any investment until market conditions change.
320. This as an approach enables a range of opportunities to be brought forward and to be considered at the earliest possible stage in terms of viability. The structure defrays risk across a range of investments, the Council is able to manage risk on a portfolio level, rather than on an investment-by-investment basis.
321. By assessing the proposal at a portfolio level as well as on an individual case by case basis suitable plans can be put in place to protect the Council and support its financial sustainability. It

enables the Council to take on more risk with these risks being offset elsewhere in the portfolio should there be a robust service imperative to invest.

322. The diagram below sets out, at a high level, the process for assessing investment opportunities allowing a range of different delivery approaches that best suits the Council's risk, return and control objectives.



323. Once categorised as a viable investment, the Scheme Investment Business Case will be made to ensure that each intervention addresses the objectives of the Council's stated WRIF Strategy.
324. The Approach is also designed to recognise that as Business Cases are put forward the approach to investment can be adjusted to best meet changing needs and varied investment requirements. It is an iterative process where approaches can adapt over time based on improving assumptions, changes in market conditions and requirements and changes in the financial standing of the Council.
325. Using this approach, the Council will extract returns from a number of sources, for example:
- Capital receipts;
  - Financing returns e.g. return on loans issues to third parties;
  - Development profit;
  - Revenue and profit from assets held for the purposes set out in the WRIF objectives e.g. housing, commercial/retail units;
  - Returns from sustainable energy investments;
  - Other payments for financial support e.g. Loan guarantees, income strips; and
  - Return on equity (company).

326. Each of the above relies on a different investment approach by the Council, and each has a different risk profile and provides a combination of short, medium, and long term returns that go beyond the current approach.

#### INVESTMENT FUND SIZE

327. The Council has identified a maximum investment pot of c.£140m to support the objectives of the WRIF over a 5-year time horizon. This is the maximum anticipated size of the Fund for this period and represents the maximum exposure of the Council in cash terms.
328. The split of the total quantum of WRIF Funds will be allocated against individual Pillar accordingly:

Fund	Size £m	Rationale for size
Business Investment Growth Pillar	90	<ul style="list-style-type: none"> <li>• Market demand</li> <li>• Risk profile</li> <li>• Size of interventions</li> </ul>
Local Communities & Enterprise Pillar	10	<ul style="list-style-type: none"> <li>• Market demand</li> <li>• Risk profile</li> <li>• Size of interventions</li> </ul>
Property & Infrastructure Pillar	40	<ul style="list-style-type: none"> <li>• Market demand for leveraged fund (£40m)</li> <li>• Smaller number of strategic interventions;</li> <li>• Externally managed to enable key sites</li> </ul>

329. However, the Fund, as a whole is designed to be flexible and responsive to market needs. If after an assessment of risk and affordability it is felt that these allocations should change to meet demand, then this will be addressed by a recommendation from the Investment Panel to Cabinet as required.
330. Given the nature of the Fund any returns over and above those repaying the original cash balances will be used to support the ongoing priorities set out in the WRIF investment strategy. These could form part of the WRIF or be delivered through other Council programmes.
331. This overall size of the WRIF investment portfolio and the allocation to each separate Fund are considered appropriate for the following reasons:
- Market engagement has indicated there is a strong level of demand for support across these three areas. As such, when considered with the risks associated with investment and the availability of resource and the Council's wider fiduciary duties, a bigger fund would have more impact;

- The Fund needs to have sufficient critical mass to enable to the Fund to support a wide array of schemes. The size of the Fund will provide market credibility amongst the investor, business and developer community;
- Any smaller is unlikely to attract the inward investment desired or be sufficient to support, accelerate and unlock regeneration and economic growth;
- The economics and resources of running a smaller Investment Fund may be out of proportion with the gains;
- The WPDC Business Plan has been used to determine the funding allocation for the Property & Infrastructure Fund;
- The maximum possible exposure of the Council of the WRIF will be limited to a maximum of £140m in cash, and therefore, revenue exposure will be tied to the opportunity costs of using this cash elsewhere or the cost of borrowing this money at the time of investment and;
- Where £140m is the maximum exposure, repayment profiles will mean that peak debt is significantly below this level.

332. Whilst the Fund may invest in the purchase of physical assets, when this purchase meets the strict criteria of the funds, there is no intention to transfer physical assets currently held by the Council for investment purposes into the Fund.

## FUNDING SOURCES

333. The WRIF approach enables the Council to directly invest in a wide range of interventions; introducing a diverse range of returns both in terms of size, timing, and nature of receipts.
334. The approach to investment will be dictated by the individual projects and may include debt and equity investment (see glossary in Appendix for more information). However, the investment will need to be monitored at a portfolio level to ensure that affordability, and risk, is managed through the diversification of investment approaches.
335. Based on the diverse potential for investments, there are a number of considerations that will influence the source of funding and the nature of the investment. For example, all investments made by the WRIF will utilise the Council's resources, with each investment judged on its own merits. However, in practice this means that the Council will use internal cash balances; external borrowing taken under its Prudential Powers; or use its covenant (financial strength) to support initiatives.
336. Where investments are not classified as capital expenditure or activities that would be classed as capital expenditure where they to be undertaken by a Local Authority, (as set out in the Code of Practice on Local Authority Accounting), then the Council is unable to borrow to support this investment, and it must be funded by internal resources.



337. When using external borrowing to support investments, it must be minded of recent changes to the Lending Arrangements for PWLB Loans, provided by HM Treasury<sup>1</sup>

#### **New Guidance – Lending Arrangements for the Public Works Loan Board**

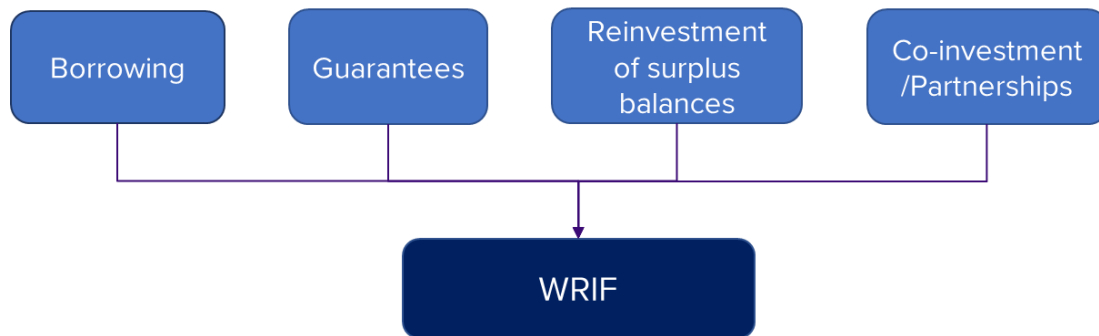
338. New lending arrangements put in place in December 2020 mean that Local Authorities are required to warrant HM Treasury that:
- it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of:
    - the PWLB Loan Conditional Confirmation Letter and relevant Operational Circular, which set out the terms of the PWLB loan for which the borrower is applying; and
    - the intended use of that loan once granted (as set out by the borrower in its application for the PWLB loan); and
  - no limit on its powers will be exceeded as a result of the borrowing contemplated by the terms of the PWLB.
339. Of particular relevance to the Council of the new lending arrangements is the requirement that the Section 151 officer must certify that the relevant council is not borrowing in advance of need and does not intend to buy investment assets primarily for yield/income.
340. When local authorities borrow, they must have regard to the Prudential Framework as set out by Chartered Institute of Public Finance and Accountancy (CIPFA), and by the Ministry of Housing, Communities and Local Government (MHCLG).
341. Recently legislation has changed to broadly stop Council taking on debt to generate a yield off these amounts. This is in response to a number of local authorities who have looked to support their medium to long term financial sustainability by borrowing to invest in income generative assets.
342. Changes to legislation mean that if the sole purpose of the investment is to generate a yield then this is contrary to the Prudential Code. Guidance confirms that the PWLB is intended to offer long-term, affordable loans to support local authority investment in service delivery, housing, economic regeneration, [treasury management], and occasionally preventative action, not to enable local authorities to purchase income generating assets with no wider public purpose.
343. It will be necessary for the Council to ensure the structure of the fund (and their activities) remain (for capital spending) within the PWLB's guidance's 'permitted activities' and related conditions. Details of the Councils approach to PWLB's revised lending objectives are included in the Council's Annual Investment Strategy and included at Appendix E.
344. Should the Council though the use of the WRIF contravene PWLB lending criteria, then the ultimate sanction would be that it would be unable to borrow from the PWLB for a three-year

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<sup>1</sup> Circular 162 – 26 November 2020

period. As such, each opportunity will be assessed to confirm a permitted use when the Council uses its Prudential powers.

345. The potential sources of finance are as follows:



346. The most appropriate source of finance for each individual investment will be determined and recorded at the time of the investment decision making when the individual opportunity is being reviewed by the Investment Panel via consideration of a Business Case. Where external borrowing is used the business case will need to state which of the permitted activities the investment falls under and a positive confirmation with appropriate evidence that it complies with new PWLB lending arrangements will be required

## AFFORDABILITY

347. Affordability will be a key constraint, and the Council will need to understand the programme of investment at a portfolio level as well as the return profile of each intervention. For instance, significant levels of upfront investment will be required with returns to the Funds varying against a number of different factors.

348. When considering the operation of the fund, the full impact of any investment must be clear with the following aspects for consideration:

Source of investment / funding	<ul style="list-style-type: none"> <li>• Internal cash balances</li> <li>• External borrowing (PWLB, third party banks, pension funds)</li> <li>• Private sector / public sector partners (Property Fund)</li> <li>• Accessing Grants</li> </ul>
Revenue Costs (borrowing)	<ul style="list-style-type: none"> <li>• Finance (interest) costs</li> <li>• Minimum Revenue Provision</li> <li>• Indexation</li> </ul>
Opportunity / Other Costs	<ul style="list-style-type: none"> <li>• Investing internal resources</li> <li>• Providing corporate guarantees</li> <li>• Impact on the MTFP</li> <li>• Running costs</li> </ul>

349. The fund will operate on a commercial basis and should not therefore be investing into financially unviable schemes or providing grants. However, it may look to provide affordable loans that use the flexibilities afforded to some SMEs by recently updated State Aid Guidance.
350. The Council will set out its expected returns based on Market normative and State Aid compliant lending rates, peak debt levels, payback period, hurdle and default rates to provide a consistent comparison for investment purposes. As the programme progresses, these rates can be flexed to better reflect market dynamics, the relative investment risk of each proposal and the Council's appetite for risk based on affordability and prevailing economic conditions.
351. Affordability is built into the governance of the WRIF by assessing the affordability of each investment and the impact of these on the overall portfolio.

## RUNNING & OPERATING COSTS

352. Running and operating costs of the Fund will need to be accounted for and monitored in relation to the performance of the Fund.
353. It is proposed that the Fund will cover all internal costs for resources and external costs for management as well as any transaction fees and charges. The aim is to make the Fund run as efficiently as possible, seeking to pass costs on to borrowers wherever appropriate. This will be generally achieved through a market normal transaction charge for any investment.
354. The total running/operating costs for a Fund are expected to account for in the region of 2% of the total Capital invested based on market feedback this being £140m invested over 5 years; this gives a total estimated running cost of the WRIF of £2.8m.
355. The net return on investment (including for all costs, fees and charges in making the investment and its ongoing monitoring) will be clearly set out as part of the investment decision making and monitoring of the investment performance by the Investment Panel.
356. There may be an increase in costs in the early years of the Fund as the Council looks to market its objectives, to attract opportunities and as it prepares standard documentation e.g., Loan Agreements. This increase is to be offset by savings later in the programme and as such the 2% overall cost is appropriate.
357. For the purposes of modelling running cost it must also be recognised that costs may be incurred after the final investment, with monitoring and reporting requirements until the investments are repaid.
358. To ensure all costs are accounted for the financial model allocates 80% of the total running costs to Years 1 -5, with the remaining 20% of costs allocated to Years 5 – 12.
359. The Year 1 Budget for running the Fund has been calculated based on eighty percent of the 2% of the total capital invested. This will be funded from [Commercial Fund] and approval given in the normal way for that fund.

## FINANCIAL MODELLING

360. Financial modelling and financial scenario testing has been undertaken to understand the financial impact and affordability of the WRIF based on a “typical” level of investment across the three pillars. The financial model assumes that an appropriate level of due diligence is undertaken by the Council to support any investment decision and that robust monitoring is in place to identify any issues as they occur.
361. The financial model seeks to provide the Council with a view of a typical portfolio of investments, setting out a 5-year profile of investment.
362. The financial model focuses on the affordability of the WRIF as a total Fund and then looks at the proposals for the Business Investment Growth pillar [£90m], Local Communities & Enterprise pillar [£10m] and Property & Infrastructure pillar [£40m].

#### Key Assumptions

363. The following assumptions have been made across the three Funds:

Key Assumption	Business Investment Growth Pillar	Local Communities & Enterprise Pillar	Property & Infrastructure Pillar
Size/ £M	90	10	40
Average Size of Investment <sup>2</sup>	£5,000,000	£100,000	£10,000,000
Average investment Return	5.0%	8.0%	6.5%
Arrangement Fee	0.5% of capital employed	0.5% of capital employed	2% Determined by Fund
Default rate	3.0%	30.0%	0%
Recovery on Default	80%	25%	100%
Total Running Costs	2.0% of capital employed	2.0% of capital employed	0% (contained in Fund)
Council cost of Funds	2.5%	2.5%	2.5%

Note: The Property and Infrastructure pillar has drawn figures from market testing and will need to be tested further during any procurement of an external advisor. Running costs and arrangement fees are included within the Fund with returns to the Council net of these costs.

364. In an attempt to reflect “typical” activity across the funds a number of loans have been modelled, with a varying amount invested over a 5-year time horizon, with varying repayment periods,

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<sup>2</sup> For modelling purposes

reflecting the broad objectives of the funds. The constant is the requirement not to breach the Peak Fund Size allocated to each Fund.

### Financial Modelling Results

365. The table below sets out the potential return of the WRIF:

Item	Total £M
Gross Funding	140
Peak Funding	76
PWLB Interest payable	(9.5)
Potential Loss through default	(2.7)
Running Cost	(2.8)
Arrangement Fee	0.5
Interest Repayment	21.0
<b>Net Revenue</b>	<b>6.5</b>
<b>Net Revenue (NPV)</b>	<b>4.9</b>

366. The financial modelling indicates the total financial return from the WRIF over its investment cycle lies in the region of £6.5m, (£4.9m NPV). This is a positive return to the Council and demonstrates, given the baseline assumptions used that the WRIF is viable and affordable.

367. Further work has been completed to assess the viability of the three-pillars within the WRIF. The Table below sets out the performance of each pillar given the baseline assumptions.

### Performance of the WRIF across the three-pillars

	Total WRIF	Business Growth	Communities & Enterprise	Property & Infrastructure
Gross Funding	£140m	£90m	£10.0m	£40m
Peak Funding	£76m	£50m	£3.4m	£25m
PWLB Interest	-£9.5m	-£6.3m	-£0.4m	-£2.8m
Potential Loss	-£2.8m	-£0.5m	-£2.3m	£0.0m
Running Cost	-£2.8m			
Arrangement Fee	£0.5m	£0.45m	£0.05m	£0.0m
Interest Repayment	£21.0m	£12.6m	£1.2m	£7.2m
<b>Net Revenue</b>	<b>£6.5m</b>	<b>£4.4m</b>	<b>-£1.5m</b>	<b>£3.6m</b>
<b>Net Revenue (NPV)</b>	<b>£4.9m</b>	<b>£3.5m</b>	<b>-£1.3m</b>	<b>£2.7m</b>

368. Peak Funding is the maximum exposure of each of the pillars and its impact on the WRIF as a whole. Timing is an important control for the Council as the peak funding of one pillar may not occur at the same point as another and can be used as a to manage risk. The modelling demonstrates that whilst the Business Growth and Investment and Property and Infrastructure pillars produce a strong positive contribution to the financial viability of the WRIF, given the nature of the Local Communities and Enterprise Fund, a number of risks will need to be managed, to ensure any support and intervention given is carefully managed to ensure the overall viability of the WRIF.

#### **Business Investment Growth Pillar**

369. This Pillar supports larger investments in specific growth businesses. It is likely that the majority of the investments will be capital in nature with a focus on Business Loans. As such, the WRIF would look to secure suitable security over the assets of the business or new venture. Where security is diluted by other debt or erosion of financial strength then an interest rate/return will reflect this increased level of risk.
370. It is anticipated that the financial strength of the businesses will be above a moderate level, with a comparable Moody rating of at least Baa<sup>3</sup>, although each investment will be judged based on its own merits.
371. Default rates on this Pillar are likely to be relatively low, with Standard and Poor's suggesting that a default rate on this class of investment is around c.1.5%. To ensure a prudent loss provision, commensurate with the Council's requirements to safeguard Public money, this has been increased to 3% for the purposes of the model.
372. In addition, it is expected that strong security will be available to support these investments and if a default position is reached the WRIF could expect to recover as a minimum 80% of the principle amount invested.
373. Set out in the table above, over the 18 specified investments, the BIGP could expect to see a return of £4.9m with a potential loss of £0.5m, giving a net return of £4.4m.

#### **Local Communities and Enterprise Pillar**

374. The Local Communities and Enterprise Pillar will address more recovery than growth, although it will look to support start up and SME/Micro organisations. As such the risk profile for these investments will be significantly higher than the BGIF.
375. The expected default rate, based on current market analysis, is estimated to be as high at 30%. The level of security that the WRIF will be able to take against these investments is expected to be low with recovery rates at c.25% of the investment value.

<sup>3</sup> [www.moodys.com/sites/products/AboutMoodysRatingsAttachments/MoodysRatingSymbolsandDefinitions.pdf](http://www.moodys.com/sites/products/AboutMoodysRatingsAttachments/MoodysRatingSymbolsandDefinitions.pdf)

376. Work is continuing to be undertaken by the Council and the wider market to assess how this default rate could be reduced or the level of recovery increased.
377. As a result of the high default rate on and the low Recover Value (25%) the current financial model would suggest that a net loss the on Local Communities & Enterprise pillar could be £1.6m, (based on a gross return of £0.7m and losses of £2.3m). This loss demonstrates the higher risks associated with investment in this pillar and justifies the relatively high return rate of these investments.
378. The Council could manage the impact of these losses in a number of ways, including:
- Set up a specific annual reserve against these predicted losses;
  - Focus on specific investments that do not have such a high rate of default;
  - Consider the range of ways to secure the investment in the event of default
  - Increase the rates on return on particularly high risk interventions;
  - If losses do start to occur amend or adjust the investment tolerance or activity to reduce these amounts; and
  - Cross subsidise any losses from unallocated surplus achieved on the other two pillars.
379. In addition, the table shows that, although at a gross level the pillar is investing up to the size of the fund, repayments mean that actual peak debt is less – allowing the Council to better manage its core cash requirements or allowing the ability to invest in additional opportunities.

### The Property & Infrastructure Pillar

380. The Property and Infrastructure Pillar will likely be externally managed that will provide support for strategically important sites across the County. As such, it is likely that this pillar will focus on larger strategic interventions.
381. The external Fund Manager will be responsible for sourcing the opportunities, ensuring viability, recommending to the Council, through the approved governance process, where investment should be made and monitoring and reporting on the ongoing performance of these investments.
382. Returns to the Council will be net of all external Fund Manager fees and any other running costs of the fund. Market testing has been conducted on this Fund and as a result of the additional due diligence and the strategic nature of the Fund, losses are minimal and contained within the fees payable to the Fund Manager.
383. Based on this analysis, the Council could expect a net return of c.£3.1m from this pillar.

### Sensitivity Analysis

384. The base case gives the following net return to the WRIF:

Total WRIF	Business Investment Growth [£90m]	Local Communities & Enterprise [£10m]	Property & Infrastructure [£40m]
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<b>Net Revenue</b>	<b>£6.5m</b>	<b>£4.4m</b>	<b>-£1.5m</b>	<b>£3.6m</b>
<b>Net Revenue (NPV)</b>	<b>£4.9m</b>	<b>£3.5m</b>	<b>-£1.3m</b>	<b>£2.7m</b>

385. To assess the potential movement in this baseline figures sensitivity and scenario analysis was conducted by varying the key drivers within defined ranges.
386. Monte Carlo Simulation (MCS) is a method which employs a distribution/range-based approach to input assumption as opposed to the singular assumption used in base case modelling. This figures in the base case are predicated on calculated projections and backed by researched market evidence, however, it is not guaranteed to hold true. Errors in assumption projection, changing market conditions and many other factors could deviate the true values from those used in the model. To account for this uncertainty and inherent risk, the MCS method assumes a weighted range as opposed to an individual figure.
387. In one MCS simulation a value is drawn from each assumption distribution with the chances of each value in line with the % chance it was assigned. These randomly selected values are then run in the financial appraisal and the results are logged. This process is repeated a 1,000 times which yields 1,000 unique simulation results. These results are then analysed to determine the % chance of certain events happening.
388. The table below sets out how, using the MCS analysis, the predicted range for the WRIF returns could vary when the WRIF is considered as a whole (less risk) and when it is split across each pillar:

	<b>Total WRIF</b>	<b>Business Investment Growth</b>	<b>Local Communities &amp; Enterprise</b>	<b>Property &amp; Infrastructure</b>
<b>Downside Risk (NPV)</b>	£3.2m	£2.3m	-£2.5m	£2.7m
<b>Upside Potential (NPV)</b>	£6.3m	£3.9m	-£0.1m	£2.7m

389. In addition, the MCS was used to assess % chance of a positive return against each pillar, this information is set out in the table below:

	<b>Total WRIF</b>	<b>Business Investment Growth</b>	<b>Local Communities &amp; Enterprise</b>	<b>Property &amp; Infrastructure</b>
<b>% Chance of Positive NPV</b>	99%	99%	0%	99%

390. Based on the results there is a “near certain” probability that the WRIF will produce a net return.



391. However, as previously identified, significant risks have been noted in the provision of the Local Community & Enterprise pillar. In order to assess the viability of this pillar a sensitivity testing has been completed to assess by how much some of the key drivers would have to change to create a net breakeven position. The table below sets out these key metrics:

Key driver	Base Case %	Adjusted value to breakeven %
Investment Return	8.0	18.0
Default Rate	30.0	9.1
Recovery on default	25.0	77.0

392. There is significant risk that despite the Council's desire to ensure that all costs are covered within each pillar, there may be a requirement to operate a cross subsidy model to support the viability of the Local Communities and Enterprise Pillar.
393. Further analysis has been done to assess the impact on the WRIF of varying the allocation between the Business Investment Growth and the Local Communities and Enterprise Pillar.

#### £80M BGIF & £20M LC&EF

	Base Case	Total WRIF	Business Investment Growth	Local Communities & Enterprise	Property & Infrastructure
Net Revenue	£6.5m	4.3m	3.8m	(3.1m)	3.6m
Net Revenue (NPV)	£4.9m	3.3m	3.1m	(2.5m)	2.7m

394. If the Council looked to increase the size of the LC&EP from £10m to £20m, (reducing the BIGP to £80m to maintain within the £100m total envelope), the potential return on the WRIF decreases.

#### ACCOUNTING CONSIDERATIONS

395. The pillars are designed to be flexible and responsive to market requirements and, as such, there are a range of financial interventions that the WRIF could provide to support its objectives.
396. As each request is assessed it will be judged on its own merits, with the accounting implications of each considered within the round. However, below are a number of considerations that the Council must assess when making investment decisions:

##### *Source of Funding*

The Capital Accounting Regime is prescriptive about expenditure that is allowed for capital purposes. Indeed, when making an investment the Council must consider the activities

undertaken with or by its investment. If the activity is Capital in nature and, where it to be done by the Council it would be classed as capital, then the Council can use its powers under the Prudential Code to raise its Capital Financing Requirement by this amount and borrow from a suitable source. However, if the activities are materially revenue in nature then the Council cannot borrow for these purposes and resources must be made available from other sources e.g. internal cash balances.

#### *Minimum Revenue Provision*

A prudent provision (the Minimum Revenue Provision) is the calculated annual charge to the revenue account of provision to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements. MRP should normally commence in the financial year following the one in which the expenditure was incurred. The Council's current methodology for the provision for MRP is to charge a flat rate of 4% against its outstanding CFR and must be considered when assessing the affordability of the WRIF as a whole. There is a recognition that the 4% charge, when considered against the repayment of short-term capital loans, may cause a mismatch, and therefore it is important to ensure that capital repayments are used to reduce the CFR or the need for future borrowing.

#### *Financial Instruments*

Where an investment is made under its powers to invest, then the Council will be required, under IFRS 9 to disclose the fair value of any investments on an annual basis. As such, when making any investments, the Council must consider the valuation methodology and apply this consistently. In addition, where an investment falls outside of the Capital Finance Regime, the Council must recognise, through a charge to the I&E Account, any gain or loss in fair value.

#### *Requirements to prepare Group Accounts*

Where the Council purchase shares, equity in an entity or provides loans that convert to equity at a prescribed event it must consider the need to show the performance of this entity in its own financial statements. The general rules around whether it is necessary to prepare Group Accounts relate to level of ownership or the ability of the Council to exert significant positive control.

#### *Financial Returns*

The Council must consider the correct treatment of any financial returns from any investments. This is especially important as any surpluses are now required to be used to support similar activities either within or outside of the WRIF. Returns will generally take the form of principal repayments, financing payments e.g. interest payments, equity returns, lease premiums or

overage payments. The Council must consider the powers used to make each investment when assessing the nature of the returns i.e. capital or revenue.

#### *Recognition of Losses*

The financial model for the WRIF recognises, through a default rate and a recovery on default rate the risk of loss on a proportion of the loans. As part of the IFRS 9 disclosure the Council will have to recognise losses within its accounts. However, it may be prudent for the Council consider a set-aside for expected losses to minimise the in year impact of any defaults. The table below sets out (using the information from the financial model) the annual potential loss calculated from the default rates.

Financial Year	Potential Loss
20/21	£0k
21/22	£94k
22/23	£351k
23/24	£495k
24/25	£422k
25/26	£419k
26/27	£477k
27/28	£327k
28/29	£147k
29/30	£24k
<b>10-Year Total</b>	<b>£2,755k</b>

## FINANCIAL RISKS

397. The table below sets out a number of financial risks that the council must consider, together with some suggested management and mitigating actions.
398. The table is not exhaustive but reflects a collection of the key risks.

Risk	Potential Management & Mitigations
<b>Governance</b>  Insufficient resource and expertise is committed to the business case process that supports any investment decision and as such investment decisions are poor and increase the likelihood of loss.	The Council must identify sufficiently qualified resource to ensure business cases are robust and any investment decisions properly understood.

Risk	Potential Management & Mitigations
<p>The Council is slow in making corrective actions where investments are performing below expectations</p> <p>Recent coverage of Local Authorities getting into difficulty when making loans to third party entities has highlighted the need for a robust understanding the risks, governance arrangements and the need to quickly identify and act on any financial issues. Appropriate training, sufficient understanding of investment and purpose, timing of returns and robust reporting against issues where all identified as key areas to Council wishing to undertake these activities.</p>	<p>Reporting should be sufficiently regular and detailed to ensure that issues are identified and addressed in a timely manner.</p> <p>The Council should pay regard to recent Public Interest reports in this area and ensure that lessons learnt are embedded in the governance of the WRIF. A key element highlighted in the reports was the need to challenge optimum bias and for appropriate training and skills for officers and also training for members to enable members to adequately scrutinise and challenge the information they receive.</p>
<p><b>Finance and Funding Risks</b></p> <p>Finance rates are currently at historically low levels, with some commentators believing that the current market outlook may push these rates lower. As such, debt is currently relatively cheap, although this could be considered the new norm when looking at the current Government Bond Market. There is a risk that the future success of the programme could be impacted by an interest rate rise.</p>	<p>The Council has a corporate Treasury Management strategy that allows rises in interest rates to be managed across a range of financial instruments thereby lower the impact of future rate increases.</p>
<p><b>Debt monitoring and recovery</b></p> <p>Where an element of a funds is internally managed there is insufficient resource applied to monitor and recover debts once the initial investment has been made.</p>	<p>Sufficient resource must be identified to monitor and report on the performance of the funds. Market Testing has indicated the total costs of the Fund to be in the region of 2% of the total sums invested</p>
<p><b>Default levels exceed Fund estimates</b></p> <p>Default rates have been estimated based on the financial strength of the counterparties. However, as the Fund is focused on Growth and Recovery losses may exceed those expected and there may be insufficient set aside to cover Fund losses.</p>	<p>The Council may wish to consider setting aside an annual reserve to cover expected losses. The value of the reserve could be assessed each year for prudence and adjustments made accordingly. Where losses exceed expectations this should be fed back to the Investment Panel and consideration given to a tightening of investment criteria.</p>
<p><b>Investment Objectives</b></p> <p>Investment objectives are unclear, not consistently applied or don't adapt to meet changing market conditions or the needs of the Council.</p>	<p>Regular review of the relevance of the investment objectives, including their rationale, is vital in keeping the programme and investment decision making responsive.</p>
<p><b>Local Government Regulation</b></p> <p>There is currently heightened scrutiny in the Sector, where authorities are looking to support their</p>	

Risk	Potential Management & Mitigations
<p>financial positions through the use of commercial investments. This increases the risk of changes to Local Government Regulation that may inhibit the ability of the Council to invest in such activities or increase the cost of doing so. Failing to meet the current PWLB rules would have an adverse impact on the Council's ability to borrow for future activities. For instance, regulation around MRP has been adapted to respond to current market activity and borrowing requirements from PWLB have recently changed.</p>	<p>The Council must identify key individuals responsible for the regular review of all legislation and financial requirements.</p> <p>The Council must have the flexibility to alter investments if those changes would adversely impact the ability to borrow/fund statutory services?</p>

## CONCLUSION

399. The Financial Case concludes that proposals for the WRIF, as a whole, are affordable as the Fund has been designed as a flexible tool to enable investment in a wide range of different opportunities to manage and diversify risk and ensure that all costs are contained within the Fund. However, the estimated losses with the LC&EP needs to be considered in conjunction with the potential costs savings generated by supporting small business and the associated jobs.
400. The WRIF Strategy will ensure that the investment is aligned with strategic priorities and meets economic, social value and financial criteria. These criteria will also form the basis of all contractual obligations for external fund management.
401. The establishment of the Investment Panel will ensure that suitable and sufficient due diligence is undertaken to SIFT and consider investment opportunities before any decision making or investment takes place. Decisions will be taken by Cabinet and the establishment of robust monitoring and appropriate exit strategies will also ensure that the Fund remains affordable to the Council throughout the duration of an investment.
402. Risks will need to be managed at a Portfolio level and will form part of the performance and monitoring measures put in place by the Investment Panel.

## 7. Management Case

403. The purpose of the Management Case is to assess whether a proposal is deliverable by setting out the governance structure, project planning, risk management and communication & engagement arrangements required to ensure successful delivery of a project.
404. This section sets out the resources, governance arrangement and project management processes that will be put in place to ensure successful implementation and ongoing operation of the WRIF.

### FUND MANAGEMENT

405. The preferred approach determined in the Economic Case is to set up a mixed economy model where the Council internally manage some aspects of the fund, with the support of external advisors, and outsource other parts of the fund to be managed by an external Fund Manager(s).
406. The first stage of market engagement has indicated there is clear demand for finance from Warwickshire businesses and that there are Fund Managers already operating in the region whose skills and experience are aligned with different elements of the Fund. For example, Coventry & Warwickshire Reinvestment Trust and the Black Country Investment Fund are specialist finance providers who provide business loans to small businesses and individuals and already operate on behalf of the Council and the MEIF. Maven CP who provides debt finance on behalf of the MEIF and BCRS who provide small business loans behalf on the MEIF but also provide a property fund and work closely with local authorities who have established a PropCo, similar to the proposals for WPDC.
407. In consideration of this feedback and in understanding the regulatory framework, the current resource availability, skills, and capacity of the Council as well as their appetite for involvement and consideration of risk in terms of the management of the Fund, the following management arrangements are proposed:

#### Internal Management

408. The Council will establish an in-house team for the WRIF that will operate alongside the existing Business & Economy Team and the Business Support Programme that is already established by the Council.
409. The in-house team will report into the Investment Panel that will be established for decision making and management and monitoring of the Fund. The exact details
410. The main roles that could be established in the in-house team are:
- **Investment Manager** that will be responsible for:
    - Identifying investment opportunities that are in line with the WRIF Strategy

- Developing the sift documents and business cases for these investment opportunities
- Being a member of the Investment Panel and presenting sift documents and business cases for Investment Panel consideration and the Cabinet's subsequent approval.
- Reporting on the financial and non-financial performance of individual investments of Funds under internal management
- Contract management and monitoring of External Fund Manager(s)
- Reporting on performance of WRIF portfolio overall
- This role will need to be resourced appropriately for the WRIF to operate effectively and as the Fund scales up in size there may need to be more than one of this role in the team.
- **Business Advisor(s)** (numbers to be based on the activity of the Fund) that will be responsible for:
  - signposting potential applicants to the fund(s),
  - support investor readiness via incubator/accelerator programmes
  - spending time with investees to fully understand the business proposition prior to business case stage
  - supporting the Investment Manager in the preparation of Sift Documents and Business Cases

411. The in-house team could be supported by a team of external advisors that will need to appropriately procured. The Council has access to a number of panels and frameworks via the DPS (Dynamic Procurement System) that may be suitable to source these resources from as well as the option to secure additional resources via direct recruitment.

412. We set out below the types of skills we anticipate that may be required to support the internal team:

Area of expertise	Role/requirement	Route to secure resources
Legal advisers	<ul style="list-style-type: none"> <li>• Advice on the structuring of an investment</li> <li>• Advice on State Aid implications of the investment</li> <li>• Advice on Powers required to make investments and to enter into commercial partnerships.</li> </ul>	Internal advice with support from external providers appointed pursuant to Standing Orders where needed.
Financial advisers	<ul style="list-style-type: none"> <li>• Financial due diligence of companies involved with investments</li> <li>• Financial implications of State Aid rules (e.g. minimum interest rate on loan to avoid state</li> </ul>	Internal Finance team with some supplementary ad hoc external support

Area of expertise	Role/requirement	Route to secure resources
	<p>aid, or quantification of state aid within the transaction, comparison against state aid thresholds)</p> <ul style="list-style-type: none"> <li>Financial viability assessments</li> <li>Financial accounting to understand the impact of any investment on the Council's statutory financial statements.</li> </ul>	
Tax advice	<p>Advice on Tax, included but not limited to:</p> <ul style="list-style-type: none"> <li>Stamp Duty Land Tax</li> <li>Value Added Tax</li> <li>Corporation Tax</li> <li>Capital Allowances.</li> </ul>	External advisor as required
Property Valuation	<p>Advice on and validation of property/asset valuations</p> <p>Advice on housing development/management</p>	Valuer (internal) or external advisor
Technical advisors/ Industry specialists	<p>The requirement here will vary depending on the nature of the investment. We anticipate that you will likely need:</p> <ul style="list-style-type: none"> <li>Industry specialists</li> <li>Technical advisors with experience working with priority business types</li> <li>Incubator/Accelerator programme support</li> </ul>	External Panel of Advisors to be available via call off
Peer review, Business Leaders, Private Sector representative	<ul style="list-style-type: none"> <li>Challenge function (akin to a NED)</li> </ul>	Via existing Council networks and or OSC and Audit Committee as appropriate

#### External Fund Management

413. A procurement exercise will be undertaken to secure Fund Management services (and any other external advice required) to support delivery of elements of the WRIF where it is considered that the type of investment, volume of opportunities, due diligence, risk, skills and resource require external involvement.
414. The broad services expected from external Fund Management are:



- Sourcing investment opportunities
- Support to businesses in developing viable business/investment propositions
- Evaluating applications
- Due Diligence & Business Case preparation
- Investment appraisal
- Investment decision making & allocating funds
- Valuation services (tbc)
- Fund Management
- Performance Monitoring

415. It is anticipated that there will be a requirement for more than one external Fund Manager across the WRIF in order to support operation of both the Local Communities & Enterprise Pillar and the Property & Infrastructure Pillar
416. In consideration of the feedback from the market engagement there is the possibility of separate Fund Managers also being required for operation of the Local Communities & Enterprise Pillar where there is a broader range of recipients, outcomes, and types of investment. The different management could be with a focus on:
- Start-ups;
  - Micro Businesses; and
  - Social Enterprise.
417. In addition, it may be appropriate for elements of the Property and Infrastructure Fund to be managed externally.
418. Although it is anticipated that this will not be a Day 1 activity, the benefits of this approach include securing leveraged finance, having a dedicated pillar to encourage developers to engage with experts and setting a ring-fenced block of finance to accelerate and increase investment in private sector led development and site-specific infrastructure across Warwickshire which maximises the impact of the WRIFS's intervention to deliver economic growth
419. Prior to the procurement exercise to secure the services of an external Fund Manager, a soft market testing exercise will be undertaken to refine the details of the Fund, shape the procurement strategy, determine the role of the Fund Manager and the scope and services that can be procured externally. This exercise will also test the proposed investment criteria and performance and the most appropriate method for incentivising Fund Managers to deliver the priorities of the WRIF.
420. The soft market testing will also assist in determining the number of different lots to be procured to reflect the number of external Fund Managers required to support different elements of the Fund in consideration of experience and expertise.

## GOVERNANCE

421. It is proposed that an Investment Panel is established to monitor the performance of the WRIF at a portfolio level and also to guide and make recommendations on any investment decisions for any of the three proposed Funds that are to be managed in house.
422. Each year Full Council and Cabinet will approve the relevant annual budgeted amount for each WRIF fund and set out the WRIF's authority to operate the fund(s) via the Investment Panel for the next year.
423. All individual investments will be referred to Cabinet to approve within a total investment portfolio size of £140M and in line with the criteria set by the WRIF Strategy. The Panel will report to Cabinet to whom it will also refer investment decisions that fall outside of the parameters of the WRIF Strategy.
424. Where an element of the Fund is internally managed, the role of the Investment Panel is to:
- Review and update the WRIF Strategy to reflect the current needs of local businesses, the local economy and investment market.
  - Allocate appropriate resources to support the governance and decision-making process.
  - Oversee the governance and decision-making process for investments to ensure investment opportunities are thoroughly evaluated and appropriate due diligence undertaken
  - Consider Business Case proposals - Review, challenge and make recommendations on individual investment decisions
  - Monitor the progress and performance of individual investments as well as the overall portfolio
  - Undertake effective Risk Management
  - Regularly review and take corrective action to ensure the returns on live investments meet the overall criteria and targets
  - Regularly review the effectiveness of decision-making tools and make changes to better achieve the Council's investment strategy objectives
  - Provide updates to Cabinet (and Member Oversight Group when required) on the performance of the Portfolio
425. Where an element of the Fund is externally managed the role of the Investment Panel is to:
- Review and update the WRIF Strategy to reflect the current needs of local businesses, the local economy and investment market.
  - Provide contract management of External Fund Managers/Management
  - Monitor the progress and performance of the overall portfolio

- Provide updates to Cabinet (and Member Oversight Group when required) on the performance of the Portfolio

Where an element of a fund is externally managed, the role of the Council will be to robust challenge of performance should the council delegate decision making to the fund manager, and the only control will be via the procurement exercise to appoint and by specifying the criteria, limits and requirements as based on the WRIF Strategy.

426. The membership of the Investment Panel is proposed as:

- Strategic Director for Resources (optional)
- Business & Economy & Growth/Regeneration representation - Assistant Director: Communities / Strategy & Commissioning Manager: Economy & Skills
- Governance & Policy Assistant Director: Governance & Policy / Strategy & Commissioning Manager: Legal and Democratic
- Property/Housing representation
- Finance Team Assistant Director: Finance (Deputy S151) / Strategy & Commissioning Manager: Strategic Finance] / Strategy & Commissioning Manager: Treasury, Pension, Audit & Risk

427. The Terms of Reference for the Investment Panel are set out at Appendix B.

428. It is recommended that the membership of the Investment Panel is made up of officers from within the Council covering Finance, Legal, Business and Economy, Property and Regeneration, and Governance and Policy. These officers will be advisors to Cabinet as the key decision maker on whether to invest or not. However, it is anticipated that officers may need to supplement their experience with specialist expertise to inform their recommendations.

429. A Member Oversight Group will be established for the scrutiny of investment decisions where quarterly monitoring reports will be referred and any individual investments or investment decisions can be referred for scrutiny. This will be a cross party, standing working group chaired by the Deputy Leader.

430. The Member Oversight Group will be tasked with monitoring:

- The achievement of WRIF objectives
- The financial performance of the fund
- The governance, decision making and management arrangements of the fund

431. The Member Oversight Group will receive a report from the Investment Panel on a quarterly basis that will capture a summary of investment decisions made in that quarter and reporting on delivery and performance of the fund.

432. The WRIF will utilise the relevant Overview and Scrutiny Committee and also the Audit and Risk Committee as required.

## PROJECT PLAN

433. A high-level Project Plan will be prepared to cover all significant activities, events and milestones involved in the setting up and running of the WRIF.
434. The Project Plan will be regularly updated and included in regular Progress Reports. All key stakeholders from the Investment Panel will have a responsibility to comment on and agree the Project Plan. Key Tasks together with target milestone dates are set out in the table below:

Task Name	Target Milestone Date
Business Case Approval	February 2021
WRIF Strategy agreed	February 2021
Investment Panel established	April 2021
Procurement exercise to source External Fund Management services - Soft Market Testing - Procurement Exercise	January – February 2021 March – April/May/June 2021
Procurement to secure framework/panel of advisors Procurement of external advisor for Property and Infrastructure Fund	February – April 2021 April 2021 – onwards
Sourcing/Recruiting of additional in-house Resources	March – June 2021
Launch of WRIF	Spring/Summer 2021
First Investment Panel Meeting	Spring 2021

435. On approval of the Business case a more detailed Project Plan will be prepared to set out all the key activities for the set up and Year 1 operation of the WRIF.

## COMMUNICATION & ENGAGEMENT

436. The purpose, scope, and operation of the WRIF will need to be clearly communicated across the Council. Effective operation of the WRIF will also require communication and engagement with stakeholders outside of the Council who may introduce potential investment opportunities.

437. A detailed marketing strategy, recognising FCA regulation, will be developed that sets out the nature of the fund, its focus and priority areas and the nature of the investment it is likely to make. This will promote the fund locally and be used to source investment opportunities.
438. The marketing strategy may consider a launch event for the Fund, advertisement, and the establishment of an online web presence to promote and support the sourcing of investment opportunities.
439. A communication & engagement strategy will also be developed that will set out the types of communication and engagement required to support the WRIF to ensure ongoing sourcing of opportunities remains effective.

### SET UP COSTS

440. Indicative costs have been prepared to indicate all the costs to set up the WRIF.
441. The indicative costs for information at this stage to set up the WRIF, following and subject to Business Case approval, is estimated to be as follows:

Cost Item	£ Estimate
Procurement of External Fund Managers	£60,000
Procurement of Framework for External Advisors	Broadening of existing procurement so no cost to WRIF
Marketing, Communication & Engagement (including website)	£50,000 Budget
IT portal for fund applications	£20,000
Legal/Tax Advice for standard documentation e.g. loan agreements	£50,000
External support to produce WRIF Business Plan	£60,000
<b>Total</b>	<b>£240,000 estimate</b>

442. In addition to the external costs identified in the table above, the Council must make an allowance for officer time required to make the WRIF operational. Short term roles could include:
- Use of an investment manager to set up systems
  - Business Advisors support
  - Administrative function
443. As stated, there will be a call on senior management time to ensure that the WRIF is fit for purpose and is aligned with the Council's objectives.
444. The costs in the above table are subject to further review and testing and an updated analysis will then be included in the operational plan for the WRIF.

445. The overall role details and split between the Communities and Commissioning and Finance directorates will form part of the business plan report. This will include the costs of running the WRIF and will be considered in more detail as part of the overall business plan.

#### Running and Operating Costs

446. Running and operating costs of the Fund will need to be accounted for and monitored in relation to the performance of the Fund. It is proposed that the Fund will cover all internal costs for resources and external costs for management as well as any transaction fees and charges. The aim is to make the Fund run as efficiently as possible, seeking to pass costs on to borrowers wherever appropriate. This will be generally achieved through a market normal transaction charge for any investment. The total running/operating costs for the WRIF are expected to account for in the region of 2% of the total Capital invested, including estimates based on market feedback. In the financial model detailed in the Finance Case...

#### RISK MANAGEMENT STRATEGY

447. The Council's risk management strategy will be embedded by the Investment Panel into its management of the WRIF and robust monitoring process of individual investments as well as the portfolio as a whole. Performance of the WRIF will be monitored by the Investment Panel and reported through the highlight reports and the use of a risk log or register and as part of the Quarterly reporting to Cabinet.
448. The Member Oversight Group will have the opportunity to request further input into 'any investments where the risk of investment requires further scrutiny, or the risk of default has increased following the original investment decision.
449. There are a number of risks that the Council should note that could impact on the delivery of this scheme and progression to establish the WRIF. The table below is not exhaustive, but reflects a collection of the key risks:

Risk	Mitigation
<b>The public finance environment</b> Changes to PWLB and other recent guidance from central government is that Local Authorities are expected to be more considered when making investment decisions than previously permitted. This represents a risk to a purely commercial investment approach	A business case is to be prepared for each individual investment decision to demonstrate the economic, social and environmental benefits to be delivered via the investment in order to meet the current guidance. This will need to be kept under close review.

<b>HMT Public Works Loan Board</b> – future lending terms November 2020 sets out that local authorities should not borrow primarily for yield or other speculative purposes	The WRIF Strategy includes both financial and non-financial criteria for the assessment of investment opportunities and the business case will seek to show alignment with both to demonstrate that any borrowing is policy-driven and will not be solely for the purpose of yield
The restrictions in place on <b>access to PWLB</b> .	To be monitored and considered by the Investment Panel in relation to each investment opportunity on a case-by-case basis to ensure that the Council's wider borrowing power is not compromised.
<b>Resources and Skills</b> – A lack of available or suitable resources could result in delays to the establishment of the Investment Panel / procurement of external Fund Management services and consequently the sourcing of investment opportunities	<p>The marketing strategy and promotion of the opportunities of the Fund via the Council's own network will widen the potential pool of resources available to the Council.</p> <p>The Council can scale up the WRIF over time as resources are procured.</p>
<b>Benefit Realisation</b> – the WRIF is unable to finance the number of investments anticipated or investments perform more poorly than anticipated and consequently the complete realisation of benefits is not achieved.	<p>Regular monitoring of performance and benefit realisation by the Investment Panel through the life of the investment and at portfolio level.</p> <p>A clear exit strategy should be in place to ensure that investments only remain live when delivering against the investment criteria agreed.</p>
<b>Reputation</b> - concerning liability surrounding investments, public perception of investments made and adhering to responsible and sustainable practice. Perception if funds underperform or the council seeks to enforce against assets etc.	<p>The marketing, communication &amp; engagement strategy will be key to managing the public perception of the Fund.</p> <p>The contract for external fund managers will set the parameters for investment to mitigate this risk.</p> <p>The robust decision-making process for internal fund management will help mitigate this risk.</p>
<b>Investment performance</b> - Higher levels of bad debt, higher default levels, lower levels of return and /or low market interest results in under performance of the WRIF and the Council losing money.	Sensitivity testing analysis has been undertaken to model the WRIF to demonstrate that overall investment performance can be achieved in a range of scenarios and via a diverse portfolio of investments.

	<p>A number of crystallisation events will be created as milestones in the management of the WRIF that will ensure the Council covers its costs as a minimum.</p> <p>The flexibility of the WRIF with a portfolio approach will ensure a diversification of investments with a range of risk, return and types of investments to mitigate against underperformance.</p>
<p><b>Market Interest</b> in the Fund is lower than expected causing a lower number of investment opportunities.</p>	<p>The focus and priority areas of the Fund are based on economic analysis of the likely needs of the local market. The bespoke forecasting tool should continue to be used to shape and update the WRIF Strategy to ensure it continues to reflect the market. The WRIF will only continue to operate if it has sufficient resource, expertise and experience to manage it.</p>

## CONCLUSION

450. The Management Case concludes that the Council intends to resource and manage the WRIF using robust governance and decision-making arrangements and by sourcing resources internally and externally to the Council.
451. It is intended that the WRIF and the progress of investments will be managed and monitored using established project management processes, regular reporting and effective risk management including:
- A clear resourcing proposal has been made that indicates the type and range of resources required to manage the WRIF effectively;
  - A clear management approach has been described that will see the Council put in place a mixed economy model whereby external resources are sourced and procured to support the WRIF in a tailored way to provide skills, experience and expertise where required.
  - A clear methodology is proposed for consideration of investment opportunities via a SIFT and Business Case approach that will ensure that resources are allocated appropriately to undertake due diligence only on those investments that are strategically aligned with the objectives of the Fund;
  - An Investment Panel is to be established that will have responsibility for considering investment opportunities, making recommendations to Cabinet, managing, and monitoring performance of the WRIF and reporting to Cabinet on performance at portfolio level.



- A Member Oversight Group will be established for the scrutiny of investment decisions where quarterly monitoring reports will be referred and any individual investments or investment decisions can be referred for further scrutiny.
- Once investments have been approved by Cabinet, the governance arrangements are sufficiently robust to ensure effective management, monitoring and measurement of performance of the Fund;
- A detailed project plan will be put in place to drive an efficient process for set up of the WRIF and to determine the key milestones and activities required in the first year of operation;
- A marketing strategy and communication & engagement strategy will be developed and put in place to communicate the role of the WRIF and support the sourcing of investment opportunities.
- High level summary of Risks have already been identified with appropriate mitigating strategies and these can form the basis of a more detailed and effective risk management plan and approach to be taken forward by the Council once the Fund is in operation.

452. Considering the above, there are appropriate management and governance arrangements proposed to ensure the effective set up and ongoing management of the WRIF.

## 8. Way Forward

453. The Business Case confirms the preferred approach to establish the Warwickshire Recovery & Investment Fund. It describes the structure of the Fund, how it will be funded, resourced, managed and monitored.
454. The Council will seek approval of the Business Case from Cabinet to establish the WRIF, agree the WRIF Strategy, agree governance arrangements and seek the approval of Full Council where required.
455. Approval will also be requested to commence procurement activities needed to support the management and delivery of the WRIF and the set up and running costs associated with this.

### NEXT STEPS

456. The next steps to establish the WRIF are as follows:

Item	Next Steps	Timescale
<b>WRIF Strategy</b>	Approval of Strategy with necessary delegated authority. Pathway agreed for annual approval by Cabinet	Short Term 3-6 months
<b>Investment Panel</b>	Terms of Reference agreed Decision Making process approved Membership agreed and set up Resources secured  Commence regular meetings	Short Term 3-6 months    Short Term 3-6 months
<b>Project Plan</b>	Prepare detailed Project Plan for approval	Short Term 3-6 months
<b>Procurement</b>	Specification for External Fund Management agreed Soft Market Testing exercise to refine WRIF terms Procurement exercise to secure services of Fund Manager(s) Procurement exercise to establish framework for advisors for call off from to support the in-house management team	Short Term 3-6 months Short Term 3-6 months Short Term 3-6 months Short Term 3-6 months

Item	Next Steps	Timescale
<b>Resources</b>	Recruitment of resources to form in-house team	Short Term 3-6 months
<b>Marketing/ Communication &amp; Engagement Strategy</b>	Prepare strategy and seek approval to implement	Short Term 3-6 months
<b>Sourcing of Opportunities</b>	Start to source/ identify investment opportunities  Develop pipeline of investment opportunities	Medium Term 6-12 months  Long Term 12 months +

## Appendix A – WRIF Strategy

## Appendix B – Investment Panel Terms of Reference

### Warwickshire County Council

### Warwickshire Recovery & Investment Fund –

### Investment Panel Terms of Reference - Draft

#### Introduction

1. The Warwickshire Recovery & Investment Fund (WRIF) is to be established to mitigate the impact to the County and aid the economic recovery from COVID 19. This fund will be one of the Council's significant directly controlled contributions to the economic recovery of Warwickshire amongst the much larger and broader county and government response.
2. The WRIF will provide access to finance to support businesses and leverage additional funding for the County, both of which will support the economic recovery of Warwickshire.
3. The scope and range of investments, as well as the financial criteria for individual investments and the portfolio of investments are set out in the WRIF Strategy. This WRIF Strategy, and all the parameters within it, should be agreed by Cabinet on an annual basis.
4. A robust governance and accountability process, through establishment of an Investment Panel, is proposed for adoption whereby all investment opportunities will be assessed via a consistent decision-making process that will ensure that all the commercial considerations are assessed for the investments progressed by the WRIF. The Investment Panel will monitor the performance of the WRIF at a portfolio level and also guide and make recommendations on any investment decisions for any aspect of the Fund that are to be managed in house for final decision by Cabinet.
5. The Investment Panel is proposed to be an officer body which does not have any collective decision-making powers. The purpose of the Investment Panel is to provide a consistent decision-making process for the investments progressed by the WRIF. The Investment Panel will also monitor the performance of the WRIF at a portfolio level and make recommendations [to Cabinet in respect of proposed investments].
6. Cabinet will approve individual investment decisions for all aspects of the Fund that are to be internally managed within a total investment portfolio size of £140M and in line with the criteria set by the WRIF Strategy.
7. The Panel will report to Cabinet to whom it will also refer investment decisions that fall outside of the parameters of the WRIF Strategy.

8. A Member oversight group will be established for the scrutiny of investment decisions where quarterly monitoring reports will be referred and any individual investments or investment decisions can be referred for scrutiny.

### **The role of the Investment Panel**

9. Where elements of a Fund are internally managed by the Council (with the support of external advisors), the role of the Investment Panel is to:
  - Review and update the WRIF Strategy to reflect the current needs of local businesses, the local economy and investment market.
  - Allocate appropriate resources to support the governance and decision-making process.
  - Oversee the governance and decision-making process for investments to ensure investment opportunities are thoroughly evaluated and appropriate due diligence undertaken
  - Consider Business Case proposals - Review, challenge and make recommendations on individual investment decisions
  - Monitor the progress and performance of individual investments as well as the overall portfolio
  - Undertake effective Risk Management
  - Regularly review and take corrective action to ensure the returns on live investments meet the overall criteria and targets
  - Regularly review the effectiveness of decision-making tools and make changes to better achieve the Council's investment strategy objectives
  - Provide updates to Cabinet (and Member Oversight Group) on the performance of the Portfolio
10. Where elements of a Fund are externally managed the role of the Investment Panel is to:
  - Review and update the WRIF Strategy to reflect the current needs of local businesses, the local economy and investment market.
  - Provide contract management of External Fund Managers/Management
  - Monitor the progress and performance of the overall portfolio
  - Provide updates to Cabinet (and Member Oversight Group) on the performance of the Portfolio

Where elements of a fund are externally managed, the role of the Council will be limited and the only control will be via the procurement exercise to appoint and by specifying the criteria, limits and requirements as based on the WRIF Strategy.

11. The Panel will receive SIFT Documents and Business Cases setting out investment opportunities that are strategically aligned with the WRIF objectives for recommendations to Cabinet for approval, rejection, or referral. The Investment Manager will present the investment opportunity and the Panel will make a recommendation that will be referred to Cabinet to then agree or reject an investment opportunity.
12. The Panel will report regularly to Cabinet to whom it will also refer investment decisions that fall outside of the parameters of the WRIF Strategy or the delegated financial limits.
13. The Panel will monitor the progress and performance of individual investments and the overall portfolio and make decisions to execute exit strategies where and when appropriate. The Panel will provide regular updates to Cabinet on the performance of the WRIF portfolio.

### Membership

14. The membership of the Investment Panel is proposed as:
  - Strategic Director for Communities (Chair)
  - Strategic Director for Resources (optional)
  - Business & Economy
  - Governance & Policy
  - Growth/Regeneration
  - Property/Housing
  - Finance Team
  - Legal
  - Independent Advisor
  - External Advisors (as required)
15. The Investment Panel will be supported by other officers who will attend or present but not be formal members.
16. In addition, the Panel will be supported by a team of external advisors that will be available via frameworks to call off as required, including:
  - Legal advisors
  - Financial advisors
  - Tax advisors
  - Property valuation
  - Independent advisors
  - Technical advisors/industry specialists
  - Peer Review/Business Leader/Private sector representative.

### Quorum

17. A minimum of 4 Investment Panel members is required to meet quorum with the Chair plus minimum representation from Finance, Legal and Business & Economy.

### **Frequency**

18. The Panel will meet monthly or when an investment decision is required.

### **Agenda items, Meeting Papers & Reporting**

19. The Investment Panel Agenda, Highlight Reports and papers should be distributed to Panel members at least five (5) working days before the Panel meeting. Exception reports may be sent out from time to time by the Board Chair as thought appropriate.
20. Formal minutes will be recorded from every meeting including a record of any recommendations/decisions for audit trail and transparency.



## Appendix C – Scale of Benefits

### Business Investment Growth (£90m)

Projected outcomes	Lower	Middle	Upper
Jobs created/safeguarded	4,081	4,801	5,521
Annual regional GVA (£m)	85.9	101.0	116.2
Businesses created	2,160	2,541	2,922
Private sector leverage (£m)	70.4	82.8	95.2
Public sector leverage (£m)	23.5	27.7	31.9
No of successful innovation initiatives	2,008	2,363	2,717
No of successful environmental initiatives	2,705	3,183	3,660
No of businesses integrating new products, processes or services	3,613	4,250	4,888

### Local communities and enterprise (£10m)

Projected outcomes	Lower	Medium	Upper
Jobs created/safeguarded	453	533	613
Annual regional GVA (£m)	9.6	11.3	13.0
Businesses created	240	282	325
Private sector leverage (£m)	7.8	9.2	10.6
Public sector leverage (£m)	2.6	3.1	3.6
No of successful innovation initiatives	223	263	302
No of successful environmental initiatives	301	354	407
No of businesses integrating new products, processes or services	401	472	543

### Property & Infrastructure £40m)

Projected outcomes	Lower	Medium	Upper
Jobs created	506	632	759
Jobs safeguarded	278	348	417
Annual regional GVA (£m)	20	25	29
Businesses created	18	22	27
Land remediated (hectares)	15	19	23

## Appendix D - Legal Advisors Report

**Legally Privileged and Confidential**

## Appendix D – Public Works Loan Board – Lending Objectives

Type	Description
Service	Normal local authority capital spending, for example education, highways, transport, social care, public health, cultural services, environmental services, regulatory services, and Fire and Rescue Services, as would be captured in the MHCLG Capital Outturn Return.
Housing	Normal local authority general fund or housing revenue account activity, as would be captured in the housing sections of the MHCLG Capital Outturn Return. In principle this includes land release, housing delivery, and subsidising affordable housing.
Regeneration	<ul style="list-style-type: none"> <li>• Addressing economic or social market failure by providing services, facilities, or other amenities of value to local people which would not otherwise be provided by the private sector</li> <li>• Preventing negative outcomes including through buying and conserving assets of community value that would otherwise fall into disrepair</li> <li>• Investing significantly in assets beyond the purchase price, developing assets to improve them and/or change their use</li> <li>• Generating significant additional activity that would not otherwise happen without the local authority's intervention, for example creating jobs and/or social or economic value</li> <li>• Investments that recycle income to related projects with similar objectives rather than income being applied to wider services</li> </ul>
Treasury Management	Restructuring or extending existing debt from any source, including the restructuring of internal financing
Prevention of Social or Economic Decline	<ul style="list-style-type: none"> <li>• Investments that prevent a negative outcome, for example conserving assets of community value that would otherwise fall into disrepair, or providing support to maintain economic activity that would otherwise cease</li> <li>• Investment where there is no realistic prospect of support from any other source</li> <li>• investments with a defined exit strategy so that investments are not held for any longer than is necessary to achieve their objective</li> </ul>

MHCLG issued guidance following the 2020 PWLB consultation stating that authorities that invest make Non-Treasury investments for the above reasons will have access to PWLB lending.

Local authorities that choose to invest for other reasons, or who choose to invest purely or primarily for yield will not be allowed to access PWLB lending for a period of time. In these cases, lending will be available from other sources, however it is foreseeable that the credit rating and risk profile of a local authority will be adversely impacted where is been refused access to the PWLB, and this would foreseeably impact on the lending rates and terms made available to the local authority.

## Appendix E – Financial Model

### Property & Infrastructure Pillar

Max. Fund Size	£40.0m
# Loans	4
Average Loan Size	£10,000k
Interest Rate	6.5%
Arrangement Fee	0.0%
Loan Period (25%)	3 Yrs
Loan Period (50%)	5 Yrs
Loan Period (25%)	7 Yrs
Default Rate	0.0%
Recovery on Default	100%

### Business Investment Growth Pillar

Max. Fund Size	£90.0m
# Loans	18
Average Loan Size	£5,000k
Interest Rate	5.0%
Arrangement Fee	0.5%
Loan Period (25%)	3 Yrs
Loan Period (50%)	5 Yrs
Loan Period (25%)	7 Yrs
Default Rate	3.0%
Recovery on Default	80%

### Communities & Enterprise Pillar

Max. Fund Size	£10.0m
# Loans	100
Average Loan Size	£100k
Interest Rate	8.0%
Arrangement Fee	0.5%
Loan Period (25%)	2 Yrs
Loan Period (50%)	3 Yrs
Loan Period (25%)	5 Yrs
Default Rate	30.0%
Recovery on Default	25%

	Total WRIF	Business Growth	Communities & Enterprise	Property & Infrastructure
Gross Funding	£140m	£90m	£10.0m	£40m
Peak Funding	£76m	£50m	£3.4m	£25m
PWLB Interest	-£9.5m	-£6.3m	-£0.4m	-£2.8m
Potential Loss	-£2.8m	-£0.5m	-£2.3m	£0.0m
Running Cost	-£2.8m	-£1.8m	-£0.2m	-£0.8m
Arrangement Fee	£0.5m	£0.45m	£0.05m	£0.0m
Interest Repayment	£21.0m	£12.6m	£1.2m	£7.2m
<b>Net Revenue</b>	<b>£6.5m</b>	<b>£4.4m</b>	<b>-£1.5m</b>	<b>£3.6m</b>
<b>Net Revenue (NPV)</b>	<b>£4.9m</b>	<b>£3.5m</b>	<b>-£1.3m</b>	<b>£2.7m</b>

### Sensitivity Analysis

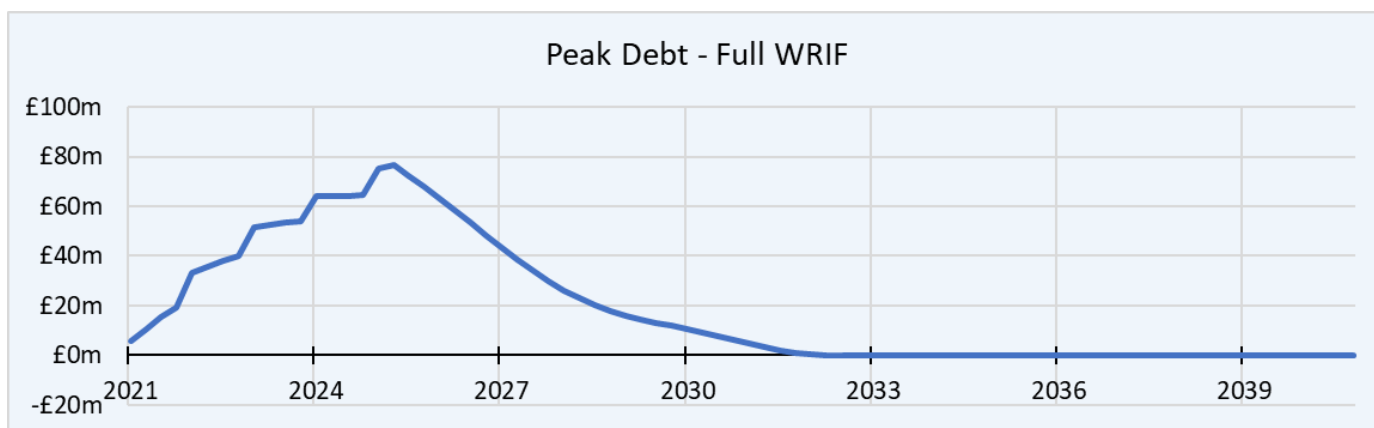
#### Monte Carlo Confidence Range

<b>Downside Risk (NPV)</b>	<b>£3.2m</b>	<b>£2.2m</b>	<b>-£2.4m</b>	<b>£2.7m</b>
<b>Upside Potential (NPV)</b>	<b>£6.2m</b>	<b>£3.9m</b>	<b>-£0.1m</b>	<b>£2.7m</b>

#### Monte Carlo Risk Analysis

% Chance of Positive NPV	<b>99%</b>	99%	0%	99%
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### Peak Debt



### ANNUAL CASH FLOW

ANNUAL CASH FLOW														
			20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Council (Full WRIF)	Gross	NPV												
PWLB Interest	-£9.5m	-£7.2m	£0k	-£196k	-£789k	-£1,235k	-£1,536k	-£1,803k	-£1,516k	-£1,028k	-£622k	-£383k	-£244k	-£104k
MRP	-£2.8m	-£2.2m	£0k	-£94k	-£351k	-£495k	-£422k	-£419k	-£477k	-£327k	-£147k	-£24k	-£24k	-£21k
Running Costs	-£2.8m	-£2.1m	£0k	-£448k	-£448k	-£448k	-£448k	-£448k	-£80k	-£80k	-£80k	-£80k	-£80k	-£80k
Arrangement Fee	£0.5m	£0.4m	£0k	£110k	£110k	£110k	£110k	£60k	£0k	£0k	£0k	£0k	£0k	£0k
Interest Repayment	£21.0m	£15.9m	£0k	£413k	£1,741k	£2,744k	£3,425k	£4,026k	£3,395k	£2,292k	£1,375k	£837k	£534k	£230k
Net Council Position	£6.5m	£4.9m	£0k	-£215k	£263k	£677k	£1,129k	£1,416k	£1,323k	£858k	£525k	£351k	£187k	£25k

## Glossary

This section contains some of the key terms used in the business case.

Term	Definition
<b>COVID-19</b>	Coronavirus disease 2019 (COVID-19) is a contagious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
<b>SME</b>	Small Medium Sized Enterprises
<b>Mixed Economy</b>	Delivery of the Fund's objectives lie with both internal and external fund managers
<b>Mezzanine Finance</b>	Mezzanine financing is a hybrid of debt and equity financing that gives the lender the right to convert to an equity interest in the company
<b>Corporate Guarantee</b>	Where the Council uses its corporate strength to provide security for a financial liability
<b>Interest Cover Ratio</b>	Net Income / Interest Expenditure in a given year
<b>Debt Service Cover Ratio</b>	Net Income / (Interest Expenditure + Principal Repayment) in a given year
<b>Net Present Value</b>	The sum of the discounted cash flow. If discount rate = x% than the discount factor for Year 1 = $1 / (1 + x)^1$ , Year 2 = $1 / (1 + x)^2$ , Year 3 = $1 / (1 + x)^3$ , Year n = $1 / (1 + x)^n$
<b>Internal Rate of Return</b>	Rate of return in a given cash flow. Another definition is the discount rate at which the NPV = 0.
<b>Yield on Cost:</b>	Net Income / Total Capital Expenditure
<b>Profit on Cost:</b>	Profit / all investment cost
<b>Loan to value/loan to cost ratios</b>	LTV: Outstanding Debt Principal (Debt Amount) / Asset
<b>Value LTC:</b>	Outstanding Debt Principal (Debt Amount) / Total Capital Expenditure
<b>Debt investment</b>	A debt investment involves the loan of money in exchange for the promise of a return of the principal loan plus interest. Debt investments tend to be less risky than equity investments but usually offer a lower but more consistent return
<b>Equity investment</b>	Equity investment refers to buying shares in a company and thereafter holding those shares in order to gain ownership interest that can be sold

	later to generate returns. Equity investments are a classic example of taking on higher risk of loss in return for potentially higher reward.
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## Warwickshire County Council Equality Impact Assessment (EIA) Form

The purpose of an EIA is to ensure WCC is as inclusive as possible, both as a service deliverer and as an employer. It also demonstrates our compliance with Public Sector Equality Duty (PSED).

This document is a planning tool, designed to help you improve programmes of work by considering the implications for different groups of people. A guidance document is available [here](#).

Please note that, once approved, this document will be made public, unless you have indicated that it contains sensitive information. Please ensure that the form is clear and easy to understand. If you would like any support or advice on completing this document, please contact the Equality, Diversity and Inclusion (EDI) team on 01926 412370 or [equalities@warwickshire.gov.uk](mailto:equalities@warwickshire.gov.uk)

<b>Service / policy / strategy / practice / plan being assessed</b>	Proposed Warwickshire Recovery & Investment Fund
<b>Business Unit / Service Area</b>	Finance / Economy & Skills
<b>Is this a new or existing service / policy / strategy / practice / plan?</b> If an existing service / policy / strategy / practice / plan please state date of last assessment	Proposal to Members is to set up a Warwickshire Recovery & Investment Fund
<b>EIA Review team – list of members</b>	Chris Kaye, Reece Bowman, Keira Rounsley
<b>Do any other Business Units / Service Areas need to be included?</b>	Finance, Economy & Skills
<b>Does this EIA contain personal and / or sensitive information?</b>	No
<b>Are any of the outcomes from this assessment likely to result in complaints from existing services users, members of the public and / or employees?</b>	No

# 1. Please explain the background to your proposed activity and the reasons for it.

SQW (an external company) was commissioned by the Council to undertake research into the potential impact of the pandemic into the local economy. Their report (August 2020) which was considered by Cabinet on 8<sup>th</sup> October 2020 indicated that, in Warwickshire:

- There could be an increase in the number of unemployed people from 7,000 before the pandemic, to around 26,500, with potential further growth in subsequent phases of the pandemic response. When the second wave scenario was applied to the model, it resulted in a forecast of between 19,500 and 23,415 additional people out of work.
- Sectors reliant upon in-person service delivery, such as retail, hospitality, leisure and recreation are particularly exposed
- Modelling demonstrates that potentially a third of the additional jobs lost in 2020 could be in food and beverage services, retail and accommodation, sectors that employ a large proportion of younger people, with the effects spread across the entire County.
- Alongside this, the number of jobs lost in manufacturing is also likely to be high. The model suggests there could be 1,700 – 1,800 job losses in automotive manufacturing.
- The model indicates a potential 12% loss in GVA for Warwickshire when the second wave scenario was applied.
- The results are particularly sensitive to the impacts on the automotive manufacturing sector and its supply chain. A significant drop in activity in this sector in 2020 is one of the reasons that GVA and employment in Warwickshire is expected to be hit harder than in the UK as a whole.

The WRIF Business Case considers options to establish a WRIF or 'do nothing' (which includes investing through alternative Council initiatives or letting the market fill the gap) were assessed against the following criteria;

- Ability to deliver Strategic Objectives of WCC
- Ability to support the post-COVID economic recovery of Warwickshire in a targeted way
- Ability to support businesses, social enterprises and create jobs
- Ability to generate financial returns that as a minimum cover cost and provide a return commensurate with the risk taken by the Council

WRIF is being considered to help the council achieve the following of its policy objectives and outcomes:

- 'Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure' (Council Plan);

- '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'. (Recovery Plan);
- 'Stimulate job creation and skills: Work with our partners in the Local Enterprise Partnership and higher and further education, to invest in getting people back into employment, or starting their careers, supporting skills, training and re-learning' (Recovery Plan);
- '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' (Recovery Plan);
- 'Make sustainability and tackling climate change central to our recovery so that we lay the foundations for a sustainable long-term future' (Recovery Plan); and
- 'Our ambition is for strong economic growth, with seven strategic priorities and particular focus given to four sectors: automotive technology, advanced manufacturing, digital creative/video game development, and tourism' (Economic Growth Strategy).

## 2. Please outline your proposed activity including a summary of the main actions.

The first two milestones before the WRIF can proceed are:

- Cabinet decision in Feb 2021 on whether to move to the next steps of WRIF setup, as per the proposed Business Case
- Cabinet and Council decision in spring/summer 2021 to adopt the draft WRIF Business Plan and proceed with setup

Activity after this second milestone will include:

- Setup of Council / WRIF governance arrangements
- Potentially, recruitment and procurement activity
- Miscellaneous other activities to allow the WRIF to become fully operational

### 3. Who is this going to impact and how? (customers, service users, public and staff)

It is good practice to seek the views of your stakeholders and for these to influence your proposed activity. Please list anything you have already found out. If you still need to talk to stakeholders, include this as an 'action' at the end of your EIA. **Note that in some cases, there is a duty to consult, see [more](#).**

Using the two milestones identified in section 2, above, the following initial assessment of impact is made:

#### **Agreement by Cabinet to proceed with WRIF setup based on Business Case**

The decision to proceed with setup in accordance with the preferred option in the business case will not in itself produce any impact on customers, service users, the public or staff. However, potential impact may emerge following the second round of decision making scheduled for spring/summer.

#### **Agreement by Cabinet of the proposed WRIF Business Plan**

The WRIF Business Plan submission to Cabinet in spring/summer 2021 will include further detail on how the WRIF would operate and the actions required to make it operational. Any recruitment commencing if Cabinet agrees to proceed with WRIF setup will be subject to Warwickshire County Council recruitment policies and practices, which will reduce the likelihood of any aspect of that activity resulting in a negative impact on equalities. Any allocation of funding and subsequent alteration of financial policies and strategies arising from any acceptance of recommendations by Cabinet should not in themselves create any equalities impacts.

**4. Please analyse the potential impact of your proposed activity against the protected characteristics.**

**N.B** Think about what actions you might take to mitigate / remove the negative impacts and maximize on the positive ones. This will form part of your action plan at question 7.

	<b>What information do you have? What information do you still need to get?</b>	<b>Positive impacts</b>	<b>Negative impacts</b>
<b>Age</b>	There is no impact on age arising from Cabinet decision making in February	N/a	N/a
<b>Disability</b> Consider <ul style="list-style-type: none"> <li>Physical disabilities</li> <li>Sensory impairments</li> <li>Neurodiverse conditions (e.g. dyslexia)</li> <li>Mental health conditions (e.g. depression)</li> <li>Medical conditions (e.g. diabetes)</li> </ul>	There is no impact on disability arising from Cabinet decision making in February	N/a	N/a
<b>Gender Reassignment</b>	There is no impact on gender reassignment arising from Cabinet decision making in February	N/a	N/a
<b>Marriage and Civil Partnership</b>	There is no impact on marriage and civil partnership arising from Cabinet decision making in February	N/a	N/a
<b>Pregnancy and Maternity</b>	There is no impact on pregnancy and maternity	N/a	N/a

	arising from Cabinet decision making in February		
<b>Race</b>	There is no impact on race arising from Cabinet decision making in February	N/a	N/a
<b>Religion or Belief</b>	There is no impact on religion or belief arising from Cabinet decision making in February	N/a	N/a
<b>Sex</b>	There is no impact on sex arising from Cabinet decision making in February	N/a	N/a
<b>Sexual Orientation</b>	There is no impact on sexual orientation arising from Cabinet decision making in February	N/a	N/a

**5. What could the impact of your proposed activity be on other vulnerable groups e.g. deprivation, looked after children, carers?**

There is no impact on other vulnerable groups arising from Cabinet decision making in February.	N/a	N/a
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**6. How does / could your proposed activity fulfil the three aims of PSED, giving due regard to:**

- the elimination of discrimination, harassment and victimisation
- creating equality of opportunity between those who share a protected characteristic and those who do not
- fostering good relationships between those who share a protected characteristic and those who do not

Cabinet decision making in February is neutral in respect of the three aims

## 7. Actions – what do you need to do next?

Consider:

- Who else do you need to talk to? Do you need to engage or consult?
- How you will ensure your activity is clearly communicated
- Whether you could mitigate any negative impacts for protected groups
- Whether you could do more to fulfil the aims of PSED
- Anything else you can think of!

Action	Timescale	Name of person responsible
Cabinet decision making on WRIF business case	11/2/21	Cabinet
Cabinet decision making on WRIF business plan	Spring/summer 2021	Cabinet

## 8. Sign off.

Name of person/s completing EIA	Reece Bowman
Name and signature of Assistant Director	Andy Felton
Date	1/2/21
Date of next review and name of person/s responsible	12/2/21 Chris Kaye

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# COVID19 and an Investment Fund for Warwickshire

Report to Warwickshire County Council



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**Contact:**

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**Approved by:**

Christine Doel

Director

Date: 25/08/2020

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**Disclaimer**

This report takes into account the particular instructions and requirements of our client. It is not intended for, and should not be relied upon by, any third party and no responsibility is undertaken to any third party. Whilst SQW has used reasonable care and skill throughout, it is unable to warrant either the accuracy or completeness of information supplied by the client or third parties, and it does not accept responsibility for any legal, commercial or other consequences that arise from its use.

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## Executive Summary

### Context for – and purpose of – this study

1. The health crisis surrounding COVID19 has turned into an unprecedented economic shock. The forecasts are stark. There will be a global recession; and the UK is expected to fare worse than elsewhere (predominantly because of its sectoral structure).
2. In thinking about the future, there are major risks and uncertainties. The UK government has intervened to mitigate the worst economic effects of COVID19 (e.g. through the Coronavirus Job Retention Scheme, the Self-employment Income Support Scheme, and various loan schemes for businesses). Whilst its interventions may have cushioned the immediate crisis, it is not yet clear to what extent redundancies have been *prevented* or simply *delayed*. Every situation is different; businesses' ability to survive will reflect both internal (e.g. the strength of balance sheets as lockdown started) and external factors (e.g. whether business activity is possible with prolonged social distancing).
3. There are also two further, more overarching, risks:
  - first, the **possibility of a second peak during the autumn/winter is real**.
  - amidst all of this, there is also the process of **EU transition** and the possibility that trade agreements are unsorted by the end of the year.
4. Against this backdrop, SQW was commissioned by Warwickshire County Council in June 2020 to consider two main issues:
  - First, the **Council wanted to explore how the economy of Warwickshire might change over the next period given the effects of the pandemic and the process of EU transition**. The purpose of the analysis was really to understand where the biggest risks (upside and downside) might be within Warwickshire.
  - Second, **the Council wanted to understand the difference it could make by using its financial strength to set up an Investment Fund**.

### How the economy of Warwickshire might change

5. One lens on how Warwickshire's economy might change is provided by its key sectors. Warwickshire County Council's economic strategy<sup>1</sup> outlined seven strategic priorities for economic growth in the county, and particular attention was given to four sectors: **automotive technology, advanced manufacturing, digital creative/video game development, and tourism**. In the context of COVID19, we also thought it was important to

<sup>1</sup> Warwickshire County Council (2020) Economic Growth Strategy 2020-25

add **logistics**, a sector for which Warwickshire has significant locational assets and which is increasingly important.

6. Based on a desk-based review of national and local evidence, Table 1 provides a snapshot of challenges and opportunities facing each sector.

**Table 1: Issues facing Warwickshire's key sectors**

Sector	Major issues
<b>Automotive technology</b>	<ul style="list-style-type: none"> <li>In the medium term, there ought to continue to be an opportunity for Warwickshire (and the West Midlands) to be a centre of excellence in relation to the future of mobility, although it must be recognised that this transition will be one for the whole supply chain, not just the prime contractors. A key question for Warwickshire County Council (and CWLEP) is the extent to which the wider supply chain is equipped to respond.</li> <li>Leading names such as BMW, Jaguar Land Rover (JLR), London Electric Vehicle Company, and Tata Motors are R&amp;D focused. However, national evidence suggests that investment in R&amp;D will fall as a result of COVID19 which may well present a short-medium term threat. The 'shape' of the impact may be different from that in areas where the focus is exclusively manufacturing (i.e. the effects will materialise as decisions about R&amp;D priorities are made, and these will need to take some account of the process of Brexit).</li> <li>Prior to the pandemic, a lack of appropriate employment land and premises had been identified as a concern. In 2019, it was estimated that although B2 / B8 floorspace availability had increased across the LEP area (with the exception of Nuneaton &amp; Bedworth), overall the existing supply provided for about 2.25 years at the then-current rate of demand.<sup>2</sup> Given the new circumstances, this timescale will have been extended, but there is likely still to be an issue in the medium term</li> <li>In the automotive sector, the automation of activities/occupations had started to take effect prior to the pandemic (with artificial intelligence and robotics able to effectively replicate many tasks).<sup>3</sup> It seems probable that this process will accelerate. A labour market response – through the retraining of existing staff and new/different opportunities for younger people – will therefore be important.</li> </ul>
<b>Advanced manufacturing</b>	<ul style="list-style-type: none"> <li>Warwickshire's advanced manufacturing businesses are at the "knowledge-intensive" end of the spectrum and might therefore perform a little better than the UK average. However, Warwickshire's companies are likely to experience loss in revenue due to dampened demand and disruption to supply chains.</li> <li>It is possible that parts of the sector might have found (or could find) new opportunities as they have pivoted in response to the COVID19 crisis; in practice, businesses within the supply chain might be expected to be more agile than the primes, which are facing major structural challenges</li> <li>As with automotive, the lack of appropriate employment land and premises has been identified as a concern – although the crisis has reduced the immediate pressure</li> </ul>

<sup>2</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>3</sup> Warwickshire Careers Strategy (2019/20 - 2024/25) Consultation Draft

Sector	Major issues
	<ul style="list-style-type: none"> <li>Automation of activities and occupations is likely to be particularly acute in advanced manufacturing. The number of routine jobs in the sector may well decline – suggesting a need for upskilling (to work in more knowledge intensive jobs in the sector) or re-skilling (to work in other sectors)</li> <li>COVID19 has imposed tighter restrictions on working conditions in relation to social distancing, working from home etc. This may speed up the rate at which companies are investing in automation processes. Automation combined with a slump in demand for products suggest that unemployment seems more possible.</li> <li>There are various interdependencies between automotive technologies and advanced manufacturing that are likely to strengthen the cluster. For example, it is possible that both sectors share a similar supply chain particularly in relation to sourcing raw materials and parts. National evidence suggests that COVID19 has forced businesses to nationalise their supply chain, as a result, there may be an opportunity for businesses in Warwickshire to absorb new demand.</li> </ul>
Digital creative/video game development	<ul style="list-style-type: none"> <li>The “slightly alternative” ethos that is found – and the high incidence of free-lancers – may well mean that the sector is more resilient locally than it is nationally</li> <li>It is likely the sector has seen an increase in home working as a result of COVID19.</li> <li>Evidence suggests that there is a need to promote the sector more successfully to attract investment. This has been committed through the Department of International Trade’s High Potential Opportunities scheme.</li> <li>According to Microsoft, in the next two decades, 90% of jobs will require some form of digital skills, and without further action to significantly increase understanding of programming, the skills gap is likely to continue to increase significantly. This issue is likely to be particularly acute in and around Leamington Spa</li> </ul>
Tourism	<ul style="list-style-type: none"> <li>There are some concerns regarding low skill, low paid nature of employment in the tourist industry.</li> <li>It is possible that Brexit may cause recruitment issues as many hospitality businesses are reliant on European employees, particularly seasonal employees.</li> <li>The sector is likely to benefit from automation. However, evidence suggests that automation is likely to disproportionately affect those in low paid customer service roles. It is vital that these people are reskilled and supported to move into new careers.</li> <li>Evidence suggests that day trips are more popular than overnight trips. Warwickshire County Council are committed to encouraging more overnight stays.</li> <li>Domestic tourism will be much faster to recover than international or business travel. North Warwickshire is popular for business travel so is more likely to be affected by the interruption to business travel.</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>Opportunity to move to greener technologies in logistics and test new business models in relation to last mile delivery.</li> <li>There are concerns about the low value of this sector, the continued need to reduce costs and increase productivity has meant the introduction of</li> </ul>

Sector	Major issues
	<p>technology and higher skills, albeit that employment density can be relatively low.</p> <ul style="list-style-type: none"> <li>• COVID19 has sped up the adoption of automation due to the costs associated with ensuring employee safety in relation to COVID19. This may result in unemployment as workers are replaced by robots.</li> <li>• COVID19 has accelerated the move towards online retail which provides opportunities across the sector. It may also change the nature of employment space required by logistics businesses.</li> <li>• Supply chains might be problematic - international logistics have been severely compromised due to COVID19. There might be opportunities arising from businesses looking to nationalise their supply chain.</li> <li>• Brexit is likely to have several impacts on the Logistics sector. The additional administration needed for customs clearance will increase the need for office accommodation associated with logistics sites. Slower customs clearances mean that businesses which currently operate on a just-in-time basis, with European suppliers, will need additional warehousing and storage space as they will need to stockpile some supplies. In the short-term at least, the view has been expressed that Brexit is dampening investment in the Automotive sector in Coventry and Warwickshire, because of the uncertainty about future trade between the UK and Europe.</li> </ul>

7. These sectoral observations helped to inform a model of Warwickshire's economy. In essence, this applied national economic forecasts to Warwickshire data. The model reflects the industry structure in Warwickshire and was cross checked with local intelligence.
8. Table 2 summarises the main findings from the model. It suggests that:
  - GVA in Warwickshire is expected to fall by around 10% in 2020 (equivalent to a fall of £1.6 billion, compared with 2019), before growing back by 5.6% in 2021 and continuing its recovery in subsequent years
  - unemployment rises to almost 9.0% in 2020, higher than the UK, before gradually returning to the pre-pandemic level.

**Table 2: Overall GVA and employment results**

	2020	2021	2022	2023	2024	2025
Warwickshire GVA	-10.0%	5.6%	3.5%	1.9%	1.9%	1.9%
UK GVA	-8.4%	4.5%	3.5%	1.9%	1.9%	1.9%
UK unemployment	7.5%	6.5%	4.5%	4.0%	3.0%	3.0%
Warwickshire unemployment	8.9%	8.0%	4.5%	4.0%	3.0%	3.0%
Warwickshire change in jobs	-19,507	+6,852	+5,658	+2,085	-	+2,978
Number unemployed Warwickshire	26,507	19,655	13,997	11,912	11,912	8,934

*Source: SQW model – note that there were 7,000 people unemployed in 2019 which is added to the change in jobs*



9. The other main conclusions are as follows:

- Overall, there could be an increase in the number of unemployed people from 7,000 before the pandemic, to around 26,500. The implication is an additional 19,500 people out of work. The sectors that are projected to be affected most in 2020 are shown in Table 3.

**Table 3: The four worst hit sectors and job losses in Warwickshire**

Sector	Jobs lost through 2020	Total jobs in 2019	Job losses as a % of 2019 employment
Motor vehicle manufacture	1,635	12,620	13%
Accommodation	1,724	6,494	27%
Retail trade	2,658	26,580	10%
Food & beverage services	2,663	17,750	15%

Source: SQW model

- Like the rest of the UK, the challenges facing sectors that rely on in-person service delivery, such as retail, hospitality, leisure and recreation, are especially acute. Perhaps a third of the additional 19,500 jobs lost in 2020 could be in food and beverage services, retail and accommodation. These sectors employ a large proportion of younger people, on lower wages and lower productivity, and the effects will be spread across Warwickshire. This all points to some clear priorities for recovery.
- Alongside this, the number of jobs lost in manufacturing is also likely to be high. The model suggests there could be almost 1,700 job losses in automotive manufacturing.
- Overall, the results are particularly sensitive to the impacts on the automotive manufacturing sector and its supply chain. A significant drop in activity in this sector in 2020 is one of the reasons that GVA and employment in Warwickshire is expected to be hit harder than in the UK as a whole.

### **Warwickshire Recovery and Investment Fund (WRIF): what is the rationale for it and what difference could it make?**

- Warwickshire County Council is in a relatively strong financial position. As part of the budget report in February 2020, a review of reserves was requested to consider whether there was potential to use some of these to invest in the policy objectives of the Council. This included exploring high level outline business case arguments with a clear statement of rationale, the underlying theory of change, and an indication of the scale of impacts that might be achieved.
- The analysis completed in the first part of the study identified challenges in specific sectors and more widely in the economy. These include finance and employment, and they are particularly acute for SMEs. There is also the harm that the loss of employment will have on individuals and on the social fabric of communities. The climate of high uncertainty means

that despite a good longer-term outlook, these businesses will find it harder to access finance. There are similar issues for social enterprises and charities that face reduced incomes but growing demand for services. The WRIF can provide the funds to unlock economic potential and help to mitigate some of the effects of the recession.

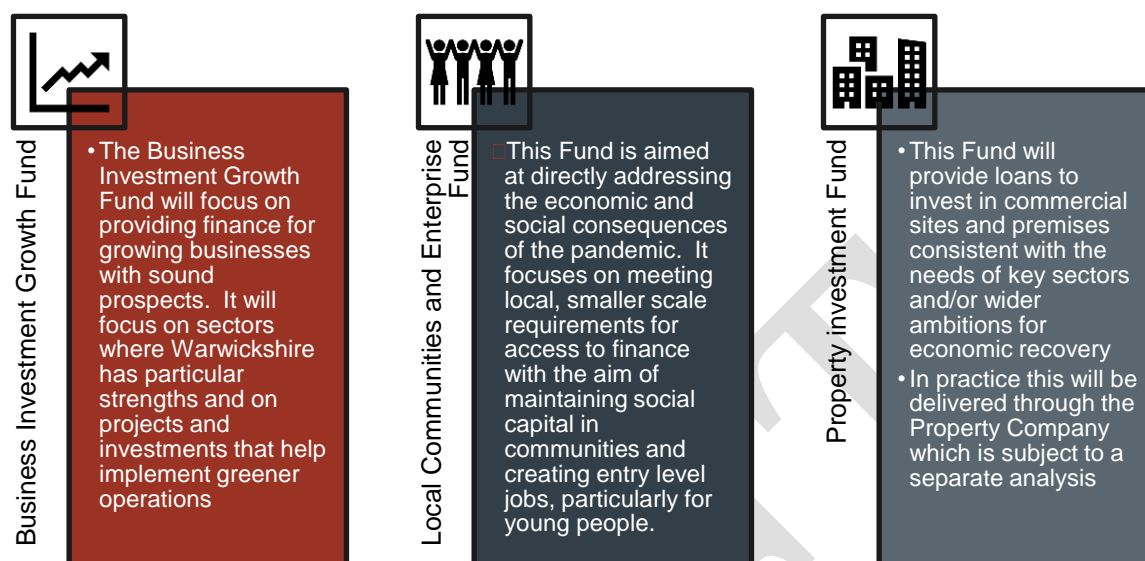
**12.** The analysis led to a set of principles for a Warwickshire Recovery and Investment Fund. These indicated that it should:

- be developed from analysis of economy and strategic sectors
- support new and growing business with sound prospects
- support local recovery
- support new, small and medium sized businesses
- support key sectors and growth rather than weaker sectors
- support the creation of new jobs
- target higher productivity activities and skills
- support environmentally and/or economically sustainable businesses
- support social enterprises and local solutions
- deliver both short and medium-term options
- offer potential for return on investment
- target full recovery of investments.



13. In response, the WRIF could be structured under three headings as shown in Figure 1. More detailed synopses of the three Funds are provided in Table 4.

**Figure 1: WRIF themes and objectives**



Source: SQW

14. In terms of the differences that the WRIF could make:
- a Business Investment Growth Fund of £15 million could support around 300 jobs
  - a Local Communities and Enterprise Fund would be unlikely to generate a financial return but would offer more direct support for social capital and creating entry level jobs, particularly for young people. As a result, it would have a bigger immediate impact on jobs – an indicative estimate is that a £5 million Fund could support around 200 jobs.
  - a Property Investment Fund is expected to generate a steady return, although its impact will depend on the scale, type and employment density of the projects supported. This is the element most likely to generate an income that can be recycled to support the Business Investment Growth and Local Community Funds.

## Next steps

15. In such an uncertain situation, the Council's role in supporting economic recovery must encompass more than an investment fund and its role is also likely to change as the scale of the challenge becomes clearer. Within this fluid context, we suggest the following next steps.

## Analysis and modelling

16. The analysis has been undertaken at a highly uncertain time and the outlook will no doubt change over the next six months. WCC should revisit the conclusions as new evidence and priorities emerge.

## Warwickshire Recovery and Investment Fund

**17.** Whilst the study has defined a rationale for the Fund, there is a need to move to more detailed design work. This will include:

- testing the potential demand for the different elements of Fund and identifying more specifically the type of funding required
- discussions with potential Fund managers (the report suggests some examples) to understand what they could offer, the potential costs and how each element of the Fund could be structured
- based on this, refine the concept and complete an appraisal of possible options, taking into account issues relating to financing models as well as the broad rationale and impacts of different types.

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Table 4: Warwickshire Recovery Investment Fund outline

Name	Objective	Focus	Funding	Delivery
Business Investment Growth Fund	The Business Investment Growth Fund will focus on providing finance for growing businesses with sound prospects. It will focus on sectors where Warwickshire has strengths and on projects and investments that help implement greener operations	<ul style="list-style-type: none"> <li>The automotive supply chain and supporting its transition towards electric vehicles</li> <li>Advanced manufacturing</li> <li>Logistics</li> <li>Investment in early stage technology businesses (specifically the digital and games sectors)</li> </ul>	<ul style="list-style-type: none"> <li>Loans, trade funding, revenue funding, equity, convertible loan notes or other.</li> <li>Support early stage business incubator/ accelerator model through property investment</li> </ul>	<ul style="list-style-type: none"> <li>Professional fund management company</li> <li>Investment fund of £15 million</li> <li>Aim to maintain value</li> <li>Supports around 300 jobs</li> </ul>
Local Communities and Enterprise	Aimed at directly addressing the economic and social consequence of the pandemic. Focus on meeting local, smaller scale requirements for access to finance with the aim of maintaining social capital in communities and creating entry level jobs, particularly for young people.	<ul style="list-style-type: none"> <li>Key local businesses</li> <li>Cultural assets</li> <li>Social enterprises</li> <li>Start-ups</li> <li>Smaller town centres</li> </ul>	<ul style="list-style-type: none"> <li>Could provide loans, revenue funding, equity, convertible loan notes and grants.</li> <li>The Fund will provide (much smaller) loans, however, we also suggest blended finance that includes initial grant funding to be used to ensure the business is finance-ready.</li> </ul>	<ul style="list-style-type: none"> <li>Consider professional management but elements could be delivered inhouse</li> <li>The returns are social rather than financial, maintaining the County's key social capital assets, local businesses and arts and cultural facilities</li> <li>Fund value between £1 million and £10 million</li> </ul>
Property Investment Fund	This Fund will provide loans to invest in commercial sites and premises consistent with the needs of key sectors and/or wider ambitions for economic recovery. Details relate to the proposals for a Warwickshire Property Company	<ul style="list-style-type: none"> <li>Developers and contractors of house building</li> <li>Developers of employment land</li> <li>Developers of office space</li> <li>Developers of operational business buildings</li> </ul>	<ul style="list-style-type: none"> <li>The type of funding will depend on the projects and will be considered as part of the Property Company case, but is likely to be in the form of loans</li> <li>Also consider the use of the Property Fund to finance an early stage incubator/ accelerator model</li> <li>Use of property Fund to invest in town centres and high streets</li> </ul>	<ul style="list-style-type: none"> <li>This is a medium-term measure</li> <li>The impact will depend on the scale, type and employment density of the projects supported</li> <li>This is the element most likely to generate an income that can be recycled to support the Business Investment Growth and Local Community Funds</li> </ul>

Source: SQW

# 1. Introduction

## The economic effects of the pandemic and wider uncertainties

- 1.1** The health crisis surrounding COVID19 has turned into an unprecedented economic shock. The forecasts are stark. There will be a global recession; and the UK is expected to fare worse than elsewhere (predominantly because of its sectoral structure). According to the *OECD Economic Outlook* for June 2020, under a "single-hit scenario", with no second peak, GDP could shrink by 11.5% in the UK, 11.4% in France, and 6.6% in Germany<sup>4</sup>. Similarly, the Bank of England's Monetary Policy Report (published 7<sup>th</sup> May 2020) estimates that UK GDP could fall by 14% in 2020 as a whole<sup>5</sup>. This is expected to affect substantial parts of Warwickshire's economy – retail and town centres, leisure/culture/tourism and the automotive sector in particular.
- 1.2** In thinking about the future, there are major risks and uncertainties. The UK government has intervened to mitigate the worst economic effects of COVID19 (e.g. through the Coronavirus Job Retention Scheme, the Self-employment Income Support Scheme, and various loan schemes for businesses). Whilst its interventions may have cushioned the immediate crisis, it is not yet clear to what extent redundancies have been *prevented* or simply *delayed*. Every situation is different; businesses' ability to survive will reflect both internal (e.g. the strength of balance sheets as lockdown started) and external factors (e.g. whether business activity is possible with prolonged social distancing).
- 1.3** There are also two further, more overarching, risks:
- First, the **possibility of a second peak during the autumn/winter is real**. Another period of lock-down would be very difficult: businesses would need to navigate it with already-depleted reserves; new dimensions of supply chain disruption could emerge; and public attitudes could harden.
  - Amidst all of this, there is also the process of **EU transition** and the possibility that trade agreements are unsorted by the end of the year. And as noted recently by the CBI, "*the devastating impact of COVID19 and the fight for business survival has diverted management attention away from any Brexit contingency planning*".
- 1.4** Against this backdrop, Warwickshire has been a relatively successful economy over recent years, certainly when considered in its regional context. However, for the first time in a generation, it is now likely to see significant levels of unemployment and potentially the loss of perhaps 30,000 jobs. These are, literally, unprecedented times.

<sup>4</sup> <http://www.oecd.org/economic-outlook>

<sup>5</sup> The illustrative scenario is conditioned on social distancing measures and government support schemes remaining as they are until early June, before being gradually unwound by the end of Q3

## Warwickshire County Council's proposals for an Investment Fund

- 1.5** Warwickshire County Council is in a relatively strong financial position. As part of the budget report in February 2020 a review of reserves was requested to consider whether there was potential to utilise some of these to invest in the policy objectives of the Council. This review will be taken into account in setting the Council's post pandemic five-year medium-term financial strategy with potential proposals for a Warwickshire Recovery and Investment Fund. The Cabinet meeting in June 2020 requested that work be undertaken investigating whether a fund should be set up by the Council, and potentially partners, given the economic downturn and extreme challenges business and residents would face caused primarily by the pandemic.
- 1.6** Given the unfolding pandemic – and also the uncertainties linked to Brexit – the Council took the view that rapid progress ought to be made with regard to the Fund. This included exploring high level outline business case arguments with a clear statement of rationale and the underlying theory of change, and some indication of the scale of impacts that might be achieved.

### Purpose of this study

- 1.7** Against this backdrop, SQW was commissioned by Warwickshire County Council in June 2020 to consider two main issues:
- **First, the Council wanted to explore how the economy of Warwickshire might change over the next period given the effects of the pandemic and the process of EU transition.** It recognised that there are layers of uncertainty surrounding both and that any forward look needs to be scenario-based, reflective and qualitative. The purpose of the analysis was really to understand where the biggest risks (upside and downside) might be within Warwickshire, recognising that this should help to define the rationale for intervention (which will be a key element of any business case).
  - **Second, the Council wanted to understand the difference it could make by using its financial strength to set up a Fund.** In this context, there was a need to consider the nature and focus of any Fund (e.g. should it be based on loans or grants or equity, and across the many facets of Warwickshire's economy, where might the greatest gains be achieved?). Drawing on experience elsewhere and, where possible, evaluation evidence, there was also a need to consider the scale of likely effects.

### Structure of this report

- 1.8** The report that follows is divided into six substantive chapters:
- **Chapter 2** examines the *nature of the effects that a combination of COVID19/recession and EU transition could potentially have on key sectors within Warwickshire*. It draws on both

national analyses and local evidence to explore key risks and vulnerabilities within the local economy

- In the light of this assessment, **Chapter 3** then develops a *quantified scenario for Warwickshire's economic future*. This is based on a spreadsheet-based model (which has been provided separately to Warwickshire County Council)
  - In **Chapter 4**, we work through the implications of the quantified scenario for intervention at a local level and – in broad terms – the contribution that an Investment Fund could make
  - In **Chapter 5**, we explain the rationale for an Investment Fund in more detail and the range of purposes it might serve
  - In the light of this discussion, **Chapter 6** provides *outline proposals for the Investment Fund*
  - Finally, in **Chapter 7**, we set out a series of next steps for Warwickshire County Council.
- 1.9** This study has been completed in a short space of time in early summer 2020. The situation is changing very quickly – within Warwickshire, nationally and globally – and the findings that are set out will need to be kept under review.

## 2. Warwickshire's key sectors, COVID19 and EU transition

- 2.1** Early in 2020, Warwickshire County Council developed an economic strategy for Warwickshire<sup>6</sup>. This outlined seven strategic priorities for economic growth in the county, and particular attention was given to four key sectors: automotive technology, advanced manufacturing, digital creative/video game development, and tourism. We think it is important to also consider logistics for the purpose of this exercise. In Warwickshire (as elsewhere), this is seen as double-edged: there is huge demand for land linked to logistics, but employment densities tend to be low and there is some concern about the quality of jobs that are sometimes generated. Nevertheless, it is a sector for which Warwickshire has significant locational assets and which is increasingly important.
- 2.2** Our analysis in this chapter examines each sector in turn and adopts a common structure. For each sector, we:
- consider its overall scale and make-up, identifying key local players within it
  - examine wider issues linked to: skills and the labour market; knowledge assets; land and property assets; and specialist business support (including access to finance)
  - review national (and sometimes international) literature and evidence on the scale of effects that are likely through the pandemic and EU transition
  - draw some conclusions in terms of the probable nature of the effects that we are likely to see in Warwickshire over the next couple of years.

### Automotive technology

#### Scale and make-up in Warwickshire

- 2.3** Evidence from Warwickshire County Council's *Economic Strategy* published in March 2020 suggests that Warwickshire is home to the largest concentration of automotive technology activity in the UK, directly employing over 35,000 people in the wider sub-region.<sup>7</sup> Evidence suggests that employment in the sector has grown relatively quickly over recent years; for example, in 2014-15, employment grew by 19.1% in Warwickshire compared to 9.9% nationally.<sup>8</sup>
- 2.4** Taken together, across Warwickshire and neighbouring Coventry, there are over 30 car and off-highway vehicle brands with R&D and manufacturing centres for leading names such as

<sup>6</sup> Warwickshire County Council (2020) *Economic Growth Strategy 2020-25*

<sup>7</sup> Warwickshire County Council (2020) *Economic Growth Strategy 2020-25*

<sup>8</sup> Warwickshire County Council: *The strength of Warwickshire's Manufacturing of Motor Vehicle Sector* (May 2017)



BMW, Jaguar Land Rover (JLR), Aston Martin Lagonda, London Electric Vehicle Company, Tata Motors and Dennis Eagle.<sup>9</sup>

- 2.5** There has been significant private sector investment in the automotive sector in Warwickshire (and nearby areas) in recent years. In March 2015, JLR announced the expansion of the company's engineering and design centre at Whitley, Coventry. This involves a doubling of the footprint at this site and allows for JLR's development of ultra-low emission technologies. In September 2015, it also announced significant investment into R&D facilities at Gaydon (near Stratford-upon-Avon) to further consolidate and expand its activities there. Following this, in January 2016 JLR announced its proposed £500m expansion plans for Whitley South, including the co-location of top level JLR suppliers alongside a business park and hotel development. JLR is also a partner in the National Automotive Innovation Centre (see below).<sup>10</sup>
- 2.6** Uniquely in the UK, it is possible – through the local supply chain – to design, engineer, test, manufacture and market vehicles all in one location.<sup>11</sup> In 2015, it is estimated that 3,000 people were employed in the manufacture of parts and accessories for motor vehicles in Warwickshire.<sup>12</sup>

### Wider dimensions of the automotive technology sector in Warwickshire

- 2.7** Alongside these high-profile businesses – many of which have established their R&D activities locally – and their supply chains, Warwickshire has seen substantial investment in **related knowledge-intensive activity**. This has built on long-established strengths, notably the depth of excellence at the University of Warwick and, particularly, through Warwick Manufacturing Group. It has created a local ecosystem that is very distinctive. Key elements of it include the following:
- The *National Automotive Innovation Centre (NAIC)*, located at the University of Warwick, is a public/private initiative that brings together academics, students and industry to create and develop novel technologies to reduce dependency on fossil fuels and to reduce CO2 emissions. Some £150 million is being invested in the NAIC and its research activities through a long-term commitment between Jaguar Land Rover, Tata Motors European Technical Centre, WMG and the University, along with an expanding network of supplier companies. The UK government (through Higher Education Funding Council England) also provided £15 million of funding to support the capital project.<sup>13</sup>
  - In November 2017, it was announced that the consortium of Coventry City Council, Coventry and Warwickshire Local Enterprise Partnership, and WMG, at the University of

<sup>9</sup> Warwickshire County Council (2017) Electric Vehicle Charging Infrastructure Strategy 2017-2026

<sup>10</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>11</sup> Warwickshire County Council (2020) Economic Growth Strategy 2020-25

<sup>12</sup> Warwickshire County Council: The strength of Warwickshire's Manufacturing of Motor Vehicle Sector (May 2017)

<sup>13</sup> <https://warwick.ac.uk/services/estates/developments/naic/>



Warwick, had been awarded £80 million to establish a new national facility for battery manufacturing development. The *UK Battery Industrialisation Centre (UKBIC)* is part of the UK Government's Faraday Battery Challenge. It will enable the development of the next generation of battery systems across battery chemistry, electrodes, cell, module and pack levels. It will provide opportunities for partnership between industry and academia, delivering on the Government's Industrial Strategy.<sup>14</sup>

- Warwickshire is a location for testbeds for autonomous vehicles such as the “*Midlands Future Mobility*” project which is trialling connected vehicle technology, infrastructure and services in real-life conditions on roads in Coventry and Warwickshire.<sup>15</sup>

**2.8** In part as a result of the levels of investment, **specialist property schemes** have also emerged. One example is *Ansty Technology Park*. This was chosen by Geely as the new £320m UK home for its London Taxi business, including HQ, R&D and manufacturing facilities to produce up to 38,000 TX5 taxis and commercial vehicles, and take the workforce from 100 to 1000. The new vehicle plant opened in March 2017 and is the first purpose-built factory to produce hybrid vehicles in the UK.

**2.9** Nearby (in Hinckley and Bosworth, although still of local relevance), *MIRA Technology Park* is a transport-focused R&D enterprise zone. The Technology Park opened in 2010. It has a significant number of high value test facilities, including test tracks and 40 laboratories all on the same site, with a large expert team of 350 researchers. The owner, Horiba MIRA, has an option to buy 42 acres in North Warwickshire, opposite the existing research site to create a “Southern Manufacturing Sector”, to accommodate manufacturing operations that require proximity to the research function.<sup>16</sup>

**2.10** Over recent years, the pool of **specialist labour and skills** in the local area has deepened considerably. The University of Warwick is a major and well-established part of this. Looking ahead, the MIRA Technology Institute will teach 2,000 students per year. Located on the MIRA Technology Park, there are three university partners and one College partner delivering degrees, apprenticeships, and degree apprenticeships. The Institute will also provide short courses for people in mid-career.<sup>17</sup>

## National analyses of COVID19 and wider impacts

**2.11** The Society of Motor Manufacturers and Traders (SMMT) published a report early in 2020 which suggested that the automotive sector exports more goods than any other sector and supports some 168,000 high-skilled and high-paid manufacturing jobs across the UK. However, COVID19 is identified as posing many risks to the automotive technology sector.

<sup>14</sup> <https://www.ukbic.co.uk/about/>

<sup>15</sup> Warwickshire County Council (2020) Economic Growth Strategy 2020-25

<sup>16</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>17</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

The sector is facing a sharp drop in demand and investment. It is also struggling with an abrupt and widespread slowdown of economic activity, as workers are told to stay at home, supply chains grind to a halt and factories close.<sup>18</sup> Companies in the sector may be forced to divert capital to support continuing operations, reducing R&D funding for advanced technology initiatives and other discretionary projects. Strategic decisions to exit unprofitable global markets and vehicle segments may be accelerated, significantly decreasing manufacturing capacity.<sup>19</sup>

**2.12** A survey from SMMT conducted in 2020 revealed that up to one in six jobs are at risk of redundancy. More than 6,000 UK automotive job cuts were announced in June 2020 as result of global lockdowns, closed markets and shuttered plants. Furthermore, whilst showrooms have gradually re-opened and production lines restarted, productivity is declining as a result of reduced demand and the consequences of social distancing within car plants.<sup>20</sup>

**2.13** SMMT reports that the pending jobs crisis from COVID19 is compounded by the prospect of a 'bare bones' or no-deal Brexit. In the UK, the impact of the pandemic on manufacturing is expected to cut annual car and light commercial vehicle production volumes by a third to 920,000 units this year. With an ambitious, tariff-free FTA in place, full recovery is expected to take up to five years, with output reaching pre-crisis levels of 1.35 million units by 2025.<sup>21</sup> However, a 'no deal' scenario would severely damage these prospects and could see volumes falling below 850,000 by 2025 – the lowest level since 1953. This would mean a £40 billion cut in revenues, on top of the £33.5 billion cost of COVID19 production losses over the period.<sup>22</sup> Conversely, certainty that a full, zero-tariff deal will be in place by the end of the transition period would give businesses on both sides the chance to prepare, and help drive investment into the new skills, facilities and technologies that will be integral to delivering a zero-carbon future for the UK.<sup>23</sup>

## Conclusions

**2.14** Evidence from various sources suggest there is a genuine cluster of automotive businesses and R&D assets in Warwickshire. In recent years, the area appears to have benefitted from private and public sector investment. This has steered the cluster into R&D and innovation. Warwickshire (with Coventry) is well placed with respect to the development of low carbon vehicles; connected and autonomous vehicles and future transportation systems; digital technology (including gaming, augmented reality and virtual reality); and smart & connected factories/automation.

<sup>18</sup> International Labour Organisation: COVID19 and the automotive industry (May 2020)

<sup>19</sup> Deloitte: Understanding COVID19's impact on the automotive sector (March 2020)

<sup>20</sup> SMMT: UK Auto calls for restart support as COVID19 crisis threatens one in six jobs (June 2020)

<sup>21</sup> SMMT UK Automotive Trade in a post-Covid World report – Independent outlook by Auto Analysis – 1.35 million units under a best case 'model boost' scenario

<sup>22</sup> SMMT UK Automotive Trade in a post-Covid World report – Auto Analysis calculations

<sup>23</sup> SMMT: UK Auto calls for restart support as COVID19 crisis threatens one in six jobs (June 2020)

**2.15** COVID19 is clearly having a major impact, and the automotive sector in general has been one of the worst affected. However, a review of the literature suggests that bigger effects over the longer term are likely to result from (a) longer term trends towards greener technologies, with a high emphasis on battery-powered cars and away from fossil fuels; and (b) the as yet unknown nature of the EU Transition. For Warwickshire, the immediate effects of COVID19 need to be addressed within this longer-term context.

**2.16** From the evidence we have been able to review, the inferences for Warwickshire are quite complex:

- In the medium term, there ought to continue to be an opportunity for Warwickshire (and the West Midlands) to be a centre of excellence in relation to the future of mobility, although it must be recognised that this transition will be one for the whole supply chain, not just the prime contractors. A key question for Warwickshire County Council (and CWLEP) is the extent to which the wider supply chain is equipped to respond.
- Leading names such as BMW, Jaguar Land Rover (JLR), London Electric Vehicle Company, and Tata Motors are R&D focused. However, national evidence suggests that investment in R&D will fall as a result of COVID19 which may well present a short-medium term threat. The 'shape' of the impact may be different from that in areas where the focus is exclusively manufacturing (i.e. the effects will materialise as decisions about R&D priorities are made, and these will need to take some account of the process of Brexit).
- Prior to the pandemic, a lack of appropriate employment land and premises had been identified as a concern. In 2019, it was estimated that although B2 / B8 floorspace availability had increased across the LEP area (with the exception of Nuneaton & Bedworth), overall the existing supply provided for about 2.25 years at the then-current rate of demand.<sup>24</sup> Given the new circumstances, this timescale will have been extended, but there is likely still to be an issue in the medium term
- In the automotive sector, the automation of activities/occupations had started to take effect prior to the pandemic (with artificial intelligence and robotics able to effectively replicate many tasks).<sup>25</sup> It seems probable that this process will accelerate. A labour market response – through the retraining of existing staff and new/different opportunities for younger people – will therefore be important.

<sup>24</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>25</sup> Warwickshire Careers Strategy (2019/20 - 2024/25) Consultation Draft

## Advanced manufacturing

### Scale and make-up in Warwickshire

- 2.17** While there are various similarities between automotive technologies and advanced manufacturing, for the purpose of this analysis, advanced manufacturing refers principally to ‘other’ forms of manufacturing, most especially aerospace, but also rail technology. Warwickshire (with Coventry) is home to many world leading companies such as Rolls Royce, Lisi Aerospace, Ricardo, Meggitt, Nasmyth, Arrowsmith, JJ Churchill and Powerkut.<sup>26</sup>
- 2.18** Data from Warwickshire County Council suggest the region is home to over one-quarter of the UK aerospace industry with over 45,000 full-time-equivalent jobs. In total, around 300 specialist companies contribute to global aerospace through the region’s supply chain.<sup>27</sup>

### Wider dimensions of the advanced manufacturing sector in Warwickshire

- 2.19** Linked in part to the narrative surrounding automotive technology, Coventry & Warwickshire has access to a world-class **research and development, and innovation infrastructure** for advanced manufacturing. Well established elements include Coventry University, the University of Warwick, the Manufacturing Technology Centre (MTC) and Horiba-MIRA.<sup>28</sup> In addition, Coventry and Warwickshire LEP has used Local Growth funding to support the R&D in advanced manufacturing sector. Investments include:
- £7 million to develop the National Transport Design Centre (NTDC) at Coventry University Technology Park. Opened May 2017, the NTDC is a state-of-the-art facility, operating within the University's Centre for Future Transport and Cities. The Centre is designed to explore new areas of transport design research and find new ways to use existing equipment, as well as creating new technologies.
  - £1 million to create a new centre to deliver R&D activities developing new steel products that will service key sectors such as automotive, aerospace, rail, defence and energy. This project will operate in close collaboration with WMG’s Academy for Young Engineers. Activities will develop products to supply flagship businesses across a range of key economic sectors.
  - £1.3 million to support the construction of a new 1,672 m<sup>2</sup> centre as an extension to the Engineering Centre at the Trident College. The Centre provides training opportunities for Manufacturing, Mechanical, Electrical/ Electronic, Automotive and Product Creation

<sup>26</sup> <https://www.warwickshire.gov.uk/setting-moving-business-warwickshire/advanced-manufacturing-aerospace/2>

<sup>27</sup> <https://www.warwickshire.gov.uk/setting-moving-business-warwickshire/advanced-manufacturing-aerospace/2>

<sup>28</sup> Coventry and Warwickshire LEP (2016) Updated Strategic Economic Plan

sectors. The Centre opened in December 2016 and has already supported 2077 apprentices.<sup>29</sup>

- 2.20** In relation to **specialist land and property**, Ansty Technology Park is at the forefront of innovation and job creation in the area. The site initially attracted the Manufacturing Technology Centre, an R&D centre for aerospace engineering. This expanded after 2010 to include the High Temperature Research Centre and an Advanced Engineering Centre for Rolls Royce. Most recently, the Advanced Manufacturing Training Centre, a new skills centre for advanced manufacturing, was sponsored by Lloyds Bank for 10 years, covering its operational costs. Fanuc, the Japanese robot manufacturer, announced in 2016 that it will be moving its European HQ to Ansty. AVL, the Austrian powertrain supplier and major JLR tier 1 supplier, has also identified a site at Ansty.<sup>30</sup>
- 2.21** In 2018, Aviva Investors' Lime Property fund bought a £73.4m "super site" pre-let to aerospace engineering group Meggitt. The site provides a 490,000 sq ft development, at Prospero, Ansty (within Rugby Borough), let to Meggitt on a 30-year lease. The industrial park will be purpose-built for aerospace thermal management technology.<sup>31</sup>
- 2.22** Nearby, MIRA Technology Park is seeking to become the leading auto engineering campus in Europe. It is already home to R&D facilities for Bentley, Bosch, Ashok Leyland (India), Changan (China), Haldex (Sweden), Lockheed Martin and Lightning Hybrids (US) and Toyota and Sanoh (Japan).<sup>32</sup>
- 2.23** Based near Stratford-upon-Avon, the Quinton Rail Technology Centre (QRTC) is an important asset in regard to rail technology and innovation in Warwickshire. The site is recognised as one of four Testing Centres of Excellence (the others are owned by Network Rail and Transport for London).<sup>33</sup> The QRTC connects to the national network via the Worcester to London line and features engineering workshops, 20km of secure storage, 2.4km rail test track and a cluster of rail specialists. The facilities are used for impact testing, product approval, product development, trade events and training.<sup>34</sup> The site also hosts Europe's largest outdoor railway show, Rail Live, which showcases products and services for the rail sector.<sup>35</sup>

<sup>29</sup> <https://www.cwlep.com/project/trident-centre-leafington-spa#:~:text=Officially%20opened%20on%20Friday%2011,automotive%20and%20product%20creation%20sectors.>

<sup>30</sup> Warwickshire County Council (2017) Rugby Economic Overview

<sup>31</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>32</sup> Warwickshire County Council 2017 Nuneaton Economic Overview

<sup>33</sup> <https://www.businessinnovationmag.co.uk/qrtc-is-the-only-privately-owned-and-independent-rail-testing-and-trialling-site-in-the-uk/>

<sup>34</sup> Warwickshire County Council <https://www.warwickshire.gov.uk/business-support/rail-innovation-coventry-warwickshire/2>

<sup>35</sup> <https://www.businessinnovationmag.co.uk/qrtc-is-the-only-privately-owned-and-independent-rail-testing-and-trialling-site-in-the-uk/>

**2.24** As the evidence above suggests, the area has witnessed growth in the demand for employment land, particularly in advanced manufacturing. Stakeholders consulted in 2018 as part of the Coventry & Warwickshire Sub-Regional Employment Market Signals Study were of the view that manufacturing is limited by the lack of appropriate employment land and premises, and there was a consensus that there is a repatriation of advanced manufacturing activity in the area (as a result of higher transport costs and quality control issues) generating strong demand for suitable land and premises. There is a need to address the low stock and immediate pipeline of employment land, particularly in Coventry and Nuneaton & Bedworth, where job densities are low.<sup>36</sup>

**2.25** From the evidence we have been able to review, it is difficult to draw conclusions in relation to **skills and labour market** issues. However as with automotive technology, the depth of relevant skills is a feature of the local area – albeit there will be a need to update and refresh these as broader processes (e.g. automation) work through.

### National analyses of COVID19 and wider impacts

**2.26** The impact of the COVID19 outbreak on the UK manufacturing sector is expected to be fairly mixed. Businesses that make essential products (e.g. food, drink, and pharmaceuticals) have seen strong demand throughout the outbreak.<sup>37</sup> However, non-essential manufacturing is expected to fall. For example, aviation companies are experiencing disruption in production and slowing demand. As a result, customers are deferring delivery of new aircraft. Demand for spare parts is also down since less maintenance is currently required.<sup>38</sup>

**2.27** COVID19 has demonstrated the double-edged sword that global supply chains can represent for manufacturers. While they can enable just-in-time production, they can also be highly intricate, leaving little room for resilience in the face of critical disruptions such as those caused by COVID19.<sup>39</sup>

**2.28** In addition, the advanced manufacturing sector – like automotive – will be shaped by the arrangements that are agreed in relation to EU Transition.

### Conclusions

**2.29** Looking ahead, there is a mix of opportunities and threats for Warwickshire’s advanced manufacturing sector

- Warwickshire’s advanced manufacturing businesses are at the “knowledge-intensive” end of the spectrum and might therefore perform a little better than the UK average.

<sup>36</sup> Coventry and Warwickshire LEP (2016) Updated Strategic Economic Plan

<sup>37</sup> The University of Edinburgh Careers Service: Thriving? Surviving? COVID19 impact on industry sectors (April 2020)

<sup>38</sup> Deloitte: COVID19’s impact on the aerospace and defence sector (April 2020)

<sup>39</sup> Marsh: COVID19: The Impact on the Manufacturing Industry (May 2020)



However, Warwickshire's companies are likely to experience loss in revenue due to dampened demand and disruption to supply chains.

- It is possible that parts of the sector might have found (or could find) new opportunities as they have pivoted in response to the COVID19 crisis; in practice, businesses within the supply chain might be expected to be more agile than the primes, which are facing major structural challenges
- As with automotive, the lack of appropriate employment land and premises has been identified as a concern – although the crisis has reduced the immediate pressure
- Automation of activities and occupations is likely to be particularly acute in advanced manufacturing. The number of routine jobs in the sector may well decline – suggesting a need for upskilling (to work in more knowledge intensive jobs in the sector) or re-skilling (to work in other sectors)
- COVID19 has imposed tighter restrictions on working conditions in relation to social distancing, working from home etc. This may speed up the rate at which companies are investing in automation processes. Automation combined with a slump in demand for products suggest that unemployment seems more possible.
- There are various interdependencies between automotive technologies and advanced manufacturing that are likely to strengthen the cluster. For example, it is possible that both sectors share a similar supply chain particularly in relation to sourcing raw materials and parts. National evidence suggests that COVID19 has forced businesses to nationalise their supply chain, as a result, there may be an opportunity for businesses in Warwickshire to absorb new demand.

## Digital creative/video game development

### Scale and make-up in Warwickshire

**2.30** Warwickshire is home to one of the UK's strongest clusters of video games companies. Data from Warwickshire County Council's Economic Strategy published in 2020 suggest that "Silicon Spa" – the area in and around Leamington Spa – has over 80 studios and 8,000 people employed in 'computer programming, consultancy and related activities', and many more in the wider, thriving digital creative sector.<sup>40</sup> The cluster is home to established names such as Codemasters, Exient, SEGA Hardlight, Full Fat and Freestyle Games.<sup>41</sup>

<sup>40</sup> Warwickshire County Council (2020) Economic Growth Strategy 2020-25

<sup>41</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

## Wider dimensions of the digital creative/video game development sector in Warwickshire

- 2.31** While there appears to be a genuine cluster of video games companies in Warwickshire, it is thought that the scale of the sector is frequently not recognised. It is important that continued investment takes place to enable new studios to set up and retain the area's competitive advantage in this sector by growing this cluster.<sup>42</sup> The West Midlands is well placed to take advantage of the global growth in creative content, techniques and technologies. The West Midlands Local Industrial Strategy commits to maximising the opportunities arising from the Department of International Trade's High Potential Opportunities scheme within the gaming sector in Leamington Spa.<sup>43</sup>
- 2.32** Stakeholder and business consultations conducted as part of a report to the Arts and Humanities Research Council<sup>44</sup> in 2018 identified two key sub-clusters within the Leamington Spa Travel to Work Area (TTWA) – one being a digital and gaming cluster around Royal Leamington Spa, Warwick and Southam; and the other being a cultural and performing arts cluster around Stratford-upon-Avon. The gaming cluster was seen as being quite technology-focused, whereas the cluster around Stratford was seen to be much broader encompassing theatre, performing and visual arts, museums and galleries, music, advertising and film. Consultees also thought that the University of Warwick and Coventry University had important roles within the digital and creative industries in Leamington Spa TTWA. Both universities are part of the TechCentral network, which brings together firms in, or interested in, the technology sector in Coventry and Warwickshire and both are involved in research and development work related to the creative industries. Furthermore, both universities act as key sources of skilled people for the sector.
- 2.33** Specific to the area is "Creative Warwickshire", a programme which aims to support businesses in the digital and creative sectors through individual mentoring, masterclasses and networking.<sup>45</sup> Evidence from the Creative Industries Clusters Programme Innovation and Economic Development report suggest that while networks within the creative clusters are organic and informal, Warwickshire County Council (WCC) has been working to formalise them.
- 2.34** CWLEP's Updated Strategic Economic Plan states that the gaming industry is a relatively new industry and as a result public funding for the sector is still poorly understood, coordinated and designed and 'this inhibits further investment, growth and exports in one of the UK's fastest growing export sectors.'<sup>46</sup> A report written jointly by BOP Consulting, Ukie and CWLEP, talks about the structural barriers to investment in the gaming industry and these include

<sup>42</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>43</sup> West Midlands Combined Authority (May 2019) West Midlands Local Industrial Strategy

<sup>44</sup> Belmana and SQW (June 2018) Arts and Humanities Research Council, Creative Industries Clusters Programme, Work Package 5 (WP5): Innovation and economic development

<sup>45</sup> Warwickshire County Council (2017) Warwick Economic Overview

<sup>46</sup> CWLEP, 'Updated Strategic Economic Plan', August 2016



‘exaggerated perception of risk, based on inadequate data’, ‘dependence on heavy handed methods to protect IP’, ‘project-based funding limiting scope for development of secondary markets’ and the lack of connectivity to investors for businesses outside of London.<sup>47</sup>

- 2.35** Evidence from the Creative Industries Clusters Programme Innovation and Economic Development report found that the wider innovation ecosystem in and around the Leamington Spa allows for collaboration between the digital and gaming sector and other sectors. For example, many advanced manufacturing companies – such as JLR – make use of AR and VR, in applications which allow them to develop and test new power trains, new control technologies, safety features and whole new products without having to cast a single metal object.<sup>48</sup>
- 2.36** The CSW Broadband project has been important for providing essential infrastructure to support the digital creative/video game development sector. Superfast broadband coverage in Warwickshire has improved with the assistance of the CSW Broadband project, and commercial rollout. However, several locations are still to be upgraded.

### **National analyses of COVID19 and wider impacts**

- 2.37** The effects of COVID19 are having a significant impact on the technology sector, affecting raw materials supply, disrupting the electronics value chain, and causing an inflationary risk on products.<sup>49</sup> Multiple gaming companies have announced delays and interruptions to production as a result of COVID19. Furthermore, many conferences and meet ups have also been cancelled due to the outbreak of virus.<sup>50</sup> These events are important for generating new ideas and innovation.
- 2.38** However, there is also evidence to suggest that the video game industry has seen an increase in demand since the outbreak of the pandemic. The restrictions put in place to limit the spread of COVID19 forced people to stay at home and search for new forms of entertainment. As a result, user engagement with video games has increased. This is supported by data published by Statista<sup>51</sup> which report that from March 16 to March 22 like-for-like game sales increased by 44 percent.

<sup>47</sup> BOP Consulting, Ukie & CWLEP, ‘Games Industry in Coventry and Warwickshire: A Blueprint for Growth’, February 2017, pg.17. cited in Belmana and SQW (June 2018) Arts and Humanities Research Council, Creative Industries Clusters Programme, Work Package 5 (WP5): Innovation and economic development

<sup>48</sup> BOP Consulting, Ukie, CWLEP, ‘Games Industry in Coventry and Warwickshire: A Blueprint for Growth’, February 2017, pg.24 cited in Belmana and SQW (June 2018) Arts and Humanities Research Council, Creative Industries Clusters Programme, Work Package 5 (WP5): Innovation and economic development

<sup>49</sup> Deloitte: Understanding COVID19’s impact on the technology sector (March 2020)

<sup>50</sup> Digital Trends: Coronavirus: The ongoing ripple effect throughout the gaming industry (March 2020)

<sup>51</sup> <https://www.statista.com/statistics/1109977/video-game-sales-covid/>

- 2.39** Furthermore, the gaming industry might be less effected by the tighter restrictions on working conditions as businesses are more able to adapt to home working.

## Conclusions

- 2.40** Local evidence suggests that there a significant concentration of video game companies in Warwickshire, particularly around Leamington Spa. The sector is supported by the University of Warwick and Coventry University both in terms of their research and development work related to the creative industries but also the role they have ensuring there is a stream of skilled people entering the labour market. There appears to be a healthy ecosystem of networks supporting those working in or interested in the creative industries. It is thought that the scale of the sector is not recognised nationally and internationally. One reason for this might be that it has been historically difficult to distinguish the video game development subsector from digital more generally. There also appears to be issues in relation to access to finance, namely that existing routes to funding are not suitable for businesses operating in the digital creative/video game development sector. The opportunities and risks faced by the sector post-COVID19 are summarised below.

- The “slightly alternative” ethos that is found – and the high incidence of free-lancers – may well mean that the sector is more resilient locally than it is nationally
- It is likely the sector has seen an increase in home working as a result of COVID19.
- Evidence suggests that there is a need to promote the sector more successfully to attract investment. This has been committed through the Department of International Trade’s High Potential Opportunities scheme.
- According to Microsoft, in the next two decades, 90% of jobs will require some form of digital skills, and without further action to significantly increase understanding of programming, the skills gap is likely to continue to increase significantly. This issue is likely to be particularly acute in and around Leamington Spa.<sup>52</sup>

## Tourism

### Scale and make-up in Warwickshire

- 2.41** There were nearly 16,806,000 visits to Warwickshire in 2018 – up by 6% since 2009 – and the average spend per visit has increased by 82% over the same period. Tourism is worth over £1 billion to the local economy and it employs over 20,000 people – approximately 6% of all employment in Warwickshire.<sup>53</sup>

<sup>52</sup> Warwickshire Careers Strategy (2019/20 - 2024/25) Consultation Draft

<sup>53</sup> Warwickshire County Council (2020) Economic Growth Strategy 2020-25

- 2.42** Data from Coventry and Warwickshire LEP's Updated Strategic Economic Plan published in 2016, report that 40,000 people are employed in culture and tourism across the LEP area. The total business turnover generated in Warwickshire as a result of tourism is estimated to be just under £1 billion, supporting 17,228 jobs.<sup>54</sup>

### **Wider dimensions of the tourism sector in Warwickshire**

- 2.43** Tourism is one of the key drivers of economic growth to the South Warwickshire economy and surrounding areas. Coventry city centre contains a number of high-profile and internationally renowned visitor attractions such as the Cathedral, Transport Museum and Herbert Art Gallery & Museum while Nuneaton is the birthplace of the writer George Eliot and Rugby (where the sport of Rugby Football originated) also both offer stronger tourism potential than is currently being fulfilled.
- 2.44** Warwickshire is well-placed to take advantage of major forthcoming cultural events in neighbouring cities - Coventry City of Culture 2021 and Birmingham Commonwealth Games 2022.<sup>55</sup> Warwickshire County Council has invested £1 million into the former and has a place on the board of the Coventry City of Culture Trust, an independent charity set up to manage the process.<sup>56</sup>

### **National analyses of COVID19 and wider impacts**

- 2.45** Since mid-March, COVID19 has triggered a near-total shutdown in international tourism to/from the UK. VisitBritain's central scenario for inbound tourism to the UK in 2020, as of June 3<sup>rd</sup>, is for a decline of 59% in visits to 16.8m and 63% in spend to £10.6bn. The pre-COVID forecast was for 25.3m visits and £19.7bn spend.<sup>57</sup>
- 2.46** The model assumes international travel will resume from July although will be initially at a low level. Tourism numbers are forecast to gradually rise throughout the remainder of 2020 although are still very likely to be well below normal levels by the end of the year.<sup>58</sup>
- 2.47** VisitBritain has forecast a central scenario for England of £39.2bn in domestic tourism spending in 2020, down 48% compared to 2019 (when spending by domestic tourists in England was £75.9bn). This comprises £10.0bn from overnight tourism, down from £19.5bn in 2019, and £29.1bn from day trips, down from £56.5bn in 2019.<sup>59</sup>

<sup>54</sup> A Destination Management Plan For Shakespeare's England Region 2015 – 2025

<sup>55</sup> Warwickshire County Council (January 2020) Heritage & Culture Strategy 2020—2025

<sup>56</sup> Warwickshire County Council (January 2020) Heritage & Culture Strategy 2020—2025

<sup>57</sup> VisitBritain's 2020 tourism forecasts (last updated June 3<sup>rd</sup> 2020)

<sup>58</sup> VisitBritain's 2020 tourism forecasts (last updated June 3<sup>rd</sup> 2020)

<sup>59</sup> VisitBritain's 2020 tourism forecasts (last updated June 3<sup>rd</sup> 2020)

- 2.48** This represents a decline of 48% for both overnight and leisure day trips, although the pattern of the recovery will be different. While some categories of day trips have started to recover first, others will be very limited for some months to come.<sup>60</sup>

## Conclusions

- 2.49** Tourism is an important sector for Warwickshire, particularly in the south of the county and in rural areas. Warwickshire is a popular location for day visits and overnight trips, though the latter appear to be less popular. National evidence from VisitBritain suggest that that the UK tourism sector will be significantly impacted by COVID19. While tourism numbers are rising following the easing of lockdown restrictions, the lengthy lockdown from March to July has meant that many hospitality businesses and their supply chain have faced months without generating revenue, thus depleting any reserves they may have had. Warwickshire may benefit from increased levels of domestic tourism as travel abroad becomes less readily available. As a result, the sector may play a key role in reinvigorating the local economy once the crisis is over. However, there is still some uncertainty over a second peak and the threat of local lockdowns. It is likely that businesses operating in the tourism sector will need help navigating this period of uncertainty.

- 2.50** The following opportunities and threats have been identified for the tourism sector:

- There are some concerns regarding low skill, low paid nature of employment in the tourist industry.
- It is possible that Brexit may cause recruitment issues as many hospitality businesses are reliant on European employees, particularly seasonal employees.
- The sector is likely to benefit from automation. However, evidence suggests that automation is likely to disproportionately affect those in low paid customer service roles. It is vital that these people are reskilled and supported to move into new careers.
- Evidence suggests that day trips are more popular than overnight trips. Warwickshire County Council are committed to encouraging more overnight stays.
- Domestic tourism will be much faster to recover than international or business travel. North Warwickshire is popular for business travel so is more likely to be affected by the interruption to business travel.

## Logistics

### Scale and make-up in Warwickshire

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<sup>60</sup> VisitBritain's 2020 tourism forecasts (last updated June 3rd 2020)

**2.51** Warwickshire is well located on the strategic transport network, making the county very accessible. The area benefits from the “Golden Triangle” motorway network (M6/M1/M42), A5 corridor and London’s “Magic Circle”; where local businesses and residents can reach the City of London within an hour via rail. Furthermore, linkages to the ports, and the ability to access northern Europe make this an attractive location for logistics businesses.<sup>61</sup>

**2.52** Logistics is a significant sector in the sub-region, as shown in the prevalence of transport and storage in the county of Warwickshire and the more northerly districts of North Warwickshire, Nuneaton and Bedworth, and Rugby.<sup>62</sup>

### **Wider dimensions of the logistics sector in Warwickshire**

**2.53** Nationally demand in the industrial and distribution sector has been strong with increasing demand and reducing supply, which has inevitably led to increasing rental levels. Overall take-up of B2 / B8 space across the Coventry and Warwickshire LEP area has averaged approximately 5 million sq ft over the last 3 years. The Coventry and Warwickshire Gateway site is identified as the priority employment site for the delivery of the LEP’s economic plan. When fully developed, the site has the potential to accommodate around 10,000 jobs by 2030 and 408,000 sq m of B1, B2 and B8 floorspace.<sup>63</sup>

**2.54** There is a somewhat negative perception of the quality of jobs in the logistics sector. Qualifications in the sector tend to be low and is reflected in the number of workers employed in level 1 jobs. The sector is at the forefront of automation, low skilled employees in the logistics sector are more likely to be impacted by automation. Of the 25,000 people who are employed in this sector in Warwickshire, 17,000 are in jobs that have a very high probability of being automated. Automation could lead to future employment issues.<sup>64</sup>

### **National analyses of COVID19 and wider impacts**

**2.55** Online retail is likely to drive a number of different needs over the next 10+ years in the logistics sector. The significant growth in home delivery for superstores and multimodal logistics (train, rail and air) means that there is currently even more demand for local delivery hubs, and this will inevitably mean that well connected places will continue to be an important resource for businesses and the future economy. Furthermore, changes in ‘last-mile’ logistics will place increased demand for smaller, localised distribution centres either on the periphery of towns and cities or located within urban areas.<sup>65</sup> Evidence suggests that COVID19 has

<sup>61</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>62</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>63</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

<sup>64</sup> Warwickshire County Council (2017) North Warwickshire Economic Overview Summary

<sup>65</sup> BBP Regeneration (July 2019) Coventry & Warwickshire Sub-Regional Employment Market Signals Study (Based on Data Summer / Autumn 2018)

encouraged customers to move to online shopping more quickly. Online sales accounted for 18% of all retail sales in 2018 and that is projected to increase to 28% by 2024.<sup>66</sup>

**2.56** It is thought that “just in case” logistics will replace “just in time” as a greater level of contingency becomes the new norm in logistics planning. This will lead to increased demand in larger warehouses as inventory in warehouses increased. Furthermore, a number of businesses have expressed the need to bring some element of their manufacturing back “onshore”, thus accelerating the decline of the global supply chain. This would have the added benefit of having goods travelling less air miles, reducing their carbon footprint and improving sustainability goals whilst boosting demand for the sector.<sup>67</sup>

**2.57** Government restrictions such as social distancing and working from home may result in businesses increasing automation to build in resilience. This also has the benefit of speeding up supply (driven by consumers) and allowing larger distribution centres to be used more intensively.<sup>68</sup>

## Conclusions

**2.58** Warwickshire benefits from its proximity to the strategic transport network, it is easily accessible by road and rail, it has linkages to ports, and the ability to access northern Europe. As a result, Warwickshire is an attractive location for logistics businesses. Logistics was not identified as a priority sector in Warwickshire County Council’s Economic Strategy. The reason for this is that the Council has concerns about the low employment densities and quality of jobs linked to the sector. This might explain the lack of local evidence relating to the labour market; knowledge assets; and specialist business support. The opportunities and threats arising from COVID19 are summarised below.

- Opportunity to move to greener technologies in logistics and test new business models in relation to last mile delivery.
- There are concerns about the low value of this sector, the continued need to reduce costs and increase productivity has meant the introduction of technology and higher skills, albeit that employment density can be relatively low.
- COVID19 has sped up the adoption of automation due to the costs associated with ensuring employee safety in relation to COVID19. This may result in unemployment as workers are replaced by robots.
- COVID19 has accelerated the move towards online retail which provides opportunities across the sector. It may also change the nature of employment space required by logistics businesses.

<sup>66</sup> Knight Frank cited in Montagu Evans: Impact of COVID19 on Industrial and Logistics (April 2020)

<sup>67</sup> Montagu Evans: Impact of COVID19 on Industrial and Logistics (April 2020)

<sup>68</sup> Montagu Evans: Impact of COVID19 on Industrial and Logistics (April 2020)

- Supply chains might be problematic - international logistics have been severely compromised due to COVID19. There might be opportunities arising from businesses looking to nationalise their supply chain.
- Brexit is likely to have several impacts on the Logistics sector. The additional administration needed for customs clearance will increase the need for office accommodation associated with logistics sites. Slower customs clearances mean that businesses which currently operate on a just-in-time basis, with European suppliers, will need additional warehousing and storage space as they will need to stockpile some supplies. In the short-term at least, the view has been expressed that Brexit is dampening investment in the Automotive sector in Coventry and Warwickshire, because of the uncertainty about future trade between the UK and Europe.

DRAFT



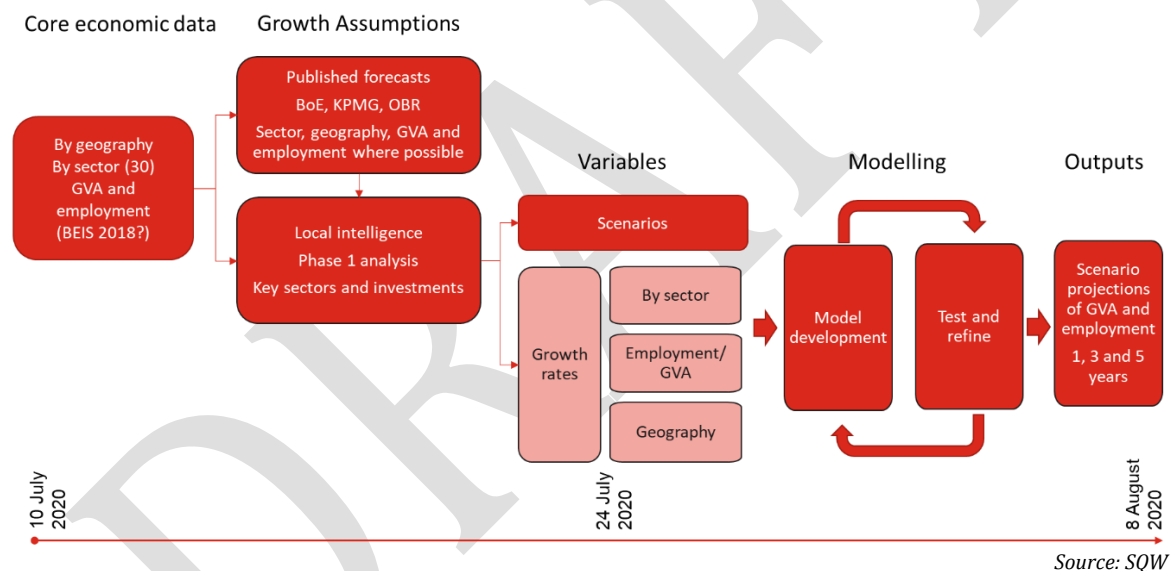
### 3. Economic projections for Warwickshire

- 3.1** This section provides an up to date assessment of the Warwickshire economy based on a model that applies national economic forecasts to Warwickshire data. It allows a set of projections to be built up, by sector and across the County. While the approach has limitations, the aim is to provide more clarity on the scale of the coronavirus pandemic and the associated restrictions and analysis of the sectors that are likely to be most affected.
- 3.2** A separate spreadsheet model has been provided to WCC, which can be updated as new information becomes available.

#### Developing the model

- 3.3** Figure 3-1 shows the process of developing the projections.

**Figure 3-1: Developing economic projections**



#### Core economic data

- 3.4** The model has been built using WCC's economic data drawn from earlier estimates produced by Cambridge Econometrics (CE). This provides employment and GVA data from 2010 to 2019. It gives a long-term trend and sets a baseline for the new model. The CE data is disaggregated into 44 sectors.

#### Growth assumptions

- 3.5** To develop estimates of how each of the sectors in the economy is likely to be affected, we have reviewed a wide range of economic forecasts and the most recent monthly GDP data from the Office of National Statistics (ONS).



- 3.6** The forecasts reviewed include the HM Treasury (which is an average of 21 forecasts, all of which were received between July 1st and July 13th 2020), Office for Budget Responsibility (OBR), Bank of England, KPMG and Greater London Economics. These forecasts were mainly limited to 2020 and 2021 (although the OBR forecast goes out to 2024). Links to each are referenced in the footnotes.

**Table 3-1: Range of UK economic forecasts May – July 2020**

Sources	Date	2020	2021	2022	2023	2024
Bank of England MPR <sup>69</sup>	Aug-20	-9.5%	9.0%	3.5%	1.9%	
HM Treasury average of forecasts <sup>70</sup>	Jul-20	-9.1%	6.6%			
KPMG <sup>71</sup>	May-20	-7.2%	2.8%			
Greater London Authority <sup>72</sup>	Jun-20	-16.8%	17.2%	4.5%		
OBR <sup>73</sup>	Jul-20	-12.4%	8.7%	4.5%	2.1%	1.9%
SQW Warwickshire based on KPMG sectors		-10.0%	5.6%	3.5%	1.9%	1.9%

*Source: various shown in footnote*

- 3.7** For the purposes of developing the model, the KPMG analysis gives the best analysis by sector which can be applied to the 44 sectors used in the CE model. It is important to note that the KPMG forecasts show a smaller decline (-7.2% in 2020) and weaker recovery (2.8% in 2021) than the others. Subsequent economic data suggests that this estimate may prove to be more accurate. The Bank of England now forecasts GDP falling 9.5% cent over the year, compared with the 14% contraction the central bank had projected in May, but it now expects the recovery to take longer.
- 3.8** The KPMG analysis also provides some assessment by geography indicating a larger impact on the West Midlands (-9.1% in 2020) and faster recovery (4.3% in 2021). In practice, applying the KPMG forecasts, by sector gives a slightly greater fall (-8.6% for UK and 10.0% for Warwickshire) in 2020, which is close to the central Bank of England projection in August.
- 3.9** Figure 3-2 shows the impact on GVA in 2020 by sector used in the model. This is based on the KPMG sector estimates. In one case we have refined these to reflect the local conditions. For example, the fall in GVA forecast for the motor vehicle manufacture in Warwickshire has been tempered to reflect the higher proportion of R&D in the sector locally.

<sup>69</sup> Bank of England - <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020>

<sup>70</sup> Treasury - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/900759/Forecomp\\_July\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/900759/Forecomp_July_2020.pdf)

<sup>71</sup> KPMG - <https://assets.kpmg/content/dam/kpmg/uk/pdf/2020/06/uk-economic-outlook-june.pdf>

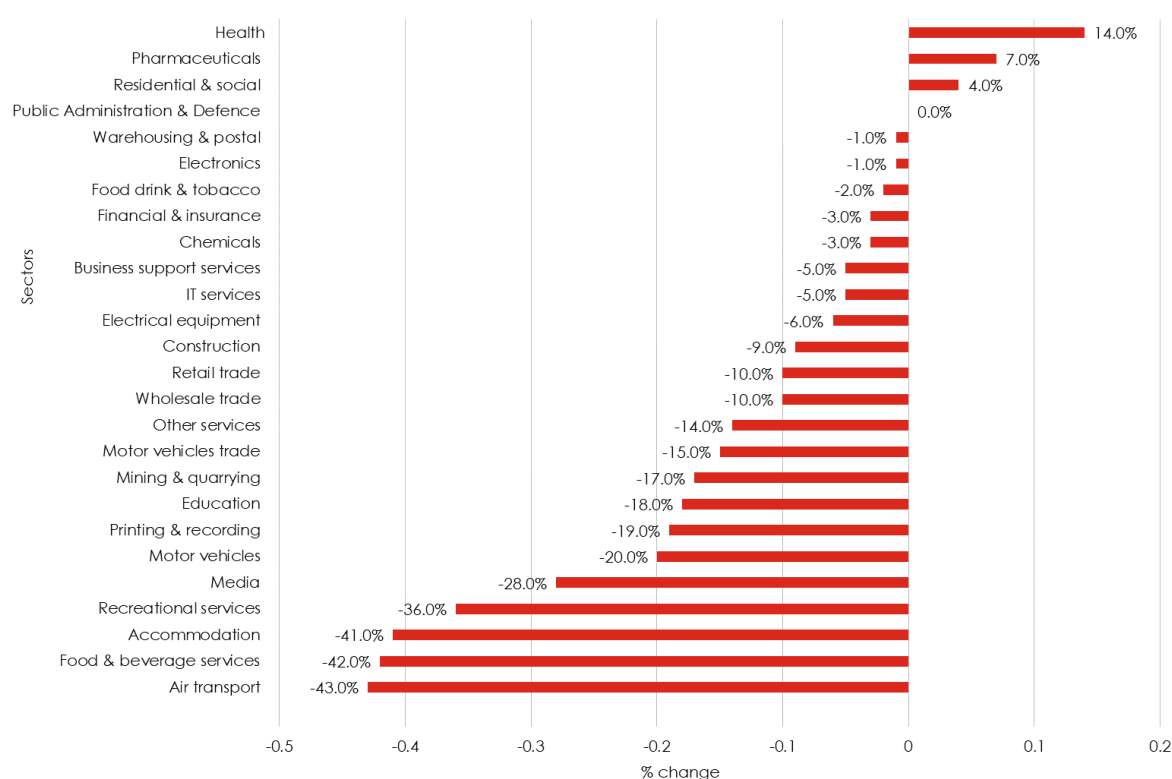
<sup>72</sup> GLA - <https://www.london.gov.uk/sites/default/files/leo-spring-2020.pdf>

<sup>73</sup> OBR - [https://cdn.obr.uk/OBR\\_FSR\\_July\\_2020.pdf](https://cdn.obr.uk/OBR_FSR_July_2020.pdf)

**3.10** These estimates broadly show the biggest short-term effects in sectors such as air transport, food & beverage services, accommodation and recreational services. Sectors that have grown through the pandemic are health, pharmaceuticals, and residential and social care. While there is no change in public administration activity.

**3.11** Many of these sectors are expected to bounce back fairly quickly, although in most cases it will take longer. Food & beverage services and accommodation for example have been heavily affected by social distancing measures aimed at containing the pandemic. The fact that much of this expenditure is discretionary means that households facing harder times cut back on some areas of spending. More remote working also means that the long-term prospects for hospitality-related spending could continue to be affected.

**Figure 3-2: % change in GVA in 2020 by sector**



Source: SQW adapted from KPMG Hard Times report June 2020 (motor vehicle manufacture has been adjusted to reflect local intelligence)

### Modelling employment

**3.12** Modelling employment is more difficult. There are no sector/regional equivalents for unemployment. Estimates from the UK models show that the pattern does not follow GVA (because of reduced hours and furlough). As GVA falls, unemployment may not rise at the same rate because workers are furloughed or work reduced hours. Table 3-2 shows the forecasts for the UK unemployment rate made by the Bank of England, Treasury, KPMG and the OBR. The Bank of England unemployment forecast, made in August, dropped from 8% to 7.5% and for 6.6% for 2021 (quarter three).

**Table 3-2: UK unemployment rate forecasts**

Unemployment		2020	2021	2022	2023	2024
Bank of England MPR (Q3)	Aug-20	7.5%	6.6%	4.7%	4.0	4.0
Treasury average of forecasts	Jul-20	8.0%	6.5%	-	-	-
KPMG	May-20	8.6%	11.0%	-	-	-
OBR	Jul-20	8.8%	10.1%	6.9%	5.9%	5.3%
SQW Warwickshire based on KPMG sectors	Aug-20	8.9%	6.6%	4.7%	4.0	4.0

Source: Various as shown in footnotes

**3.13** To provide employment estimates we have used the Bank of England forecasts and inflated them to reflect the disproportionately higher impact on GVA for Warwickshire. GVA is around 20% in Warwickshire because of the industrial structure.

**3.14** This reduction in employment is allocated across industries in line with the fall and recovery in GVA (from the KPMG analysis). Sectors where the fall in GVA is greatest lose most jobs initially, but as the GVA returns in 2021, employment will grow. From 2022 onwards, unemployment returns to follow the Bank of England unemployment rate. In other words, the model uses the pattern of change in GVA to determine the rise in unemployment in each sector.

## Results

**3.15** Table 3-3 sets out the main results from the model. It forecasts a fall of just over 10% in Warwickshire's GVA in 2020. This compares with a UK figure of 8.4%. The economy grows by 5.6% in 2021, faster than the UK economy, and then follows the UK growth forecasts in subsequent years.

**3.16** Unemployment follows a similar pattern. It rises to almost 9.0%, higher than the UK figure, but bounces back faster in 2021 before falling back to 4.5% in 2022. It means the loss of 19,500 additional jobs by the end of 2020, with these gradually returning over the subsequent years.

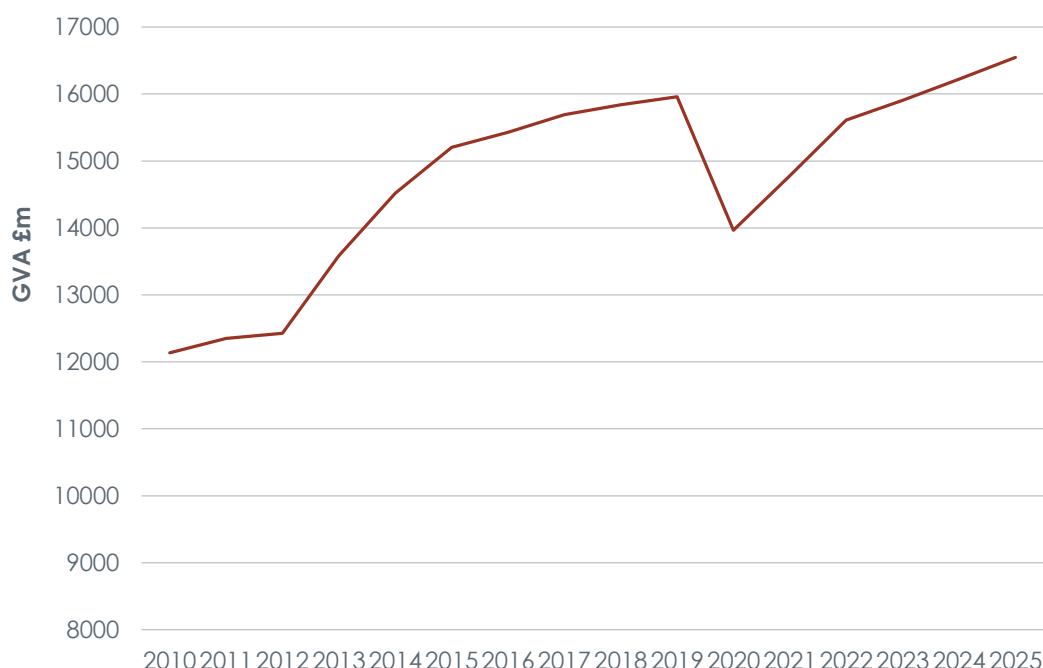
**3.17** These figures assume the ending of the furlough support which is helping maintain employment until the end of October. Any further measures could mean that unemployment does not reach these levels.

**Table 3-3: Overall GVA and employment results**

	2020	2021	2022	2023	2024	2025
Warwickshire GVA	-10.0%	5.6%	3.5%	1.9%	1.9%	1.9%
UK GVA	-8.4%	4.5%	3.5%	1.9%	1.9%	1.9%
UK unemployment	7.5%	6.5%	4.5%	4.0%	3.0%	3.0%
Warwickshire unemployment	8.9%	8.0%	4.5%	4.0%	3.0%	3.0%
Warwickshire change in jobs	-19,507	+6,852	+5,658	+2,085	-	+2,978
Number unemployed Warwickshire	26,507	19,655	13,997	11,912	11,912	8,934

Source: SQW model – note that there were 7,000 people unemployed in 2019 which is added to the change in jobs

**3.18** Figure 3-3 puts the GVA numbers into perspective. It shows GVA in 2020 falling back to around the level it was in 2013, ending what has been a fairly rapid rise since the last recession. GVA then climbs back up to pre-pandemic levels in 2023.

**Figure 3-3: Forecast level of GVA in Warwickshire 2011 - 2025**

Source: SQW model

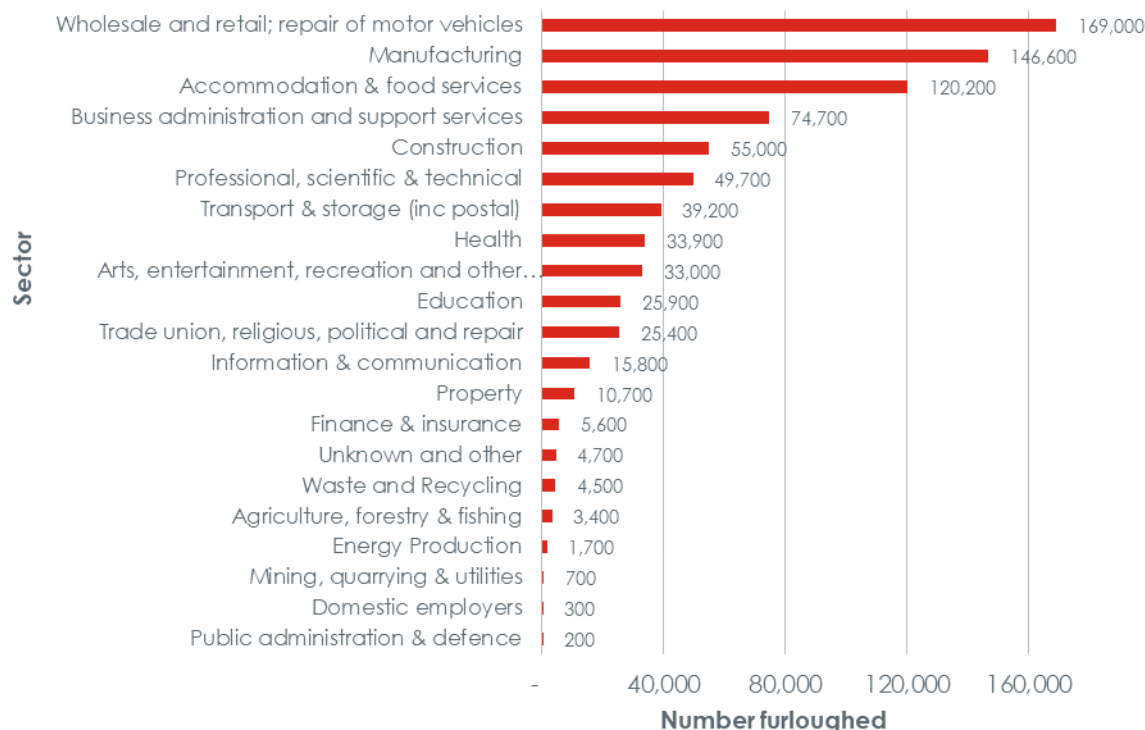
## Unemployment

### Furloughed workers

**3.19** In July, HMRC provided data on the number, sector and region of furloughed workers. Table 3-4 shows the number of workers furloughed in the West Midlands. The number of manufacturing employees that have been furloughed is particularly striking and is greater than in accommodation and food services. These figures represent 32% of the total eligible

employees in the region. In Warwickshire there were 84,000 furloughed employees at the end of June 2020, 30% of the total eligible employees.

**Table 3-4: Number of furloughed workers in the West Midlands by sector June 2020**



Source: HMRC Coronavirus Job Retention Scheme data to 30 June 2020

## Sector impacts

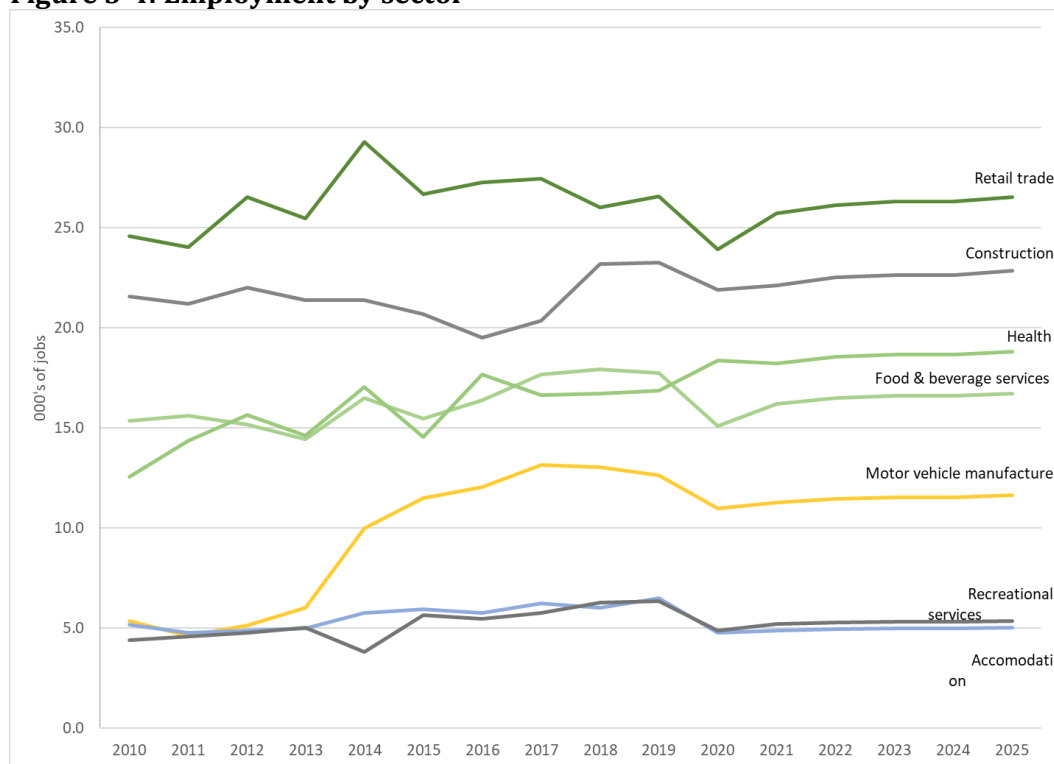
- 3.20** The model also provides estimates of the number of jobs that could be lost in each sector. At this level of detail these figures should be considered as highly indicative but, in general terms, reflect the original KPMG estimates of the effect on each sector. These figures also depend on the furloughing scheme, and other employment support activity that may be put in place.
- 3.21** Food and beverage services has the highest number of job losses, reflecting the overall scale of employment in 2019, and accommodation and retail are also heavily impacted. Motor vehicle manufacture is also affected severely to the end of 2020, with a fall of 13% in employment. The other sectors with large jobs losses are education, construction and business services, but this is partly because of the size of these sectors. Recreational services and arts are also expected to see a higher proportion of job losses.
- 3.22** The nature of the sectors that are most affected are that they need employees to be at work and cannot be done remotely. With the exception of motor vehicle manufacture, these are sectors that tend to employ large numbers of younger people, have lower levels of productivity (GVA per head) and are often lower paid.

**Table 3-5: Sectoral profile of job losses in Warwickshire**

Sector	Jobs lost through 2020	2019 jobs	Job losses as a % of 2019 employment
Arts	552	3,156	17%
Other professional services	622	6,860	9%
Business support services	965	29,809	3%
Other services	1,059	11,676	9%
Motor vehicles trade	1,086	11,182	10%
Wholesale trade	1,089	16,807	6%
Education	1,229	24,581	5%
Construction	1,356	23,267	6%
Recreational services	1,480	6,349	23%
Motor vehicle manufacture	1,635	12,620	13%
Accommodation	1,724	6,494	27%
Retail trade	2,658	26,580	10%
Food & beverage services	2,663	17,750	15%

*Source: SQW model*

**3.23** To provide context Figure 3-4 shows employment in these sectors since 2010. By the end of 2020, retail will employ the same number of people in 2013, while motor vehicle manufacture would still be more than double its level at the beginning of the decade. The most severe impact is on food and beverage services which are not expected to return to their 2019 level for some time.

**Figure 3-4: Employment by sector**

Source: SQW model

## Change in employment by geography

**3.24** Stratford on Avon is expected to face the biggest number of job losses, many related to the manufacturing but also from the tourism and hospitality sectors. Warwick is also projected to lose around 5,000 jobs, but this is more a factor of its size, rather than its industrial structure.

**Table 3-6: Projected change in the number of jobs across the County (additional to 2019 levels of unemployment)**

	2019 (CE data)	2020	2021	2022	2023	2025
North Warwickshire	54,006	-3,122	1,083	871	321	458
Nuneaton and Bedworth	57,778	-3,147	1,121	934	344	492
Rugby	51,730	-2,406	967	843	311	444
Stratford-on-Avon	86,981	-5,827	1,808	1,390	512	732
Warwick	99,828	-5,005	1,873	1,620	597	853
<b>Warwickshire</b>	<b>350,324</b>	<b>-19,507</b>	<b>6,852</b>	<b>5,658</b>	<b>2,085</b>	<b>2,978</b>

Source: SQW model

## Financial years

- 3.25** The analysis so far uses calendar year estimates for GVA and employment. This is the basis on which the KPMG sector estimates have been made. Converting these into financial year (April - March) is not straightforward as much of the economic growth could take place towards the end of 2021.
- 3.26** To provide a very rough indication of these figures in financial years, we have subtracted the first quarter of the 2020 figure (which is assumed to be approximately the same as a quarter of 2019) and added a quarter of the 2021 figure to 2020/21. This has the effect of increasing the severity of the impact because it excludes the pre-Covid, quarter one of 2020 and replaces it with a quarter of 2021, which is still in recovery.
- 3.27** The pattern for employment has been calculated slightly differently, with jobs losses increasing to the end of 2020, and then improving slightly in 2021. This means the change in employment in the financial year 2020/21 is not as great as by the end of 2020.

**Table 3-7: Projected change in the number of jobs across the County (additional to 2019 levels of unemployment)<sup>74</sup>**

Calendar years	2020	2021	2022	2023	2024
Warwickshire GVA (change on previous year)	-10.0%	5.6%	3.5%	1.9%	1.9%
Warwickshire change in jobs	-19,507	6,852	5,658	2,085	2,978
Financial years	2020/21	2021/22	2022/23	2023/24	2024/25
Warwickshire GVA (change on previous financial year)	-11.3%	8.0%	3.1%	1.9%	1.9%
Warwickshire change in jobs	-17,794	6,553	4,765	1,564	745

Source: SQW model

## Conclusions

- 3.28** The model is an extrapolation from the national forecasts but reflects the industry structure in Warwickshire and has been cross checked with local intelligence from the WCC steering group that have provided additional guidance. The main conclusions are:
- Overall, the model suggests that there could be an increase in the number of unemployed people from 7,000 before the pandemic, to around 26,500. An additional 19,500 people out of work.

<sup>74</sup> The financial years are made up of three quarters of the figure in the first year (e.g. 2020) and the first quarter of the following year (e.g. 2021). In 2020/21 this increases the fall in GVA (because it includes the worst three quarters of 2020). Jobs losses increase to the end of 2020, and then improve slightly in 2021, meaning the number of jobs lost is less than at the end of the calendar year.



- Like the rest of the UK, it highlights the challenges facing sectors that rely on in-person service delivery, such as retail, hospitality, leisure and recreation
- The model shows that perhaps a third of the additional 19,500 jobs lost in 2020 could be in food and beverage services, retail and accommodation
- These sectors employ a large proportion of younger people, on lower wages and lower productivity, and the effects will be spread across all County. It points to some clear priorities for a recovery plan.
- Alongside this, the number of jobs lost in manufacturing is also likely to be high. The model suggests there could be almost 1,700 job losses in automotive manufacturing.
- The results are particularly sensitive to the impacts on the automotive manufacturing sector and its supply chain. A significant drop in activity in this sector in 2020 is one of the reasons that GVA and employment in Warwickshire is expected to be hit harder than in the UK as a whole.

## 4. Implications for intervention

**4.1** The evidence and analysis in Chapters 2 and 3 is important in relation to the process of economic recovery and the role that different types of intervention could in practice play in accelerating it. Warwickshire County Council has long considered the possibility of an Investment Fund – but there are many other ways of intervening in a local economy. This short chapter takes the main conclusions from Chapter 3 and it considers them in terms of possible intervention mechanisms. In so doing, it forms a ‘bridge’ to a consideration of the Investment Fund in Chapters 5 and 6.

**Table 4-1: Intervening in response to the pandemic**

Major findings	Implications for intervention levers	Implications for the Investment Fund
<p><b>Scale:</b> The number of unemployed people in Warwickshire could rise from 7,000 to 26,500</p>	<p>The scale of the problem is without recent precedent in Warwickshire – and of course, every other part of the UK is facing similar issues.</p> <p>The main responses will need to be national ones. Growth stimuli of many different forms are being advanced (e.g. through Getting Building Fund, major infrastructure investment, reductions in VAT, etc.).</p> <p>There will also be a need to match people with jobs – and/or to equip them for employment once growth returns. Programmes like Kickstart are significant nationally, but there is also a need for intervention aimed at older workers.</p>	<p>The Investment Fund will not be able to ‘solve’ this problem, given its scale and complexity. However, it can help by attaching some emphasis to generating jobs of two forms:</p> <ul style="list-style-type: none"> <li>• entry level opportunities (which are very important in relating to social and economic inclusion)</li> <li>• jobs which typically command higher salaries and demand more skills and experience.</li> </ul> <p>It is important to recognise that previously, Warwickshire has not had a ‘jobs problem’. In the current environment, it is going to be important to generate jobs however, and the Investment Fund could be part of the solution.</p>
<p><b>‘In-person sectors’:</b> A third of the additional 19,500 jobs lost in 2020 could be in food and beverage services, retail and accommodation</p>	<p>In ‘normal’ times, these sectors are challenging insofar as barriers to entry are low and it is frequently difficult for policy makers to be convinced that intervention is possible without substantial displacement (and other forms of non-additionality).</p> <p>However, the impacts arising from COVID19 are compounding a process of restructuring which was already well underway and it was biting particularly in town centres and on high streets. The</p>	<p>The Investment Fund could be steered towards the socio-economic elements of town centre regeneration and revival across Warwickshire, recognising that this would benefit some businesses linked to tourism and retail but also that the bigger prize is the vibrancy of both place and community.</p> <p>Within this context, interventions in the property market could play a key role (e.g. in terms of re-using</p>

Major findings	Implications for intervention levers	Implications for the Investment Fund
	<p>sectoral and the spatial have become thoroughly intertwined, and it may be that the latter should have precedence going forward, particularly at a local level.</p> <p>Nationally, programmes like Future High Streets and the Towns Fund were already underway before the pandemic, although the need to steer these to economic outcomes has become clearer. Locally, the full range of levers needs to be brought to bear, including in relation to planning policy, business rates, etc.</p>	<p>redundant retail and/or office space in town centres in a manner which addresses some of the identified challenges).</p>
<p><b>Automotive:</b> There could be almost 1,700 job losses in automotive manufacturing</p>	<p>The automotive sector is very important nationally. The evidence suggests that in addition to COVID19, it is being challenged by the transition to cleaner technologies/electric power <i>and</i> the uncertainties linked to the process of Brexit: the nature of trade agreements will have a substantial bearing on the sector's prospects in Warwickshire and elsewhere.</p> <p>It is also important to recognise that Warwickshire's big players in this sector are global businesses. They will be influenced more by global political-economic considerations than by developments within the county.</p>	<p>Warwickshire has substantial knowledge-based assets in the automotive sphere and the Investment Fund ought to be attuned to these.</p> <p>It could, in addition, seek to invest in those parts of the sector that are transitioning towards greener solutions and more intelligent mobility. There would appear to be particular imperatives and opportunities in relation to SMEs in the supply chain.</p>
<p><b>Vulnerable people:</b> Younger people and those on lower wages are bearing the brunt of the pandemic's economic effects</p>	<p>This pattern has been observed in every recession. Nationally, government is putting in place measures to cushion the effects for the 'class of 2020', but in simple terms, there are not enough jobs for this year's new graduates/school leavers. It will be important that training is provided to equip young people for employment when the jobs eventually emerge. Through apprenticeships and other channels, it will also be important that employers are actively engaged.</p>	<p>As above, this would suggest that the Investment Fund is structured to reflect on social as well as narrowly economic outcomes, particularly over the next 12-18 months.</p>

Source: SQW

## 5. Rationale for – and purposes of – the Warwickshire Recovery and Investment Fund

- 5.1** Warwickshire County Council has been thinking about an Investment Fund for some time – and was seeking to accelerate its plans in the current context. As part of the Brief for this study we were asked to consider how an Investment Fund might be used, given the findings in Chapters 2-4.
- 5.2** At this stage our review is based on the perspective of the economic analysis and the sectors and themes where access to finance is likely to be extremely important over the next few years. It is intended as a starter rather than a detailed template for a Fund. As the ideas are refined, there are important areas that will require further research.

**There is currently no assessment of the potential demand for the proposed Fund, or elements within it. This is a busy landscape, particularly with the addition of the range of national recovery funds. More work will need to be done in consultation with partners to identify the gaps and likely demand.**

### Overview

- 5.3** The development of a Warwickshire Recovery Investment Fund is part of its Place Shaping Programme. It aims to support recovery efforts and Warwickshire's longer-term 'place' ambitions in the County. The Place Shaping Programme is guided by a number of strategic drivers. These are:
- Economic recovery
  - Rural growth and town centres
  - Sustainability and sustainable transport
  - Housing
  - Area Regeneration
  - Commercial and investment
  - Regeneration and income generation
  - Digital and 5G
  - Health and well-being.
- 5.4** The Warwickshire Recovery Investment Fund (WRIF) will aim to attract public and private investment into the County, including investment funding. The primary purpose of the WRIF is to assist the Council to deliver on its policy objectives and potentially generate a return and reinvest any investment income to continue to support place shaping priorities.

**5.5** We understand that the fund could comprise funding from some, or all, the following sources:

- Warwickshire County Council;
- District and Borough Councils
- Government, Non-Departmental and other Public Bodies
- Private Sector Investment through banks and institutions
- Other public-sector funding sources such as PWLB and the Municipal Bonds Agency and pension funds; and
- Other private sector investors.

**5.6** The WRIF will offer loans/equity/convertible loan notes or other combinations, possibly including grants, and WCC will have to consider how this could be delivered. Discussions with WCC have indicated that the WRIF would combine a financial return with support for the Warwickshire economy.

### **Rationale for WRIF**

**The analysis suggests that the economy will suffer a substantial fall in GVA and employment in 2020 as a result of the coronavirus and lockdown of the economy. GVA will contract by around 10% this year compared with 2019 and unemployment could rise to almost 9.0%**

**5.7** Unemployment of 9.0% represents 27,000 people, an increase of 20,000 on the figure at the end of 2019. The sectors that face the biggest declines are in food and drink services, accommodation and in motor vehicle manufacture. In Warwickshire, the significant drop in activity in the automotive sector in 2020 is one of the reasons that GVA and employment is expected to be hit harder than in the UK as a whole.

**5.8** The fall in GVA is expected to be more severe for employment, where the impact is softened through the Jobs Retention Scheme. Even so, unemployment will rise to the end of the year, before recovering in 2021. It is not expected to fall to its pre-virus levels for several years.

**The impact of the pandemic will be felt across the economy, but particularly by SMEs which have more limited resources, among younger people, and within local communities**

**5.9** In terms of businesses, SMEs are more likely to face liquidity problems, as they generally have limited financial resources to call on. Aside from the risk that many of these businesses may not survive<sup>75</sup>, their response is usually to minimise costs and retrench rather than find new

<sup>75</sup> For example, Cowling et al (2020) look at levels of precautionary cash reserves in UK SMEs and suggest that there are potentially 120,000 UK businesses (mostly micro firms with less than 10 employees) at immediate risk of a liquidity crisis if they cannot generate a revenue stream for a few months.

revenue generating activities. A lack of finance limits the scope for SMEs to broaden markets or seek opportunities. Uncertainty can lead to a lack of action. Following from this, we would expect there to be a large under-investment in growth-related activities such as innovation, investment in capital and international activities. In turn this will slow recovery and limit the jobs that can be created in the economy keeping unemployment higher for longer.

- 5.10** Alongside this, the rise in unemployment and fall in household incomes will have major social impacts. These effects will be unevenly distributed across geographies, socio-economic groups and ages. A recovery plan will have to consider how its actions can generate inclusive growth.

**The impact of the pandemic and the recession has reduced revenues and held back investment. Recovery will require substantial investment in growing businesses, in creating employment and in supporting communities**

- 5.11** While the coronavirus has had a huge immediate impact, it also accelerates other trends that were already underway (digitalization, automation, de-carbonization) and, separately there are challenges around the imminent effects of Brexit. Businesses are facing pressure to invest in adopting new processes and new technologies and to de-carbonise production and develop products that are environmentally more sustainable. Brexit will also require investment in identifying and developing new international partners both as customers and suppliers. Without this investment many SMEs may find it harder to grow and create new jobs. This is happening at a time when businesses face falling income and, in some cases, growing debts.
- 5.12** In a social context, there will need to be investment in the structures and support to deal with a much higher level of unemployment. This will, in turn, put pressure on a range of other services, voluntary activities and on communities. There can be considerable lasting economic and social damage caused if individuals remain unemployed for significant periods of time and can drop out of the labour market.

**However, at a time when investment is needed more than ever, the financial environment is extremely uncertain**

- 5.13** Research suggests access to bank finance becomes more problematic for SMEs during crisis episodes<sup>76</sup>. This is a combination of reduced supply of lending by banks and reduced demand from SMEs who face chronic uncertainty. Managing finances is likely to become hugely important for small companies.
- 5.14** The barriers to finance change at different stages of business development. The UK government has provided access to a range of new fund that aim to provide a bridge to recovery and there are many other potential sources even within the West Midlands. The Midlands Engine Investment Fund has made £280 million of start-up, debt and equity funding available.

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<sup>76</sup> such as the GFC (Cowling et al, 2012; Lee et al, 2015; Demirgüç-Kunt et al, 2020)

**Given the supply, it will be important to understand demand for different forms of finance. A WRIF can raise funds and make investments that can help support businesses in key growth sectors that create jobs underpin social enterprise and unlock employment land**

**5.15** The WRIF would aim to provide access to finance for businesses and for social investment, but also provide a return that itself can be reinvested over time. The Fund should therefore focus on investment in sound, growing businesses, including social businesses. As the economy changes, some sectors will contract and while others will expand. The recovery fund will only work if it is enabling the growing sectors to create new jobs.

**The main principles in setting out the WRIF are that it should:**

- be developed from analysis of economy and strategic sectors
- support new and growing business with sound prospects
- support local recovery
- support new, small and medium sized businesses
- support key sectors and growth rather than weaker sectors
- support the creation of new jobs
- target higher productivity activities and skills
- support environmentally and/or economically sustainable businesses
- support social enterprises and local solutions
- deliver both short and medium-term options
- offer potential for return on investment
- target full recovery of investments.

### **Using the analysis to design the WRIF**

**5.16** The analysis in the previous chapters identifies the challenges in specific sectors and more widely in the economy. For businesses, these are focused on finances and employment, and likely to be greater for SMEs. There is also the harm that the loss of employment will have on individuals and on the social fabric of communities. The climate of high uncertainty means that despite good longer-term outlook these businesses will find it harder to access finance. There are similar issues for social enterprises and charities that face reduced incomes but growing demand for services. The WRIF can provide the funds to unlock economic potential and help to mitigate some of the effects of the recession.

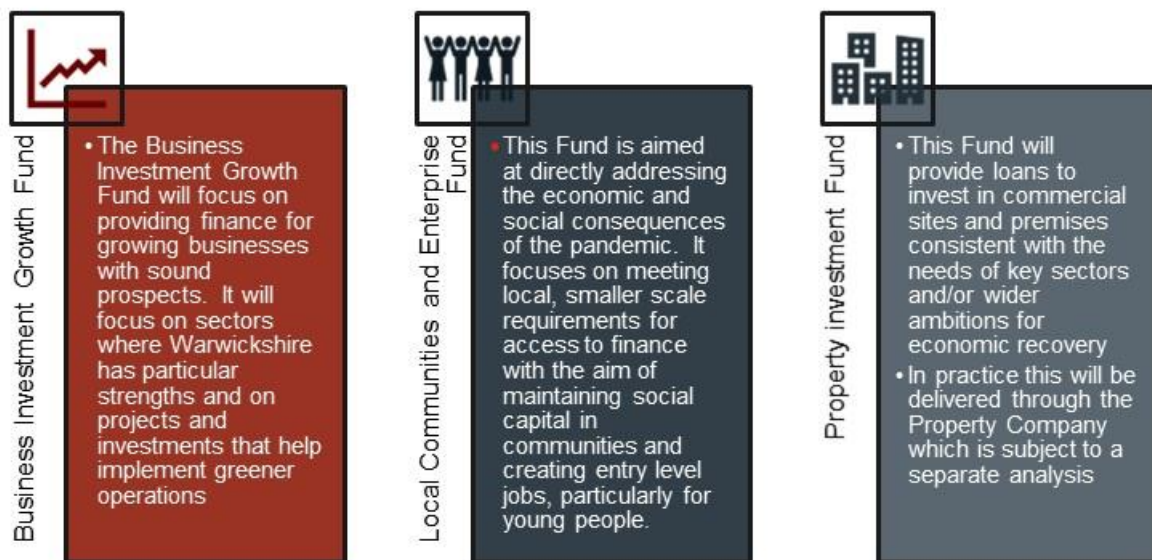


**5.17** The findings from the analysis and from our discussions with the WCC steering group is that the WRIF should encompass three main themes.

- Business growth
- Communities and social capital
- Property.

**5.18** Of these the communities and social capital would be designed to directly address the local challenges of the pandemic, while the business growth and property funds will help underpin medium and longer-term recovery. The objectives of each of these Funds are shown in Figure 5-1.

**Figure 5-1: WRIF themes and objectives**



Source: SQW

**5.19** The remainder of this section looks in more detail at what these themes would cover.

## The WRIF and business growth sectors

### Automotive sector

**5.20** The automotive sector is hugely important for the County employing 35,000 in the wider sub-region. It faces a combination of challenges arising from its transition to electric vehicles, uncertainty around Brexit, exacerbated by the impacts of the coronavirus pandemic. It also offers the prospect of significant growth, or at least maintaining pre-pandemic levels of employment.

**5.21** The large manufacturers have invested heavily in electric vehicles and their future will depend on the new technologies and on the scale of demand. However, there are also huge



effects for the large supply chain in Warwickshire. Brexit will further complicate supply chains. There is still a great deal of uncertainty over how the UK's exit will impact on rules of origin. These are the criteria needed to determine how much of a product is sourced from which countries. This is important because it affects the duties and restrictions that apply to them and means manufacturers may reassess supply chains.

- 5.22** While prime businesses are likely to have access to finance, these SME suppliers may find it more difficult to access the loans they need to invest and make necessary changes. Beauhurst for example reports that they found more established businesses to be “at risk” than early stage ones<sup>77</sup>. Coronavirus has already had a big impact on cashflows and these businesses will be in a weak position at a time when they need to invest to meet changing demands or find new markets.

As a key sector with potential for growth the WRIF can help ensure that these SMEs have access to the amount and type of finance that they need. Access to employment land for the sector was also highlighted in the earlier analysis and could be addressed through the inclusion of a property fund.

### Advanced manufacturing

- 5.23** Alongside private businesses, Coventry & Warwickshire has access to world-class Research & Development and Innovation Infrastructure. The analysis also found a need to address the low stock and immediate pipeline of employment land, particularly in Coventry and Nuneaton & Bedworth, where job densities are low.
- 5.24** Like the automotive sector, this is a sector that faces important changes (the acceleration of automation, digitalisation and decarbonisation). Warwickshire's advanced manufacturing businesses are at the “knowledge-intensive” end of the spectrum and might therefore perform a little better than the UK average. There are also new opportunities as they have pivoted in response to the COVID19 crisis. Automation of activities and occupations is also key in advanced manufacturing and if Warwickshire is slow to retain existing employees to adapt to a rapidly changing labour market, then unemployment is likely to rise.
- 5.25** However, Warwickshire's companies are likely to experience loss in revenue due to dampened demand and disruption to supply chains caused by the pandemic. As a result, there will be fewer resources available for the investment that is necessary to respond to these challenges. As with automotive, the lack of appropriate employment land and premises has also been identified as a concern.

<sup>77</sup> Beauhurst (2020) COVID19 Business Impact Report [https://www.beauhurst.com/wp-content/uploads/2020/04/COVID19-Business-Impact.pdf?utm\\_medium=email&hsmi=86488754&hsenc=p2ANqtz-oBtiNijzpSMYWSkttkZWQS\\_oSEQM-7HSPaAAc0ca9u\\_C4Z\\_yIKUIMJjB\\_ClqvIW-w1VcSA6-HQfer5lRuM6PWAnClhA&utm\\_content=86488754&utm\\_source=hs\\_automation](https://www.beauhurst.com/wp-content/uploads/2020/04/COVID19-Business-Impact.pdf?utm_medium=email&hsmi=86488754&hsenc=p2ANqtz-oBtiNijzpSMYWSkttkZWQS_oSEQM-7HSPaAAc0ca9u_C4Z_yIKUIMJjB_ClqvIW-w1VcSA6-HQfer5lRuM6PWAnClhA&utm_content=86488754&utm_source=hs_automation)

SMEs in particular will find it harder to raise investment funds. With a strong asset base in advanced manufacturing, it is important that the finance is available to facilitate the growth of the sector and the prospect of creating new employment opportunities.

### Digital and games sector

- 5.26** The digital and games sector is developing as a key part of the Warwickshire economy and its growth is a focus of the economic strategy. The nature of the sector means that it has the potential to create exciting new start-ups and is populated with many early stage businesses seeking investment. Early stage businesses generally suffer from difficulties in accessing seed funding from existing sources. They are characterised by high levels competition and risk, while the relatively small amounts of funding at this stage make it less appealing for investors.
- 5.27** With little track record and often no revenue to repay a loan, these businesses are more suited to equity deals. The level of investment in equity in the Midlands is much lower than in London and the South East<sup>78</sup>. This is both a result of weaker supply (fewer investors) and demand (fewer companies aware of, or interested in, using equity to raise funds).
- 5.28** The challenges of raising equity funding have increased as a result of the pandemic, which has made it harder for investors and businesses to do deals<sup>79</sup>. The uncertain environment has also initially, led to investors supporting their existing portfolios, rather than adding to them.

This is a sector where the WRIF could invest, linking with other support is provides. However, restricting investments to Warwickshire would limit the number of opportunities and make it more difficult to generate a positive return. One approach would be to use the property fund to invest in an incubator, for early stage businesses, providing business support but also taking equity in lieu of rent. This provides the basis for a pipeline of further investments if they are successful.

### Logistics

- 5.29** Warwickshire has a natural advantage through its location and access to the “Golden Triangle” motorway network (M6/M1/M42). As a growing sector, the take-up of B2/B8 space across the Coventry and Warwickshire LEP area has averaged approximately five million sq ft over the last three years, and the Coventry and Warwickshire Gateway site is identified as the priority employment site for the delivery of the LEP’s economic plan. The site has the potential to accommodate around 10,000 jobs by 2030 and 408,000 sqm of B1, B2 and B8 floorspace.

<sup>78</sup> British Business Bank (2020) Small Business Finance Markets 2019/20

<sup>79</sup> Beahurst data 2020 shows the number of deals falling in Q1 2020.

<https://www.beahurst.com/blog/effect-of-coronavirus-uk-investment-q1-2020/>

- 5.30** As the economy recovers this is a sector that offers strong growth potential. There are opportunities to move to greener technologies and new business models. Although there are concerns about the low value of the sector, continued introduction of technology and higher skills will improve productivity. COVID19 has sped up the need to adopt automation and there is scope for further investment. Accelerated use of online retail also increase the growth potential.

It will be important that SME's within the sector are able to introduce new technology and business models to compete with the larger companies. This will require new investment and access to finance which the WRIF could provide.

## **The WRIF, Local Communities and Enterprise**

### **Tourism**

- 5.31** Tourism employs over 20,000 people (6% of the workforce) in Warwickshire. It is well-placed to take advantage of major forthcoming cultural events in neighbouring cities - Coventry City of Culture 2021 and Birmingham Commonwealth Games 2022.
- 5.32** Although the sector has lost many international visitors, there are hopes that domestic tourism may become more popular. However, employment in the sector is often low skilled and low paid. Many hospitality businesses rely on European employees, particularly seasonal employees.
- 5.33** Tourism is an important part of local and rural economies offering employment where there are fewer alternatives. Helping to maintain what are often also local services (restaurants, bars, tourist attractions, culture and leisure facilities) is critical to supporting communities.

The sector encompasses both large corporate firms and small lifestyle businesses. The case for providing investment support for this sector is strongest around the social role they play rather than investment for growth. Our suggestion is that the WRIF would focus on investments to promote local tourism and cultural assets, and social capital.

### **Start-ups and young people**

- 5.34** As the economy recovers, many of the services and facilities will return, perhaps in a different form. There will be many opportunities for start-ups to be born from the pandemic and they will require funding. Without revenues or a track record these businesses will find it hard to access traditional sources. The WRIF could play a role through loans or convertible loan notes, to help these businesses get started.

### Arts and culture

**5.35** The Arts and culture sector has been one of the most severely affected by the pandemic and faced huge financial problems without the revenue from audiences and visitors. The government has made funds available, but these may not be sufficient. Arts and cultural venues are vital social capital assets and they will require further support through the pandemic. They are unlikely to provide a financial return for many years, but could be offered flexible, revenue-based funding.

### Social enterprises

**5.36** One of the ways of investing in local social and economic development would be through existing social enterprises, that already deliver combinations of social and economic impacts. Impact investing is now very popular, even among some of the larger investors that are keen to see their investments make a difference.

**5.37** One approach would be to work with an existing social investor, or to leverage existing funds to finance enterprises that will be delivering social outcomes. The extent to which these investments can generate a return will vary. Other relevant issues are:

- Receiving funding can exclude social enterprises from some charitable sources and benefiting from charitable status.
- Management and financial systems may be weak. We would also suggest that an initial grant is provided to bring in resources to ensure sound management and financial systems, before any loans are made.
- It may be possible to offer funding for specific purposes that social enterprises could respond to.

### Property Fund analysis

**5.38** The case for the investment in a Property Fund is made as part of separate work that considers the development of Warwickshire Property Company. It will help unlock new development and generate employment, while also providing a financial return. The Property Fund is key to the WRIF in that it is the element most likely to generate the income that can be recycled in the business growth and community enterprise funds.

**5.39** There are two elements that relate directly to these other Funds:

- Property investment in new business incubator/accelerator space could be used as a mechanism for delivering business support and securing equity a number of exciting, early stage companies. This could be an interesting model that would allow the Council to actively support new businesses but also have the prospect of a return in later years.
- Property investment that is related to improving high streets and revitalising town centres. The coronavirus has accelerated the need to reimagine town centres. New

investment will be required to offset the reduced footfall and retail and restaurant closures that are happening.

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## 6. Outline proposals for the Warwickshire Recovery Investment Fund

**6.1** This chapter takes the findings from the previous section and develops them into a more detailed proposal. It focuses on the three themes identified previously, looks at some examples elsewhere and provides guidance based on consultations with representatives from investment companies and others.

**Figure 6-1: WRIF themes**



### Business Investment Growth Fund

**Table 6-1: Business Investment Growth Fund**

Heading	Comment
Objective	The Business Investment Growth Fund will focus on providing finance for growing businesses with sound prospects. It will focus on sectors where Warwickshire has strengths and on projects and investments that help implement greener operations.
Beneficiaries	Examples: <ul style="list-style-type: none"><li>• The automotive manufacturing supply chain and supporting its transition towards electric vehicles</li><li>• Advanced manufacturing</li><li>• Logistics</li><li>• Investment in early stage technology businesses (specifically the digital and games sectors)</li></ul>
Funding	Suitable finance would be discussed with the business, but could provide loans, trade funding, revenue funding, equity, convertible loan notes or other. An option would be to include a small grant to allow the business to get financial management support

Heading	Comment
	Part of the Fund could be delivered through support through an early stage business incubator. This would be a property investment but rather than pay rent, the Council would fund business support and take equity.
Delivery	This would be delivered through a professional fund management company governed by a set of agreed criteria and overseen by a Strategic Oversight Board that would include the Council and an independent advisor.
Return	The aim would be to maintain the fund as evergreen. The risk profile would balance higher risk equity with shorter term loans. Limiting the investments to Warwickshire will make it more difficult to generate opportunities, but there is evidence from the firms delivering other funds that this could be possible.
Co-investment	Ideally investments would be made alongside private sector partners, but the scope to do this will depend on discussions with the delivery partners. In the areas where there is likely to be a gap, in early stage finance, partners are likely to be business angels.
Scale	Consultees suggested a minimum of £15 million
Impact on recovery	<p>This element of the fund focuses on growth, rather than addressing the short-term effects of the pandemic. It will safeguard and create higher paid and more productive jobs.</p> <ul style="list-style-type: none"> <li>• SQW's evaluation of the British Business Banks' Midland's Engine Investment Fund<sup>80</sup> found that the level of investment at the time £14.3 million had supported 196 jobs at an early stage, just less than £73,000 per job.</li> <li>• The early evaluation of the Northern Powerhouse Investment Fund<sup>81</sup> found 300 jobs created from £14.2 million or £47,000 per job.</li> <li>• An evaluation of the JEREMIE Funds<sup>82</sup> estimated that the capital investment per net additional job will be around £50,000.</li> <li>• FSE estimate that a £15 million support 20-25 companies per year with at least 12 jobs to be safeguarded or created per company in the short to medium term. This would be a total of 240 – 300 jobs. Most of those jobs will be expected to be high value based on current experience.</li> </ul> <p>A broad estimate of £50,000 per additional job would be reasonable for a business growth fund. On this basis a £15 million Fund would support 300 new jobs.</p>
Examples	<ul style="list-style-type: none"> <li>• The <b>Midlands Engine Investment Fund</b> provides a range of debt and equity finance through partner organisations and there is early evidence of performance in the SQW evaluation</li> <li>• <b>Innovation Loans</b> is an Innovate UK Programme which provides loans for small, companies that are close to commercialisation, but without the track record to access traditional finance</li> <li>• <b>FSE run three regional Business Growth Funds</b> offering debt &amp; equity finance from £50,000 - £300,000:</li> </ul>

<sup>80</sup> SQW, Midlands Engine Investment Fund -Early Assessment Report (2020)  
<https://www.meif.co.uk/wp-content/uploads/2020/05/MEIF-Final-Report-310320-Clean.pdf>

<sup>81</sup> SQW, Northern Powerhouse Investment Fund -Early Assessment Report (2019)  
[https://www.british-business-bank.co.uk/wp-content/uploads/2019/07/NPIF-early-assessment-report-FINAL\\_24-July-2019.pdf](https://www.british-business-bank.co.uk/wp-content/uploads/2019/07/NPIF-early-assessment-report-FINAL_24-July-2019.pdf)

<sup>82</sup> Regeneris, Mid-Term Review of the English JEREMIE Funds (2013)










Heading	Comment
	<ul style="list-style-type: none"> <li>➤ <b>Thames Value and Berkshire Business Growth Fund</b></li> <li>➤ <b>Enterprise M3 Funding Escalator</b></li> <li>➤ <b>The Coast to Capital Funding Escalator</b></li> <li>• <b>The Greater London Investment Fund</b> operates as a £100 million fund. MMC Ventures manage the equity sub-fund, and The FSE Group manage the two loan sub-funds</li> <li>• <b>Greater Manchester Core Business Investment Fund</b> - £27 million fund for larger loans to existing businesses. Loans below £500k are provided through the GM Loan Fund, managed by Maven Capital Partners. The aim is not to take high levels of risk.</li> </ul>

**Table 6-2: Local Communities and Enterprise Fund**

Heading	Comment
Objective	<ul style="list-style-type: none"> <li>• This Fund is aimed at directly addressing the economic and social consequence of the pandemic</li> <li>• It focuses on meeting local, smaller scale requirements for access to finance with the aim of maintaining social capital in communities and creating entry level jobs, particularly for young people.</li> <li>• The Fund will invest in and support key local businesses, including social enterprises, that are important to the area. It will also provide investment for start-ups.</li> <li>• The Fund will have a strand that is directed towards investment in smaller town centres</li> </ul>
Beneficiaries	<p>There would be no sector focus, instead funding would be available to</p> <ul style="list-style-type: none"> <li>• Small local businesses that support social capital</li> <li>• Start ups</li> <li>• Social enterprises</li> <li>• Possibly issue call to support businesses or projects that will improve high streets and town centres</li> </ul>
Funding	<ul style="list-style-type: none"> <li>• Suitable finance would be discussed, but could provide loans, revenue funding, equity, convertible loan notes or possibly grants.</li> <li>• The Fund will provide (much smaller) loans, however, we also suggest that there is some initial grant funding which would be used to ensure the business is finance-ready.</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>• This could be delivered by the Council, although it would be useful to work with partners where co-investment can be secured. There are a number of partners that could co-invest on some elements of this proposal. Specifically, around social enterprise support.</li> <li>• We suggest discussing the options with potential partners to identify which elements could be delivered through a contractor. Again, the investments would be overseen by a Strategic Oversight Board including the Council and an independent advisor.</li> </ul>
Return	<p>The aim of this Fund is more explicitly social rather than financial. Part of the return should be considered as maintaining some of the County's key social capital assets, local businesses and arts and cultural facilities. It includes the value of the outputs generated through investment in social enterprise. The return is also through supporting additional employment.</p>



Heading	Comment
	<p>The aim would be to maintain the fund through loan repayments, although the investments will be smaller than the growing business fund and the risks will be higher.</p>
Co-investment	<ul style="list-style-type: none"> <li>There is scope to work with partners in making social investments and we suggest that the Council holds discussions with a number of the organisations that are already investing in these types of projects.</li> <li>Some of these partners will lead delivery, co-ordinating investment and assessing applications. Others will be willing to provide finance alongside the Council Fund for projects that meet their own criteria.</li> </ul> <p><b>Examples include:</b></p> <div>        </div> <p>Links:</p> <ul style="list-style-type: none"> <li><a href="#">Arts &amp; Culture Impact Fund</a></li> <li><a href="#">Big Issue Invest</a></li> <li><a href="#">Fair by Design Fund</a></li> <li><a href="#">Resonance</a></li> <li><a href="#">Bridges Fund Management</a></li> <li><a href="#">Esmée Fairbairn Social Investment</a></li> <li><a href="#">UnLtd</a></li> </ul>
Scale	£1 million - £10 million (typically these funds are less than £10 million)
Impact on recovery	<p>This element of the fund focuses on addressing the short-term effects of the pandemic, rather than economic growth. It will contribute to recovery through strengthening social assets, communities and providing entry level jobs. It will also look for investments that can improve high streets and town centres.</p> <p>In the short-term there will be little displacement in projects that create jobs. Typically, the investment cost per job for these investments will be lower than for the Business Investment Growth Fund. An estimate of £30,000 investment per job would mean a £3 million Fund would support 100 jobs.</p>
Examples	<ul style="list-style-type: none"> <li><b>The Resonance West Midlands Social Investment Tax Relief Fund</b> invests in social enterprises in specific city regions around the country. Aims to raise £5m (currently £1.5 million)</li> <li><b>Resonance Bristol SITR Fund</b> raised £2.8m of its £5m target raise, has made its first eight investments</li> <li><b>Social Investment Business:</b> <ul style="list-style-type: none"> <li><b>The Liverpool City Region Impact Fund (LCRIF)</b> offers loans to charities and social enterprises. The £2m fund is financed in equal part by Social Investment Business and the European Regional Development Fund</li> </ul> </li> </ul>

Heading	Comment
	<ul style="list-style-type: none"> <li>➤ <b>First Steps Enterprise Fund</b> provides mixed loan and grant packages of over £30,000 for community organisations (charities and social enterprises) to help them grow and become more sustainable</li> <li>➤ <b>The Key Fund</b> provide blended loans and grants up to £150k. Unsecured lending for new and early stage enterprises who are seeking finance to support growth. They also offer the <b>Community Business Fund and the Northern Cultural Regeneration Fund</b></li> <li>• CAF Venturesome Funds offer Development Fund loans from £25,000 to £400,000+ to build the capacity of high-impact social organisations.</li> <li>• A Social Enterprise Assist fund works with businesses, the community and the public sector to help early stage social enterprises with interest free loans up to £30,000.</li> </ul>

**Table 6-3: Property Investment Fund**

Heading	Comment
Objective	<p>This Fund will provide loans to invest in commercial sites and premises consistent with the needs of key sectors and/or wider ambitions for economic recovery.</p> <p>Details relate to the proposals for a Warwickshire Property Company</p>
Beneficiaries	<p>Examples:</p> <ul style="list-style-type: none"> <li>• Developers and contractors of house building</li> <li>• Developers of employment land</li> <li>• Developers of office space</li> <li>• Developers of operational business buildings</li> </ul>
Funding	Suitable finance would be discussed with the business, but is likely to be in the form of loans
Delivery	This would be delivered through the Warwickshire Property Company. This is currently being set up and details of the structure and objectives will be set out in the relevant documentation
Return	The aim would be to generate a return through the loans. Details of the risk profile and potential investments will be considered by the Property Company.
Co-investment	Ideally investments would be made alongside private sector partners, but the scope to do this will depend on discussions with partners.
Scale	This will depend on the range of projects identified by the Property Company
Impact on recovery	<p>This element of the fund focuses on unlocking employment land that will enable business growth. This is likely to be a medium-term measure, supporting growing business, rather than addressing the short-term effects of the pandemic.</p> <p>The impact will depend on the projects supported but estimates of the employment impact can be derived from their scale, type and employment density data.</p>
Examples	The case for the Property Company is made in a separate report.

## 7. Next steps

### Investment Funds

**7.1** This report uses the economic analysis to set out the investment areas that the WRIF should consider. These are organised under three broad headings:

- Business Investment Growth Fund
- Local Communities and Enterprise
- Property investment Fund

**7.2** The report sets out the logic for supporting these and ensuring that the businesses and social enterprises have access to finance they require to make investments and grow. In taking these forward, the next steps would be as follows.

### Test demand

**7.3** There is a need to test demand for these Funds and identify more specifically the type of funding required. In the current landscape, there are many sources of finance, at historically low rates, but we are also likely to see businesses and social enterprises fall through the cracks because they lack a track record, or security. Clearly demand for finance will depend on the terms that are offered, and WCC should refine the concept and discuss with potential partners whether there is evidence of demand in the market.

### Discussions with potential Fund managers

**7.4** As part of this exercise we have had an initial discussion with a number of potential partners at a general level. If the WRIF concept is to be developed, we recommend more detailed discussions with the following:

- **FSE Group:** their escalator model offers an Expansion Loan Scheme, Trade Finance Loan Scheme and Equity Growth Fund. Existing schemes provide loans and investments up to £300k for the first transaction. To achieve critical mass, they recommend that the Funding Escalator is at least £15m. They also recommend research on the specific market gaps and demand in the region concerned to determine the product and size of the fund. They would aim for individual loan and investment losses, together with all set up and operating costs, to be covered by the income and capital returns generated by the respective funds. The existing funding escalators managed by FSE either have achieved or are being managed with the objective of becoming evergreen.
- **Midven** currently deliver the late stage debt for the Midlands Engine Investment Fund. They have a good understanding of the market in Warwickshire. It would be useful to discuss where the gaps are and how they might be able to invest all or part of a Fund.

- **The British Business Bank** manage three Regional Investment Funds including the Midlands Engine (MEIF). It is a potential partner and has a good overview of demand and the gaps that the WRIF could address.
- **Minerva Business Angel Network and University of Warwick Science Park** are both important potential partners in supporting early stage finance. They can provide advice on local demand and on proposals to support new incubator/accelerator models that the Council could include as part of the Business Growth Fund.
- **Resonance** currently invest in a West Midlands Social Investment Tax Relief Fund for social enterprises and could provide ideas around investment of the Communities Enterprise Fund

### Refine the concept and compare options

- 7.5** The discussions will enable WCC to provide more robust estimates around the demand, the potential scale, the potential offer and delivery costs. Ideally there will be a number of options which can be compared in terms of their financial return and wider social impact.

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## About us

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SQW and Oxford Innovation are part of SQW Group.

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### SQW

SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning. In 2019, BBP Regeneration became part of SQW, bringing to the business a RICS-accredited land and property team.

[www.sqw.co.uk](http://www.sqw.co.uk)

### Oxford Innovation

Oxford Innovation is a leading operator of business and innovation centres that provide office and laboratory space to companies throughout the UK. The company also provides innovation services to entrepreneurs, including business planning advice, coaching and mentoring. Oxford Innovation also manages investment networks that link investors with entrepreneurs seeking funding from £20,000 to £2m.

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