County Council

Date: Tuesday 8 February 2022
Time: 10.00 am
Venue: Council Chamber, Shire Hall

Membership

Councillor Peter Gilbert (Chair), Councillor John Horner (Vice-Chair), Councillor Jo Barker, Councillor Richard Baxter-Payne, Councillor Brett Beetham, Councillor Margaret Bell, Councillor Parminder Singh Birdi, Councillor Sarah Boad, Councillor Barbara Brown, Councillor Peter Butlin, Councillor Jonathan Chilvers, Councillor Jeff Clarke, Councillor John Cooke, Councillor Andy Crump, Councillor Yousef Dahmash, Councillor Piers Daniell, Councillor Jackie D'Arcy, Councillor Tracey Drew, Councillor Judy Falp, Councillor Jenny Fradgley, Councillor Sarah Feeney, Councillor Bill Gifford, Councillor Clare Golby, Councillor Brian Hammersley, Councillor John Holland, Councillor Dave Humphreys, Councillor Marian Humphreys, Councillor Andy Jenns, Councillor Kam Kaur, Councillor Jack Kennaugh, Councillor Justin Kerridge, Councillor Christopher Kettle, Councillor Sue Markham, Councillor Jan Matecki, Councillor Sarah Millar, Councillor Chris Mills, Councillor Jeff Morgan, Councillor Penny-Anne O'Donnell, Councillor Bhagwant Singh Pandher, Councillor Daren Pemberton, Councillor Caroline Phillips, Councillor Wallace Redford, Councillor Howard Roberts, Councillor Will Roberts, Councillor Kate Rolfe, Councillor Jerry Roodhouse, Councillor Isobel Seccombe OBE, Councillor Jill Simpson-Vince, Councillor Tim Sinclair, Councillor Mejar Singh, Councillor Richard Spencer, Councillor Heather Timms, Councillor Mandy Tromans, Councillor Robert Tromans, Councillor Martin Watson, Councillor Adrian Warwick and Councillor Andrew Wright

Items on the agenda: -

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. Any changes to matters registered or new matters that require to be registered must be notified to the Monitoring Officer as soon as practicable after they arise.

A member attending a meeting where a matter arises in which they have a disclosable pecuniary interest must (unless they have a dispensation):

- Declare the interest if they have not already registered it
- Not participate in any discussion or vote
- 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 relevant to the agenda 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

COVID-19 Pandemic
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County Council

Tuesday 14 December 2021

Minutes

Attendance

Committee Members
Councillor John Horner (Vice-Chair), Councillor Jo Barker, Councillor Brett Beetham, Councillor Margaret Bell, Councillor Parminder Singh Birdi, Councillor Sarah Boad, Councillor Peter Butlin, Councillor Jonathan Chilvers, Councillor Jeff Clarke, Councillor John Cooke, Councillor Andy Crump, Councillor Piers Daniell, Councillor Tracey Drew, Councillor Judy Falp, Councillor Jenny Fradgley, Councillor Sarah Feeney, Councillor Bill Gifford, Councillor Clare Golby, Councillor Brian Hammersley, Councillor John Holland, Councillor Dave Humphreys, Councillor Marian Humphreys, Councillor Kam Kaur, Councillor Jack Kennaugh, Councillor Justin Kerridge, Councillor Christopher Kettle, Councillor Sue Markham, Councillor Jan Matecki, Councillor Chris Mills, Councillor Jeff Morgan, Councillor Bhagwant Singh Pandher, Councillor Daren Pemberton, Councillor Caroline Phillips, Councillor Wallace Redford, Councillor Howard Roberts, Councillor Will Roberts, Councillor Kate Rolfe, Councillor Jerry Roodhouse, Councillor Isobel Seccombe OBE, Councillor Jill Simpson-Vince, Councillor Tim Sinclair, Councillor Mejar Singh, Councillor Richard Spencer, Councillor Heather Timms, Councillor Mandy Tromans, Councillor Robert Tromans, Councillor Martin Watson, Councillor Adrian Warwick and Councillor Andrew Wright

1. General

In the absence of Councillor Pete Gilbert, Councillor John Horner, Vice-Chair of Council, took the Chair for this meeting.

(1) Apologies for Absence

Apologies were received from Councillors Richard Baxter-Payne, Barbara Brown, Jackie D'Arcy, Yousef Dahmash, Pete Gilbert, Andy Jenns, Sarah Millar and Penny-Anne O'Donnell.

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

None.

(3) Minutes of the previous meeting

The minutes of the meeting of Council held on 28 September 2021 were agreed as an accurate record for signing by the Chair.

(4) Chair's announcements

Councillor John Horner, chairing this meeting, made the following announcements:

1) Care Leaver National Bench Marking Competition

At the Care Leaver National Bench Marking Forum Warwickshire were once again key leaders of the forum. Umar Teerab and Liss Phillips who work as Family Support Workers in our Corporate Parenting Service organise and facilitate the national forum with a small group of care leavers.

I am delighted to report that this year Liss Phillips won the Best Speech and the Champion of Champions competition. She delivered a heart-warming speech and her peers recognised her as champion of champions. Coming first in both of these is a real achievement.

Huge congratulations to Liss.

Members joined to congratulate Liss Philips.

2) Death of Former Chief Fire Officer, Kieran Amos

It is my very sad duty to report that our former Chief Fire Officer, Kieran Amos died on 23 November after a short illness.

Kieran was CFO for Warwickshire for just over two years before his retirement in July this year. His career in the fire sector spanned nearly 30 years in a range of roles serving the communities of Surrey, West Sussex, and Warwickshire and he had also worked at a national level on the Joint Emergency Services Interoperability Programme and within the National Resilience Team.

Those of us who knew him are very fortunate to have worked alongside such a special person. Physically imposing, he had a larger-than-life personality to match. Kieran was a humble and funny individual but most of all he was genuine, compassionate and kind. These qualities shone through in all that he did including the huge role he played in the response to the pandemic and his work with equality, diversity and inclusion.

He has certainly left a legacy that will be built upon as we continue the work he did to make Warwickshire safer for all.

Our condolences go to Kieran's family and all those who knew him within the Fire and Rescue Service.

Ben Brook, the current Chief Fire Officer, was invited to make a statement and he shared the tribute that had been read at Mr Amos' funeral the previous day. The tribute acknowledged Mr Amos' 'gentle giant' character, the difference he had made during his 32 years in the fire service, his passion for making a difference and the positive impact he had on many lives. Mr Amos had possessed a wonderful ability to connect with people which had enabled him to achieve a great deal in Warwickshire. Mr Brook concluded that Mr Amos was a person who would be sadly missed by Warwickshire Fire and Rescue Service, Warwickshire County Council and the Fire Service nationally.

Members made the following comments in memory of Kieran Amos

Councillor Andy Crump noted that Mr Amos had very recently retired and had only been aged 50 at the time of his death. He noted the big impression that Mr Amos had made in terms of his leadership, innovation and his contribution to the Pandemic response. His thoughts and prayers were with Mr Amos' family.

Councillor Sarah Boad echoed previous comments, expressing her sadness at the news. She had many abiding memories of Mr Amos and praised his leadership style and desire to make Warwickshire FRS the best it could be. She noted that he would live on in memory for a very long time.

Councillor Seccombe reflected on Mr Amos' achievements in his relatively young life. She noted that he was richly talented and helped people be the best they could be. He possessed a genuine belief in people and the ability to forge partnerships and touch hearts. Councillor Seccombe noted that Warwickshire County Council was a much better organisation because of Mr Amos' tenure and he had achieved a great deal which she trusted the organisation would build upon. She concluded that she was immensely saddened by the announcement but was glad to be able to say that she knew him.

Councillor Adrian Warwick also reflected on Mr Amos' larger than life character and noted that it was a pleasure to have him attend Overview and Scrutiny. Councillor Warwick observed that he had great memories of a lovely man and Warwickshire was the poorer for his loss.

Councillor John Holland noted that the work Mr Amos had done had been valued by all parties and he shared the sentiment that his loss was deeply unfair. He had met Mr Amos in July before his retirement when his pride in the Fire Service was notable.

Councillor Judy Falp reflected on her first meeting with Mr Amos, and how she immediately felt like she had a good friend. Like others, she felt people were better for knowing him and was deeply saddened by his loss.

A minute's silence was held in memory of Kieran Amos.

(5) Petitions

None.

(6) Public Speaking

None.

2. Application for Dispensation

Noting the presence of Councillor Howard Roberts at the meeting, the Chair advised that this item was not required.

3. External Auditors' Annual Audit Report 2020/21

Councillor Peter Butlin (Deputy Leader of the Council) moved the motion and introduced this report, noting that the new Code of Audit Practice required the production of an Auditor's Annual Report to be considered by the Full Council instead of an Annual Audit Letter for consideration by the Audit and Standards Committee.

Mr Ciaran McLaughlin and Mr Jim McLarnon were in attendance as representatives of Grant Thornton to present their report. Mr McLaughlin had been responsible for the delivery of the final accounts audit and the value for money work. He noted that the report on the Council's arrangements was positive and he particularly highlighted elements of the report relating to the Council's strong financial sustainability, governance arrangements and the Council's role in improving economy, efficiency and effectiveness in the use of resources. Mr McLachlan pointed to the key recommendations in the report which noted the outcome of the joint CQC and Ofsted report published in September 2021, which made it incumbent upon the Auditor to find a significant weakness in that area. However, given the transformation in Children's Services, there was confidence that the issues would be addressed. He noted that there were no further significant issues. The auditors were also satisfied that there was appropriate governance and management of the Warwickshire Pension Fund. The Covid arrangements that had been in place throughout the year and had also been considered and no significant weakness had been found. Mr McLachlan concluded his report by noting that it was expected to be able to sign an unqualified opinion on the financial statements and thanked officers and staff for their support in providing information to the auditors.

Councillor Singh Birdi seconded the Motion, thanking the auditors for their presentation and reiterating thanks to Council staff.

Vote

A vote was held. The recommendation was unanimously agreed.

Resolved:

That Council:

(1) Notes the Annual Audit Report of the External Auditors, attached at Appendix A to the report; and

(2) Supports the development of an action plan in response to the Annual Audit Report, for consideration and approval by Cabinet.

4. 2020-21 Annual Governance Statement

Councillor Peter Butlin (Deputy Leader of the Council) moved the motion and introduced this report, which presented the 2020/21 Annual Governance Statement (AGS) for consideration by the Council. The motion was seconded by Councillor Parminder Singh Birdi.

Vote:

A vote was held. The recommendation was agreed unanimously.

Resolved:

That Council approves the 2020/21 Annual Governance Statement.

5. Warwickshire County Council Statement of Accounts 2020/21

Councillor Peter Butlin (Deputy Leader – Finance and Property) moved the recommendation and was seconded by Councillor Adrian Warwick. He observed that the report clearly demonstrated the Council's financial position and how it was intended to meet the Council's financial commitments.

Vote:

A vote was held. The recommendation was agreed unanimously.

Resolved:

That Council approves the Warwickshire County Council Statement of Accounts for 2020/21.

6. Warwickshire Pension Fund Accounts 2020/21

Councillor John Horner moved the recommendation. In introducing the report Councillor Horner emphasised that the fund was well-managed and expressed his thanks to Council staff for their support and advice to the Pension Fund Investment Sub-Committee.

Councillor Peter Butlin seconded the motion.

Councillor Bill Gifford noted his pleasure at seeing the pension fund in surplus and felt that this could be aligned to Members' awareness of climate change and, as a result, how climate change had been considered in the investment strategy. He noted that the surplus was a good result and, consequently, there may be a slight reduction in the amount the County Council and employers had to pay in.

Vote:

A vote was held. The recommendation was agreed unanimously.

Resolved:

That Council approves the 2020/21 Pension Fund Statement of Accounts, and authorises the Strategic Director for Resources to make any amendments to the final version of the accounts as are required to take account of any observations from the external auditors.

7. Appointment of External Auditors

Councillor Peter Butlin (Deputy Leader of the Council) moved the motion which was seconded by Councillor Parminder Singh Birdi.

Councillor Bill Gifford considered that the recommendation was appropriate and he strongly supported its approval.

Vote:

A vote was held. The recommendation was unanimously agreed.

Resolved:

That Council approves Warwickshire County Council opting-in to the sector-led body procurement, conducted by Public Sector Audit Appointments Limited, for the appointment of the Authority's external auditors from April 2023.

8. Constitution Review

Councillor Kam Kaur (Portfolio Holder for Customer and Transformation) introduced this report and moved the recommendations. The aim of the review had been to simplify the presentation of the Constitution without changing the balance between Member and Officer decision making. The language of the document had been updated and full details were comprehensively set out in the report.

Councillor Isobel Seccombe seconded the motion, noting the importance of the Constitution to the Council's governance processes and that it was important to ensure the correct balance of decision making between Members and Officers.

Councillor Jonathan Chilvers noted that most of the changes were sensible but noted two areas of concern to him. The first was the additional emergency powers for the Chief Executive in times of crisis since he noted that an effective decision making solution had been operated throughout the pandemic via the Leader and he considered that the powers should be vested in the Leader in the first instance who could then delegate them if necessary. Secondly, he had concerns around the uplifts for the levels of delegated decision making, considering that the figure was not reflective of inflationary rises. He understood the need for quick decision making but he considered that the urgent portfolio holder decision making process was a more appropriate mechanism than giving additional delegated powers to officers.

Councillor Butlin noted that it was appropriate that the decision making processes be considered in light of the experience of the Council throughout the Pandemic. He noted from this experience that it was reasonable to scrutinise the speed of decision making and consider any lessons learnt over the previous 18 months. It was still not possible for individuals to act unilaterally as part of the proposed change and consultation was still required. The Council's ability to act swiftly was important to support vulnerable people and potentially save lives and he was therefore supportive of the proposals being of the view that there were sufficient safeguards built in the process. Councillor Adrian Warwick echoed this view.

Councillor Kaur responded that the Council was very good at transparency and noted that all through the Pandemic there had been engagement with councillors and officers and this was something to be proud of. She emphasised the Deputy Leader's comments that it was important to adjust processes to keep pace with the changing landscape.

Vote:

A vote was held. The recommendation was agreed by a majority.

Resolved:

That Council approves the amendments to the Constitution, Contract Standing Orders and Financial Regulations as set out at Appendices 2a, 2b and 3 to the report.

9. Appointment of Independent Member to Audit and Standards Committee

Councillor Kam Kaur (Portfolio Holder for Customer and Transformation) introduced and moved this report and recommendation. Councillor Isobel Seccombe seconded the motion and reserved her right to speak.

There were no questions on the matter.

Vote:

A vote was held. The motion was agreed unanimously.

Resolved:

That Council approves the appointment of Mr Robert Edwards Zara as an Independent Member of the Audit and Standards Committee.

10. Appointment of Representatives to the Local Pension Board and Fire and Rescue Local Pension Board of the Firefighter's Pension Scheme

Councillor Jill Simpson-Vince introduced and moved this report and recommendation. Councillor Christopher Kettle seconded the motion and reserved his right to speak.

There were no questions on the matter.

Vote:

A vote was held. The motion was agreed unanimously.

Resolved:

That Council:
(1) Approves the appointment of Mr Jeffrey Carruthers, Director of Finance at Warwickshire Police, as a scheme member representative on the Local Pension Board.
(2) Approves the appointment of Councillor John Horner to the Fire and Rescue Local Pension Board of the Firefighter's Pension Scheme.

11. Notices of Motion

1. <u>Flood Alleviation and Drainage</u>

The Liberal Democrat Group proposed the following motion as set out on the agenda:

“This Council has responsibility for flood resilience and has been successful in leveraging funding from the Environment Agency to deliver flood prevention schemes, it also partners with the River Severn Partnership and the River Trent Partnership which is a group of local authorities working together to gain extra funding from government for flood prevention works.

This Council also recognises the amount of planned growth in housing across the County. Weather patterns are changing, and we now see increasingly heavy rain falls which are creating drainage issues especially on highways in urban areas.

The County Council acting as the highway authority, uses its climate change adaptation policy as a framework of action where it needs to adapt to these more frequent changes in weather.

This Council therefore

1. Requests that the Portfolio Holder for Environment, Climate & Culture arranges for a review to be conducted to ensure that effective drainage policies are fully considered.

   and

2. Invites Seven Trent Water to explain its adaptation policies in relation to drainage matters and to explore closer working relationships with elected members in the Divisions they represent.”

Councillor Jerry Roodhouse moved the motion, seconded by Councillor Bill Gifford.

Amendment

Councillor Heather Timms proposed a friendly amendment. This was seconded by Councillor Isobel Seccombe who reserved her right to speak. The amendment stated:

“This Council has responsibility for flood resilience and has been successful in leveraging funding from the Environment Agency to deliver flood prevention schemes. The Council has strong relationships with partner organisations including the Environment Agency, Districts and Boroughs and Severn Trent. The council has joined ~~, it also partners with~~ the River Severn Partnership and the River Trent Partnership which are ~~is a~~ groups of local authorities working together to ~~gain extra~~attract additional funding ~~from government for flood prevention works~~.

This Council also recognises the amount of planned growth in housing across the County. Weather patterns are changing, and we now see increasingly heavy rain falls which are creating drainage issues especially on highways in urban areas.

The County Council acting as the highway authority, uses its climate change adaptation policy as a framework of action where it needs to adapt to these more frequent changes in weather.

This Council therefore

1. Would support a proposal being brought forward for a flood alleviation and flood adaptation summit with key partners ~~Requests that the Portfolio Holder for Environment, Climate &~~

~~Culture arranges for a review to be conducted~~ to ensure that effective planning and drainage policies are fully considered.

and

2. Requests that the Communities Overview and Scrutiny Committee considers undertaking a review of this Council's flood alleviation and drainage policies and ~~I~~invites Seven Trent Water, the Environment Agency and other partners to provide evidence for this review, in order to develop ~~to explain its adaptation policies in relation to drainage matters and to explore closer working~~ relationships between partners and councillors in their individual ~~with elected members in the~~ Divisions ~~they represent~~."

The amendment was accepted by Councillor Roodhouse as a friendly amendment.

Debate

Councillor Jonathan Chilvers expressed support for the motion as he noted that flooding could be a disruptive and traumatic event. He considered that the maintenance of drainage was one of the most important aspects of the Council's maintenance.

Councillor Sarah Feeney observed and suggested that one of the areas Scrutiny could consider was the effect in urban areas where parking was an issue that impeded jetting teams. She felt that this was an issue that would increase exponentially with car ownership and, therefore, the number of contractors used and how they were mobilised was a key issue.

Councillor Jeff Clarke observed that drainage affected all areas and was a wide-ranging issue that he would welcome for scrutiny at Communities Overview and Scrutiny Committee.

Councillor Bill Gifford observed that the Council had some responsibility for flooding, but the point needed to be made to Severn Trent that they had a responsibility to work with the Council and take responsibility when necessary.

Councillor Isobel Seccombe welcomed the acceptance of the friendly amendment and noted that her personal concerns were about the way the whole system worked.

Councillor Heather Timms thanked Councillor Roodhouse for accepting the friendly amendment which she felt had given the motion more power. She had been excited by the prospect presented by the River Severn Partnership of leveraging government funding to the region and noted the similar the opportunities presented by the River Trent Partnership. In the division that she represented flooding from the River Avon had a real impact on local people and businesses. She concluded by thanking Councillor Clarke for welcoming the issue for scrutiny and encouraged all members to get involved.

Vote:

A vote was held, and the amended motion was agreed unanimously.

Resolved:

This Council has responsibility for flood resilience and has been successful in leveraging funding from the Environment Agency to deliver flood prevention schemes. The Council has strong relationships with partner organisations including the Environment Agency, Districts and Boroughs and Severn Trent. The council has joined the River Severn Partnership and the River Trent Partnership which are groups of local authorities working together to attract additional funding.

This Council also recognises the amount of planned growth in housing across the County. Weather patterns are changing, and we now see increasingly heavy rain falls which are creating drainage issues especially on highways in urban areas.

The County Council acting as the highway authority, uses its climate change adaptation policy as a framework of action where it needs to adapt to these more frequent changes in weather.

This Council therefore

1. Would support a proposal being brought forward for a flood alleviation and flood adaptation summit with key partners to ensure that effective planning and drainage policies are fully considered.

and

2. Requests that the Communities Overview and Scrutiny Committee considers undertaking a review of this Council's flood alleviation and drainage policies and invites Seven Trent Water, the Environment Agency and other partners to provide evidence for this review, in order to develop relationships between partners and councillors in their individual Divisions .

2. Tree Planting

The Conservative Group moved the following motion as set out on the agenda:

"This Council has made the commitment within the Council Plan 2020-2025 - *'We will partner with our communities to plant a tree for every Warwickshire resident'*. In order to meet this commitment, this Council supports the:

1. Production of a Tree/Woodland Strategy for Warwickshire (with an offer to the District and Borough Councils to co-produce the Strategy) with the key priorities of connecting green corridors, increasing biodiversity and increasing tree coverage
2. Production of a costed action plan for consideration with target dates for the provision of the tree cover within the county to meet this commitment
3. Identification of land that could be used for tree planting, including land owned by the County Council, such as country parks, particularly to support the Queens Green Canopy
4. Acceleration of the development of a costed business case of options, to include the option of establishing a tree nursery within the county, to secure a reliable tree supply for the future
5. Investigation of the opportunities for community orchards to help improve the supply of fresh, local produce and boost the health of residents;
6. Proposal to work with the voluntary sector to deliver tree planting plans, including via Borough, District and Parish Councils;

7. Involvement of schools, colleges and universities and their pupils and students in carrying out tree planting and woodland maintenance;
8. Identification and documentation of sources of funding available to the Council and voluntary organisations to pay for tree planting;
9. Reporting of progress on the commitment on a regular basis to the cross party Climate Change Working Party."

Councillor Tim Sinclair moved the motion. In doing so he noted the benefits of trees and spending time in nature, the valuable environmental contribution of trees in relation to carbon collection, flooding and the provision of habitats. A commitment had been made to plant a tree for every resident and this motion represented a practical plan to achieve this objective.

Councillor Adrian Warwick seconded the motion and reserved the right to speak.

Amendment

Councillor Jenny Fradgley proposed a friendly amendment which was seconded by Councillor Kate Rolfe. The amendment stated,

"This Council has made the commitment within the Council Plan 2020-2025 - *'We will partner with our communities to plant a tree for every Warwickshire resident'*. In order to meet this commitment, this Council supports the:

1. Production of a Tree/Woodland Strategy for Warwickshire in partnership with the Soil Association and the Forestry Commission (with an offer to the District and Borough Councils to co-produce the Strategy) with the key priorities of connecting green corridors, increasing biodiversity and increasing tree coverage
2. Production of a costed action plan for consideration with target dates for the provision of the tree cover within the county to meet this commitment
3. Work with all elected members to increase biodiversity by identifying land in their County Divisions that could be used along with the identification ~~Identification~~ of land that could be used for tree planting, including land owned by the County Council, such as country parks, particularly to support the Queens Green Canopy
4. Acceleration of the development of a costed business case of options, to include the option of establishing a tree nursery within the county, to secure a reliable tree supply for the future
5. Investigation of the opportunities for community orchards to help improve the supply of fresh, local produce and boost the health of residents;
6. Proposal to work with the voluntary sector to deliver tree planting plans, including via Borough, District and Parish Councils;
7. Involvement of schools, colleges and universities and their pupils and students in carrying out tree planting and woodland maintenance;
8. Identification and documentation of sources of funding available to the Council and voluntary organisations to pay for tree planting;
9. Reporting of progress on the commitment on a regular basis to the cross party Climate Change Working Party."

Councillor Sinclair did not accept the amendment, stating that the original motion allowed an acceleration of activity which was not supported by the proposed amendment.

Debate

Councillors Jerry Roodhouse and Bill Gifford expressed sadness that the friendly amendment had not been accepted as a genuine attempt to increase partnership working.

Councillor Jonathan Chilvers welcomed the effort that had been put into presenting this strategy but, in the context of carbon reduction, he cautioned against accepting funds from investment schemes without considering the wider overall impact. He noted that it was important not to provide opportunity for organisations to support tree planting locally to offset pollution/habitat destruction in another part of the world.

Councillor Pemberton also supported the importance of ensuring that any carbon credit schemes were locally based, and outlined the approach of local planning authorities to provide further clarification on this point.

Councillor Clare Golby noted that some of the most deprived areas in the county would not have green space to accommodate tree planting and it was important to look for alternative arrangements for residents in those areas.

Councillor Drew sought assurance that the motion included a commitment to plant the right tree in the right place and she saw value in a partnership approach to support this.

Councillor Will Roberts noted that the organisations included in the amendment were experts in the field and expressed bafflement as to why it was considered working in partnership with them would slow down the process. He supported the amendment.

Councillor Kate Rolfe, who had seconded the amendment, extolled the virtues of partnership working and urged Councillor Sinclair to reconsider accepting the amendment to include working with partnership bodies.

Councillor Adrian Warwick seconded the motion and in doing so he noted the desire to get the work done and make the area better. He observed that consultation could be included as part of the process, but not tying other bodies to the work allowed a quicker response.

Councillor Timms welcomed the motion. She expressed her pride in the initiatives that she had led in the county regarding climate change and considered that the motion accelerated that work. She noted the Council's commitment to partner with its communities, ie the whole of Warwickshire, and she considered that the motion strengthened that commitment due to reference to a Tree and Woodland Strategy for Warwickshire. She noted that talks had also commenced with the Woodland Trust. She particularly welcomed the tree nursery, as it provided an opportunity to engage all the residents in Warwickshire and provide home grown trees to feed into the strategy. She welcomed Warwickshire as a green and pleasant place to live and wanted to see that legacy endure for future generations.

Councillor Butlin celebrated the wellbeing impacts of trees and the duty of the Council to ensure that Warwickshire remained green.

Councillor Sarah Boad encouraged councillors and residents to identify suitable places for tree planting but did not see why the Woodland Trust or Forestry Commission should not be included in planning. She considered that more creative debate about the location of trees was needed. She shared an anecdote which demonstrated how protective residents were of the trees in their area and, echoing the sentiments of those before her, celebrated partnership working and urged the acceptance of the amendment.

Councillor Sarah Feeney reiterated the comments of Councillor Golby, noting that tree planting was a wider issue than focussing on country parks as not all residents could get to them and it was important to consider other areas for planting.

Councillor John Holland was supportive of joint working with the borough and district councils, noting that Warwick District Council was also looking at a tree planting scheme. He noted that it was important to create a joined-up approach and work together.

Councillor Justin Kerridge reflected on comments about the lack of green space in urban areas and considered this issue needed a wider approach which could see regeneration projects include tree planting.

Councillor Jack Kennaugh supported the motion, noting that he too represented an urbanised area and welcomed any planting schemes.

Councillor Jenny Fradgley considered that tree planting was one of most difficult undertakings for community groups, as it was important to ensure several factors were right, particularly citing the species of tree, the space, the location of utilities, and highways policy. The presence of a partnership allowed for a clear policy and rules to exist.

Councillor Sinclair replied that he recognised the importance of planting the right tree in the right place and that the motion represented an investment in the future.

Vote:

A vote was held, and the amendment was lost.   A further vote was held on the substantive motion and was carried.

Resolved:

This Council has made the commitment within the Council Plan 2020-2025 - *'We will partner with our communities to plant a tree for every Warwickshire resident'*. In order to meet this commitment, this Council supports the:

1. Production of a Tree/Woodland Strategy for Warwickshire (with an offer to the District and Borough Councils to co-produce the Strategy) with the key priorities of connecting green corridors, increasing biodiversity and increasing tree coverage
2. Production of a costed action plan for consideration with target dates for the provision of the tree cover within the county to meet this commitment
3. Identification of land that could be used for tree planting, including land owned by the County Council, such as country parks, particularly to support the Queens Green Canopy
4. Acceleration of the development of a costed business case of options, to include the option of establishing a tree nursery within the county, to secure a reliable tree supply for the future

5. Investigation of the opportunities for community orchards to help improve the supply of fresh, local produce and boost the health of residents;
6. Proposal to work with the voluntary sector to deliver tree planting plans, including via Borough, District and Parish Councils;
7. Involvement of schools, colleges and universities and their pupils and students in carrying out tree planting and woodland maintenance;
8. Identification and documentation of sources of funding available to the Council and voluntary organisations to pay for tree planting;
9. Reporting of progress on the commitment on a regular basis to the cross party Climate Change Working Party"

3. Ambulance Services

Councillor John Holland moved the following motion, seconded by Councillor Sarah Feeney.

"This Council notes that two of our blue light services serve the county of Warwickshire, that is Warwickshire Police and Warwickshire Fire and Rescue Service. Our ambulance service is provided via West Midlands Ambulance Services.

This Council requests that an invite be sent to the Chief Executive of the West Midlands Ambulance Service in order to consider how the ambulance service can be strengthened for the residents of Warwickshire and to agree an action plan."

Councillor Jerry Roodhouse proposed the following amendment which was seconded by Councillor Bill Gifford.

"This Council notes that two of our blue light services serve the county of Warwickshire, that is Warwickshire Police and Warwickshire Fire and Rescue Service. Our ambulance service is provided via West Midlands Ambulance Services. This Council requests that an invite be sent to the Chief Executive of the West Midlands Ambulance Service in order to consider how the ambulance service can be strengthened for the residents of Warwickshire and to agree an action plan along with the consideration of ~~considers that the NHS should consider the option of~~ establishing a Warwickshire Ambulance Service, as a standalone unit separate from the West Midlands Ambulance Service. "

Councillor Margaret Bell proposed an amendment to the Liberal Democrat amendment which was seconded by Councillor Jo Barker who reserved her right to speak. The amendment stated

"This Council notes that two of our blue light services serve the county of Warwickshire, that is Warwickshire Police and Warwickshire Fire and Rescue Service. Our ambulance service is provided via West Midlands Ambulance Services.

This Council requests that an invite be sent to the Chief Executive of the West Midlands Ambulance Service in order to consider how the ambulance service can be strengthened for the residents of Warwickshire and to agree an action plan ~~along with the consideration of establishing a Warwickshire Ambulance Service, as a standalone unit separate from the West Midlands Ambulance Service~~."

The amendment was accepted by Councillor John Holland.

In moving the amended motion Councillor Margaret Bell stated that the reason for the proposed deletion was rooted in a discussion that Scrutiny had been involved in with the Ambulance Service, which highlighted the systemic issues that were faced. She welcomed a conversation with the Ambulance Service Chief Executive to put forward an action plan for Warwickshire to improve services for residents. However, she did not think it would be possible to engage the Chief Executive on a reorganisation of the Service. She noted the history to the formation of the West Midlands Ambulance Service which shaped her belief that it would not be profitable to push for a change of structure. However, this did not prevent the ambition to seek to improve services for residents and she was therefore happy to support the proposal to meet and devise an action plan, concluding that the Blue Light Collaboration Board was the best forum to facilitate the discussion.

Debate

Councillor Sarah Boad stated her belief that the Ambulance Service was struggling to cope and maintain the level of required service. She noted the efforts of Warwickshire Fire and Rescue Service in relation to the Hospital to Home initiative. She stated that it was important to ensure residents received the best deal possible and supported the motion to achieve that aim.

Councillor Isobel Seccombe expressed the view that the amendment improved the motion to the extent that it focussed on what was possible and allowed a dialogue to be opened with the Ambulance Service and for work to take place in partnership.

Councillor Robert Tromans echoed previous comments, agreed that the Blue Light Collaboration Board was the appropriate forum for discussion and expressed his hope that the Ambulance Service would engage.

Councillor Jo Barker supported the view that it was important to ensure the Ambulance Service was working as well as it could for the benefit of residents.

Councillor Sarah Feeney stated that the Ambulance Service was not currently delivering for residents, particularly noting her concern that a petition from Rugby residents regarding the removal of a casual ambulance station had not been responded to. She argued that a level of accountability was needed and that if the motion did not deliver a viable action plan, that the issue should return to Full Council for consideration.

Councillor Holland supported the view that residents needed a first class Ambulance Service and he considered a blue light service for Warwickshire was needed.

Vote:

A vote was held, and the amended motion was agreed by a majority.

Resolved:

“This Council notes that two of our blue light services serve the county of Warwickshire, that is Warwickshire Police and Warwickshire Fire and Rescue Service. Our ambulance service is provided via West Midlands Ambulance Services.

This Council requests that an invite be sent to the Chief Executive of the West Midlands Ambulance Service in order to consider how the ambulance service can be strengthened for the residents of Warwickshire and to agree an action plan."

The meeting adjourned at 12.40pm and reconvened at 1.00pm.

4. Relauch of SureStart

The Labour Group proposed the following motion as set out on the agenda.

"This Council notes the statement by the Chancellor in his October budget speech stressing the importance of the first 1001 days of life. Accordingly, this Council supports the development of a costed business case to consider the relaunch of Sure Start Children's Centres in the county."

Amendment

Councillor Sarah Boad proposed a friendly amendment. This was seconded by Councillor Jerry Roodhouse who reserved his right to speak. The amendment stated,

"This Council notes the statement by the Chancellor in his October budget speech stressing the importance of the first 1001 days of life. Accordingly, this Council will further support~~s the~~ early years development especially increasing wrap around family support services and requests that ~~of~~ a costed business case to consider this and the relaunch of Sure Start Children's Centres in the county is developed."

The amendment was accepted by Councillor Holland as a friendly amendment.

In moving the amended motion Councillor Boad reflected on the history of SureStart in Leamington and the subsequent opening of Children's Centres. She considered that whilst services were still available, they were perhaps not working as well as they might as they were serving big areas without being funded sufficiently. She wanted to see an increase in wrap around family support services. The first three years of life were very important and she noted the impact of the Pandemic on young children and the lack of opportunities for nursery/parent and toddler groups. She thanked the Labour Group for bringing forward the motion and accepting amendment.

In seconding the motion Councillor Roodhouse observed that wrap around services were key to the motion. He stated there were children and families suffering through the Pandemic and there was a need for services in the community to support them.

Debate

Councillor Jeff Morgan recognised the sentiments of the motion and the crucial 1001 days in early years support. However, he stated that he could not support the motion as the Council was already doing the work referred to and there was a significant amount of data available to demonstrate the positive impact that the Children and Family Centres were having.

Councillor Isobel Seccombe supported Councillor Morgan's comments, reflecting on the creation of family hubs and outreach facilities to meet the needs of children

Councillor Judy Falp also reflected on the inception of SureStart and, whilst she understood Councillor Morgan's comments, she did not consider that the family hubs concentrated on the first 1001 days of life.

Councillor Jonathan Chilvers supported Councillor Falp's view and reflected on the decline in school readiness which had been noted in recent years. He considered that there would be benefits to undertaking research in this area and it would be interesting to see if investment in the first 1001 days reduced issues in the school system in terms of savings on SEND provision.

Councillor Caroline Phillips was supportive of the motion considering that the crucial focus on early years had been lost with the introduction of family hubs. She considered that support for new mothers was vital as they did not always have generational support and SureStart was a way to plug that gap. She welcomed a shift in focus on to new mums and babies.

Councillor John Holland considered that SureStart supported the levelling up agenda. He suggested that evidence demonstrated that SureStart was one of the best investments made by the public sector. He noted that supporting families and stopping deprivation saved money in schools and public services. He had crafted the motion in such a way that he hoped it would receive cross party support.

Vote

A vote was held, and the motion was defeated.

12. Member Question Time (Standing Order 7)

(1) Question to Councillor Heather Timms from Councillor Jerry Roodhouse

Could the Portfolio Holder report back on the survey of schools that has taken place regarding Eco School status as agreed by Council on 15 December 2020?

Answer from Councillor Timms

We are still committed to the Council resolution, however, the focus within schools has been on operating safely during the Covid crisis and catching up on learning as we are all very aware. We are preparing an internal funding bid via the project management system for resources to work with schools on climate change issues and a survey is being prepared to take place early next year to inform this work.

We also have our Green Shoots projects and nine of those are in schools and offer green shoots projects to help the children learn about climate change. We also have a number of schools that are still engaged with the national Eco Schools project. Through our Waste Education Team we have also engaged with 12 schools and nearly 3,000 pupils and their families on the schools waste reduction project, so far this academic year and we have more planned for next year.

We also send out a waste reduction newsletter to all schools and on to families - that will go out next week to help reduce the expense of waste and reduce carbon emissions.

The Education Secretary also announced in his speech at the COP26 event a vision around children being taught about the importance of conserving and protecting our planet. They are talking about a world-leading climate change education through a model science curriculum to be in place by 2023. That will include a new virtual National Education Pack to track progress against other schools across the country and are also discussing a Climate Leaders award which will work in a similar way to the Duke of Edinburgh award scheme.

(2) Question to Councillor Margaret Bell from Councillor Jerry Roodhouse

The market in Warwickshire has been described as fragile, how fragile does the portfolio holder consider the market to be in Warwickshire and what is the present state regarding care staff across the area and what is the greatest risk at this point in time?

Answer from Councillor Bell

The care market is fragile on a national level and certainly that is reflected in Warwickshire specifically relating to the care workforce. Overall, locally the present state of care staff is variable across the market. The areas that are most at risk are those working in supported living, specialised supported housing and some care homes for individuals with learning difficulties and disabilities, and the domiciliary care service – ie those carers that go into people's homes to help.

There is targeted activity under way to help mitigate some of these workforce risks. Some examples of that are

- There is an ongoing virtual mutual aid call every week so that the people in the market can share good practice, ask questions, solve problems collaboratively
- There is also an extensive recruitment and retention programme being led by our Council's Strategy and Commissioning Team
- There is a robust escalation process so that the market can approach the Council's Adult and Social Care Commissioning Teams to agree flexible support delivery to try and focus as much on frontline care as possible in the most safe way
- We have the ongoing receipt of national infection control and work force funding.

Yes, the care market is fragile but we are working on it, we are very aware of it and we are doing what can to address these issues.

(3) Question to Councillor Heather Timms from Councillor Jenny Fradgley

Is there any follow up on community groups who have been awarded Green shoot grants to ascertain whether they are on line to get their project up and running or if they need guidance and signpost that help?

Answer from Councillor Timms

In short yes. The Green Shoots officer team have contacted all the grant recipients to enquire on their projects' progress, specifically seeking answers to:

1. Where their project is providing a benefit
2. Have they started, if not when will they start, and whether the project has any major milestones
3. Details on any payments made so far

We are looking for responses by 16 January and we will then follow up with any grant recipient that needs help to get their projects underway.

(4) Question to Councillor Margaret Bell from Councillor Jerry Roodhouse

Would the portfolio holder agree that nutritional meals for residents in care homes is important? If so, what assurances and checks are conducted by the Council about ensuring that this is being delivered for residents and how is this monitored?

Answer from Councillor Bell

This is a very important area and one that is well recognised across our Council. Good nutrition and hydration is fundamental to both physical and psychological wellbeing for all of us and obviously for people in care homes too. Both the CQC regulations and Warwickshire County Council outcome based contract set the minimum standards that care homes need to work to. These standards, which lead to the key nationally set nutrition and hydration requirements, talk about how residents should be supported with dignity and respect and supported to eat or drink and require that mealtimes are a pleasurable experience.

To ensure that our care homes meet these standards, Warwickshire County Council undertakes a range of quality assurance and support activities. When we carry out a quality assurance activity, mealtimes are observed, officers spend time talking to residents about their experiences and their meal choices, officers specifically check how any feeding support and or dementia needs are being met and they will check if residents have a modified diet and how this is being recorded. They also check for signs of poor nutrition or dehydration and check that staff know how to identify these and how to respond appropriately. The Quality Assurance Team expect all care staff have been trained in how to support a resident with eating and drinking to promote their independence and dignity. Often, we see good practice exceeds the minimum requirements, for example in some care homes there is a picture menu especially for residents with dementia needs so that they can see and choose what it is they want to eat. In addition to that we have key data that we monitor around the number of staff that have received the required training, how many customers are at high risk of malnutrition, and if this risk has increased or decreased while they have been in the care of the care home. If we identify areas that need to be improved, a smarter service improvement plan is agreed with the home management team which is then monitored.

I hope that you are assured, like I am, that this is very high on our agenda and that the nutrition of patients in our care homes is being well looked after and mealtimes are done with respect and dignity and hopefully it is a pleasurable experience.

(5) Question to Councillor Margaret Bell from Councillor Bill Gifford

Councillor Bell, I am sure you agree with me that though Warwickshire GPs have faced tremendous workloads and severe stress in responding to the challenges of the pandemic for almost two years this is not widely understood. So, in the face of yet another new variant, we should be seeing how we can publicly support our local GP surgeries. What can this Council do to make the work of our local GP surgeries more widely understood and appreciated?

Answer from Councillor Bell

GPs have a busy time at the moment, lots of areas of our health service are under increasing pressure and primary care is no exception. It is estimated that there is about 120% activity in primary care compared to pre-pandemic times. Many GPs have been involved in the vaccine rollout and are now being asked to support the booster programme.

GPs are being supported. We have very sound partnerships across Coventry and Warwickshire. Where systems are under pressure, we look for systemic responses in terms of support. The CCG are in close contact with primary care and they are working together to ensure that we deliver high quality accessible GP services across Warwickshire. In most cases practices are responding well to the pressure on services. Where there are issues, the CCG is working closely with them and this might be on anything – for example on technical issues, as some GPs did not have a telephone system that could work in a way that supports the modern way of working so the CCG have been helping them to install an appropriate system.

The Warwickshire North Place Partnership recently in their meeting had a presentation from a leading GP and she gave two key messages that she wanted to get out into the community.

1. GPs have learnt a lot during the pandemic on the appropriate use of the telephone in terms of triage and treatment and that patients should be assured that when used appropriately they should have confidence in that system. The GPs are getting very used to this system and know when it is appropriate and when it is not.
2. Many practices have a number of different clinicians working together and patients should not be surprised if they are directed to a nurse practitioner, pharmacist or a paramedic as part of the practice if that is thought to be the best route for them.

A third emerging message is that as GPs are going to form the backbone of the new booster program, some routine care will need to be paused during this priority of getting adults their booster vaccines.

Warwickshire County Council can work with GPs and the CCG to get these messages out to the public and to recognise how the GP practices are responding to these very considerable pressures.

Cllr Gifford welcomed the response in terms of the work that is being done by the GP surgeries, but he had a concern that the general public did not fully understand the pressures and he wondered what the Council could do to get that message across.

Councillor Bell responded that the Council could use its own communication channels to get the messages across as well as work jointly with the CCGs and GP practices to get those key messages across.

(6) Question to Councillor Jeff Morgan from Councillor John Holland

In September 2020, Council resolved to lobby parliament for increased funding for Special Educational Needs and Disabilities (SEND). Can I ask for a progress report please?

Answer from Councillor Morgan

Cabinet has raised the issues of SEND funding with central government through a formal letter in January 2021. Cabinet Members have also requested to meet with the Secretary of State and a tentative date is in the diary for January. I am sure funding will come up at that time. In terms of cross party lobbying, this has been agreed as one of the purposes of the cross party SEND Members Panel which met for the first time on 6 December. Sadly, the establishment of this Panel was delayed as a result of the local elections and the SEND Local Area Inspection. However, this group has agreed to take the issue of funding forward and will identify the necessary actions.

Councillor Holland asked if the Portfolio Holder agreed 15 months is a long time to wait for implementation of a council resolution?

Councillor Morgan agreed to discuss the issues outside the meeting.

(6) Question to Councillor Clare Golby from Councillor Kate Rolfe

On 17 November at a meeting of the Adult Social Care and Health Overview and Scrutiny Committee you made the following statement – "GPs have got to step up and they have got to start opening their doors and they have got to start providing the services that they are duty bound, I would say, to provide. All the other health services throughout Covid have done that, I would say, but I don't think we can say the same about GPs definitely don't".

Your statement has caused much consternation amongst our GP practices in Warwickshire. In fact, when visiting my GP last week he showed me the video clip of your statement and asked me if I was there and if I agreed with what you said. I was embarrassed and very upset by this. Would you please apologise for saying this to your fellow Members here today so as to avoid any of them being put into an embarrassing situation as indeed I was.

Answer from Councillor Golby

I have received many emails with regard to that comment. The comment was made in a wider context of the meeting and if the only takeaway from the meeting is those words, it is a real shame as it was an excellent scrutiny meeting.

I have received several emails from people speaking on behalf of GPs and they have received a response which stated that I apologised if my comments offended. I was also asked to provide evidence for my comments, and I have referred to the Healthwatch report on GP Access during Covid-19 which was published March 2021 where some of the key findings were that GP appointments were not meeting people's needs and similarly people struggled to get appointments for regular health checks, treatments and medication reviews.

I have invited the people who had presented themselves as speaking on behalf of GPs to attend and take part in the Task and Finish Group to review GP Services and that invitation has been accepted.

(6) Question to Councillor Margaret Bell from Councillor Sarah Feeney

Over the weekend it has become apparent that Rugby's rates of vaccination are about 10% lower than the rest of county and we are also one of first towns in the county to have identified the omicron variant and we're just hoping to get some updates over the coming weeks about what we can do to encourage vaccination and what we will do combat omicron within Rugby and the wider county?

Councillor Bell responded that she would obtain some information on this topic to share with Councillor Feeney.

13. Any Other Items of Urgent Business

There were no urgent items.

The meeting rose at 1.53pm

…………………………
Chair

Council

8 February 2022

Our Council Plan 2022

Recommendation(s)

That Council approves the Council Plan (Appendix 1) and supporting State of Warwickshire evidence base (Appendix 2)

1. Background

1.1 The Council Plan sets our ambition, direction, and strategy for both Warwickshire and the County Council.

1.2 At its meeting of 8 July 2021, Cabinet approved the approach to the refresh of the Council Plan as part of a comprehensive Integrated Planning approach. At this meeting Cabinet also supported the top-level vision and strategic priorities for the Council.

1.3 In December 2021 Cabinet considered the draft Council Plan and endorsed the approach and the proposed three priorities for the Council and the seven areas of focus. In doing so Cabinet considered the links and messages from the public engagement that had been undertaken, the Covid 19 Recovery Plan and the draft State of Warwickshire report.

1.4 In January 2022 Cabinet approved the Council Plan alongside the Medium Term Financial Strategy (MTFS) ahead of submission to Council in February.

1.5 The Council Plan represents the overall strategic and policy direction for the Council. The detailed deliverables, timescales, responsibilities, and performance metrics will be separately set out in a rolling two-year Delivery Plan, to be updated annually, and the refreshed Council performance framework. These will be finalised following approval by the Council of the Council Plan, and then brought to Cabinet for approval later this quarter.

2. Our Approach

2.1 The approach to developing the new Council Plan this year is fully integrated and can be described as - ***One Council, One Plan, One Budget.*** Its development has been supported by an engagement exercise with the public, partners and staff which took place in the autumn of 2021.

2.2 The Council Plan at Appendix 1 communicates our priorities over the next 5 years. It seeks to achieve this through simplicity, making sense of the complexity of all the connected issues and breadth of the Council's strategic role and service delivery, while ensuring sufficient flexibility in approach to respond to rapidly changing, volatile and often ambiguous external conditions.

2.3 Our Budget and Medium-Term Financial Strategy (MTFS) will translate the direction set out in the Council Plan into a sustainable financial strategy. This is presented to Council in a separate paper, alongside the Council Plan.

2.4 These two key documents will be supported by a wider suite of products, including the State of Warwickshire evidence base (Appendix 2). These are all explained in more detail in Section 4 of this report.

3. Our Council Plan

3.1 The purpose of the Council Plan is to set out the top-level strategic direction of the Council and to articulate the Council's vision and ambition for Warwickshire.

3.2 Our new Council Plan and Medium-Term Financial Strategy (MTFS) is responding to:

- A changeable and uncertain external environment.
- National policy drivers relating to climate change, the forthcoming Levelling Up White Paper and Health & Social Care reform
- The pressing issues and concerns of residents and businesses as highlighted through our public engagement survey (see Section 4.0).
- The Council's climate emergency declaration and our commitments and aspirations in relation to climate change.
- The ongoing focus on maintaining and supporting our recovery from Covid.
- Reducing resources, increasing demand and cost pressures and supply challenges.

3.3 Our new Council Plan and Medium-Term Financial Strategy (MTFS) reflects:

- The strong foundations through delivery against the Covid-19 Recovery Plan and our transformation programme, as reported to Cabinet in December 2021, and a continuation of work we have started.
- Early thinking and commitment to work with partners to develop a clear policy approach to the levelling up agenda
- Joining up, connecting, and working as One Council to focus our collective efforts and maximise their impact for communities and residents;

- Building on our work on Community Powered Warwickshire as a fundamental bedrock, and work done including Social Investment and Green Shoots funds, shielding hubs, Food Forum, community testing etc
- A sharper focus on prioritisation to balance rapidly increasing demand with available resource and funding, and to optimise the Council's impact on our communities and residents; and
- Our commitment to working with partners and communities to identify solutions to the challenges we face; to build on existing strengths and successes and to learn and improve from our experiences.

4 Our supporting elements

4.1 There are a number of integrated and supporting products in development that will accompany and support the Council Plan. Progress against each is set out below:

Medium Term Financial Strategy (MTFS) - The emerging MTFS is presented to Council in a separate report on this agenda. This provides the detailed phasing for funding and resourcing our priorities**.**

State of Warwickshire Report - The State of Warwickshire report has been designed to provide the evidence base to the Council Plan, structured around the three Strategic Priorities. It reflects a broad range of data and analysis related to our priorities as well as beginning to look towards 2050 and future scenarios. The report will also act as the initial evidence base for informing the delivery of the Council Plan. The report was approved by Cabinet in December 2021. A fully designed version is presented in Appendix 2.

Two-year Integrated Delivery Programme - The direction set in the Council Plan will be translated into a single integrated delivery programme for the next two years which builds upon the Covid 19 Recovery Plan and sets out specific and trackable actions and responsibilities for delivery. This will provide the public with a clear programme of deliverables against the strategic ambitions set out in the Council Plan, improving transparency and accountability.

We will not distinguish within the plan between change and business as usual activity, which will sharpen the focus of our programme and simplify associated governance. This reflects the positive progress we have made through the transformation programme and the maturity of our delivery capacity. This approach will align the whole organisation behind a simple, clear and prioritised programme of work, and improve our focus on impact and performance. This will combine the key service deliverables and change projects necessary to deliver the prioritised key areas of focus. In a climate where resources are constrained, prioritisation will be key, and the single integrated delivery programme will need to align closely with the affordability of the MTFS and capital strategy/programme.

The Delivery Programme will be presented to Cabinet for approval later this quarter.

Key Business Frameworks – As part of our integrated approach we are reviewing all our key business frameworks to ensure they support delivery of our Council Plan. Progress has been made on all of these and current position is as follows:

- **Strategic Risk Management Framework –** The Framework was approved by Cabinet in April 2021 and articulates the Council's risk appetite across a range of strategic risk areas. It also offers a consistent and integrated approach to identifying and assessing risks associated with delivering the Council's priorities.

- **Strategy Framework** – A new Strategy Framework has been developed to provide oversight and consistency to strategy development and maximise connections between strategies. Within the Council Plan relevant strategies have been aligned to the Areas of Focus and where possible strategy action plans are being incorporated into the Integrated Delivery Plan.

- **Performance Management & Business Planning Framework -** Members have been engaged, through a cross-party working group, in the development of a refreshed Performance Management Framework. Considerable work, shaped by the member working group, will result in a new framework which will include three interconnected levels of measures: place-based outcome measures for the county; strategic measures of the Council's performance in enabling delivery of those cross-cutting outcomes; and more detailed operational service-level measures. Together, these will help assess the delivery of the Council Plan, whether our performance is improving in areas relevant to the Plan, allow for escalation where they are not on track and give assurance on future trajectories. The framework will be considered for approval by Cabinet in March.

- **Consultation & Engagement Framework**– The Consultation and Engagement Framework sets out the approach to community and public engagement. Our new residents' panel, called the Voice of Warwickshire, is now established with a representative group of up to 1,000 residents from across the county. In addition, beyond the Voice of Warwickshire, we are enabling the opportunity for more interactive, discussion-based engagement through an improved Ask Warwickshire platform. We will also continue to use existing engagement opportunities to talk to specific groups such as the Youth Council and our work with the voluntary sector. Together, these mechanisms will provide a robust, blended approach to engagement where we can use the right tools at the right times with the right audiences.

4.2 This is a new and enhanced approach by the Council to integrated planning and it is anticipated that it will develop, iterate, and mature over successive cycles. The work we have doing this year sets a strong foundation and direction for work in future business planning cycles.

5. Financial Implications

5.1 The financial implications of the Council Plan will be addressed by the Budget and Medium-Term Financial Strategy, emphasising the importance of an integrated approach. Our work to support the 2022-23 budget and MTFS refresh emphasises the link between available resources, priorities and pressures on both supply and demand.

6. Environmental Implications

6.1 The Environmental Implications of the Council Plan are a key consideration and are reflected in the *Sustainable futures* priority and *Climate change* Area of Focus.

7. Timescales associated with the decision and next steps

7.1 Following Council, a communication and engagement plan will support the launch of the Council Plan and the supporting elements with staff, the public and partners from February onwards

Appendices

1. Appendix 1 – Council Plan
2. Appendix 2 – State of Warwickshire Report

Background Papers

1. Council Plan and Integrated Planning 2022 – 2026, Cabinet – 8 July 2021
2. Council Plan 2022 – Cabinet – Dec 2021
3. Developing Our Council Plan -Cabinet 25 Jan 2022

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

Local Member(s):
Other members:

Warwickshire County Council

Council Plan

Warwickshire County Council

DRAFT v7

Contents

Our ambition for Warwickshire

Warwickshire County Council

Welcome to the Warwickshire County Council Plan.

Warwickshire is a fantastic, historic County with so much to offer. We want everyone who chooses to live, work, do business, study or visit here to have the very best experience possible.

We have all had a tough time recently. COVID-19 has affected us in so many ways. This Council Plan is all about moving forward and building a happy, healthy, prosperous and sustainable future for you and your families, for the County's businesses and for our environment.

Our County has a great tradition of stepping forward to meet big challenges and the last two years have highlighted that. Thousands of people and organisations have worked together to tackle COVID-19 and protect those at greatest risk.We have challenged inequalities and social disadvantage, protected the economy, and looked out for each other's physical and mental wellbeing.

Collectively, we have found new ways to solve problems and make a difference.

The combination of financial pressures and increasing demand for services, will require new ways of doing things. We will continue to deliver and improve those key services upon which so many of us rely. We will develop more digital solutions, improve value for money and find new, better ways to do things, working with our partners.

But the future we face holds both challenges and opportunities.

- Moving to net zero
- Providing affordable and sustainable homes
- Reimagining our town centres
- Keeping our communities strong
- Making sure all our children enjoy better health, living standards and educational opportunities
- We know too that the digital revolution will not only change the way we work and live our lives but also contribute to the economy
- Traditional public service delivery models and funding will no longer be capable of meeting need in a world that reflects these changes

This plan is about Warwickshire stepping forward to meet those challenges, taking bold and radical action to level up opportunities and tackle climate change. It sets out how we plan to achieve our ambitions against the backdrop of these challenges and opportunities.

So, regardless of whether you live, work or study in the County we want you to understand that we want the very best for you and your family, and for you to feel proud of where you live and our shared environment. We are determined to help you live your best lives, to spread opportunity and to protect future generations by tackling climate change.

"This plan is about Warwickshire stepping forward to meet our big challenges, taking bold and radical action to level up opportunities and tackle climate change"

Our ambition remains to make Warwickshire the best it can be, sustainable now and for future generations. We want Warwickshire to be a brilliant County in which to grow up, work and prosper and grow older:

A County with a **thriving economy and places** with the right jobs, skills, and infrastructure.

A place where **people can live their best lives**; where communities and individuals are supported to live safely, healthily, happily and independently.

A **County with sustainable futures** which means adapting to and mitigating climate change and meeting net zero commitments.

This plan seeks to harness the power, energy and collective endeavour of the community spirit shown during the Pandemic. We will provide, and support, strong local leadership, working to the highest standards, and work with communities to create and enhance a real sense of pride in our places.

Now is the time for us to step forward together as we look to the next five years in which we will write the next chapter of our shared story. Across Warwickshire's diverse communities, we will meet our long-term challenges with the same energy, common purpose and commitment that has characterised our response to the Pandemic.

Cllr Izzi Seccombe OBE
Leader,
Warwickshire County Council

Monica Fogarty
Chief Executive,
Warwickshire County Council

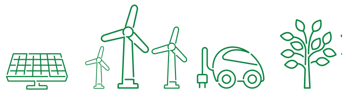
Warwickshire County Council

Our ambition for Warwickshire

Three strategic priorities

We want Warwickshire to have a **thriving economy and places** that have the right jobs, skills, education, and infrastructure.

We want to be a County where all **people can live their best lives**; where communities and individuals are supported to live safely, healthily, happily and independently.



We want to be **a County with a sustainable future** which means adapting to and mitigating climate change and meeting net zero commitments, so that our generation ensures future generations can live well and reap the benefits of a sustainable and thriving Warwickshire.

Seven areas of focus

- Create vibrant places with safe and inclusive communities
- Deliver major infrastructure, digital connectivity and improved transport options
- Promote inclusive, sustainable economic growth, successful business, good quality jobs and future skills
- Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero
- Deliver our Child Friendly Warwickshire strategy - Happy, healthy, safe children
- Through education, improve life opportunities for children, young people and those with special educational needs and disabilities
- Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities

To make this happen, we will be a great Council and partner: One which harnesses community power, uses data and digital solutions to improve service efficiency and is a great organisation to work in with outstanding leadership and a talented agile workforce.

Stepping forward: developing our approach to aspiration and opportunities for all

Warwickshire is a proud and historic County that sits at the heart of England. It is a fantastic place to live, work and do business for most people. We have a thriving economy, high life expectancy, strong educational attainment and provision, including two world class universities, and low levels of young people not in education, employment or training.

But there are gaps we must address in terms of longstanding disparities, compounded by Covid-19 - access to quality jobs, poor health, low educational attainment and poor connectivity. These disparities mean the success you enjoy in life is too dependent on where you live and who your parents are. Six of our 339 localities are in the top 10% most deprived in the country. Disparities exist in both place and for particular groups.

We need to tackle these differences to spread opportunity, embed aspiration and improve social mobility. This is a huge opportunity to help more people fulfil their potential in life and unleash the full potential of our County and all of its communities.

Our Community Powered Warwickshire approach is fundamental to tackling these disparities. We will work with partners to harness the power of communities to offer greater control over their lives and places, help improve outcomes and encourage innovation in service delivery.

We will build on the following principles:

A joint mission: we will bring together our partners from across Warwickshire's public, private, voluntary and community sectors to work together on levelling up. We will work closely with Government and regional bodies so that Warwickshire benefits from opportunities to do more locally and deliver on wider national and regional agendas.

A long-term approach: addressing disparities and increasing social mobility will take decades. As there are no quick fixes, our approach will commit to making sustainable progress on long-term issues.

Addressing root causes: we will use data, insight and partnerships to tackle the root causes of complex issues, rather than the symptoms.

Strengths-based: we will build on the strengths of individuals, communities, places and interest groups to improve quality of life for them. Our approach will not hold back other places or groups where things are better.

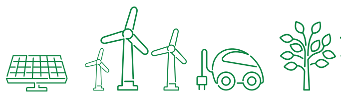
Data-driven: we will use data to track our long-term trajectory and progress, using national benchmarks wherever possible. We will learn and evolve our approach.

Targeted and tailored to communities of place and interest: Based on data and insight, we will target the communities of place and communities of interest that need most support. Building on their strengths, we will help them build the capacity to improve things in the long-term, tailoring our approaches to local circumstances.

This Council Plan sets out our ambitions for levelling-up under our three priorities:

Thriving economy and places – our focus will be on increasing people's pride in where they live. We will target investment in major infrastructure and regeneration to boost social mobility and living standards where they are lower. We will help transition to a decarbonised economy providing high quality jobs, living standards and good prospects, supporting those who most struggle to find and sustain work.

People can live their best lives – our focus will be on helping people live long, healthy, happy and independent lives. We will help communities tackle the long-term root causes of disparities in health and educational outcomes, including well-being, poverty, loneliness and social isolation. We will help our children and young people get the start in life, education and skills they need, focusing on early years, those with special educational needs and attainment gaps.



Sustainable futures and climate change - climate risks will disproportionately impact the poorest and most vulnerable, so our Countywide climate change strategy must ensure our descendants can live in a sustainable County with good opportunities and quality of life. We will manage the transition to net zero in a way that widens opportunities through the growth of high value, green-related business sectors and jobs. We will mitigate risks to people's quality of life from climate change, for example flooding and extreme weather. We will provide active travel options, support people to make behavioural changes, and invest in our biodiversity.

The £1m Warwicshire Social Impact Fund has a focus on tackling exclusion through community powered approaches, especially in those areas and among those groups most affected by COVID-19. Whilst funding was awarded before the end of the financial year 2021/22, projects will continue for up to 18 months, and the enduring impact will be felt long after this. The learning from this will inform our longer term community powered approaches.

We are expecting the Government to publish its White Paper on levelling-up early this year. The County Council has a unique role to convene all of the partners together to shape and deliver the long-term levelling-up mission for the County, working in a whole system way as we have throughout the Covid-19 Pandemic.

After the White Paper is published, building on the Council's Tacking Social Inequalities in Warwickshire strategy, we will develop - with our partners - a Countywide approach to levelling-up and aim to publish this by July 2022.

Warwickshire County Council

Where Warwickshire has strengths, we will maintain and build on these. Where there are opportunities, we will embrace them. And where there are disparities, we will tackle them.

Warwickshire's economic output has been strong over the last decade, In 2019, we ranked **10th amongst all English counties,** and unemployment in Warwickshire is **lower** than both the West Midlands and England.

Levels of **pay** have also consistently increased during the last decade.

The number of **people claiming Universal Credit and Job Seekers Allowance** increased significantly in March 2020 but has decreased since restrictions eased in April 2021.

Tackling disparities
Not all places enjoy equal prosperity and growth - where this is the case, we will focus on promoting and supporting regeneration.

Education attainment levels in Warwickshire across all key stages were better in 2018/19 than the West Midlands and England averages.

The number of of **16/17** year olds in Warwickshire who are not in education, employment or training (NEET) is **lower** than the West Midland and national average, at **3.8%** in 2021.

Warwickshire has an **older population profile** than the rest of England. By 2043 almost a quarter of our population will be **65 or over,** and **14%** will be aged **75 or over**.

The average time in poor health is **19.9 years for women** and **15.5 years for men** in Warwickshire.

Life expectancy is **8.2 years lower** for **men** and **5.7 years lower** for **women** in the most deprived areas of Warwickshire than in the least deprived areas.

In 2020/21, Warwickshire had the **highest proportion of older people** who were still at home 91 days after discharge from hospital into reablement or rehabilitation services out of all county local authorities nationally.

Warwickshire has a **higher than average proportion** of households classed as fuel poor. Pressure will increase as prices continue to rise.

Tackling disparities
There are **583,800** people living in Warwickshire, **38,100 (6.5%)** of whom live in the **20% most deprived areas** in England and Wales. Of these, around **9,000** are children aged 16 or under.

Around **19,000 c**hildren live in relative low-income families.

At **Key Stage 4** (young people aged 14 - 16) there was a **37% gap** in educational attainment between disadvantaged pupils and non-disadvantaged pupils

Life expectancy is 8.2 years lower for men and 5.7 years lower for women in the most deprived areas of Warwickshire than in the least deprived areas.

Warwickshire boasts excellent transport links and is the hub of the motorway network, however this presents it's own climate challenges. Warwickshire had the **third highest CO2 emissions** per capita of all English county local authorities in 2019. The rate of publicly available electric vehicle c**harging points** has **more than doubled** in Warwickshire over the past two years and is slightly above the national average.

The percentage of household waste sent for reuse, recycling and composting in Warwickshire remains above the national average.

Tackling disparities
Climate risks will disproportionately impact the poorest and most vulnerable, so our Countywide climate change strategy must ensure all our descendants can live in a sustainable County with comparable opportunities and quality of life.

You told us:
Helping to support ***happy, healthy and independent lives*** *is one of the top three areas we should invest in if resources were available.*

When we asked our residents what could we do to help improve life in Warwickshire for future generations, the most popular responses were improvement of ***sustainable or green travel*** *and general* ***environmental concerns.***

For further information see the State of Warwickshire report or visit **data.warwickshire.gov.uk**

Our financial position

Local authorities are required by law to have a balanced budget. For us this means a sustainable, balanced budget based on sound assumptions, which shows how our spend will be managed within the income available to us over the short and medium term. We have a rolling five-year Medium-Term Financial Strategy which helps us to plan ahead, taking into account government grants, business rates and Council tax income. Our approach helps us do this in a planned and prudent way, so we make effective use of the funds available to us to provide good quality services for our residents. Where appropriate, we will invest in physical assets to benefit those who live in, work, and visit the County.

The economic situation we face remains hugely challenging, due to growing inflationary risks, supply and labour shortages, and the demand for services rising more quickly than our resources. The direct and indirect impacts of these factors are unknown and continue to be highly volatile. Adding to the mix, we are dealing with the on-going financial impact of COVID-19 and delivering on our ambition to invest in recovery.

Our Medium-Term Financial Strategy will be reviewed at least annually in order to remain dynamic, robust, ambitious, and ensure we continue to be financially sustainable. We will use reserves to manage financial risk over the medium term. Any reserves not needed to manage financial risk will be used for time-limited investment to support the delivery of the Council's outcomes or to deliver savings and reduce demand in future years. We will continue to become more commercially minded in how we run services and make decisions. This will ensure the Medium-Term Financial Strategy for 2022-27 will be fully balanced on an ongoing basis and we will remain financially resilient.

FINANCE TABLE HERE

Create vibrant places with safe and inclusive communities

Area of focus

What this means for you

You will feel a powerful sense of belonging to your neighbourhoods and **feel proud of the places in which you live**. This means we will make sure that major infrastructure developments are delivered alongside the **social infrastructure** required to build thriving communities.

We will **work with and engage communities** to **develop and improve** the opportunities for you. Targeting local needs in the most deprived areas of our County.

You will see **viable and flourishing town centres and green spaces** that can be enjoyed by everyone. We will listen to what is important to you and work with you to make sure your communities can tackle local issues and develop solutions that work for you.

We know that safety and wellbeing is important to you – **you will be safe and feel safe** and **feel supported, not isolated**. You will have **access to information and services** that help to keep you, your family, your home, and workplace safe. And as a consumer **you will be protected and informed** by our Trading Standards service.

Warwickshire Fire & Rescue Service ensures that you will be provided with a suitable and sufficient response, enabling you to **live, work and travel in** Warwickshire **safely**.

We will work with you to **reduce crime, domestic abuse, child exploitation** and **youth violence** across the County.

We will achieve this by...

- Working with our communities and partners to reimagine our town centres and create vibrant, quality neighbourhoods that enhance people’s lives, strengthen their sense of belonging and generate pride in our diverse places.
- Helping residents to feel safer by working with partners to reduce crime and anti-social behaviour.
- Reducing domestic abuse and violence, and supporting victims.
- Developing and embedding joined-up approaches to fire prevention, protection and response.
- Our Fire and Rescue Service will deliver prevention, protection and response activities and will enhance its performance through developing a workforce that better reflects our communities.
- Promoting road safety and reducing the level of fatalities and serious injuries.
- Building on our COVID-19 response by working with partners to create and embed volunteering opportunities and support our voluntary and community organisations to increase local and social activities.

Strategies which support this:

- Warwickshire voluntary and community sector strategy 2020-2025
- Warwickshire Fire & Rescue Integrated Risk Management Plan 2020-2025
- Warwickshire Heritage and Culture Strategy 2020-2025
- Warwickshire Safe Accommodation Strategy 2021-2024

Deliver major infrastructure, digital connectivity and improved transport options

Area of focus

What this means for you

You will see **long-term infrastructure plans** which will enable us to make the greatest positive difference to levelling up our communities. The plans will be integrated with those long-term transitions such as **achieving net zero**.

You will see those plans reflect the need for **sufficient affordable housing** in line with the predicted population growth, and **tackling homelessness**. Additional housing and business premises will help you to find **a good place to live and work**.

You will be able to use **a transport network that is fit for purpose**, well-connected, in a good condition, utilises green technology and is safe for users. Through our investments in infrastructure, **you will have more opportunities to make choices that support the environment**. It will be easier for you to make more sustainable journeys such as **cycling, walking or using public transport**.

Your quality of life will be improved by **digital connectivity**. It is revolutionising the way we live, work, do business, learn, and socialise. Digital connectivity is creating **employment opportunities** and increasing the ability for hybrid working.

You will have **access to high-speed broadband** and 5G whether in the countryside or town.

We will achieve this by

- Creating a long-term Infrastructure Strategy across the County, and implementing our new capital management framework
- Creating opportunities for investment to provide homes, including the priority worker help to buy scheme, commercial premises and infrastructure in the County through the new Warwickshire Property and Development Group.
- Investing in property and infrastructure thorught the Warwickshire Recovery and investment fund, to encourage business development and growth and create jobs.
- Delivering on the new Local Transport Plan, enhancing our transport network to support health, well-being and sustainability. This Plan will prioritise active travel, implementing electric vehicle technology and refreshed public transport options for our residents.
- Rolling out Full Fibre and 5G connectivity across Warwickshire with a priority focus on areas, particularly rural ones, that are hard to reach.
- Prioritising renewable energy and infrastructure.

Strategies which support this:

- Local Transport Plan 2011-2026 (including associated/ integrated sub-strategies)
- Digital Infrastructure strategy
- WCC Highway Asset Management Strategy
- Investing in Warwickshire Capital Strategy

Promote inclusive, sustainable economic growth, successful businesses, good quality jobs and future skills

Area of focus

What this means for you

Your quality of life will improve as a result of **more businesses in the County**, giving you more employment opportunities and more **high quality jobs** paying good salaries.

We will continue to prioritise regeneration activity where there is lower economic growth and higher unemployment, including amongst young people. You will see **improved social mobility and opportunity for everyone** regardless of their background.

You will see a focus on investment that supports key economic sectors, industries and skills that we need in Warwickshire to **power sustainable growth and the transition towards a net zero economy**.

Sustaining growth and economic success will require our key sectors to innovate and adapt and for us to attract inward investment. You will see the **growth of new high-value and green-related sectors** and we will provide the support, space and tools that businesses need to grow and thrive in Warwickshire.

You will have **access to the skills you need to find the work that you want** within the County.

And you will see **a vibrant cultural offer** across Warwickshire that is accessible and relevant to everyone; to attract more visitors to the County, support economic growth and improve health and well-being.

We will achieve this by

- Supporting investment, sustainable growth and future employment opportunities through our £140 million Warwickshire Recovery and Investment Fund.
- Creating the conditions and helping support new businesses to start, scale and grow to power the Warwickshire economy.
- Maintaining forward momentum to support future economic shifts and build on opportunities such as the move to green technologies, developments in automation and anticipating future societal trends.
- Working with our partners and businesses to transition towards a goal of decarbonising the Warwickshire economy.
- Working with our world class universities on research and development to power growth and innovation.
- Creating the conditions to ensure there are well-paid jobs in the County and developing the future skills that our priority sectors need to be successful.
- Attracting inward investment into Warwickshire, promoting the County nationally and internationally as a great place to do business.
- Attracting tourism and maximising the benefits of Warwickshire's magnificent heritage, culture and visitor economy.
- Promoting and supporting regeneration to create prosperity and opportunities for growth, particularly in places with the lowest social mobility.

Strategies which support this:

- WCC Economic Growth Strategy 2020-2025

Area of focus

Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero

In 2019, the Council declared a Climate Emergency. We know that there is also strong support and commitment across the County to address climate change.

We want to reduce the Council's carbon footprint to net zero by 2030 and want to work with all our partners and residents in Warwickshire to support the County to do the same no later than 2050.

What this means for you

You will see more local community-based activity playing a part in **mitigating the effects of climate change**.

You will be supported by infrastructure and **new technologies,** such as **electric vehicles** and **renewables**.

You will have access to **information to help you to understand what you can do to play your part in tackling climate change** and ensure you have more opportunities to make choices to decarbonise your daily life.

Our **focus on biodiversity and environmental stewardship** will provide you with pleasant green spaces and trees to enjoy across the County as well as contributing to achieving and offsetting our net zero targets.

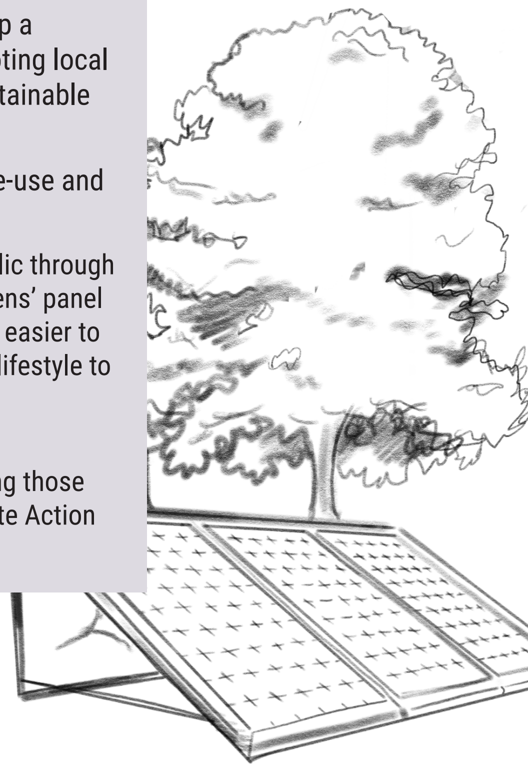
You will have **open and transparent information about progress towards our net zero targets**. You will see your Council **continue to reduce its own carbon footprint** and impact on the environment.

We will achieve this by

- Producing, with public sector, business and voluntary sector partners and Government, a costed plan and trajectory for the County to be net zero no later than 2050, that is clear with Government about resources and support necessary to deliver national and local aspirations on net zero.
- Becoming a net zero Council by 2030, focusing particularly on our buildings and fleet.
- Through our 'Green Shoots' community climate change fund, and engagement with communities and partners, enabling residents to decarbonise and change their behaviours to mitigate the climate emergency.
- Promoting biodiversity and safeguarding natural species, habitats and areas by implementing our commitment to ensure a tree is planted for every resident by 2030, and improving biodiversity net gain.
- Embedding our plans to develop a sustainable economy by promoting local shopping, active travel and sustainable transport systems.
- Minimising waste, increasing re-use and recycling
- Engaging creatively with the public through our 'Voice of Warwickshire' citizens' panel and other approaches to make it easier to make changes in behaviour and lifestyle to support our push for net zero.
- Supporting the UN Sustainable Development Goals by embedding those areas relevant to us in our Climate Action Plan and tracking our progress.

Strategies which support this:

- Local Transport Plan 2011-2026 (including associated/ integrated sub-strategies)
- WCC waste core framework and strategy-2025
- Net zero strategy - *under development*
- Local Flood Risk Management Strategy
- Minerals Plan - *under development*



Deliver our Child Friendly Warwickshire strategy - happy, healthy, safe children

Area of focus

What this means for you

Children and young people in Warwickshire will be supported **to get the best outcomes in life**, particularly those who are most vulnerable and at risk.

Children and young people will have places to play and a healthy environment. They will **attend good schools** and they will be **involved in decisions** which affect them.

More children will **live safely, at home** with their families.

Children in care will have **high quality foster care** and **residential placements**.

Fewer children and young people will enter the criminal justice system.

Children and young people have access to **technology to support their learning at home.**

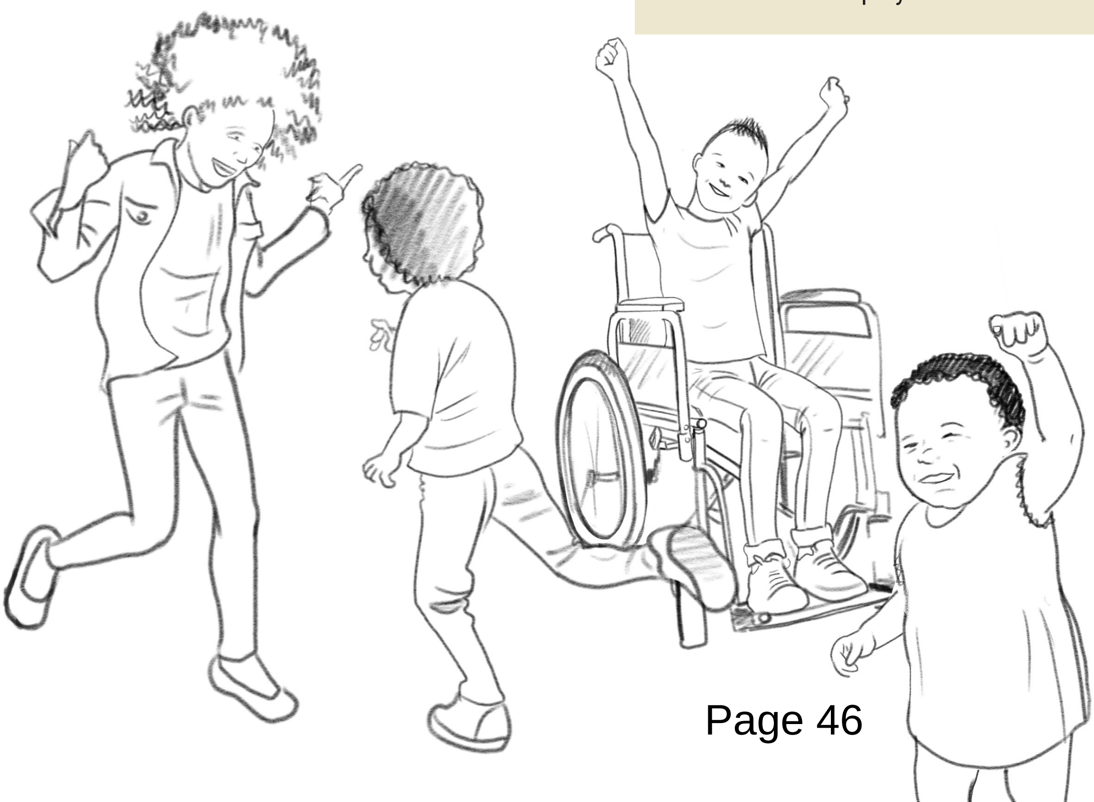
Children and young people will have **access to the support they need** for their emotional health.

We will achieve this by

- Supporting children and young people to remain happy, healthy and resilient by promoting physical and mental wellbeing.
- Ensuring children and young people are safe from harm and the most vulnerable are protected.
- Supporting families to make positive changes so that children have better life outcomes.
- Supporting young people to be heard, be active citizens and contribute to adult life.
- Providing easy access to local multi agency support for the whole family through the development of Family Hubs
- Working with our NHS partners to tackle waiting times for Autism Spectrum Disorder assessments and provision.
- Through our Fair Chance Employer initiative and employment support services, creating opportunities for people with SEND, particularly those with Autism Spectrum Disorder, to progress to sustainable employment.

Strategies which support this:

- Warwickshire Children and Young People strategy 2021-2030
- Warwickshire Education Strategy 2018-2023
- Warwickshire Youth Justice Plan - *annually refreshed*



Through education, improve life opportunities for children, young people and those with special educational needs

Area of focus

What this means for you

More children living in the most disadvantaged parts of the County **will be school ready**.

There will be **sufficient early years and school places in Warwickshire** including for learners with Special Educational Needs and Disabilities (SEND).

The needs of children and young people with SEND will be **better supported**.

More schools and settings in the most disadvantaged areas of Warwickshire will be judged as good or outstanding.

Young people will be able to **access education and develop the skills** they need for a successful future.

Children and learners requiring help to catch up with their education **will continue to be supported**.

Where there are **lower educational attainment levels**, these **will be improved**.

There will be better **understanding of behaviours in schools**, leading to a **reduction in the number of fixed-term exclusions**.

More children will achieve good GCSE and Level 3 qualifications.

More of our 16 and 17 year olds' will be **in education, employment or training**.

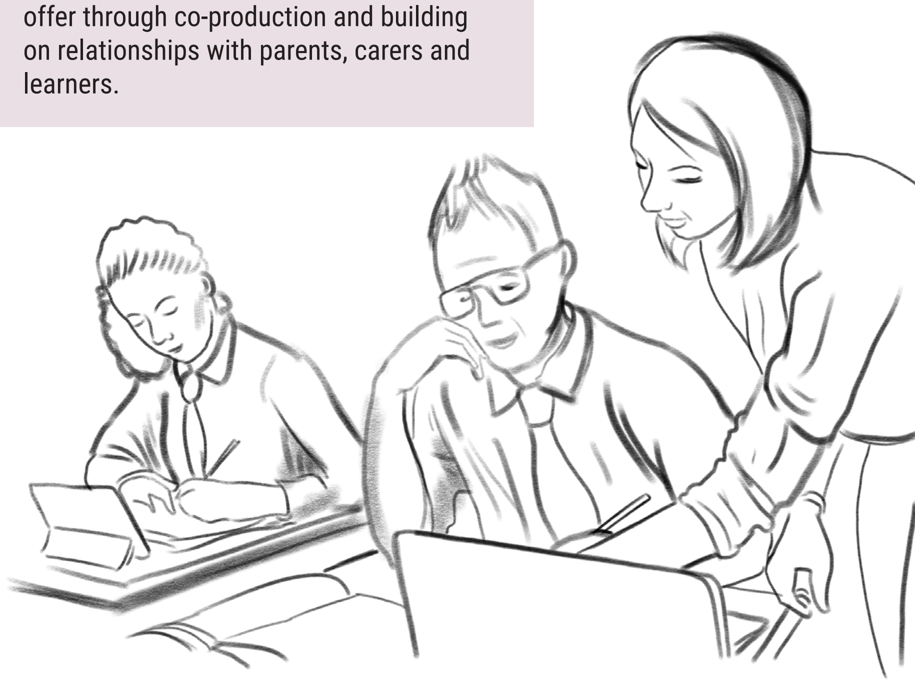
There will be **more supported routes** into employment for our more vulnerable learners, with an increase in supported internships.

We will achieve this by

- Supporting early years providers to enable all young children to be ready for school and to achieve their potential, particularly those from disadvantaged backgrounds.
- Supporting children to achieve at all levels of learning; to be well prepared for the future of work and have skills for life.
- Ensuring that we have sufficient early years and school places to meet the demographic needs of the County.
- Working with local universities and other partners to improve educational attainment and social mobility, particularly focusing on areas of the County where educational attainment is lower, for example implementation of the Nuneaton Education Strategy.
- Helping our children and young people to catch up on their education post COIVD-19.
- Supporting everyone with special educational needs to fulfil their potential. Transforming our SEND provision, through our change programme and universal offer through co-production and building on relationships with parents, carers and learners.

Strategies which support this:

- Warwickshire Education Strategy 2018-2023
- Warwickshire SEND and Inclusion Strategy 2019-2023
- WCC Education Sufficiency Strategy 2018-2023
- Outdoor Education Strategy



Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities

Area of focus

What this means for you

When you talk to us, **we will listen and focus on what matters to you**, your **strengths**, your personal networks, and the things available to you in your community.

You will see the differences in **healthy life expectancy** across the County tackled.

You will have **easy access to accurate information** to enable you to maintain your health and independence.

You will see an **improvement in mental health and well-being** across the population, and you will be able to access community support if you have mental health issues, dementia or are feeling lonely.

You will **live in a safe environment that is connected to your community**, with **good air quality** and opportunities for **physical activity**.

If you are living with long-term conditions or a disability, **you will be supported to better manage your own personal care**, reducing your reliance on secondary care.

You will benefit from access to **digital and assistive** technology to support healthy, independent living.

You will **not have to stay in hospital longer than you need to**, because support will be available to you, at home, sooner.

We will achieve this by...

- Supporting the most vulnerable and disadvantaged adults to live independently, and in good health by building on their strengths, while reducing the need for hospital or long-term care.
- Supporting and safeguarding those in care, ensuring the health and social care system helps Warwickshire contain COVID-19 as we learn to live with it, and help people's recovery and access to services.
- Working with partners and communities to support people who are homeless and to improve access to services.
- Reducing inequalities in health outcomes by acting on the wider determinants of health, targeting support for healthy, physically active lifestyles where it is most needed.
- Targeting action towards the areas and population groups with the highest gaps in life expectancy and poorest health outcomes.
- Ensuring sustainable access to services and support for those who need it the most such as addressing food poverty through the Warwickshire Food Forum.
- Working with our partners to deliver an integrated approach to mental and physical health and social care across the County in line with the implementation of the new Integrated Care System in Warwickshire.
- Ensuring health and wellbeing is integral to all aspects of the Council's work and across our strategic priorities.
- Promoting financial and digital inclusion, targeting help to those most economically vulnerable.

Strategies which support this:

- Warwickshire Health & Wellbeing Strategy 2021-2026 (including associated strategies)
- Coventry & Warwickshire Integrated health & care strategy - *under development*
- Coventry & Warwickshire Health Equalities Strategic Plan - *under development*
- Tackling Social Inequalities in Warwickshire strategy 2021-2030
- Warwickshire Suicide Prevention Strategy 2016-2020 - *being updated*
- Warwickshire Living well with Dementia Strategy Refresh 2016-2019 - *being updated*
- Warwickshire's Joint Adult Carers Strategy 2017-20 - *being updated*

Be a great Council and partner

Why this is important

We are a strong Council, performing well in most areas. Our external auditors have given 'green' ratings for our financially sustainability and governance, despite demand for services continuing to increase beyond our resources.

Our previous change programme put us in good shape to meet the challenges of COVID-19. The lessons of the Pandemic have fundamentally altered our service delivery models; how we work with partners to support, engage and communicate with our communities; and our organisational culture and how and where our staff work.

As we step forward, increases in demand will continue and remain significant. This requires new ways of doing things to maintain value for money and financial resilience. We need to deal effectively with key transitions: rapid social and technological shifts, particularly automation and the changing nature of work; using digital solutions to provide the simple, effective service delivery options you expect. And by getting our data right we can best target resources and activity to address growing inequalities.

We know that change will be a constant. To remain fit for the future, and to be a great Council and partner, we want to be known for three things in delivering our priorities:

Strategies which support this:

- Digital and Data Strategy - *being revised*
- Customer Experience Strategy 2020-25
- Our People Strategy
- Social Value Policy
- Voluntary and Community Sector
- Medium Term Financial Strategy (MTFS),
- Capital Strategy
- Treasury Strategy
- Investment Strategy
- Reserves Strategy

1. Harnessing Community Power

The Council will harness the power of communities to tackle inequality and social inclusion through a community-powered approach. This requires us to work differently with residents, communities, and partners. We will build on their strengths and assets and keep alive the community spirit, so powerful before and during COVID-19.

This will change our relationships and requires new ways of communicating and engaging with citizens and communities. We will change from 'what will the Council do' to 'what do we want to do together, and how could the Council support the community to deliver it?'

We will achieve this by

- Working with our partners and communities to develop a simple Community Powered Warwickshire offer to embed our community-powered approach.
- Running innovative projects to test, and embed, our community power model.
- Developing an evaluation framework to track progress against the Community Powered Warwickshire offer, and we will convene an annual conference with communities and partners.
- Refreshing our approach to communications and engagement to support community powered approaches, including our new 'Voice of Warwickshire' residents' panel.

2. Using our data and digital solutions to improve service delivery

We have made huge progress developing our digital services, and our infrastructure and data capabilities. This has enabled the Council to move successfully, overnight, to hybrid working.

We will build on this strong foundation through enhancements to our digital infrastructure and redesigning our customer services so that they are simple, fast and effective. We will transform our data to help us target resources where they will make the biggest impact

We will achieve this by

- Redesigning services to focus on prevention, improved outcomes and reduced cost through our customer experience programme.
- Developing and delivering our customer promise, making it easy for you to access our information and services, giving you a positive customer experience.
- Using evidence, data and insight to target resources and maximise performance.
- Using simple, clear and integrated digital technologies to improve service delivery.

3. Our people and the way we work

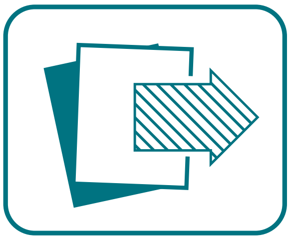
Our people strategy aims to make the Council a great place to work where diverse and talented people are enabled to be their best, excel and innovate. We have made great progress on this vision.

Changes in how we work bring opportunities to reduce our estate and carbon footprint and improve value for money. We will continue to focus on building an inclusive and diverse organisation, promoting staff well-being, and developing our leadership and culture.

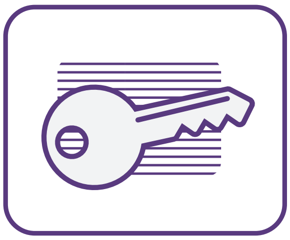
We will achieve this by

- Delivering our Equality, Diversity, and Inclusion programme to create a positive and welcoming culture in which everyone can thrive.
- Being a great employer with the right culture and leadership, recruiting and developing a talented, diverse and resilient workforce, whilst supporting their wellbeing.
- Striving to maintain high standards in everything we do.
- Investing in modern ways of working and redesigned core work settings.
- Developing the right skills and culture to support innovation, continuous improvement, our net zero ambitions and community-powered ways of working.

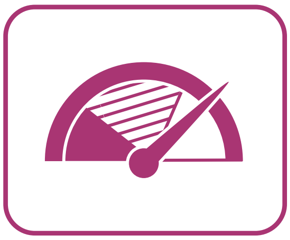
Making the plan work



Delivery Programme - Our plan will be supported by a single integrated delivery programme which we will refresh each year on a rolling basis, alongside the annual Medium Term Financial Strategy. We will publish the delivery plan and progress updates on a quarterly basis.



Key Business Frameworks – We have reviewed all our key business frameworks to ensure they support delivery of our council Plan.



Performance Management Framework – this will allow us to assess delivery of the strategic objectives and ensure we monitor the measures indicating performance and direction of travel.

Community Engagement – we will enhance opportunities to capture feedback and ideas from our stakeholders. We have launched a new residents' panel, 'Voice of Warwickshire', and we are improving our consultation and engagement platform 'Ask Warwickshire' to include more interactive, discussion based activity. We will continue to talk to specific groups such as the Youth Council and the community and voluntary sector.

Version:
Published: January 2022

Warwickshire County Council

State of Warwickshire

2022

Warwickshire County Council

State of Warwickshire 2022

Warwickshire County Council

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Where possible the latest data from nationally published, open sources has been used and is referenced. However, statistics are constantly updated. It is advisable to make reference to the original source where relevant.

Produced by
Business Intelligence Service, Commissioning Support Unit, Resources Directorate
Warwickshire County Council

For any queries about the report please email: businessintelligence@warwickshire.gov.uk using State of Warwickshire in the subject header.

Contents

Warwickshire County Council

Introduction and executive summary

The State of Warwickshire report provides an in-depth snapshot of Warwickshire. Made up of different places across the five boroughs and districts the county has many strengths and opportunities which will shape its future. Across the different partners and bodies in Warwickshire there is an ambition to make each place the best it can be, in a way that is sustainable and supportive of its households, communities and diverse places.

The main issues, trends and challenges which Warwickshire faces in 2022 are looked at throughout the report but can be summarised as:

Warwickshire's economy
Warwickshire has had a strong Gross Value Added (GVA) growth prior to the COVID-19 pandemic. The per head GVA was £34,302 in 2019 which was £4,063 higher than across England, and £9,959 higher compared to the West Midlands. Our economy is driven by some key sectors, namely manufacturing, wholesale & retail, real estate and construction. This is reflected in the key employment sectors across the boroughs and districts in Warwickshire.

The strength of Warwickshire's economy has been central to an overall advance in pay growth within the county. Although significant progress has been made in recent years, in terms of both GVA and pay growth across Warwickshire, ongoing work is needed to continue to reduce the gap between different places within Warwickshire.

Looking ahead, the challenges we face stem from how different sectors continue to recover from the COVID-19 pandemic and how export-focused sectors can adapt to changes in trading systems after Brexit. Finally, as we move towards a net zero future, how Warwickshire's different economic sectors will adapt and change, including changes in jobs, will have major impacts for local households.

Early years, education & skills
The Early Years stage, specifically the first 1001 days after birth, are a critical stage in every person's development. Early Years policy is increasingly important, with the Government particularly interested in supporting people through their 'Start for Life' approach. In recent years there has been a lower proportion of mandated health and wellbeing reviews on babies made by health visitors in Warwickshire during the first two weeks after the baby is born than in the West Midland region and England, this will have been exacerbated by COVID-19.

Warwickshire has a generally good base around its education and skills. However, it varies between different places with some areas with much better education and skills outcomes compared with others. Around 95% of pupils in Warwick District, Stratford-on-Avon District and North Warwickshire Borough are attending schools rated Good or Outstanding by Ofsted. This compares with 78% in Rugby Borough and 77% in Nuneaton & Bedworth Borough.

One of the challenges which affects schools are decisions made around national funding. Funding levels for schools are expected to return to levels similar to 2009-10 in 2021-22. Although the government has committed to more resources for education, the challenge for local schools is how these increases in funding impact on local outcomes.

Beyond the school system, residents in Warwickshire, in general, have a reasonably high level of skills. One of the challenges is to increase the number of adults with at least a level 3 qualification. Currently some areas, such as North Warwickshire Borough and Nuneaton & Bedworth Borough, have comparatively high levels of adults without any qualifications, and large numbers of the workforce have little more than level 2 (e.g. GCSE grades 9-4 or A*-C; level 2 NVQ, intermediate apprenticeship).

Financial resilience
Despite the strengths of our local area, the reality is that there are still households across Warwickshire which face economic precarity and lack financial resilience. Increases in the cost of living, uncertainty about the economic prospects for some groups, and changes in the welfare system create a mixture of those who will benefit and those that will struggle to maintain their standard of living.

We know that groups which have low levels of financial resilience are often the first to need support when things suddenly change; the effect of increases in the cost of the weekly food shop to a loss of working hours can impact on some households in an extensive way and this impacts on education and early years development.

Whilst Warwickshire is relatively affluent compared to many areas in the country, there are still households which face the uncertainties of increased precarity.

Health and social care
In general, Warwickshire has broadly good health and care outcomes. However, even in terms of life expectancy there are differences within the county. Residents in Nuneaton & Bedworth Borough and North Warwickshire Borough have a lower life expectancy at birth compared to the national average.

One of the big challenges is addressing health inequalities and ensuring that people live healthy and active lifestyles. The COVID-19 pandemic has once again highlighted the array of challenges faced by people from different communities and sections of society, including how unequal health outcomes can be.

The number of adults needing long term support varies through the year: at the end of the financial year 2020/21, 3,805 people over 65, and 2,140 aged 18-64 accessed long term support in Warwickshire. Among this 18-64 age group around 54% received support for Learning Disabilities, whilst 63% of over 65s received physical support for access and mobility.

Most people who receive long term support do so in the community; in 2020/21 in the 65 and over age group around 29% were in residential care, and 8.5% were in nursing homes.

Future developments

Looking ahead, Warwickshire in the future will be different from the Warwickshire we have now. An ageing population, climate change and developments around automation are factors that will need monitoring to see how these will impact on Warwickshire, its places and communities.

Automation (using artificial intelligence, 3D printing and robotics) is not a new thing in the economy, however recent developments of technology could lead to major changes in how we work and how our businesses produce. Closely related to this is the effect of adapting to climate change and transitioning to a net zero economy. The direct effects of climate change on our local area are likely to increase in time with warmer winters, wetter conditions overall, and more extreme weather events. At the same time, the need to create a net zero economy will change many industries, create new jobs, and have major implications for how we work, travel and live.

Finally, as noted above, Warwickshire's population is ageing. This is part of a global trend in countries like the United Kingdom and the impact which this has will also have implications for Warwickshire. From people working longer (including those aged 60 and over), through to the need to focus more services on those in need of support, an ageing population presents a variety of opportunities and challenges which will shape what Warwickshire looks like in future. These include harnessing the skills and experiences of older people whilst potentially adapting roles in the workplace; providing access to information, resources and support to ensure older people maintain their physical and mental health; and enabling people to maintain their income in later stages of their working lives.

Warwickshire – the place

Warwickshire lies to the south and east of the West Midlands conurbation and has established links with Coventry, Birmingham and Solihull in the West Midlands region, but also with the South East.

Despite the focus of population within the main towns of the county, around a third of Warwickshire is rural in nature (19% classed as rural town/fringe and 14% rural village/dispersed).[1] Warwickshire lies at the heart of Britain's transport network and several key strategic routes pass through the county.

Warwickshire is a two-tier local authority area and comprises five district/boroughs (Figure 1):

- North Warwickshire Borough
- Nuneaton & Bedworth Borough
- Rugby Borough
- Stratford-on-Avon District
- Warwick District

Figure 1: Warwickshire and its constituent boroughs and districts

Since 1st April 2021 there has been one Clinical Commissioning Group (CCG) that covers Warwickshire – Coventry and Warwickshire CCG. The CCG is responsible for securing, planning, designing and paying for NHS services in Coventry and Warwickshire, including planned and emergency hospital care, mental health services, rehabilitation and community services.

Four 'places' have also been developed across Coventry & Warwickshire (Warwickshire North, South Warwickshire, Rugby and Coventry) as well as 22 Joint Strategic Needs Assessment (JSNA) areas to further understand and articulate Warwickshire as a place. Other organisations and services operate on different footprints, creating a complicated blend of different 'places' across the county.

Warwickshire – the population

In 2020, the estimated usual resident population of Warwickshire was 583,786 persons, of whom 288,334 were males and 295,452 females[2]; this is an 8.9% increase in the population since 2010. Compared to England, Warwickshire currently has an older population profile, with 20.8% of the population being aged 65 or over in Warwickshire compared to 18.5% in England (Figure 2). Within Warwickshire, this varies, with the more rural areas having older populations (Table 1).

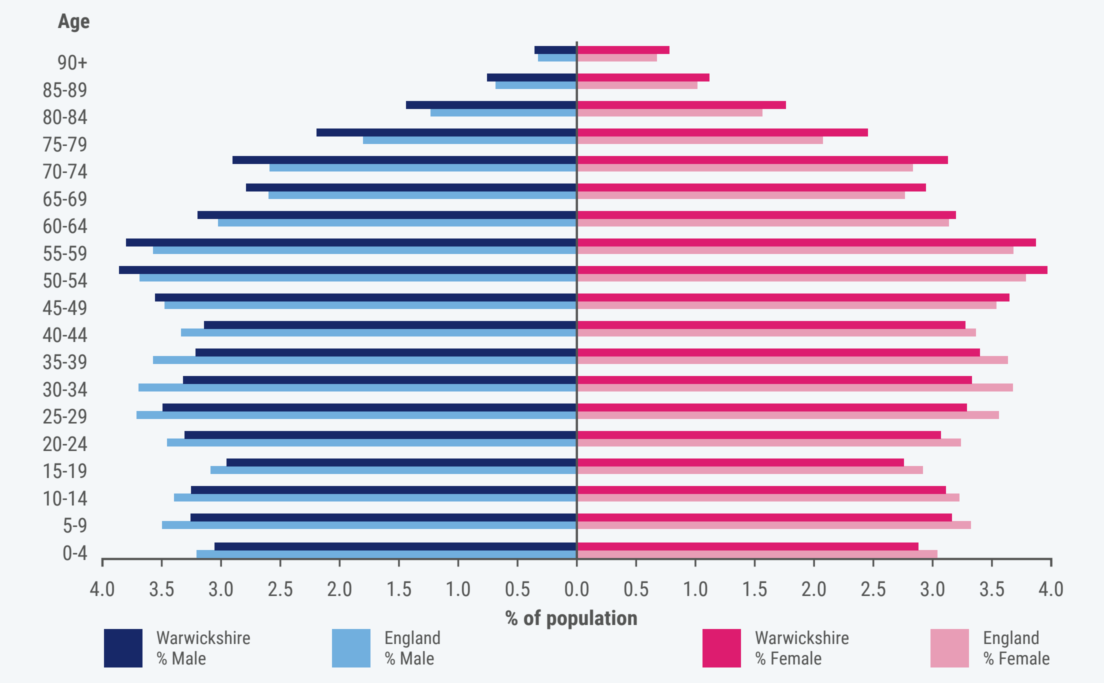


Figure 2: Mid-2020 Population estimates for males and females in Warwickshire and England
Source: ONS (2021), mid-2020 population estimates

	PERCENTAGE OF POPULATION (%)					
Age group	**Warwickshire**	**North Warwickshire**	**Nuneaton & Bedworth**	**Rugby**	**Stratford-on-Avon**	**Warwick**
0-15	18.3	17.5	19.7	20.3	16.7	17.2
16-64	61.0	60.7	61.0	60.8	57.9	64.0
65+	20.8	21.8	19.3	18.9	25.4	18.8

Table 1: Percentage of population by age group, districts and boroughs in Warwickshire (2020)
Source: ONS (2021), Mid-year population estimates 2020

The population estimates help with service planning but are estimates and become less accurate the further away from a population census they are. The 2021 Census results (published in 2022) will help us re-base these estimates and give us a more accurate 'count' of the population over the next few years.

Population growth

The mid-2020 population estimates indicated that growth in the population since the mid-2019 population estimates was due to internal migration (5,329 persons, responsible for 83.3% of the population growth) and international migration (1,027 persons, responsible for 16.1% of the population growth). Internal migration has been responsible for the largest proportion of the population growth between 2017 and 2020; prior to this, between 2014 and 2016 international migration was responsible for the highest proportion of population growth. In 2020, the contribution of natural change to population growth in Warwickshire was negative with deaths (6,351) outweighing births (5,808); however, this was only the case in North Warwickshire Borough and Stratford-on-Avon District. Figure 3 provides further detail on migration.

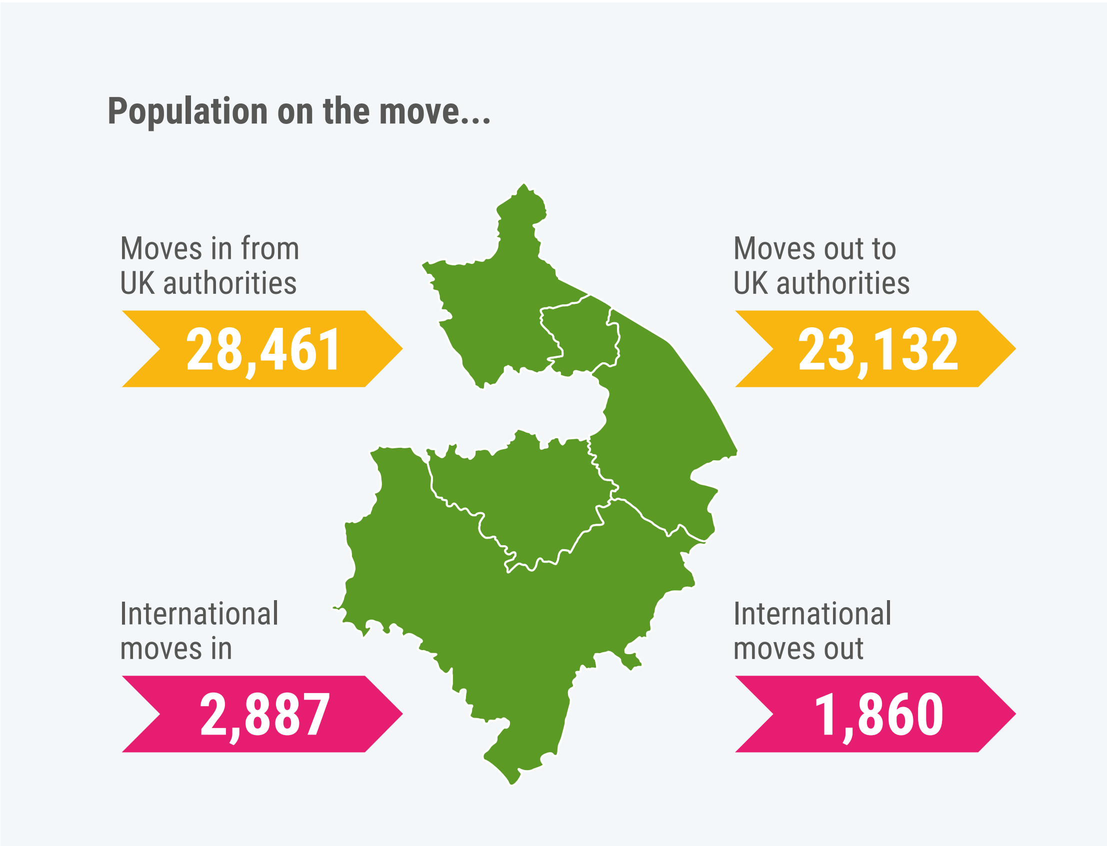


Figure 3: Population migration into and out of Warwickshire between 2019 and 2020

By 2043, the population of Warwickshire is projected to increase to 684,310 persons [3], an increase of 17.2% on the mid-2020 population estimates, with the largest increase being in those aged 75 and over (Figure 4). The areas in Warwickshire with the largest projected percentage growth are Stratford-on-Avon District (24.4%) and North Warwickshire Borough (20.9%).

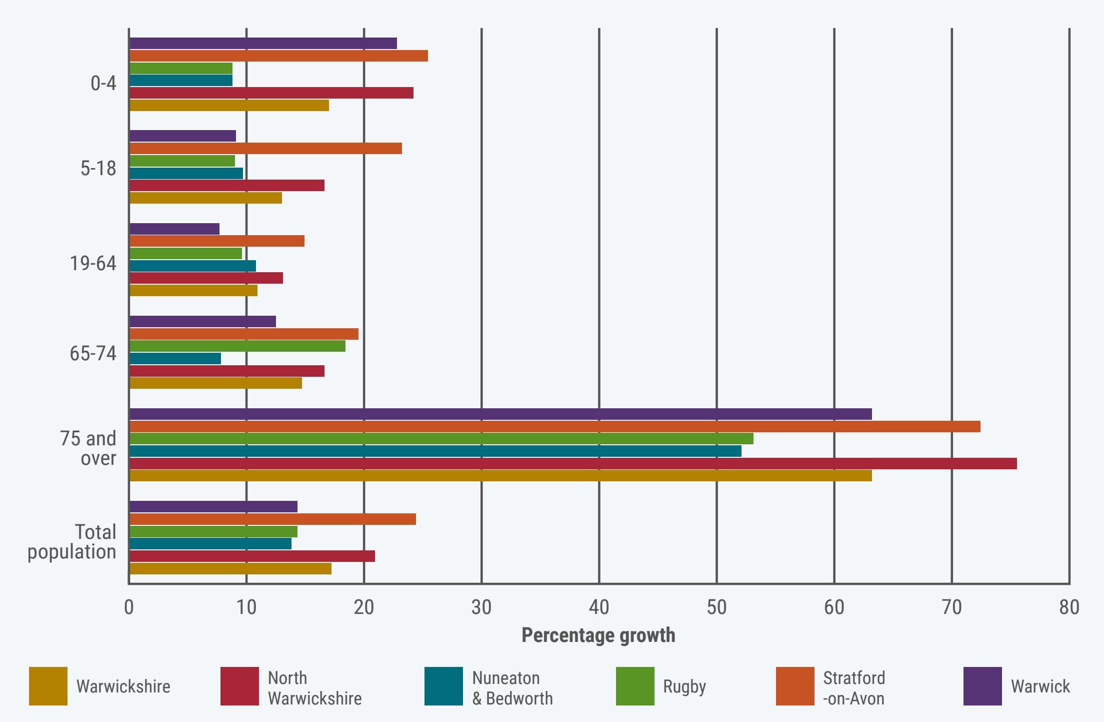


Figure 4: Projected population growth in Warwickshire between 2020 and 2043
Source: ONS (2019), 2018-based population projections and ONS (2021), mid-2020 population estimates

The shape of the population is projected to change with a higher proportion of the population made up of persons aged 75 and over (Figure 5).

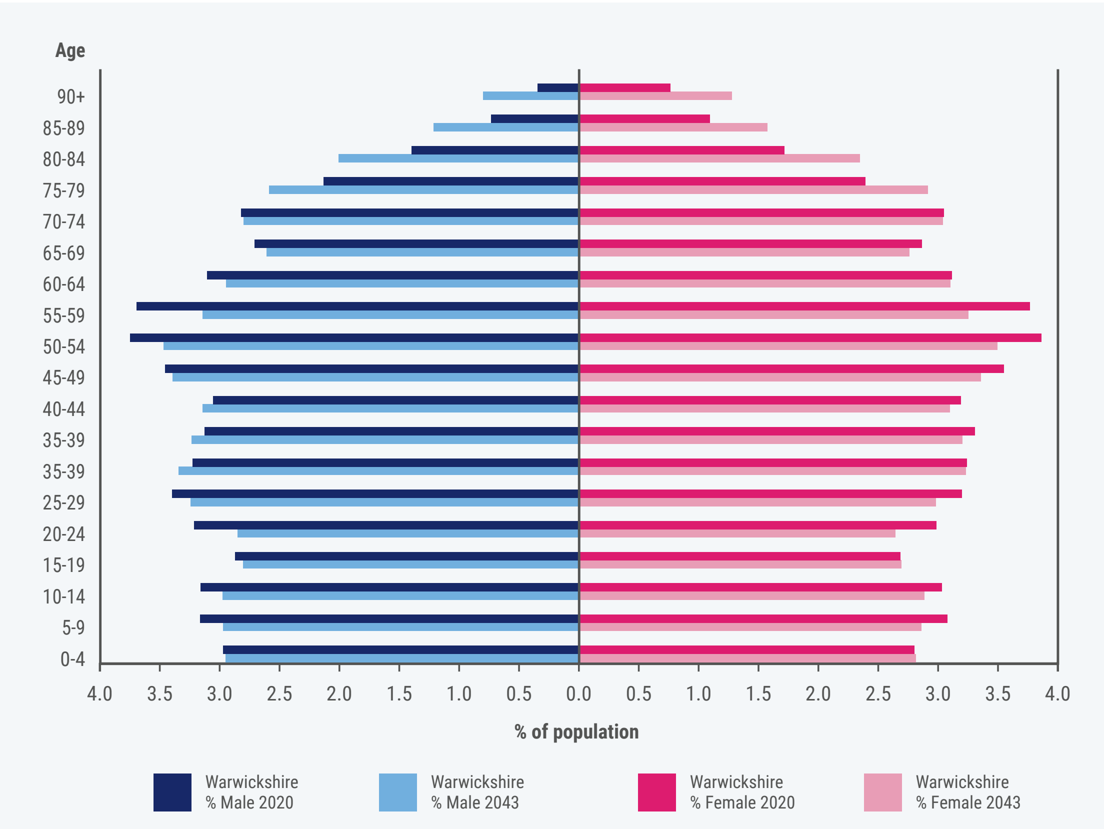


Figure 5: Population estimates for males and females in 2020 and 2043 for Warwickshire
Source: ONS (2019), 2018-based population projections and ONS (2021), mid-2020 population estimates

Population characteristics

Our main source of information on the characteristics of the population in Warwickshire is population census data. Information from the census carried out in 2021 is not being published until Spring 2022 so the majority of data that provides a picture of Warwickshire is from the 2011 census. More recent sources are quoted wherever available.

Country of birth: It is estimated that 89.1% of the population in Warwickshire in 2020 were born in the United Kingdom compared to 84.4% of the population in England and 85.9% of the population in the West Midlands.[4] There was a noticeable reduction in residents born in the European Union living in Warwickshire between 2019 and 2020 (Table 2). Most residents born in Asia were from the South Asia region.

		COUNTRY OF BIRTH				
Year	**All residents**	**United Kingdom**	**EU**	**Other Europe**	**Asia**	**Rest of the World**
2020	560,000	499,000 (89.1%)	30,000 (5.4%)	2,000 (0.4%)	17,000 (3.0%)	12,000 (2.1%)
2019	558,000	486,000 (87.1%)	42,000 (7.5%)	2,000 (0.4%)	19,000 (3.4%)	10,000 (1.8%)

Table 2: Country of birth of Warwickshire residents 2019 and 2020
Source: ONS (2021), Population of the UK by country of birth and nationality

Ethnicity: In 2011, 88.5% of the population in Warwickshire were described as White British, compared to 79.8% in England and 79.2% in the West Midlands (Figure 6). Other white (3.2%) and Indian (3.0%) made up the next highest proportions of the population.

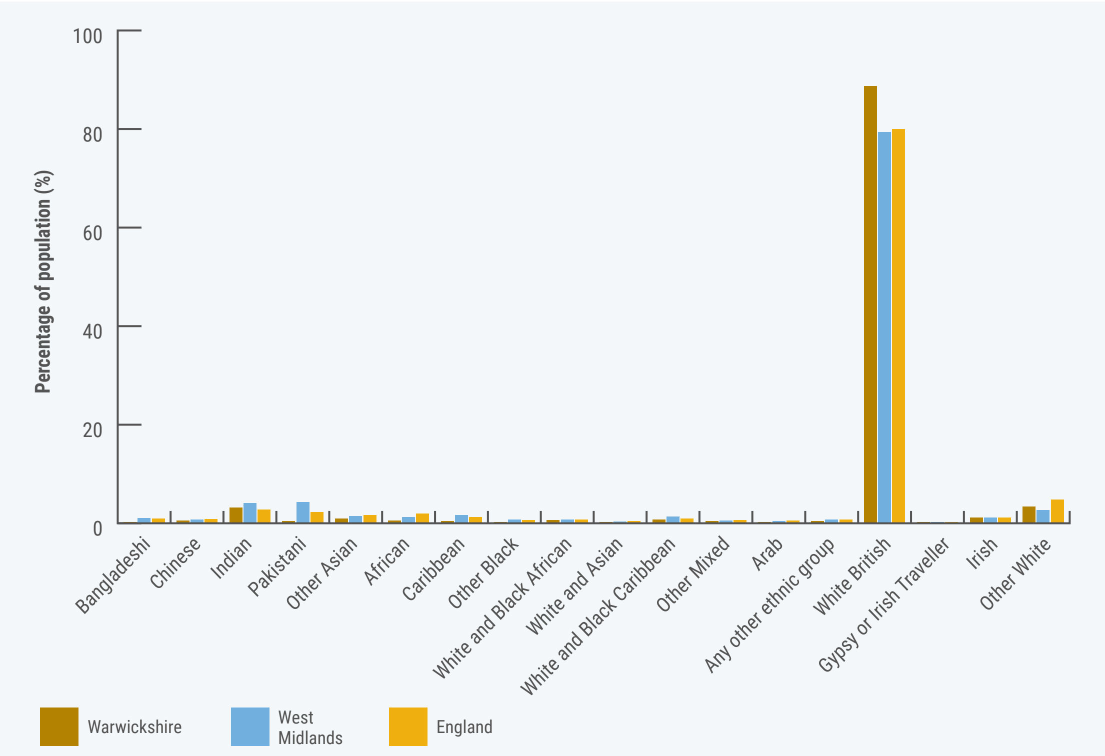


Figure 6: Detailed ethnicity groups – Warwickshire, West Midlands and England (2011)
Source: ONS – 2011 Census

Main language: The main language spoken by 95.7% of residents in Warwickshire in 2011 was English. This compared to 92.0% speaking English in England and 92.8% in the West Midlands. Other languages spoken by more than one percent of the population in Warwickshire were 'Other European language (EU)' (1.7%) and 'South Asian language' (1.3%).

Religion: In 2011, 64.5% of the population of Warwickshire were Christian compared to 59.4% of the population in England and 60.2% of the population in the West Midlands. A further 24.1% of the population in Warwickshire had 'no religion' whilst 1.7% were Sikh and 1.1% were Muslim.

Household composition: In Warwickshire in 2011, 36.2% of households were classified as being one family only with a couple who were married or in a same-sex civil partnership. Of these 36.2%, almost half (44.4%) had dependent children. Warwickshire had a higher proportion of households that were 'One family only: Married or same-sex civil partnership couple' and 'One family only: All aged 65 and over' than England and the West Midlands (Figure 7).

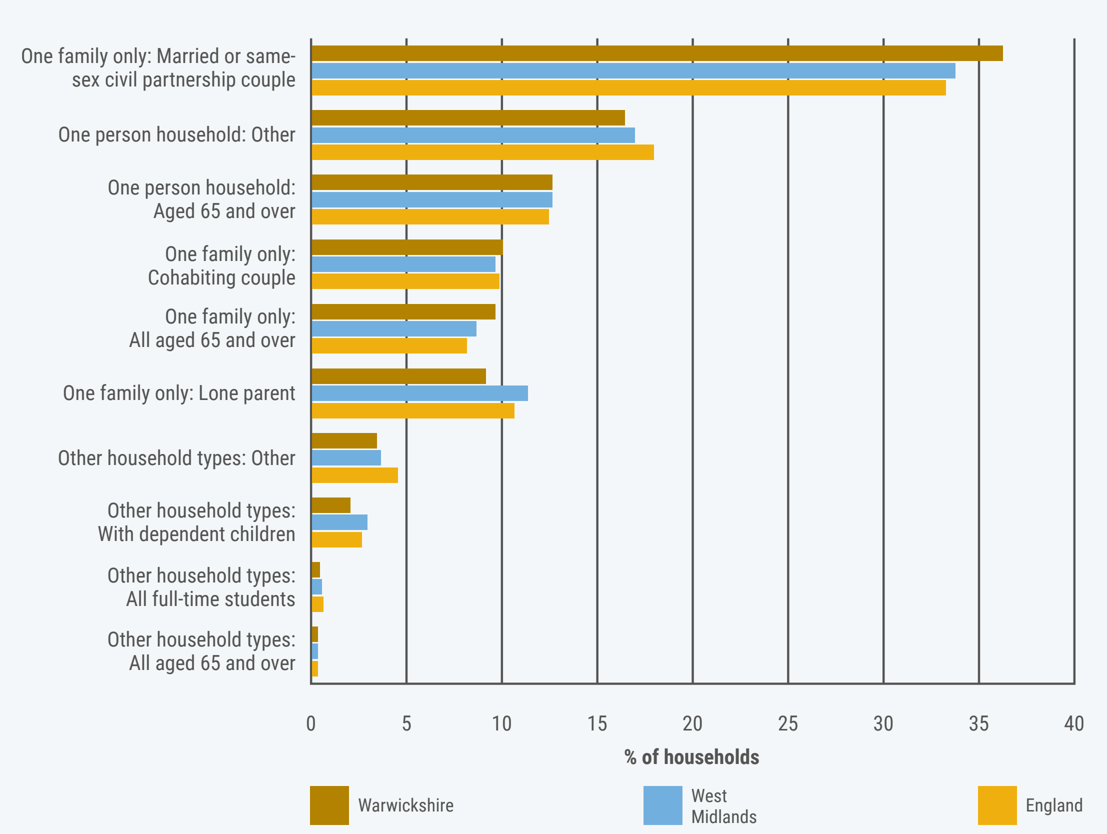


Figure 7: Household composition of households in Warwickshire (2011)
Source: ONS – 2011 Census

Disability: In Warwickshire in 2011, 17.1% of the population said their day-to-day activities were either limited a lot or a little by a health problem. This was slightly lower than the West Midlands (19.0%) and England (17.6%) averages.

Experian Mosaic profile

Mosaic is a profiling tool which uses a wide range of data to allocate households into similar groups and types based on likely common characteristics. Figure 8 shows the proportion of the 266,785 Warwickshire households within each Mosaic Group using the latest version of Mosaic (Mosaic 7).[5] Across Warwickshire, in 2021, the most prominent group is 'Aspiring Homemakers' with 12% of households belonging to this group. The least prominent group is 'City Prosperity' with only 1% of households belonging to this group.

Figure 8: Mosaic profile of Warwickshire
Source: ©Experian 2022 - All rights reserved. For the benefit of Warwickshire County Council only

The Mosaic profiles of the districts and boroughs in Warwickshire vary considerably with only the Mosaic group 'Aspiring Homemakers' being in the top five across all areas (Table 3). The shaded cells show the Mosaic groups that have the greatest proportion of households. The high proportion of households classed as 'Country Living' and 'Rural Reality' in North Warwickshire Borough and Stratford-on-Avon District reflects the predominantly rural geography of those areas. Whereas the high proportion of households classed as rental hubs in Warwick District reflects the high population of students and young professionals.

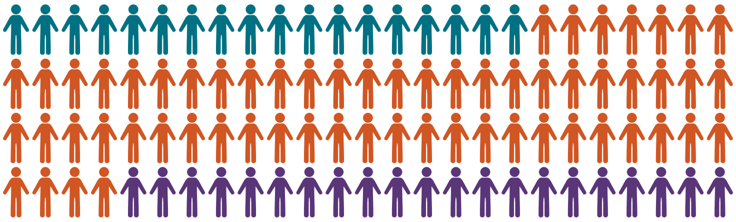
Since 2019, the percentage of 'Transient Renters' in Rugby Borough has decreased by 1.7%. In Stratford-on-Avon District, 'Domestic Success' has seen an increase of 0.9%.

		Warwickshire	North Warwickshire Borough	Nuneaton & Bedworth Borough	Rugby Borough	Stratford-on-Avon District	Warwick District
Total no. of households		266,785	28,954	58,833	49,384	63,016	66,598
A	City Prosperity	0.9%	0.0%	0.0%	0.2%	0.4%	3.1%
B	Prestige Positions	9.9%	5.1%	4.8%	7.7%	12.0%	16.1%
C	Country Living	10.9%	12.8%	0.1%	9.2%	28.1%	4.8%
D	Rural Reality	6.5%	14.2%	0.2%	4.8%	15.7%	1.3%
E	Senior Security	10.0%	9.8%	12.9%	10.5%	8.0%	9.2%
F	Suburban Stability	8.1%	12.1%	11.9%	9.0%	4.3%	5.8%
G	Domestic Success	9.6%	6.8%	7.3%	10.9%	8.6%	12.6%
H	Aspiring Homemakers	12.5%	10.9%	14.8%	15.5%	9.2%	12.0%
I	Family Basics	7.0%	6.4%	14.6%	7.3%	2.2%	5.0%
J	Transient Renters	4.3%	4.8%	7.6%	7.9%	1.2%	1.4%
K	Municipal Tenants	2.2%	2.2%	4.5%	2.0%	0.5%	1.7%
L	Vintage Value	5.9%	6.0%	8.6%	6.1%	4.3%	4.9%
M	Modest Traditions	4.6%	7.0%	11.2%	4.1%	1.0%	1.6%
N	Urban Cohesion	2.0%	0.1%	0.3%	1.2%	1.4%	5.4%
O	Rental Hubs	5.6%	1.7%	1.1%	3.8%	3.2%	15.1%

Table 3: Mosaic 7 profile by district and borough (2021)

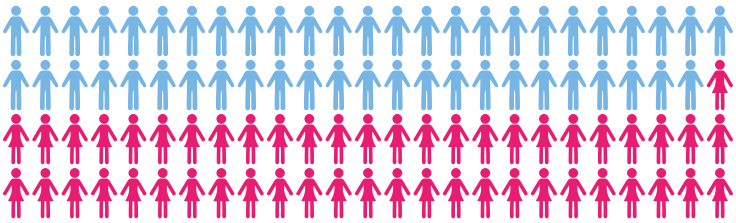
Warwickshire population summary

Warwickshire as 100 people



18 0-15 yrs
61 16-64 yrs
21 65+ yrs

ONS, mid-2020 estimates



49 Male
51 Female

ONS, mid-2020 estimates

92 White
5 Asian/Asian British
1 Black/African/Caribbean/Black British
2 Mixed/Multiple Ethnic/Other

Census 2011

83 Day to day activities not limited
9 Day to day activities limited a little
8 Day to day activities limited a lot

Census 2011

14 IMD Decile 1-3
45 IMD Decile 4-7
41 IMD Decile 8-10

IMD 2019

The impact of COVID-19 on Warwickshire and its residents

The COVID-19 pandemic has impacted on all aspects of life for people who live, work and study in Warwickshire. This section provides an overview of both national and local data and research on a range of areas where COVID-19 has influenced behaviours, service delivery and outcomes since March 2020. However, we recognise that COVID-19 has affected individuals in many different ways that cannot all be captured in a report and that there will be impacts that will not yet be apparent.

Impacts on health, wellbeing and care

Health data on COVID-19

In December 2021, daily health data on COVID-19 continues to be provided at a national and local level. This data has helped to inform the local response to COVID-19 since the start of the pandemic. In Warwickshire, between 1st March 2020 and 20th December 2021, there were 98,669 recorded cases of COVID-19, around 16,800 cases per 100,000 population.[6] Data at a postcode level is available from https://coronavirus.data.gov.uk/.

The majority of people infected with COVID-19 experience mild or moderate symptoms but for some people hospitalisation is required and sadly for some people COVID-19 has resulted in death. Since March 2020 in Warwickshire there have been 1,400 deaths where COVID-19 was a cause based on any mention of COVID-19 on the death certificate.[7] The Office for National Statistics (ONS) has looked at deaths registered by middle layer super output area (MSOA) each month from March 2020 to April 2021 and compared this with the average for the same months between 2015 and 2019.[8] In most areas within Warwickshire, there were excess deaths in the period March 2020 to end of March 2021.

Long COVID

Some people experience long-term symptoms following infection with COVID-19. This has been called 'Long COVID', 'post COVID-19 condition', 'post-acute sequelae of COVID-19', or 'chronic COVID syndrome'.[9] In November 2021, the National Institute for Health and Care Excellence (NICE) reviewed the long-term effects of COVID-19 citing the most commonly reported symptoms to be fatigue, shortness of breath, cough, sleep disturbances, anxiety and depression, cognitive impairment, and difficulty concentrating (brain fog) with other symptoms associated including cardiovascular, gastrointestinal, musculoskeletal and dermatological symptoms.[10] In December 2021, ONS reported the latest results of its UK Coronavirus (COVID-19) Infection Survey.[11]
It estimated that around 1.2 million people in the UK were experiencing self-reported long COVID (defined as 'symptoms lasting for more than 4 weeks after a suspected infection that are not explained by something else'). This represents 1.9% of the overall population. This would be equivalent to just over 11,000 people in Warwickshire.

The evidence for risk factors for long COVID is uncertain but continues to build. In November 2021 a NICE evidence review identified a series of risk and protective factors associated with long COVID.[12] Being of female sex, having poor pre-pandemic health and poor general health, suffering from asthma and being overweight or obese have been identified by the NICE review as risk factors of developing long COVID. Being a non-white ethnic minority, in particular of South Asian origin, has been identified as a protective factor. NICE also assessed risk factors in children and young people.[13] They found that older children (aged 6-18) are more likely to suffer from long COVID than younger ones (aged 2-5). Risk factors associated with developing long COVID included allergies, asthma, eczema and one or more pre-existing conditions.

Warwickshire County Council

Clinically extremely vulnerable residents

From 23rd March 2020, the Chief Medical Officers across the UK identified the need to protect people who were defined as clinically extremely vulnerable (CEV) to severe illness from COVID-19, developing a list of people who were advised to 'shield' at home. The advice around shielding was relaxed in August 2020 but reintroduced as COVID-19 cases rose again in the autumn before pausing on 1st April 2021. The number of residents shielding in Warwickshire changed throughout the course of the pandemic as the definition of what was meant by clinically extremely vulnerable changed; at its peak in March 2021 there were over 33,000 residents on the Shielded Patient List. Many of these residents shielded for at least 12 months. The negative impact of shielding on both physical and mental health has been reported.[14]

Mental health and wellbeing

In Great Britain, one in six adults experienced some form of depression in summer 2021 (21 July 2021-15 August 21) (Figure 9).[15] Although this represents a decrease from earlier in 2021, it was still above the one in ten reported before the pandemic. The recorded prevalence of depression (in persons aged 18+) in Warwickshire has followed a similar pattern; in 2019/20 (prior to the pandemic) the recorded prevalence of depression was 12.1%, in 2020/21 this had risen to 13.8%.[16] The ONS found that younger adults, women, disabled adults, unemployed adults, those who could not afford an unexpected expense of £850, and adults living in the most deprived areas of England were more likely to experience some form of depression and experienced the largest increase in rates of depressive symptoms compared with pre-pandemic levels. The most commonly reported impacts of the pandemic by adults experiencing some form of depression were effects on well-being (74%), lack of freedom and independence (44%), and access to healthcare and treatment for non-coronavirus related issues (40%).

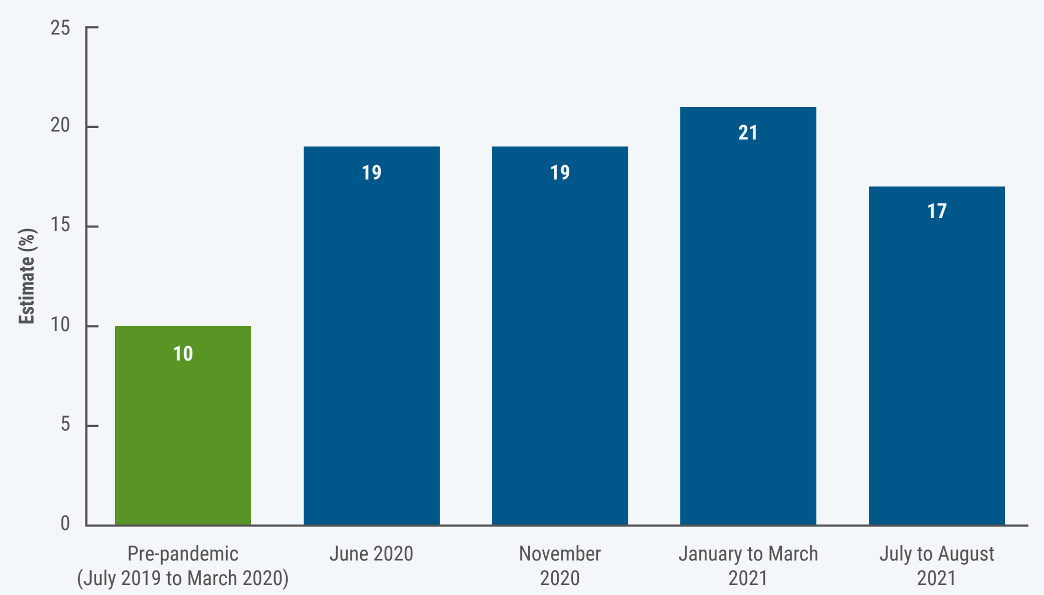


Figure 9: Percentage of adults in Great Britain with moderate to severe depressive symptoms
Source: Office for National Statistics – Opinions and Lifestyle Survey

The Health Foundation in June 2020 summarised a number of drivers of worsening mental health during the pandemic. These were social isolation; job and financial losses; housing insecurity and quality; working in a front-line service; loss of coping mechanisms; and reduced access to mental health services.[17]

Physical activity

The COVID-19 pandemic has impacted on people's ability to be physically active. For some there have been opportunities to be more active with outdoor activities such as cycling for leisure, running or walking becoming more popular. Whilst for others the various restrictions on team and indoor sports and mixing with larger groups has resulted in less activity. The latest 12 months of Active Lives Adults survey data from Sport England covers the period from mid-May 2020 to mid-May 2021. This includes three months of full national lockdowns, six months of significant restrictions and three months of limited restrictions. Nationally compared to 12 months earlier, there were 700,000 (-1.9%) fewer active adults and 1 million (+2%) more inactive adults.[18]
In addition, the survey found that existing inequalities had been widened, with some groups hit much harder by the pandemic than others. This was the case for women, young people aged 16-34, over 75s, disabled people and people with long-term health conditions, and those from Black, Asian and other minority ethnic backgrounds. Those living in deprived areas and also those in urban areas also found it harder to be active.

In Warwickshire changes in activity levels varied between districts and boroughs (Table 4) with the reduction in respondents categorised as active being the greatest in North Warwickshire Borough, and increases in respondents categorised as inactive being greatest in Stratford-on-Avon District.

AREA	Activity levels: May 2020-May 2021			Change from the previous 12 months		
	Active (150+ mins/week)	Fairly Active (30-149 mins/week)	Fairly Inactive (<30 mins/week)	Active (150+ mins/week)	Fairly Active (30-149 mins/week)	Fairly Inactive (<30 mins/week)
North Warwickshire	56.9%	13.9%	29.3%	-3.3%	2.9%	0.5%
Nuneaton & Bedworth	53.4%	13.7%	32.9%	-0.2%	-0.3%	0.5%
Rugby	60.7%	12.6%	26.7%	0.6%	-1.3%	0.7%
Stratford-on-Avon	67.5%	9.7%	22.8%	2.7%	-4.4%	1.7%
Warwick	70.9%	8.3%	20.8%	1.6%	-3.0%	1.4%
Warwickshire	62.8%	11.2%	26.0%	0.7%	-1.7%	1.0%

Table 4: Sport and physical activity levels in Warwickshire, May 2020-May 2021 and percentage change from previous year Source: Sport England (2021), Active Lives Adult Survey

A further report from Sport England on activity levels in children and young people[19] during the 2020-21 academic year found that there were 94,000 fewer active children and young people compared to the year before the pandemic (2018-19), but activity levels overall remain unchanged from the previous academic year (2019-20). The 2020-21 findings found that existing inequalities had been exacerbated and there had also been a drop in activity levels for boys. Those from the least affluent families remained the least active, and this gap had widened since the start of the pandemic – in part because low affluence families have less access to outdoor space.

COVID recovery survey

A local COVID Recovery survey took place in August and September 2020 receiving over 2,500 responses from residents in Coventry and Warwickshire. The aim of the survey was to gain insight into the impact of COVID-19 on health and wellbeing, as well as to better understand the needs and concerns of residents. Respondents were asked a range of questions about COVID-19 and their health, employment, volunteering, and future priorities. The key findings from this survey included:

- Overall, 14.6% of participants reported feeling lonely often or always. A further 35% reported feeling lonely occasionally or some of the time. People who reported increased loneliness and reduced mental wellbeing were significantly more likely to be younger, female, people with pre-existing mental health conditions, not in employment (excluding those who were retired). Participants living in Rugby and Nuneaton & Bedworth Boroughs also reported significantly lower mental wellbeing than in the other districts/boroughs.
- One in five respondents reported increased alcohol consumption. One in five reported increased consumption of sugary and fatty foods. One in three reported increased eating.
- The factors considered most stressful during the COVID-19 situation included: loved one(s) being infected, not meeting friends and family and bigger global impacts.
- An increase in the COVID-19 stressors was associated with a decrease in wellbeing scores and an increase in loneliness scores.
- In general, participants reported feeling more uncomfortable about accessing hospitals than in-person GPs, dentists and opticians. There was also concern about delayed care/worsening symptoms.
- In terms of being out and about, respondents stated they felt most comfortable in outdoor settings and takeaways. In contrast, respondents reported feeling least comfortable on public transport, in indoor leisure settings and in hospital emergency departments. The top measures which made people feel more comfortable included limited numbers in settings, sanitizer stations and protective screens, social distancing and use of face coverings.
- Half of respondents reported they had walked or cycled more during the pandemic (for either exercise or transport).
- Work-related stress had increased for over half of all respondents. Work-life balance was considered to be worse for just over a third of respondents but better for just under a third. Combining work and caring responsibilities was worse for around 40% of respondents.
- When asked 'if I needed help during a period of lockdown, other members of the local community would support me', two thirds of respondents felt they would get help. This was highest in Stratford-on-Avon District (75%) and lowest in Nuneaton & Bedworth Borough (50%).
- Volunteering levels appeared to be higher in the south of the county. Key volunteering activities included: supporting daily tasks, facilitating social communication, engaging in creative activities (e.g., mask/gown making) and supporting others financially. Barriers to volunteering included health and age, working/caring responsibilities and being willing but not contacted.
- In terms of actions that were considered most helpful to respondents going forward, the main priorities were about having confidence to access healthcare services, access to public spaces, transport and town centres, and feeling confident at work and/or financially.

A further survey looking at the impact of COVID-19 conducted by Warwickshire County Council and Coventry University was live from 27th October to 8th December 2021. This looked to see how attitudes and behaviours may have changed since the previous survey. Results are expected to be available in early 2022.

Further information on the health impacts of COVID-19 on Warwickshire residents can be found through the following sources:

- **Coventry and Warwickshire COVID-19 Health Impact Assessment (July 2020)**
- **COVID-19: Impact in Warwickshire, Director of Public Health annual report 2020/21**
- **Monitoring Health Inequalities in Warwickshire dashboard**

Impacts on the economy

The COVID-19 pandemic has impacted the economy in many ways. From lockdown restrictions shutting down many businesses to limits on mobility, the economic impact has been enormous. Nationally gross domestic product (GDP) declined by 9.7% in 2020, the steepest drop since consistent records began in 1948 and despite a strong recovery in spring 2021, as of October 2021, GDP was still 0.5% lower than before the pandemic.[20]

Employment

At its peak in August 2020, 17,535 residents in Warwickshire were claiming Universal Credit or Jobseeker's Allowance (Figure 10). The equivalent figure prior to the COVID-19 pandemic (on 1st March 2020) was 7,830 – an increase of almost 10,000 residents claiming.[21] Since April 2021, claimant counts have gradually reduced but still remain higher than pre-pandemic levels.

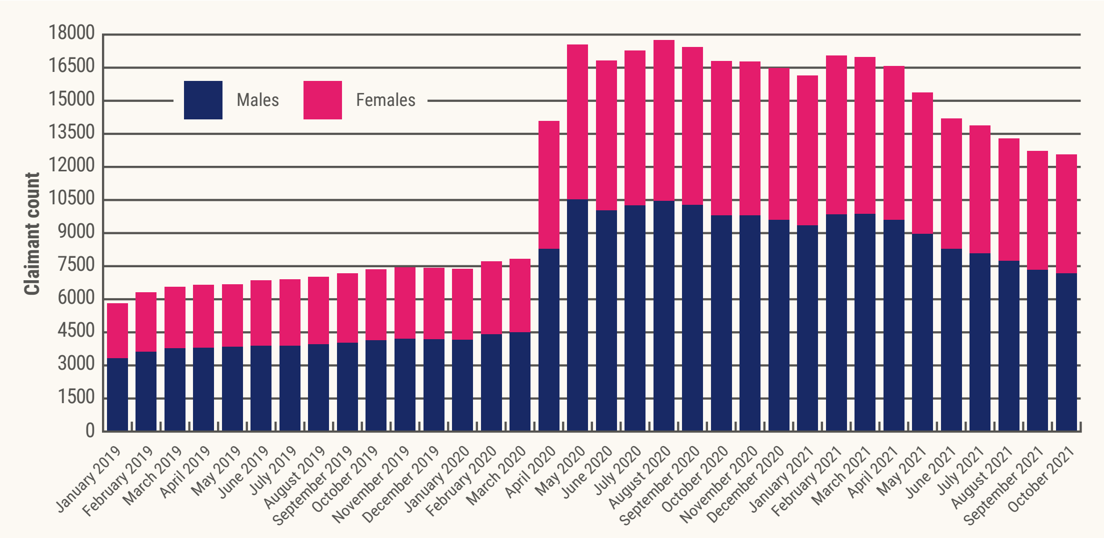


Figure 10: Warwickshire claimant count by gender, January 2020-October 2021
Source: ONS (2021) - Nomis

The Coronavirus Job Retention Scheme (CJRS) applied from 1 March 2020 and ended on 30 September 2021. The scheme provided grants to employers so they could retain and continue to pay staff during COVID-19 related lockdowns, by furloughing employees at up to 80% of their wages. Furlough levels largely rose and fell with changes in lockdown restrictions and changes to the CJRS scheme. In Warwickshire, the number of jobs furloughed peaked in July 2020 with 89,000 employees on furlough, fell throughout summer 2020 and then increased in November 2020 and again in January 2021 after national lockdowns were introduced. Numbers then fell steadily after March 2021. In Warwickshire, the cumulative number of employments on furlough based on claims made by the 14th September 2021 was 106,300.[22]

Economic outlook

The Coventry & Warwickshire Economic Outlook Index[23] looks at whether businesses in the area believe that the economy is getting better, staying the same, or getting worse. Figure 11 shows the quarterly results for the last three years. If the index value is above 50 it means there is a expansion/ signs of optimism in the economic outlook of local businesses and if it is below 50 there is a contraction/signs of pessimism. There was a sharp fall in the index score in the quarter following the start of the COVID-19 pandemic which took until the quarter ending 30th June 2021 to recover to pre-pandemic levels.

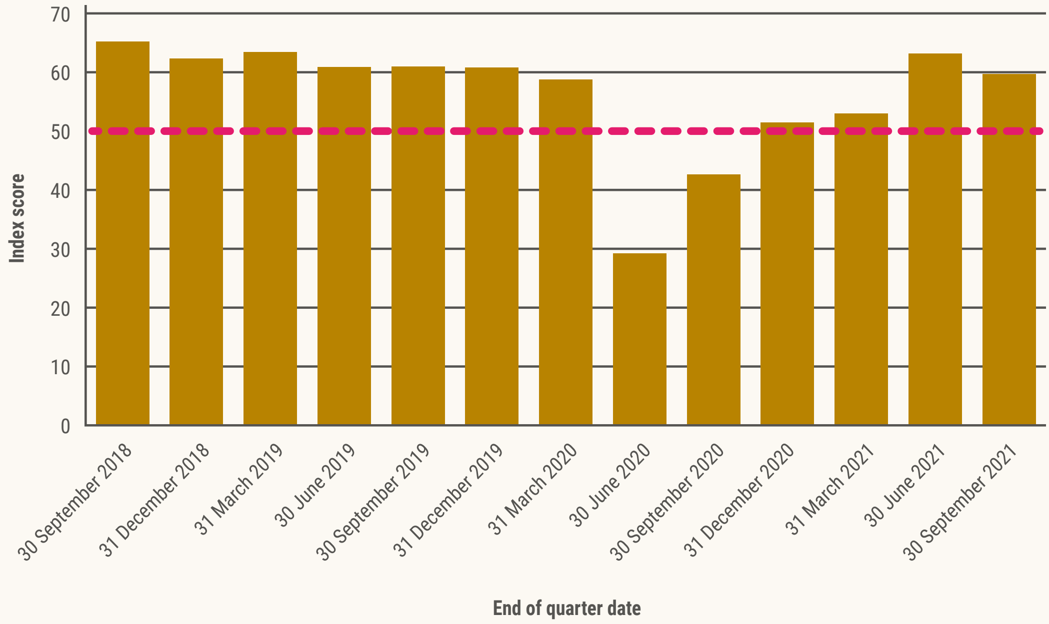


Figure 11: Coventry & Warwickshire overall economic outlook
Source: Coventry & Warwickshire Chamber of Commerce, Quarterly Economic Survey

Further information on the impact of COVID-19 on the economy in Warwickshire can be found on the Coventry & Warwickshire Local Enterprise Economic Recovery Dashboard.

Impacts on education

With the closure of schools, a move to on-line learning, the operation of in-school 'bubbles' and the cancellation of exams, education has been hit particularly hard by the COVID-19 pandemic. Research from the Office for National Statistics in 2021[24] suggested that in England:

- Pupils working from home during the pandemic covered substantially less material than their peers in the classroom, according to teacher assessments (April 2020 to June 2021).
- The difference between the materials covered by remote and in-class pupils was larger for primary schools than for secondary schools, with remote learning primary school pupils covering a much smaller fraction of the learning materials than their in-class peers.
- Younger pupils' learning was more dependent on parental involvement than older pupils.
- Remote learning has been less effective for the teaching of some subjects than for others, with a larger reduction in materials covered being reported for arts, and design and technology than for other subjects.
- Remote learners in more deprived schools covered relatively less material than their in-class peers.

A review by Public Health England[25] suggested that prolonged or repeated school closures are likely to limit academic progress, impact upon key development transitions, and reduce opportunity to connect with peers. Inequalities in home learning environment and deprivation or abuse in the home may exacerbate the effects of school closures on children.

Impacts on community and place

Inequalities

According to Public Health England, the impacts of COVID-19 including mortality, morbidity, and hardship associated with lockdown measures are unevenly distributed (for example, higher amongst Black Asian and Minority Ethnic (BAME) and deprived communities) and thus likely to exacerbate inequalities.[26]

In May 2020, the ONS reported nearly a quarter of people (23%) saying their household finances had been impacted by coronavirus.[27] According to the Coventry and Warwickshire COVID-19 Health Impact Assessment[28], foodbank use increased during the 2020 lockdown. Data from the Trussell Trust showed an increase of 125% in food parcels given out overall in Warwickshire compared to the equivalent month a year prior. There was also an increase in food parcels given to families with children.

Data across all Warwickshire Citizens Advice provision from 16th March - 31st May 2020 showed a slight decrease in the number of clients and an increase in the complexity and number of issues per client (in line with national trends). Of those who had been in contact, a greater proportion were aged in their 20s and 30s and a smaller proportion aged 55+. The increase of clients in their 20s and 30s may be down to a preference of using online contact methods, as well as an increased need in this age group.

Volunteering and social action

During the COVID-19 pandemic across the country and in Warwickshire there was increased community and civic engagement. Neighbourhood mutual aid groups were established, and between March 2020 and June 2021, there were over 10,250 approved NHS volunteers across Coventry and Warwickshire, many carrying out community response tasks such as colleting and delivering shopping, medication and other essential supplies. In the early stages of the pandemic in Great Britain nearly two in three adults (64.1%) said other local community members would support them if they needed help.[29] In addition, over three in four adults (77.9%) said they thought people were doing more to help others since the COVID-19 pandemic. A survey of the voluntary and community sector organisations (VCSOs) carried out by Warwickshire Community and Voluntary Action (CAVA) in April 2020 found that some new organisations have been set up during the pandemic, and many VCSOs had changed the way they deliver their services. Public Health England suggest that organisations were reporting both increase in demand on services and concerns over a threat to their funding, particularly small charities and social enterprises.[30]

Community safety

In England and Wales, patterns of crime in the year ending March 2021 were significantly affected by the COVID-19 pandemic and the associated restrictions. While there were decreases across a range of individual crime types, particularly theft offences, these were offset by rises in fraud and computer misuse offences (36% increase), resulting in no change in overall levels of crime.[31]

Pandemics can increase rates of violence and domestic abuse, through effects of increased social stressors such as economics, restriction of movement, conflict/instability, exposure to exploitative relationships, and reduced access to support. In April 2020, Refuge reported a 25% increase in calls to the National Domestic Abuse Helpline whilst hits to the national domestic abuse website increased by 150% during the initial stages of COVID-19 lockdown.[32] The pattern of increased demand coincided with the longest national lockdowns in England.

Environmental impacts

Large reductions in traffic during the early stages of lockdown saw corresponding falls in noise pollution, air pollution, and an increased opportunity for walkers, runners and cyclists. ONS data suggests that COVID-19 restrictions saw household greenhouse gas emissions decrease by 10% in 2020.[33] A massive reduction in personal travel, including commuting to work, drove household greenhouse gas emissions down by 16 million tonnes of CO^2 equivalent compared with the year before. For example, trips by all modes of transport in the Midlands decreased by 81% from 6th to 29th March 2020.[34]

In April 2021, the ONS published a report looking at how people's perception of nature changed during the pandemic and whether this is likely to continue as restrictions ease.[35] In line with national trends, the use of parks and green spaces in Warwickshire increased during July and August 2020 compared to pre-pandemic levels although this varied throughout the county. Stratford-on-Avon District saw the greatest increase in visits to and time spent in parks compared to levels in January 2020, both during the first lockdown (a rise of 22%) and during summer 2020 (a rise of 127%). The report concluded that the pandemic has underlined the importance of outdoor space, for people and policymakers.

Our Priorities

The State of Warwickshire provides a high-level view of Warwickshire as a county and where possible the boroughs and districts within Warwickshire. The information and evidence in the following pages will act as a point of reference for local communities, businesses and local partners as well as different teams within the council to help shape the work we do and the approach which can be taken to improve the lives of people within Warwickshire.

The information on Warwickshire is presented in three main sections that align with Warwickshire County Council's three strategic priorities to make Warwickshire the best it can be, sustainable now and for future generations:

- a county with a **thriving economy and places** with the right jobs, skills, and infrastructure;
- a place where people can live their **best lives,** where communities and individuals are supported to live safely, healthily, happily, and independently; and
- a place with **sustainable futures,** which means adapting to and mitigating climate change and meeting net zero commitments.

Each of the following sections reflects an overview of the insights and data which we have about each of these areas. These form the baseline from which the state of Warwickshire can be judged and help to inform delivery of the Council Plan.

The information within the following sections is taken from publicly available sources and in some cases local research. The complexity of these issues can be understood in different ways, and have different solutions presented. The following data and information create a clear set of indicators which will help the development of solutions but also support communities to identify the challenges and issues which they can address.

Data and evidence is updated regularly; for the most up to date information on the majority of the data presented in this report please refer to Warwickshire Insights - https://data.warwickshire.gov.uk/ or one of the suite of dashboards produced by the Business Intelligence Service (businessintelligence@warwickshire.gov.uk).

Warwickshire County Council

Thriving economy and places

Introduction

Having a thriving economy and places reflects the critical elements which underpin the strength and resilience of local areas where our families, communities and businesses live and grow.

This means how the local economy can grow, creating jobs which are paid well and reflect the skills and strengths of individuals. These things rely upon areas like education and the skills system, economic development and inward investment. Yet it also means other things like housing and the different modes of transport which in turn create the opportunities and strengths for businesses to grow.

Although there is much more to our local places than jobs and businesses, the strength of our local economy is the basis of giving people confidence to open new local businesses in their places; ensures a steady stream of visitors to our attractions, parks and museums; and gives our communities the confidence and resilience which comes from better paid, secure employment.

Warwickshire's economy, pre-COVID-19 pandemic, had many strong foundations and opportunities which formed the basis of the recovery plan put in place in 2020 in response to the COVID-19 pandemic.[36] Much of the discussion around the economy is how it is anticipated to change and develop in the medium-term both because of COVID-19 but also in response to policy, climate change and new technologies.

The data and evidence set out within this section provides an overview of the state of Warwickshire around key areas such as economic growth, employment, skills, education, key sectors/ businesses, investment, digital connectivity and transport.

Key sectors and businesses in Warwickshire

In 2020, there were an estimated 293,000 employee jobs in Warwickshire, of which 204,000 (69.6%) were full-time and 89,000 (30.4%) part-time.[37] Just over 12% (35,800) of these jobs were in the public sector, with higher proportions of public sector jobs in Nuneaton & Bedworth Borough and Warwick District.

The greatest number of employee jobs by industry in Warwickshire were in the broad category 'Wholesale and retail trade; repair of motor vehicles and motorcycles' with around 47,000 jobs (16.0% of all jobs). Some industrial groups have a higher proportion of employee jobs in Warwickshire compared to the average in Great Britain particularly manufacturing (12.3% vs 7.9%), and transportation and storage (7.5% vs 5.1%) (Table 5).

EMPLOYEE JOBS BY INDUSTRY	Warwickshire (Employee Jobs)	Warwickshire (%)	West Midlands (%)	Great Britain (%)
B: Mining & Quarrying	200	0.1	0.1	0.2
C: Manufacturing	36,000	12.3	10.9	7.9
D: Electricity, Gas, Steam & Air Conditioning Supply	4,500	1.5	0.5	0.5
E: Water Supply; Sewerage, Waste Management & Remediation Activities	1,500	0.5	0.7	0.7
F: Construction	12,000	4.1	4.4	4.8
G: Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles	47,000	16.0	16.1	14.9
H: Transportation & Storage	22,000	7.5	6.0	5.1
I: Accommodation & Food Service Activities	20,000	6.8	6.2	7.2
J: Information & Communication	12,000	4.1	2.9	4.5
K: Financial & Insurance Activities	6,000	2.0	2.5	3.5
L: Real Estate Activities	3,500	1.2	1.6	1.8
M: Professional, Scientific & Technical Activities	27,000	9.2	7.1	8.7
N: Administrative & Support Service Activities	24,000	8.2	9.8	8.8
O: Public Administration & Defence; Compulsory Social Security	10,000	3.4	3.9	4.6
P: Education	21,000	7.2	9.2	9.0
Q: Human Health & Social Work Activities	31,000	10.6	13.8	13.6
R: Arts, Entertainment & Recreation	5,000	1.7	1.9	2.2
S: Other Service Activities	9,000	3.1	2.6	1.9

Table 5: Employee jobs by broad industrial groups (2020)
Source: ONS (2021) Business Register and Employment Survey.

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Notes:
% is a proportion of total employee jobs excluding farm-based agriculture. Employee jobs excludes self-employed, government-supported trainees and HM Forces.

The proportion of jobs by industrial group have mainly stayed unchanged since 2019 although the percentage of jobs in 'accommodation and food services' (8.6% down to 6.8%) and 'arts, entertainment & recreation' (2.7% down to 1.7%) have seen the largest decreases. The broad industrial groups providing employment varies across districts and boroughs within Warwickshire (Table 6).

North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick
• Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles (22.2%) • Transportation & Storage (15.6%) • Manufacturing (13.3%) • Professional, Scientific & Technical Activities (8.9%) • Administrative & Support Service Activities (8.9%)	• Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles (15.9%) • Human Health & Social Work Activities (15.9%) • Manufacturing (11.4%) • Education (9.1%)	• Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles (14.3%) • Transportation & Storage (12.2%) • Manufacturing (12.2%) • Professional, Scientific & Technical Activities (10.2%) • Education (9.2%) • Administrative & Support Service Activities (9.2%)	• Manufacturing (17.9%) • Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles (14.9%) • Human Health & Social Work Activities (10.4%) • Accommodation & Food Service Activities (9.0%) • Professional, Scientific & Technical Activities (9.0%)	• Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles (14.6%) • Professional, Scientific & Technical Activities (11.2%) • Human Health & Social Work Activities (11.2%) • Administrative & Support Service Activities (9.0%)

Table 6: Main employee jobs by broad industrial groups (2020) by districts and boroughs
Source: ONS (2021), Business Register and Employment Survey

Between April 2020 and March 2021, the highest proportion of those in employment in Warwickshire were in professional occupations (28%) (Table 7). This group of occupations usually requires a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training.

OCCUPATION (SOC2010)	% of all in employment (April 2020-March 2021)							
	Warwick-shire	North Warwick-shire	Nuneaton & Bedworth	Rugby	Stratford -on- Avon	Warwick	Great Britain	West Midlands
1: managers, directors and senior officials	13.6	10.4	11.6	16.8	16.0	12.6	11.1	10.7
2: professional occupations	28.8	16.9	25.1	24.5	34.3	35.4	23.1	21.7
3: associate prof & tech occupations	11.9	14.1	10.7	11.8	11.0	12.9	15.5	13.6
4: administrative and secretarial occupations	9.8	16.3	7.8	13.2	8.5	7.7	10.2	10.2

OCCUPATION (SOC2010)	% of all in employment (April 2020-March 2021)							
	Warwick-shire	North Warwick-shire	Nuneaton & Bedworth	Rugby	Stratford -on-Avon	Warwick	Great Britain	West Midlands
5: skilled trades occupations	5.8	3.4	7.2	6.9	4.5	5.9	8.9	9.0
6: caring, leisure and other service occupations	8.3	13.8	10.4	8.4	3.2	8.4	9.0	9.8
7: sales and customer service occupations	6.4	1.5	7.7	4.2	6.2	8.9	7.1	6.6
8: process, plant and machine operatives	5.7	9.7	8.0	4.8	6.6	2.0	5.7	7.1
9: elementary occupations	9.6	13.2	11.6	9.5	9.9	6.3	9.1	11.1

Table 7: Occupation of those in employment in Warwickshire (2020/21)
Source: ONS (2021), Annual Population Survey

The Economic Impact of Tourism – Warwickshire 2019 report,[38] stated that there were 16,384,000 trips (day and staying) to Warwickshire in 2019. This was an increase of 979,000 (or 6.4%) since 2017. The report went on to estimate that visitors to Warwickshire spent an estimated £968 million in 2019, suggesting that the value of tourism to the county was approximately £1.32 billion, around 6.7% of the total GVA. Furthermore, Visit Britain data on international visitors suggests that there were 453,000 international visitors to the county in 2019, an increase of 8.7% on 2018. International visitors were estimated to have spent £262 million on their visit to Warwickshire in 2019. The COVID-19 pandemic will have impacted on figures in 2020 and 2021.

Economy – productivity, growth and investment

Gross value added (GVA)

GVA is a measure of the increase in the value of the economy due to the production of goods and services. It is measured at current basic prices, excluding taxes (less subsidies) on products (for example, Value Added Tax). The GVA for all industries in Warwickshire in 2019 was £19,823 million.[39] The greatest contributors by broad industrial groups were manufacturing; wholesale and retail trade, repair of motor vehicles; and real estate activities. Figure 12 shows GVA between 2009-2019 for industries in Warwickshire contributing over £1,000 million to GVA.[40]

GVA per head is a useful way of comparing areas of different sizes but is not a measure of an area's productivity. The annual estimate of GVA per head of population (at current basic prices) was £34,302 for Warwickshire in 2019.[41] As Figure 13 below shows, Warwickshire's GVA per head of population is higher than both the regional and national equivalent, £4,063 higher than the England figure and £9,959 higher than the West Midlands GVA in 2019 and has pulled away from the England average over the last ten years.[42]

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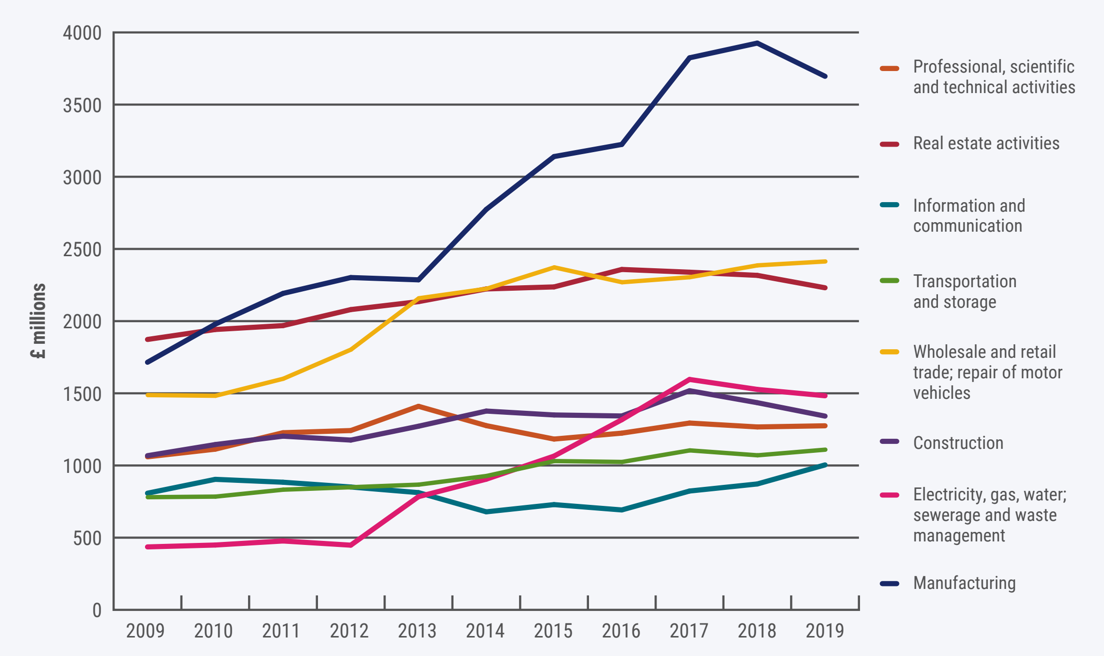


Figure 12: GVA per broad industry group (industries over £1,000 million) in Warwickshire
Source: ONS (2021), Regional gross value added by industry: all ITL regions

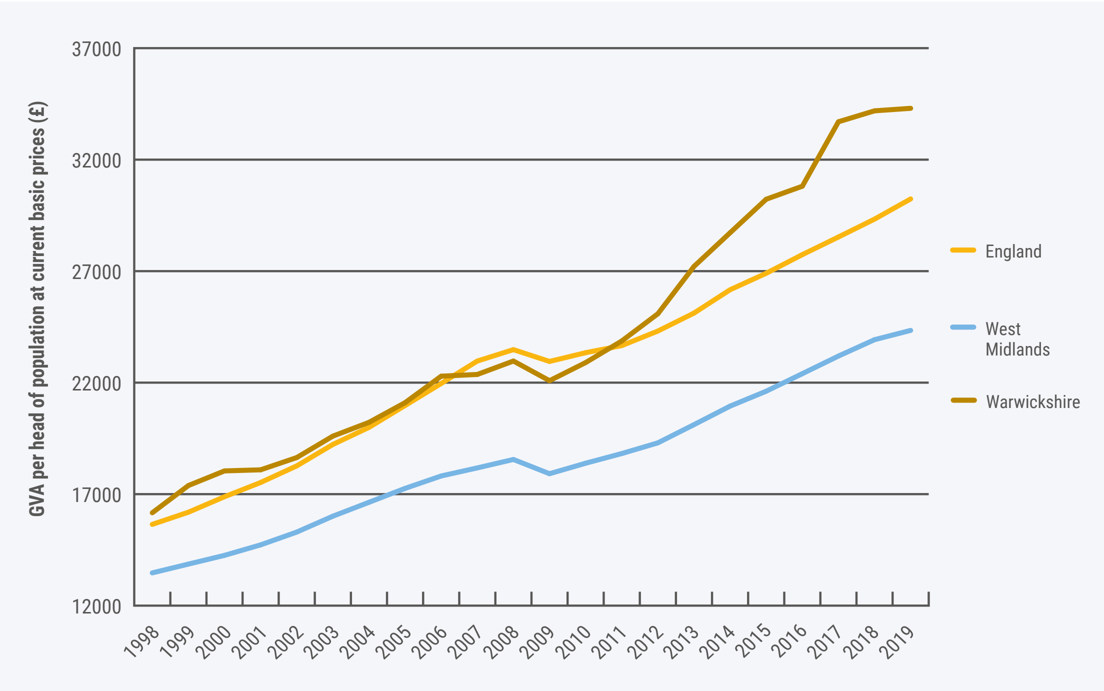


Figure 13: Gross Value Added (balanced) per head of population at current basic prices, 1998-2019
Source: ONS (2021), Regional gross value added (balanced) per head and income components

In terms of GVA per hour worked, ONS data at local authority level shows that Warwick District (£43.03) and Stratford-on-Avon District (£40.20) had a higher GVA per hour than the other districts and boroughs in 2019.[43] However, Nuneaton & Bedworth Borough (£26.71) has a GVA per hour that is considerably lower than the West Midlands (£31.27) and England average (£35.69) in 2019 (Figure 14).

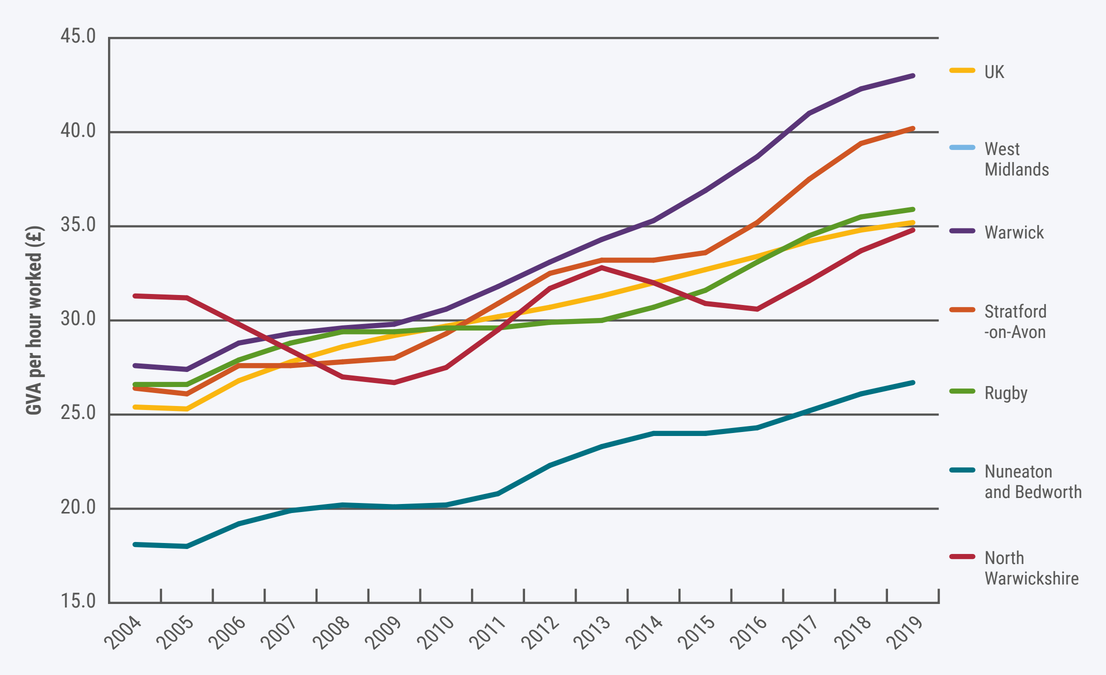


Figure 14: Nominal (smoothed) GVA per hour worked (£) by Local Authority District, 2004-2019
Source: ONS (2021), Subregional productivity

GVA per filled job can be used as a proxy for productivity; for Warwickshire in 2019 the nominal (smoothed) GVA per job filled was £59,296.[44] This was higher than the equivalent figures for both the West Midlands (£50,083) and England (£57,583) suggesting higher productivity in Warwickshire. Figure 15 shows the nominal (smoothed) balanced GVA per job filled indices for each of the districts and boroughs within Warwickshire over a 17-year period.[45] This shows a downward trend for North Warwickshire from well above the UK average to in-line with the UK average, above UK GVA for Stratford-on-Avon District and Warwick District, and a much lower GVA per job filled in Nuneaton & Bedworth Borough.

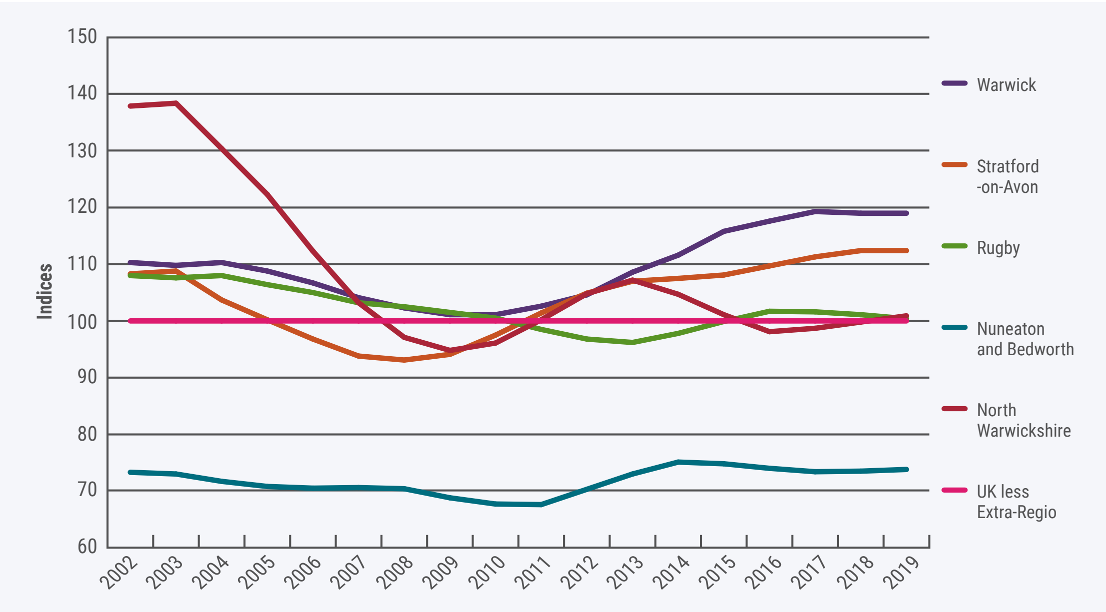


Figure 15: Nominal (smoothed) balanced GVA per filled job indices; by Local Authority District, 2002 – 2019
Source: ONS (2021), Subregional Productivity July release

Business demography

In Warwickshire, in 2020, there were 3,170 new business enterprises that did not exist in the previous two years (referred to as business births).[46] This was a rate of 66.5 births of new enterprises per 10,000 population aged 16 and above. In contrast, there were 3,295 business that no longer existed in 2020 that had existed in 2018 and 2019 (referred to as business deaths); a rate of 69.1 per 10,000 population aged 16 and above. Figure 16 shows business enterprise births in the Warwickshire districts and boroughs for the period 2014-2020. Over the seven years, there were more births of businesses in Warwick District than any other district or borough. Indeed, Warwick District saw an increase of 11.5% in births between 2018 and 2020. In contrast, there were 25.0% fewer business births in 2020 than 2018 in Nuneaton & Bedworth Borough.

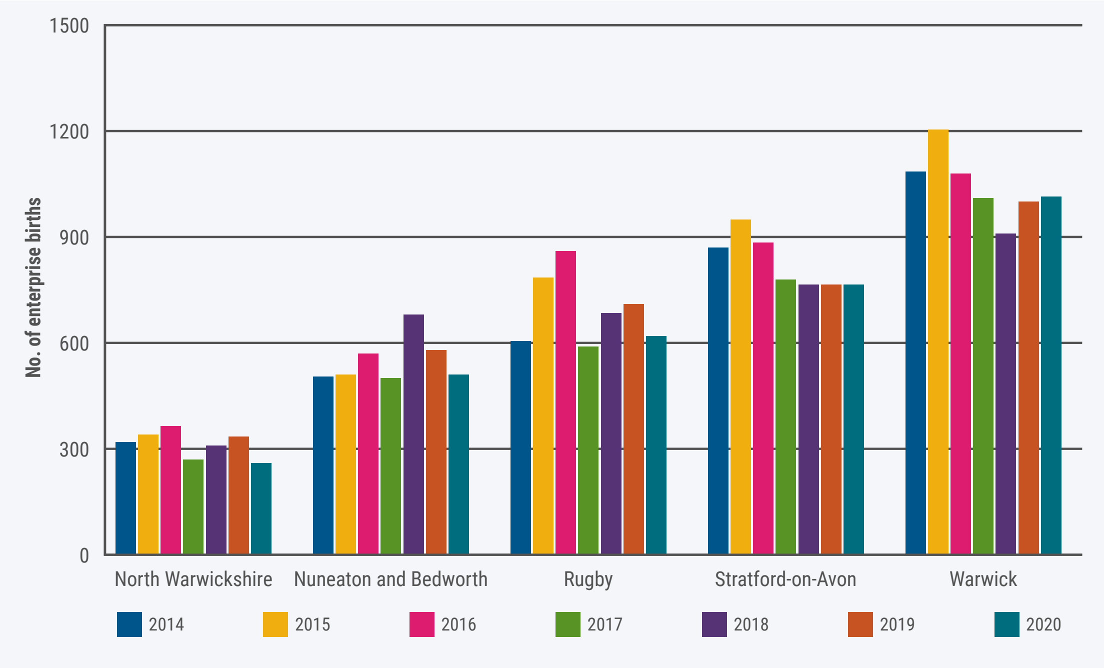


Figure 16: Business enterprise births, 2014-2020
Source: ONS (2021), Business Demography

When comparing business births with business deaths, in 2020 business births outweighed deaths in Rugby Borough (25 more births than deaths) and Warwick District (100 more births than deaths). In all other local authorities, there were more business deaths than births. This was particularly true in Stratford-on-Avon District where there were 225 more business deaths than business births.

Warwickshire's business start-up rate (total number of newly born enterprises divided by the total number of enterprises) in 2020 was 10.6%. This was a decrease from 11.3% in 2019 and lower than the equivalent regional (West Midlands: 12.2%) and national (England: 12.1%) rate. Business start-up was lowest in Stratford-on-Avon District and North Warwickshire Borough (both 8.9%) and highest in Nuneaton & Bedworth Borough (11.9%).

Of 3,790 newly born enterprises in Warwickshire in 2015, 1,590 (or 40.5%) were still active businesses five years later in 2020. Of the 3,760 newly born enterprises in Warwickshire in 2016, 1,845 (or 49.1%) were surviving 4 years later. The most recent data shows that there were 3,390 newly born enterprises in Warwickshire in 2019 and 89.5% were still active businesses one year later. The one-to-five-year survival rates for each Warwickshire local authority is presented in Figure 17.

As Figure 17 shows, 92.3% of all newly born enterprises in Rugby Borough survive one year (the highest rate of Warwickshire's districts and boroughs). Just 37.3% of newly born enterprises survive five years in Nuneaton & Bedworth Borough (the lowest rate of Warwickshire's districts and boroughs). The 2020 data suggests that businesses in North Warwickshire Borough and Stratford-on-Avon District are most likely to survive five years (42.6%). The enterprise survival rates across all time periods are in line with both regional and national figures.

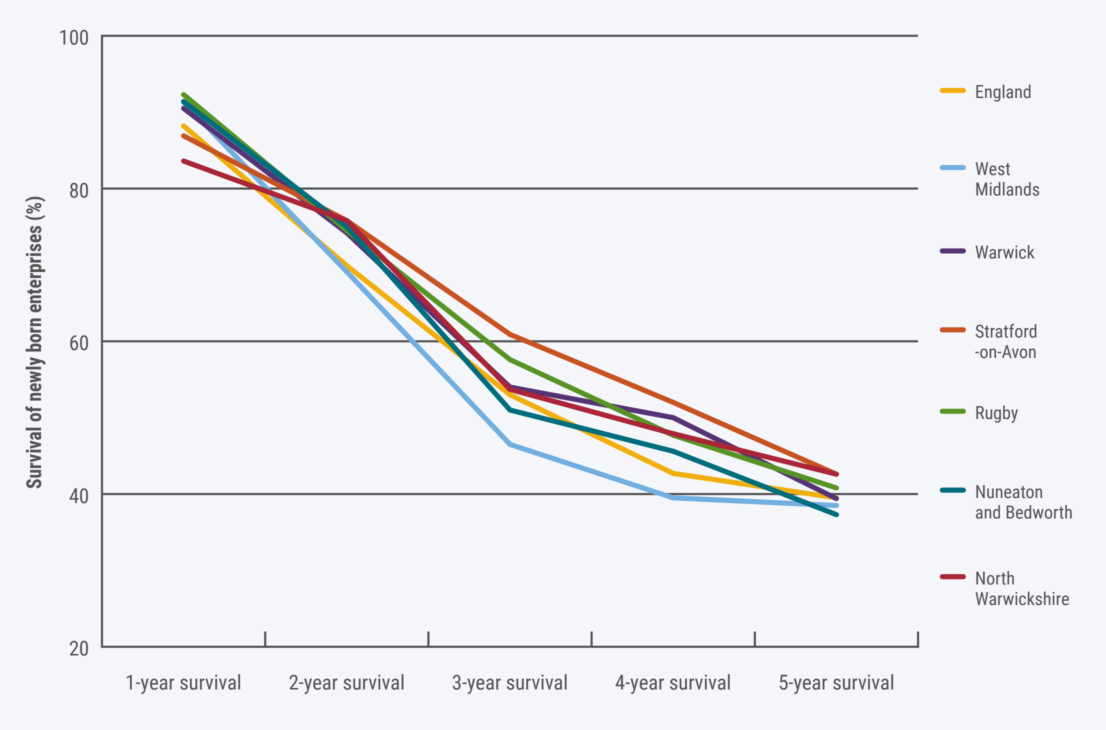


Figure 17: Newly born enterprise survival rates, 1-year to 5-years, 2015-2020
Source: ONS (2021), Business Demography

Warwickshire's workforce

Employment

For the first quarter in 2021 Warwickshire's overall employment rate (those aged 16-64) was 78.7%.[47] For comparison, the mean for all English county local authorities was 76.8% and the equivalent figure for the West Midlands region was 73.7%. Figure 18 shows the overall employment rate (aged 16-64) for the last eight quarters for each of the Warwickshire district and boroughs, alongside both the West Midlands region and England average. Each district and borough has had a higher employment rate than both the regional and national average since 2019 quarter three. Indeed, Nuneaton & Bedworth Borough's employment rate increased by six percentage points between Q2 2019 and Q3 2020. The impact of COVID-19 on the employment rate in Rugby Borough and Stratford-on-Avon District can be seen in Q1 2021.

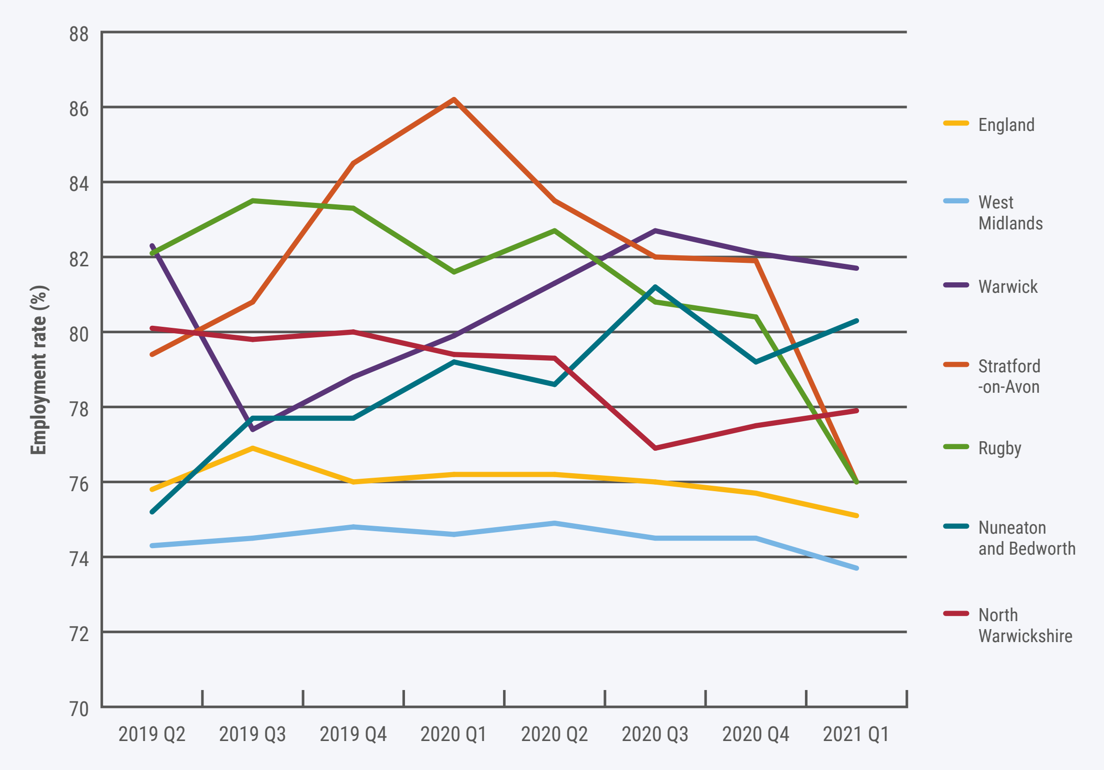


Figure 18: Overall employment rate (aged 16-64) from 2019 Q2 to 2021 Q1
Source: LG Inform (2021), Overall employment rate (aged 16-64)

According to estimates from the Labour Force Survey for the period January to March 2021, 76.0% of people who were aged 16-64 and identified themselves as 'White' were employed during this time period. The equivalent employment rate for those identifying as other ethnic groups (includes all people stating their ethnicity as 'Mixed/ multiple ethnic groups', 'Indian', 'Pakistani', 'Bangladeshi', 'Chinese', 'Black/ African/ Caribbean/ Black British' or 'Other') was 67.5%.[48] The only ethnic group with a rate higher than those identifying as 'White' was those who identified as 'Indian' – this ethnic group had an employment rate of 77.4% in January-March 2021. Data at a West Midlands or Warwickshire-level is not available for comparison.

Pay and conditions

In 2021, the median gross annual pay for full-time employee jobs whose home was in Warwickshire was £32,750.[49] This was a 1.7% increase on the previous year (£32,193). The Annual Survey of Hours and Earnings (ASHE) splits by resident and workplace and it is usually the case that people who live in Warwickshire have higher median annual earnings than those who work in Warwickshire. In 2020, the equivalent median annual pay for Warwickshire workplaces was £31,003.

Figure 19 below shows the median gross annual pay for full-time employees for each of the Warwickshire district and boroughs between 2011 and 2021. The general trend over the last ten years has been a steady increase across Warwickshire, as per regional and national trends. The largest increase over the last five years was in Warwick District – a 12.0% increase in the median annual gross pay for full-time employees between 2017 and 2021.

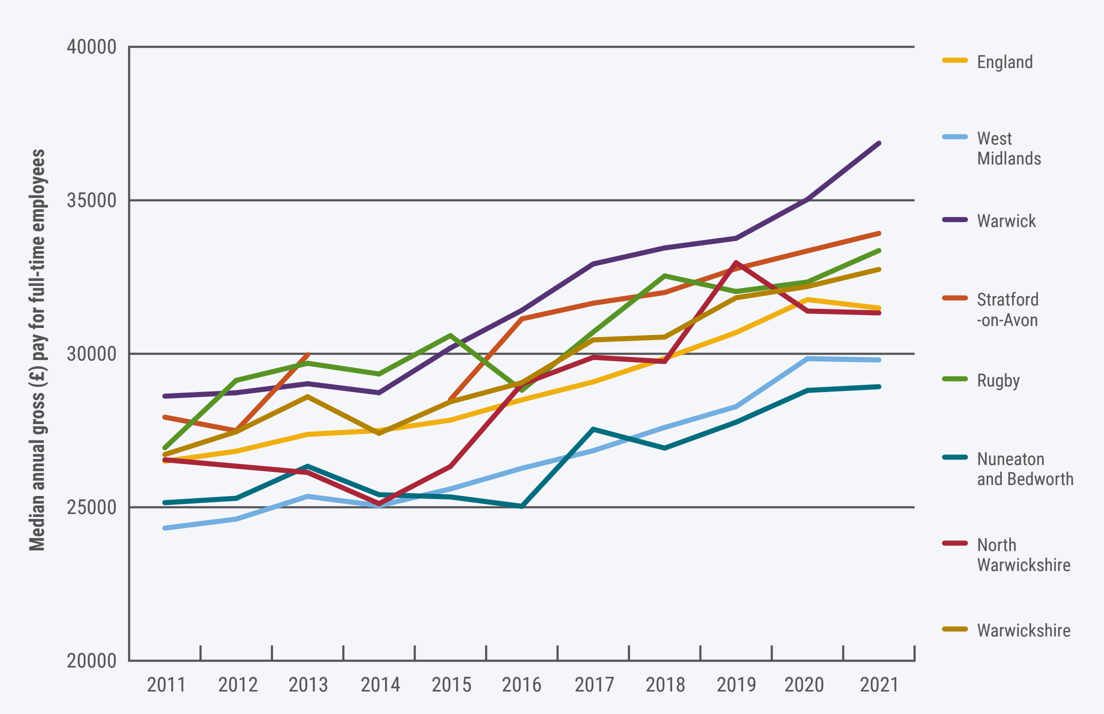


Figure 19: Median gross annual pay for full-time employees, 2011-2021
Source: ONS ASHE (2011-2021 (provisional)), Earnings and hours worked

As Figure 20 shows, in all Warwickshire districts and boroughs the median annual gross pay for male full-time workers is higher than the female equivalent (data for Stratford-on-Avon males for the year 2020 is not available due to unreliable estimates).[50] The overall gap for Warwickshire is 24.6%, slightly higher than the England average (males earn, on average, 22.0% more than females). The largest gap in earnings is in North Warwickshire where, on average, males earn 61.3% more than females.

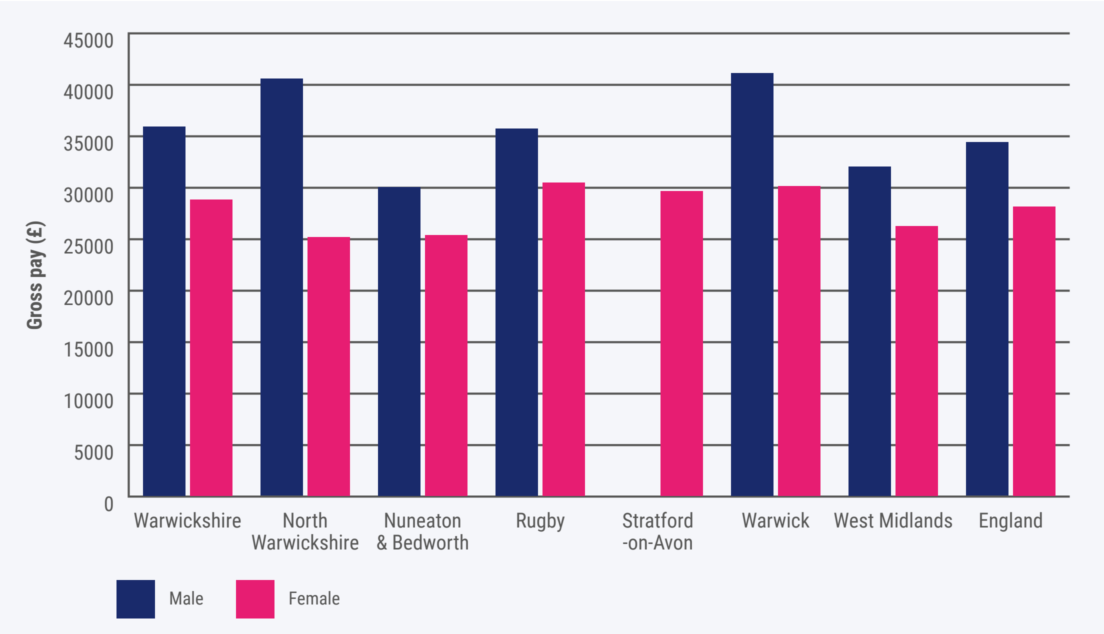


Figure 20: Median annual gross pay for full-time workers: males and females, 2020
Source: NOMIS (2020), Annual survey of hours and earnings – resident analysis

Annual estimates of the number of jobs paid below the minimum wage suggest that, in the West Midlands region, 3.0% of all jobs were below the National Minimum Wage (NMW) (excluding furloughed employees at reduced rates of pay).[51]

Including all furloughed employees, the 2020 figure for the West Midlands is 7.9%. For comparison, in 2017 the estimate of jobs paid below the NMW was 1.8%, 1.9% in 2018 and 1.6% in 2019 – this suggests the COVID-19 pandemic has had a profound effect on both employment and earnings.

According to the ONS, 66.1% of residents who are employees in England felt they were in 'quality work' in 2018. In comparison, 33.9% stated they were not in quality work.[52] Employees who are not in quality work had at least one of the following characteristics:

- Receiving low pay
- Working more than 48 hours (including overtime) in a typical week
- Underemployed
- Did not have a permanent contract because they could not find permanent employment

In England in 2018, 68.4% of females and 64.2% of males were in quality work, whilst 31.6% of females and 33.9% of males were not in quality work. Data at a Warwickshire or Local Authority-level is not available.

Unemployment

The claimant count refers to the number of Universal Credit (UC) and Job Seekers Allowance (JSA) claimants who are required to seek work to qualify for benefits – combining UC and JSA identifies all people claiming benefit principally for the reason of being unemployed, therefore the claimant count can act as a proxy for local unemployment levels.[53]

In terms of youth claimants (those aged 18-24), between July 2018 and March 2020 (pre-COVID pandemic) there were an average of 1,136 youth claimants in Warwickshire. However, in August 2020 the number of youth claimants rose to 3,390 – a 154% increase since March 2020. By August 2021, numbers of youth claimants had fallen to 2,375, but this was still double pre-pandemic numbers.

The overall claimant count (those aged 18-64) follows a similar pattern. Figure 21 shows the total number of claimants in each Warwickshire district and borough between July 2018 and August 2021. The chart highlights relatively stable numbers prior to the pandemic, with significant increases between March 2020 and August 2020 – the largest being a 200% increase in Stratford-on-Avon district during this time period – before the potential signs that the number of claimants across all Warwickshire districts and boroughs appear to be decreasing since April 2021.

In August 2021, 3.8% of the resident population in Warwickshire aged 16 and over were claiming UC or JSA compared to 6.3% in the West Midlands and 5.3% in Great Britain.[54]

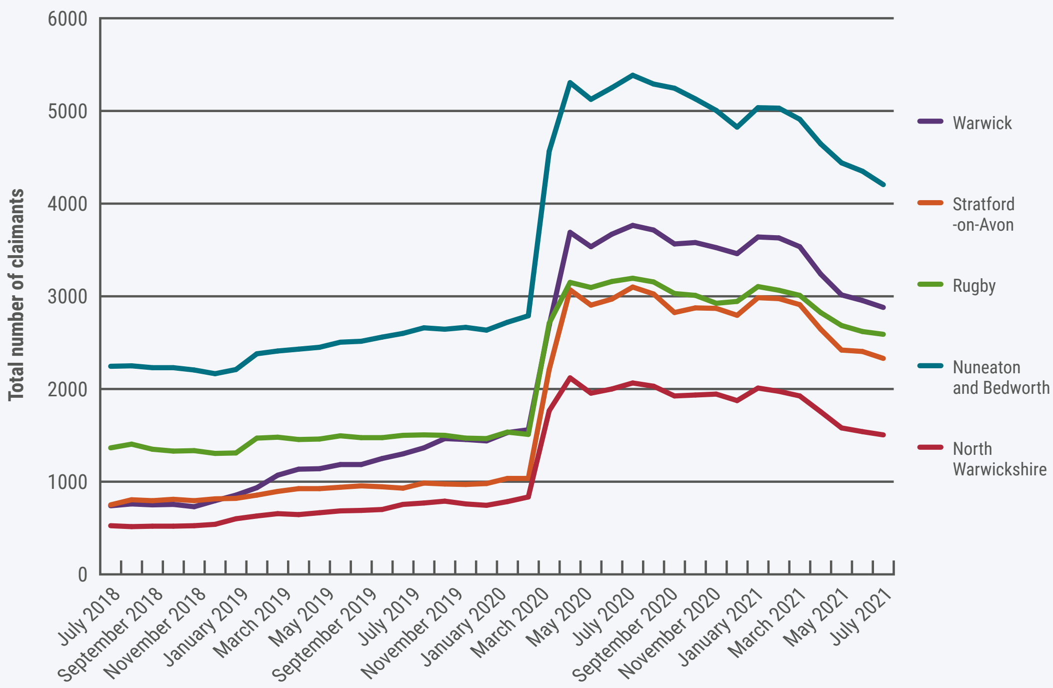


Figure 21: Overall claimant count (aged 18-64) July 2018-August 2021, Warwickshire districts and boroughs
Source: ONS, Claimant count by age

Economic inactivity

In Warwickshire in the year April 2020 to March 2021, there were an estimated 60,700 (17.8%) persons aged 16-64 classed as economically inactive; slightly lower than the proportion classed as economically inactive in the West Midlands (21.9%) and England (21.3%) populations.[55] Around 25.1% of those who were economically inactive were classed as long-term sick, a further 25.8% were students, 15.9% were retired, and 15.6% were looking after family or the home.

Economic inactivity varies across the districts and boroughs in Warwickshire reflecting the demographics of the resident population (Figure 22). Of those economically inactive in Warwickshire, 20.8% want a job. Again, this differs across the districts and boroughs with 13.1% wanting a job in Rugby Borough, 16% in Stratford-on-Avon District, and 27.7% in Warwick District.

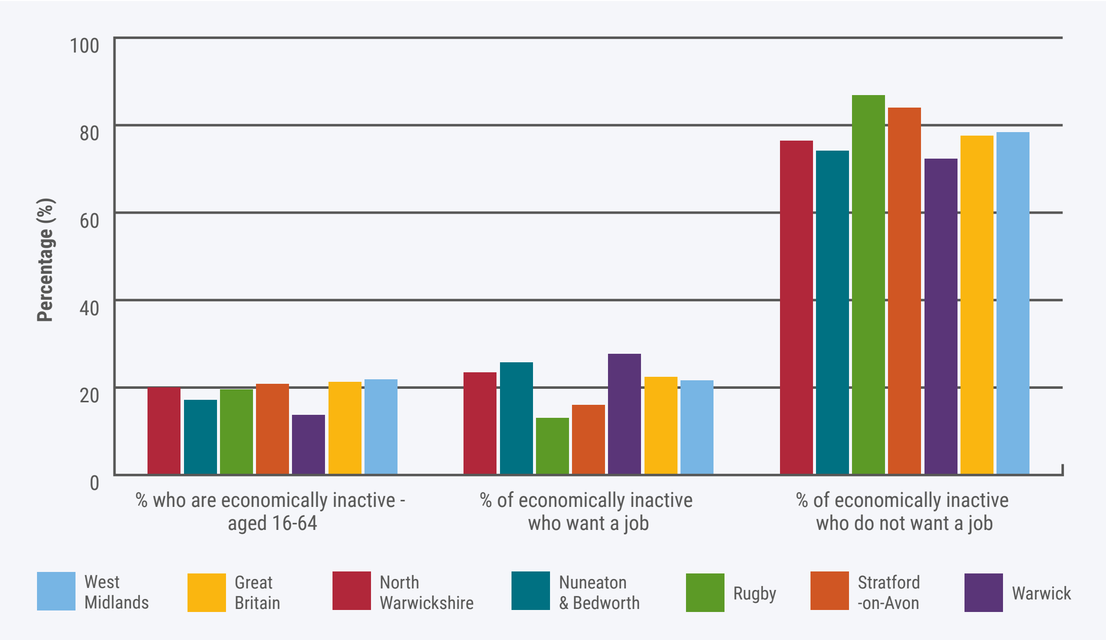


Figure 22: Percentage of the population aged 16-64 who are economically inactive and want a job
Source: ONS (2021), Annual Population Survey, April 2020-March 2021

Job vacancies

The number of job vacancies in an area is an indicator of labour market demand. Figure 23 shows the number of job vacancies in each of the districts and boroughs in Warwickshire between October 2019 and September 2021.

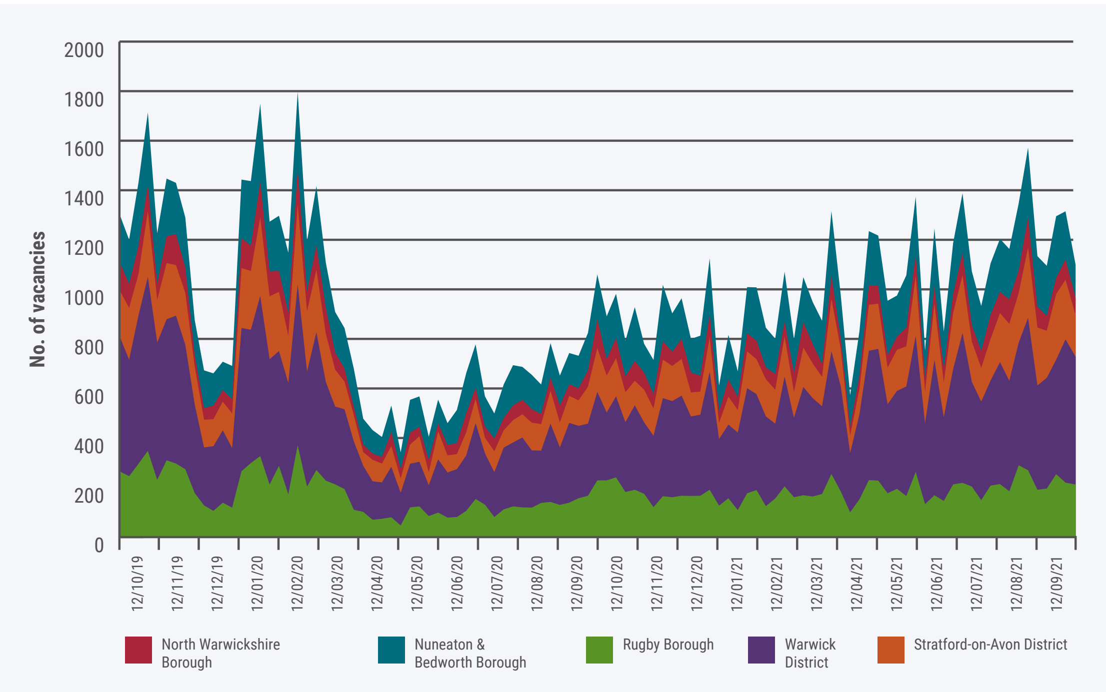


Figure 23: Total number of job vacancies in Warwickshire (October 2019-September 2021)
Source: Labour Market Insight (2021)

Further details on Warwickshire's workforce can be accessed via the Coventry and Warwickshire LEP dashboard

INTRODUCTION AND EXECUTIVE SUMMARY
THE IMPACT OF COVID-19 ON WARWICKSHIRE AND ITS RESIDENTS
OUR PRIORITIES
THRIVING ECONOMY AND PLACES
BEST LIVES
SUSTAINABLE FUTURES
REFERENCES

Education and Skills

School attainment

Assessments and examinations were cancelled due to the COVID-19 pandemic in 2020 and 2021, so comparable data is only available up until 2019. Whilst some limited Key Stage 4 (KS4) data was published in 2020 and 2021, the Department for Education (DfE) has stated that this data cannot be compared with previous years.

In terms of attainment, the proportion of children achieving a good level of development at the Early Years Foundation Stage (reception year) in Warwickshire in 2019 was 71.8%.[56] Indeed, over the last four years, the Warwickshire figure has been over 70% (71.0% in 2016, 72.6% in 2017, 72.4% in 2018) – generally slightly above the national equivalent figures. Figure 24 shows the proportion of all children achieving a good level of development at Early Years stage over the last four years in each of the district and boroughs. Nuneaton & Bedworth Borough has consistently achieved below the national average over the last four years. In 2019, Rugby Borough also saw a substantial decrease in achievement of the good level of development measure but remained just above the national average figure.

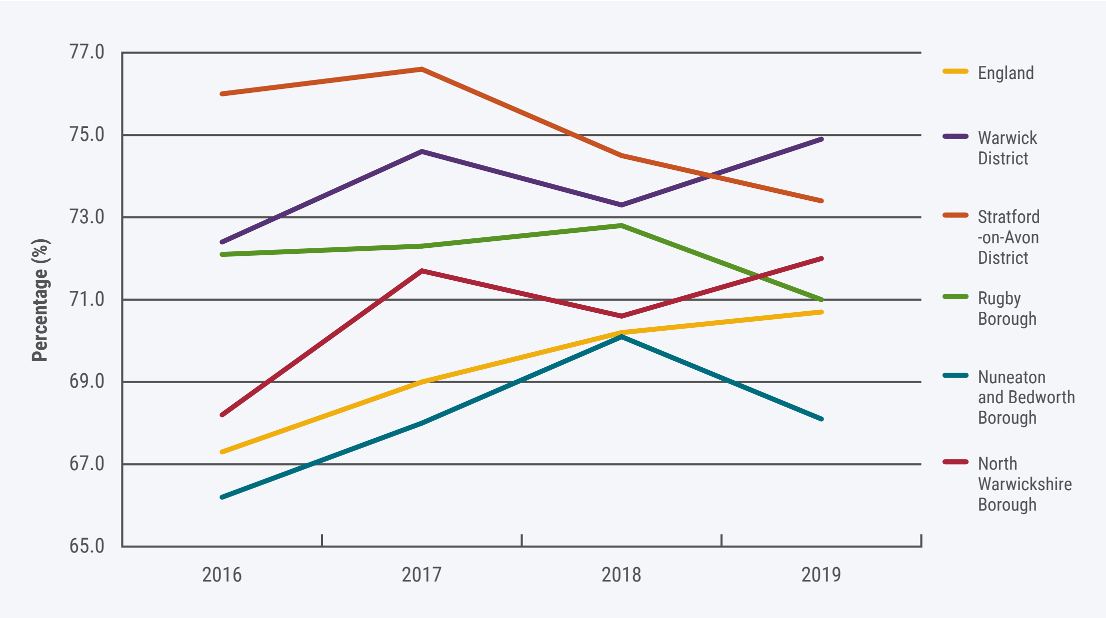


Figure 24. Early years – proportion of all children achieving a good level of development, 2016-2019
Source: Borough/District data from school EYFSP returns, England as published by DfE (2019)

For primary school attainment (Key Stage 2 / KS2), the proportion of pupils reaching the expected standard in reading, writing and mathematics combined in Warwickshire in 2019 was 65.7%. This was down on the previous year (67.2%), but an increase on the 2016 equivalent figure (57.3%) – generally in line or slightly above the national equivalent figures.

Figure 25 shows the proportion of children achieving the expected standard in reading, writing and mathematics at KS2 over the last four years for each of the districts and boroughs. In 2019, North Warwickshire Borough and Nuneaton & Bedworth Borough had a figure lower than the national average. This has been the case over the last four years. The dip in attainment for Rugby Borough and Warwick District in 2018 was due to poor achievement in Mathematics for that year.

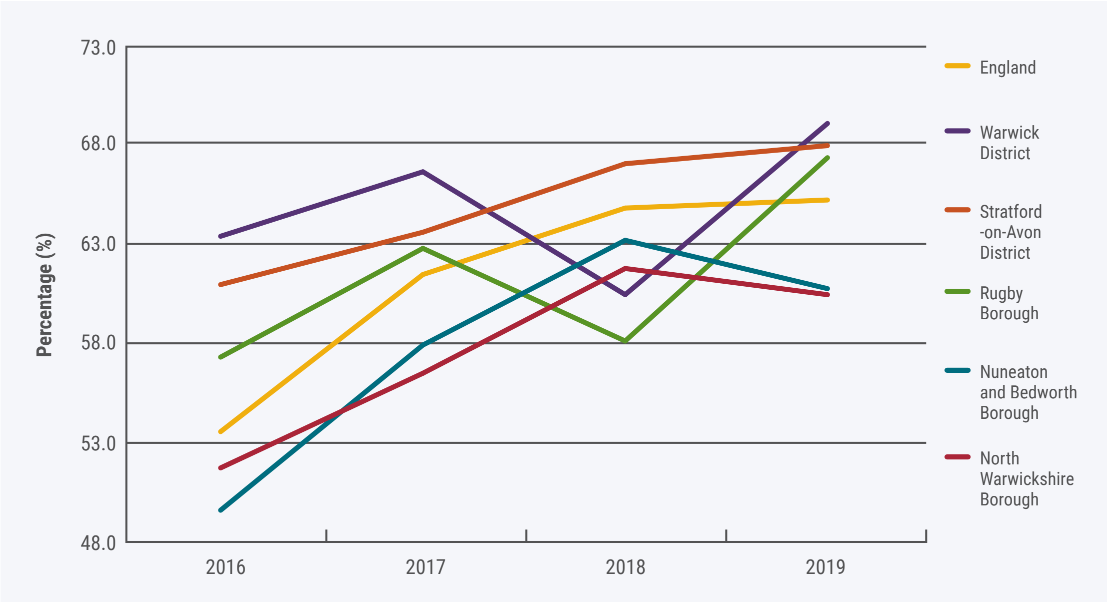


Figure 25. Key Stage 2 – proportion of children achieving the expected standard in Reading, Writing and Mathematics, 2016-2019
Source: DfE (2019). Based on district of pupil residence

For secondary school attainment (Key Stage 4 / KS4), the proportion of pupils achieving grades 5 or above in English and Mathematics GCSEs in Warwickshire in 2019 was 49.5%. This was an increase on both 2017 (48.1%) and 2018 (48.7%) and the Warwickshire figure has been approximately four to five percentage points higher than the England average over the last three years.

Figure 26 shows the proportion of children achieving grades 9 to 5 (strong pass) in English and Mathematics over the last three years for each of the districts and boroughs. In 2019, Nuneaton & Bedworth Borough (37.7%) and North Warwickshire Borough (40.7%) had a figure lower than the national average (43.4%).

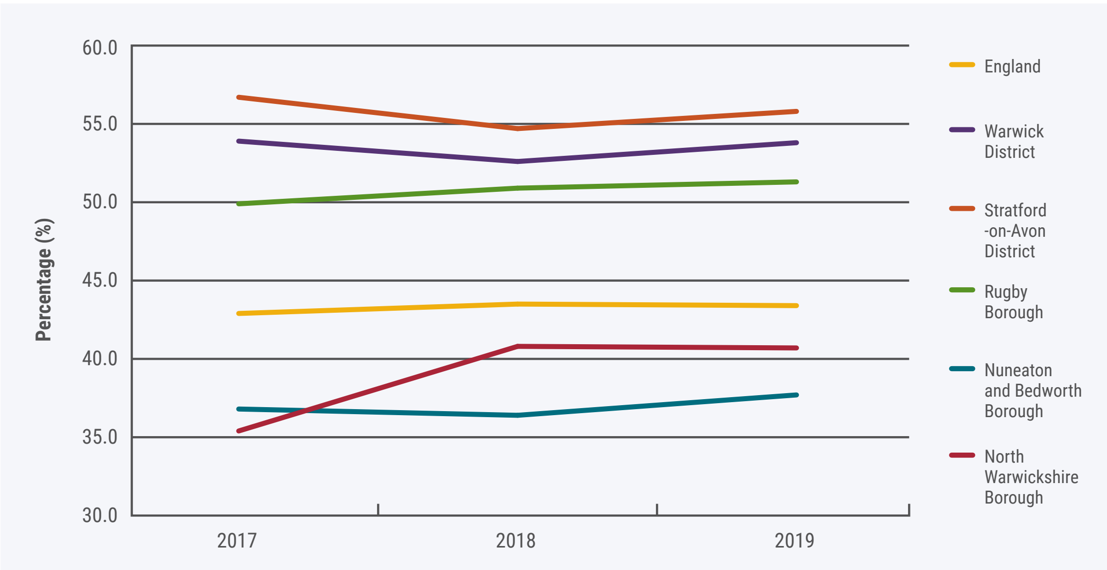


Figure 26: Key Stage 4 – proportion of children achieving grades 9 to 5 (strong pass) in English and Mathematics, 2017-2019
Source: DfE (2019). Based on district of pupil residence

School ratings

In Warwickshire in 2019, 87.0% of pupils were attending an Ofsted rated good or outstanding school – this was three percentage points higher than the equivalent England figure (84.0%).[57] Figure 27 shows the proportion of pupils attending an Ofsted judged good or outstanding school for each of the Warwickshire districts and boroughs. Nuneaton & Bedworth Borough and Rugby Borough had a lower proportion than the national average in 2019. North Warwickshire Borough has seen a steady increase – from 74.4% of pupils at a good or outstanding school in 2016 to 89.0% in 2019. Warwick District has also seen an increase since 2017 with 96.5% of pupils attending a good or outstanding school in 2019.

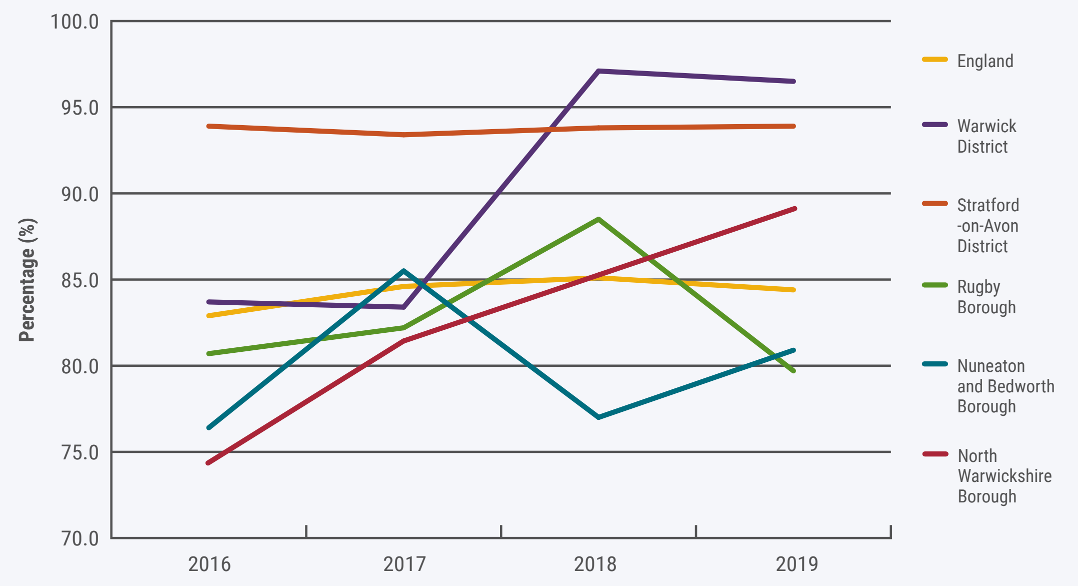


Figure 27: Proportion of pupils attending an Ofsted judged 'good' or 'outstanding' school
Source: DfE (2019). Based on district of school.

School absence and exclusions

In Warwickshire, in 2019, 10.1% of pupils missed 10% or more of possible school sessions (this is also known as persistent absence).[58] The equivalent figure for England was 10.8%. Figure 28 shows the proportion of persistent absence for each of the districts and boroughs for the period 2017 to 2019. Nuneaton & Bedworth Borough (12.0%) and North Warwickshire Borough (11.8%) both had persistent absence rates in 2018/19 that were higher than the national average.

In Warwickshire in the 2019/20 academic year, there were a total of 55 permanent exclusions from all schools (special, state-funded primary, and state-funded secondary,) a decrease from 67 exclusions in 2018/19.[59] In 2019/20, just over a third (36.4%, n=20) of the permanent exclusions were from schools in Nuneaton & Bedworth Borough. In 2019/20, there were also 2,897 suspensions in Warwickshire – almost a third of these (31.1%, n=900) were at schools in Nuneaton & Bedworth Borough (the suspension rate for this borough was 4.86%).

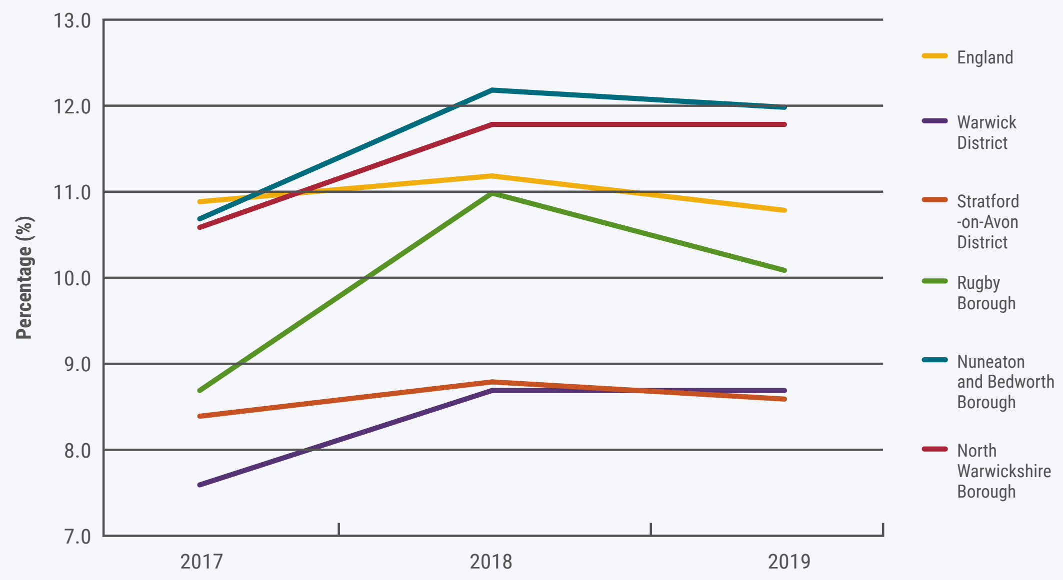


Figure 28: Proportion of pupils missing 10%+ of possible school sessions, 2017-2019
Source: DfE (2019). Based on district of pupil residence.

Not in education, employment or training (NEET)

The proportion of 16/17 year olds in Warwickshire recorded in education and training in March 2021 was 94.7%. At the end of 2020, 3.8% (n=430) 16/17 years olds were not in education, employment or training (NEET) or whose activity was not known in each local authority.[60] Figure 29 shows the proportion of 16/17 year olds recorded in education and training over the last five years. The Warwickshire figures are higher than the equivalent regional and national figures each year, although Warwickshire experienced a slight decrease in 2021.

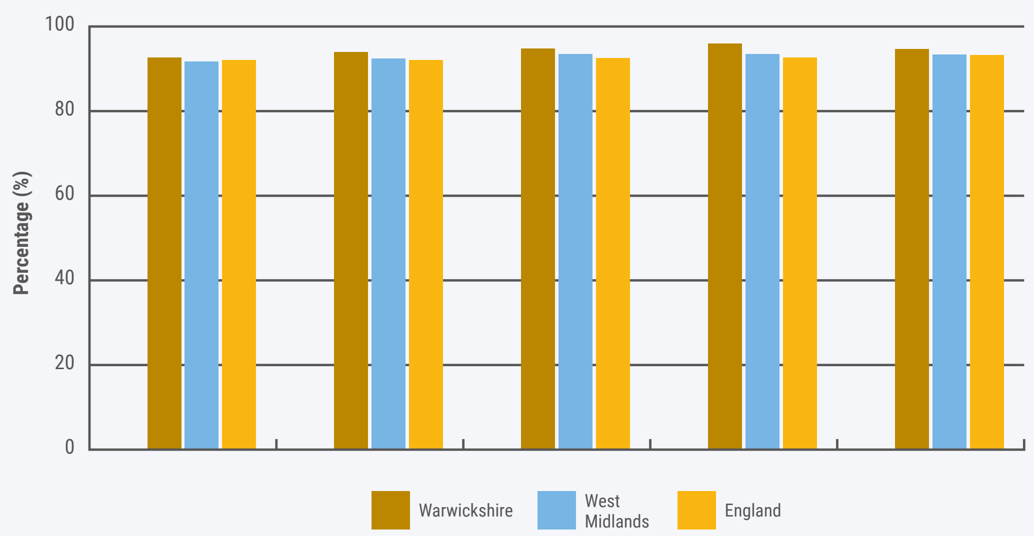


Figure 29: Proportion of 16/17 year olds recorded in education and training, 2017-2021 (March)
Source: Department for Education (2021), NEET and participation: local authority figures.

Qualifications

The percentage of people studying at the age of 16 (academic age 15) who attain a Level 3 qualification[a] by the age of 19 in Warwickshire for the 2019/20 academic year was 58.4%.[61] This was slightly higher than the mean for all English county authorities (57.3%).

For the period January 2020-December 2020, 4.5% of the population aged 16-64 had no formal qualifications (Figure 30). This figure was lower than both the equivalent West Midlands average (8.2%) and England average (6.2%). North Warwickshire Borough had the highest proportion of people aged 16-64 with no qualifications (8.2%) and Warwick District had the lowest (1.4%). In contrast, 46.9% of Warwickshire's population were qualified to at least Level 4 or higher in 2020 – this was slightly higher than both the West Midlands (37.1%) and England equivalent figure (42.8%). Again, North Warwickshire Borough had the lowest proportion qualified to Level 4 or higher (25.5%) and Warwick District had the highest (63.9%).

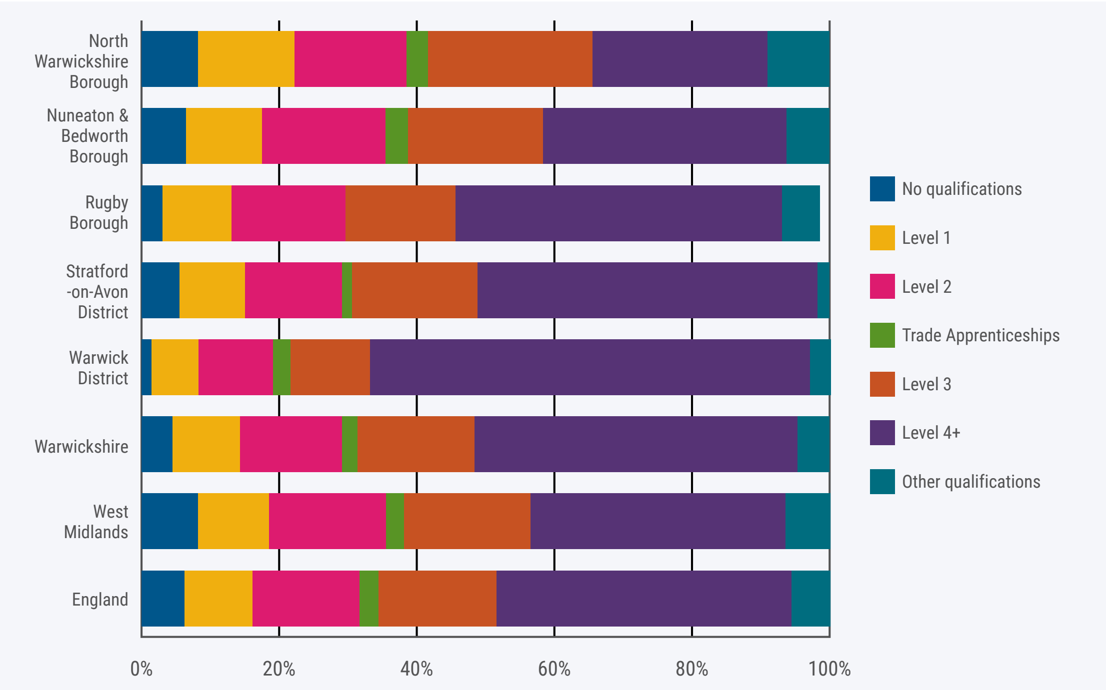


Figure 30: Qualifications - proportion of population aged 16-64, year ending December 2020
Source: ONS Annual Population Survey (2020), Qualification by age Jan 2020-Dec 2020

Apprenticeship starts

For the period 2019/20 (August to April) there were a total of 2,700 apprenticeship starts in Warwickshire. Almost half of these (44.4%, n=1,200) were advanced apprenticeships, 770 were intermediate apprenticeships and 720 were higher apprenticeships.[62]

Infrastructure

Digital

According to OFCOM, 96.6% of Warwickshire premises were able to receive Superfast Broadband (30Mbit/s or more) in September 2020;[63] 98% of urban premises and 81% of premises in rural areas. Figure 31 shows the proportion of premises in each of the districts and boroughs within Warwickshire with coverage by type of broadband.

[a] Level 3 equates to achievement of 2 or more A-levels or equivalent qualifications

Data for Warwickshire identifies North Warwickshire Borough and Stratford-on-Avon District as being below average in terms of ultrafast broadband coverage and with a greater percentage of premises being below the Universal Service Obligation[b] (Table 8). In September 2020, 55.2% of Warwickshire premises were able to receive Gigabit (Fibre) broadband. The median download speed (Mbit/s) was 59.8.

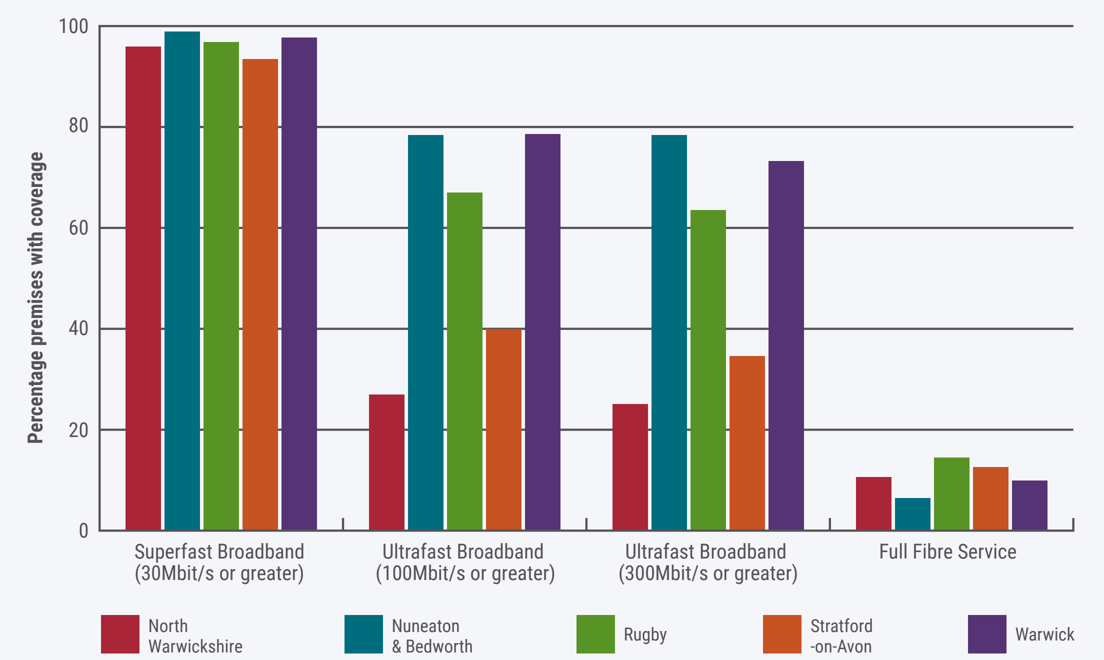


Figure 31: Coverage availability by type broadband, September 2020
Source: OFCOM (2021), Connected Nations

	% OF PREMISES	
District/Borough	**Unable to receive 10Mbit/s**	**Below the Universal Service Offer**
North Warwickshire	1.5	0.3
Nuneaton & Bedworth	0.2	0.1
Rugby	0.9	0.3
Stratford-on-Avon	1.9	0.7
Warwick	0.8	0.2

Table 8: Percentage of premises below the Universal Service Offer, September 2020
Source: OFCOM (2021), Connected Nations

Internet usage

Internet usage has increased over time. During the COVID-19 pandemic, the use of digital tools and services moved from being an advantage to a necessity and has consequently led to an increase in users.[64] The estimated percentage of adults aged 16 and over within Warwickshire that

[b] The Universal Service Obligation (USO) for broadband is a UK-wide measure intended as a "safety net" to deliver broadband to those premises that do not have access to a decent and affordable connection. The Government have defined a decent connection as one that can deliver 10 megabits per second (Mbps) download speed and 1 Mbps upload speed. Ofcom has defined an affordable connection as one that costs less than £45 per month.

have used the internet in the last three months has increased over time and in 2020 was above the UK and West Midlands average at 96%[65] (Table 9).

	% USED IN THE LAST 3 MONTHS						
	2014	2015	2016	2017	2018	2019	2020
Warwickshire	**83.1**	**90.7**	**90.8**	**89.6**	**89.4**	**88.0**	**96.0**
West Midlands	82.2	85.1	85.7	86.4	88.7	88.7	90.9
UK	85.0	86.2	87.9	88.9	89.8	90.8	92.1

Table 9: Internet users in the last 3 months (2014-2020) Source: ONS (2021), Internet users 2020

Usage varies with the characteristics of the population. In the UK, in 2020:

- almost all adults aged 16 to 44 years were recent internet users (99%), compared with 54% of adults aged 75 years and over
- those with a disability were less likely to have used the internet in the last 3 months, 81.4% compared to 95.7% who were not disabled
- ethnic groups 'White', 'Pakistani' and 'Bangladeshi' were more likely to have never used the internet compared to the other ethnic groups
- those who were retired (28.9%), unpaid family workers (6.5%) and those deemed economically inactive (9.5%) were more likely to be internet non-users.

Barriers to being an internet user include lack of interest, privacy/security concerns, worries about identity being taken, the ways organisations use data, and it being too complicated.

Roads in Warwickshire

The total road length in Warwickshire in 2020 was 4,249km. Of this, 242km (5.7%) were trunk roads, 395km (9.3%) were principal roads and the remaining 85.0% (3,613km) were minor roads.[66]

According to the 2020 National Highways and Transport (NHT) Satisfaction Survey,[c] Warwickshire was named the UK's joint top performing county council for highway maintenance for the second year in a row.[67] Warwickshire came out top for public satisfaction amongst county councils for highway maintenance, dealing with potholes, and undertaking cold weather gritting. The council also ranked amongst the best in other areas, including condition of pavements, speed of repair to damaged roads, keeping drains clear, and speed of repair to streetlights.

In Warwickshire for the period 2018/19, 2.7% of the total 'A' roads were undergoing strengthening (includes reconstruction and overlay (0.2%)), resurfacing (2.4%), and surface dressing (includes thin surfacing) (0.2%). Similarly, 2.8% of Warwickshire's total minor roads ('B', 'C', and 'U') required treatment.[68]

Use of transport

Google COVID-19 Community Mobility reports (monitoring movement over time in Warwickshire across different categories of places using aggregated and anonymised data from products such as Google Maps), shows that use of parks (192%) and residential spaces (48%) were higher in October 21 than the baseline figure.[69] At the height of the COVID-19 pandemic (week commencing 30th March 2020), use of transit stations (-393%), workspaces (-68.5%), and retail and recreation spaces (-460%) were significantly down from baseline figures.

[c] The National Highways and Transport (NHT) Satisfaction Survey is carried out annually by Ipsos Mori and is the largest survey of local opinion about transport and highways in the UK.

The Department of Transport produce a range of data estimates of the vehicle miles travelled. In 2020 in Warwickshire, a total of 7,747 million vehicle kilometres were travelled.[70] This was down from 10,096 million vehicle kilometres in 2019 – no doubt an effect of the Coronavirus pandemic and associated restrictions. The biggest decrease was car vehicle traffic – this dropped to levels lower than 1993 (Figure 31).

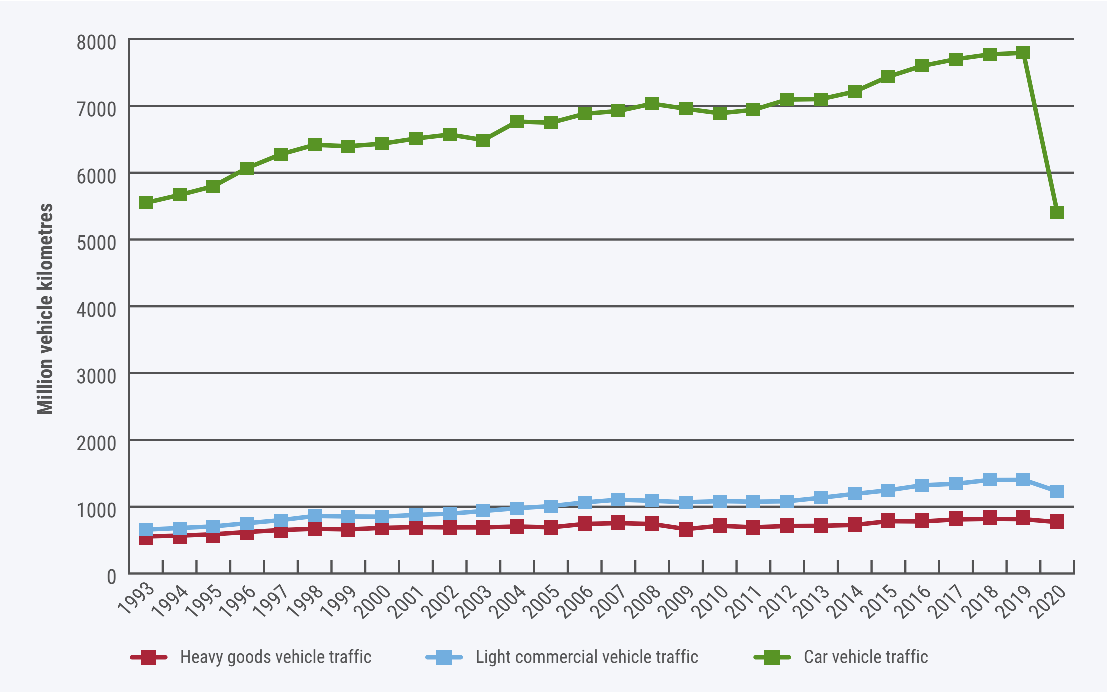
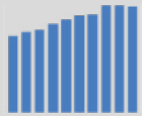
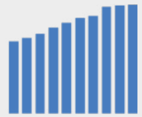
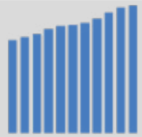
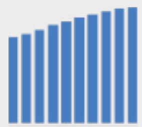
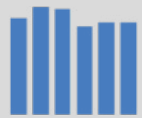
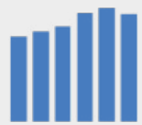


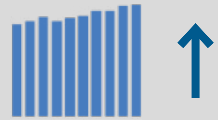
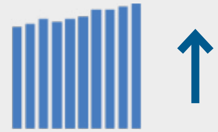
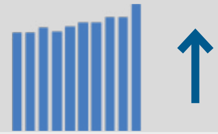
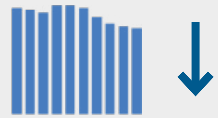
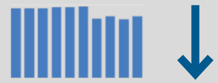
Figure 32: Motor vehicle traffic (vehicle kilometres) travelled in Warwickshire, 1993-2020
Source: Department for Transport (2020), Road traffic statistics (TRA - Traffic by local authority)

Summary of key measures

← →

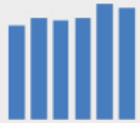
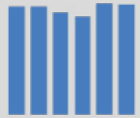
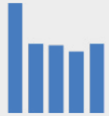
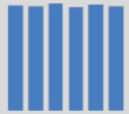
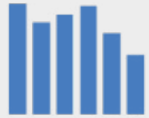
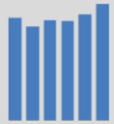
LATEST VALUE						
Measure	**Latest data**	**Warwickshire**	**West Midlands**	**England**	**Rank compared to all 24 English county LAs[71] 1 is high / 24 is low**	**Trend**
GVA all industries	2019	£19,823m	£144,455m	£1,702,078m	10th (High is good)	 ↑
GVA (balanced) per head of population	2019	£34,302	£24,343	£30,239	Not available	 ↑
Nominal (smoothed) GVA per hour worked	2019	£37.39	£31.27	£35.69	Not available	 ↑
Nominal (smoothed) GVA per filled job (£)	2019	£59,296	£50,083	£57,583	Not available	 ↑
Birth of new enterprises per 10,000 aged 16+	2019	71.8	75.5	76.9	5th (High is good)	 ↓
Deaths of enterprises per 10,000 aged 16+	2019	66.58	56.24	65.96	4th (Low is good)	 ↑
Business start-up rate (%)	2019	11.3%	15.0%	13.2%	9th	Not available

Summary of key measures

Newly-born enterprise 5-year survival rates (%)	2019	44.8%	43.4%	42.5%	18th (High is good)	Not available
Employment rate (%)	Q1 2021	78.7%	73.7%	76.8%	5th (High is good)	
Median gross annual pay for full-time employees by residence	2020	£32,193	£29,481	£31,766	8th (High is good)	
Median gross annual pay for full-time employee jobs - male	2020	£35,852	£31,972	£34,325	Not available (High is good)	
Median gross annual pay for full-time employee jobs - female	2020	£28,774	£26,202	£28,090	Not available (High is good)	
Overall claimant count rate (aged 18-64 year olds)	Aug 2021	3.8%	6.3%	5.3%	12th (Low is good)	
Economically inactive (aged 16-64 years)	Apr 20- Mar 21	17.8%	21.9%	21.3%	4th (Low is good)	
Proportion of children achieving a good level of development	2018/2019	71.8%	70.1%	72.0%	16th (High is good)	
Proportion of pupils reaching the expected standard in reading, writing and mathematics (KS2)	2018/2019	65.7%	63%	65.0%	6th (High is good)	

Summary of key measures

← →

Proportion of children achieving grades 9 to 5 (strong pass) in English and Mathematics (KS4)	2018/2019	49.5%	46.7%	43.0%	3rd (High is good)	 ↑
Proportion of pupils missing 10%+ of possible school sessions (primary)	2018/19	7.7.%	8.6%	8.2%%	14th (Low is good)	 ↑
Proportion of pupils missing 10%+ of possible school sessions (secondary)	2018/19	12.6%	13.7%	13.7%	5th (Low is good)	 ↑
Proportion of 16/17 year olds NEET	2021	3.8%	5.7%	5.5%	5th (Low is good)	 ↓
Percentage of people studying at the age of 16 who attain a Level 3 qualification by the age of 19	2019/20	58.4%	55.5%	57.3%	10th (High is good)	 →
% of people aged 16-64 with no qualifications	2020	4.5%	6.2%	8.2%	6th (Low is good)	 ↓
% of people aged 16-64 qualified to at least Level 4 or higher	2020	46.9%	37.1%	42.8%	4th (High is good)	 ↑
% of premises able to receive Superfast Broadband (30M/bits or more)	2020	96.6%		99.5%	Not available	Not available

Best lives

An aim of Warwickshire County Council is to ensure people in Warwickshire can live their best lives, and are supported to live safely, healthily, and independently.

Whilst the level of inequality within Warwickshire is less than some inner-city areas, the nature of inequality is that it is present, to some extent, in every location. The recent ten-year update to the Marmot Review (2020) has highlighted how health, reductions in public spending and the longer trends in inequality have deteriorated since 2011.

The effect of the COVID-19 pandemic has been to make this situation worse, not only in terms of the direct impacts on people's health and well-being, but also from the effects of lockdowns and economic uncertainty on households. The overall effect is that across society, from the most deprived to those better off, the effects on physical health, mental health and relative prosperity have been significant. This national picture builds on a much more significant growth in the numbers of children and young people in need of help and support.

This section provides information on a range of measures that relate to life in Warwickshire including health, community safety and provision for support and also highlights inequalities within Warwickshire. Further information on inequalities can be found on the Monitoring Health Inequalities dashboard and the Poverty dashboard.

Inequalities

Index of multiple deprivation

The Index of Multiple Deprivation (IMD) is the official measure of relative deprivation for small areas in England. The latest version was published in 2019.[72] The IMD ranks every Lower Super Output Area (LSOA) in England from 1 (most deprived) to 32,844 (least deprived). These ranks are based on the combined scores across seven domains of deprivation. In addition, there are two supplementary indices covering income deprivation among children (IDAC) and older people (IDAOP).

In 2019, the county of Warwickshire ranked 121 out of 151 Local Authorities in England (1 most deprived, 151 least deprived); Warwickshire is therefore one of the 20% least deprived local authorities in England using the 'rank of average score' measure – slightly worse than in 2015 when Warwickshire's national ranking was 124 out of 151.

At local authority level and using the 'rank of average score', Stratford-on-Avon District ranked 266 least deprived out of 317 local authorities in 2019. In contrast, Nuneaton & Bedworth Borough ranked 96 out of 317. In 2019, Nuneaton & Bedworth Borough had five LSOAs ranked in the top 10% most deprived LSOAs nationally – this is one fewer than in 2015. North Warwickshire Borough had one LSOA in the 10% most deprived nationally in 2019. Stratford-on-Avon District had one LSOA in the top 30% most deprived nationally (it had none in 2015). Only Warwick District in 2019 had fewer LSOAs in the 30% most deprived nationally compared to 2015. Overall, in Warwickshire there are six more LSOAs in the 30% most deprived nationally in 2019 than in 2015. Figure 32a shows the IMD 2019 deciles for LSOAs in Warwickshire.

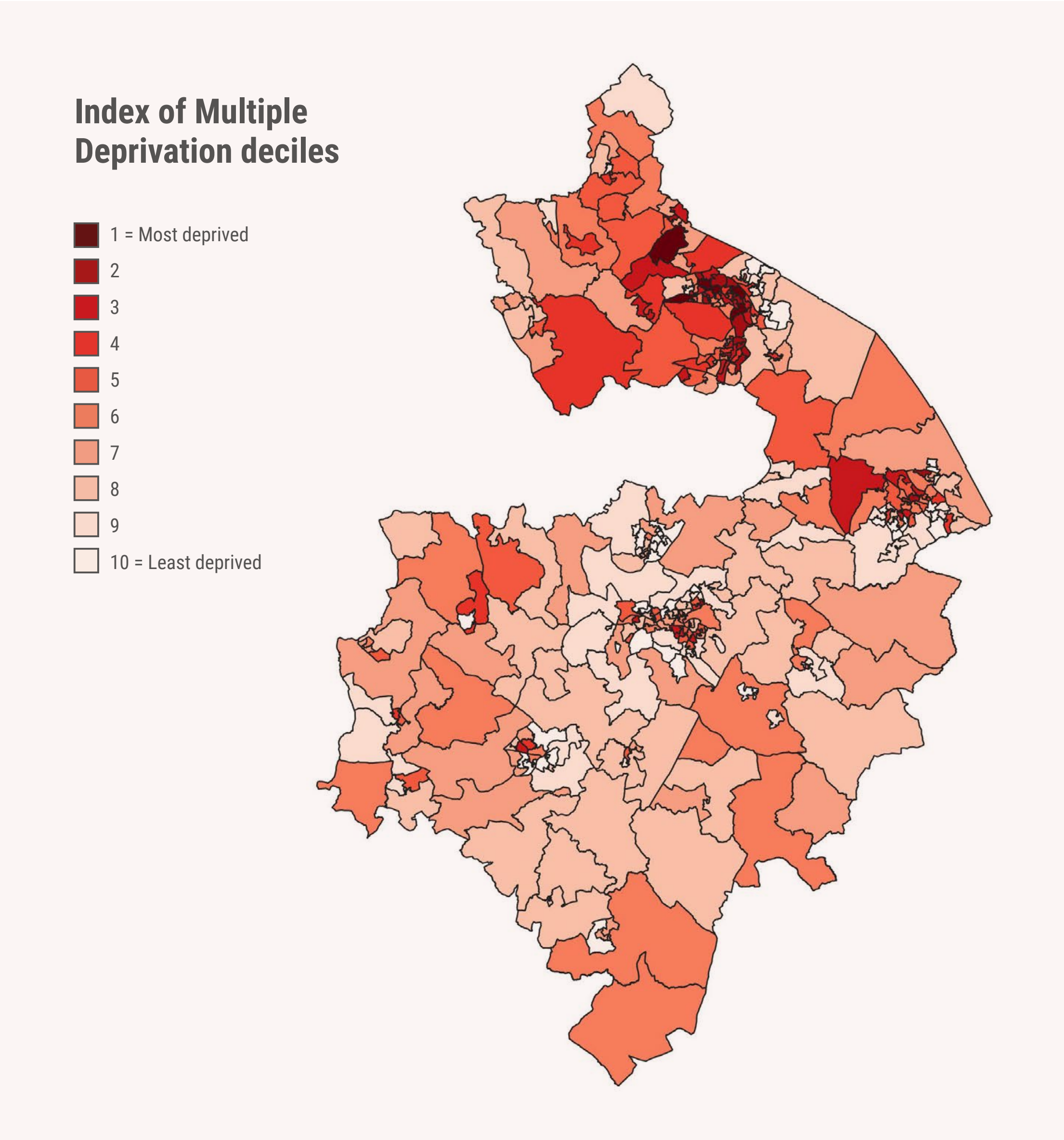


Figure 33a: Index of Multiple Deprivation (IMD 2019) – LSOA deciles
Source: ONS (2019)

Figure 33b shows the total number of LSOAs in Warwickshire which are in the 30% most deprived LSOAs in England in 2019 for each domain and the IMD. It also shows the change since 2015. The domains of ‘Barriers to Housing and Services’, ‘Education Skills & Training’, and ‘Living environment deprivation’ have the highest number of LSOAs in the 30% most deprived nationally.

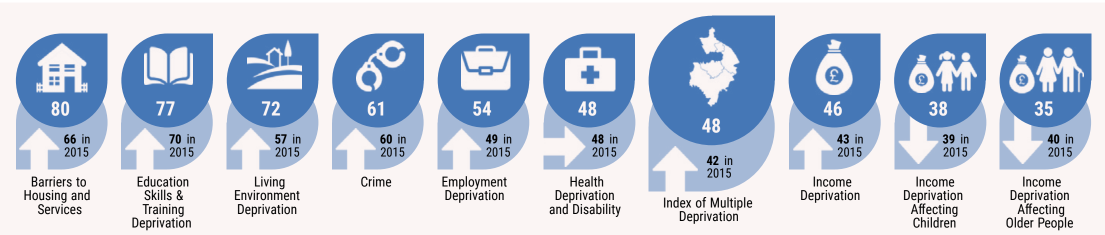


Figure 33b: Warwickshire IMD domains in 30% most deprived nationally – 2019 compared to 2015

Financial resilience

Due to the COVID-19 pandemic, many areas in the UK are facing significant challenges as a result of rising unemployment rates and uncertainty around economic recovery. To help predict the impact of these challenges on local communities and target support, Experian has created a Financial Resilience model.[73] This helps local authorities to identify those areas in which people are 'just about managing' and who would be most severely impacted if their financial position was to change for the worse, which could result in rising Universal Credit claims, rent arrears, and potentially even homelessness.

Financial resilience is a modelled score incorporating multiple Experian socioeconomic and wider UK economic variables to present a score of resilience against financial stress. Each postcode in the UK is given a score and all postcodes are split into ten decile bands (1 = less resilient; 10 = more resilient) and takes a multi-faceted approach, looking at the level of work, level of assets, level of education, and level of indebtedness/access to credit. (©Experian 2022 - All rights reserved)

As of September 2021, there were 205 postcode areas in Warwickshire (equivalent to 5,615 households) that were in decile band 1 'less resilient'. Of these, 166 (81.0%) were postcodes located in Nuneaton & Bedworth Borough. In contrast, there were 2,950 postcodes (or 32,434 households) in Warwickshire in September 2021 that were in decile band 10 'more resilient'. The majority of these were in Stratford-on-Avon District (1,427 postcodes / 14,598 households) and Warwick District (1,026 postcodes / 13,977 households). There were just five postcode areas in Nuneaton & Bedworth Borough in decile 10 'more resilient'. Analysis also shows that Experian Mosaic 7 Groups K 'Municipal Tenants' and I 'Family Basics' are the least financially resilient groups in September 2021.

Disposable income

Gross disposable household income (GDHI) is the amount of money that all of the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the "material welfare" of the household sector. It should be noted that GDHI per head are estimates of values for each person, not each household.

Figure 34 shows the GDHI per head of population at current basic prices for each of the Warwickshire districts and boroughs between 1997 and 2019.[74] Since 1997, Stratford-on-Avon District and Warwick District had the highest GDHI of the Warwickshire districts and boroughs and Nuneaton & Bedworth Borough had the lowest. In 2019, both Nuneaton & Bedworth Borough (£18,636) and North Warwickshire Borough (£20,109) had GDHI per head per population lower than the England figure (£21,978), but all Warwickshire local authorities had a higher number than the West Midlands figure in 2019 (£18,350).

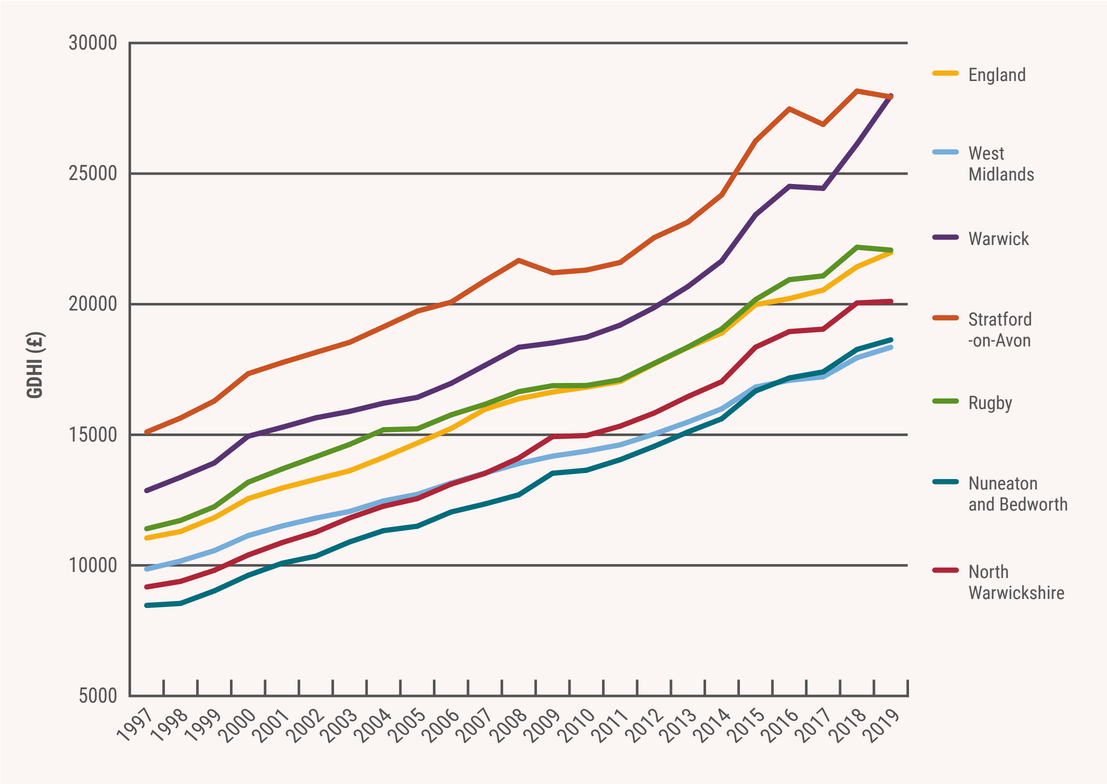


Figure 34: Gross Disposable Household Income (GDHI) per head of population at current basic prices, 1997-2018
Source: ONS (2021), Regional gross disposable household income by ITL1 region – 2019 data is provisional

Figure 35 shows annual growth in GDHI per head of population in each Warwickshire district and borough alongside West Midland and England figures between 1998 and 2019.[75] Annual growth for 2019 in Warwickshire as a whole was 2.1% – slightly lower than the equivalent England (2.5%) and West Midlands (2.2%) figures. Within Warwickshire, annual growth in GDHI was highest in Warwick District at 7.1%. In contrast, Stratford-on-Avon District saw a decline in annual growth in GDHI of -0.8%.

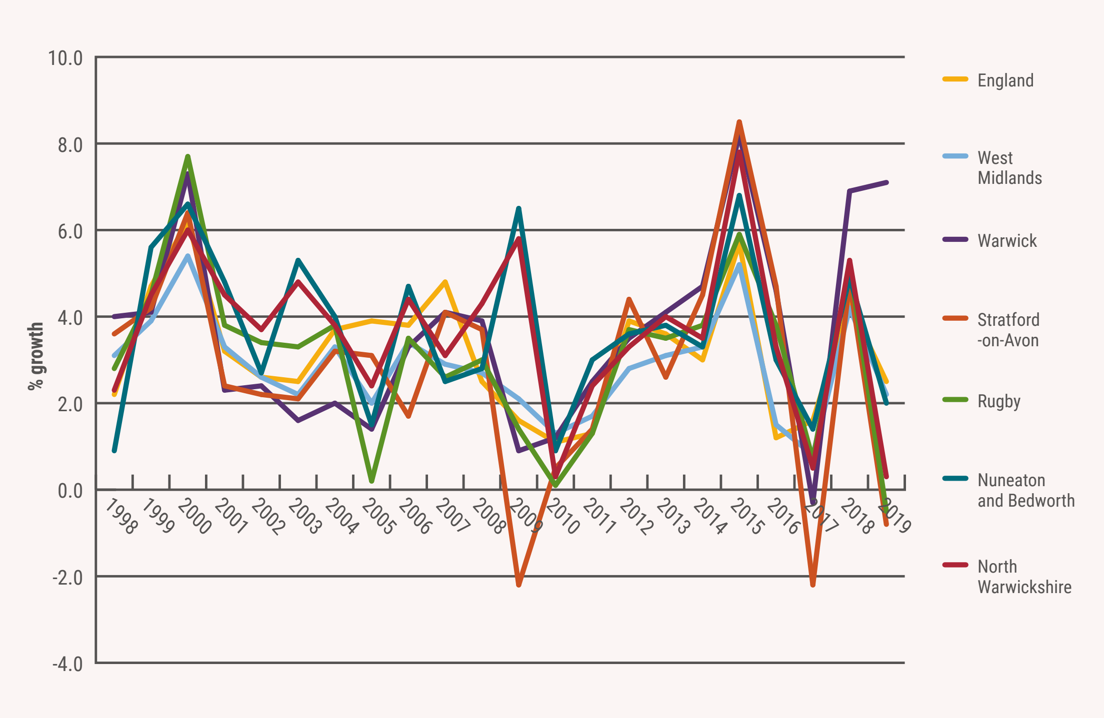


Figure 35: Annual growth in GDHI per head of population, 1998-2019
Source: ONS (2021), Regional gross disposable household income: local authorities by ITL1 region – 2019 data is provisional

Fuel poverty

The Department for Business, Energy and Industrial Strategy produces data on the proportion of households classed as fuel poor.[76] In 2019, 14.5% of households in Warwickshire were classed as fuel poor. This was a higher figure than the national average (13.4% for England), but lower than the West Midlands average (17.5%). Of the districts and boroughs, North Warwickshire Borough and Nuneaton & Bedworth Borough had 16.2% and 16.1% of their households classed as fuel poor respectively, whilst Warwick District had the lowest proportion at 13.0% (this was the only district or borough with a figure lower than the England average).

Figure 36 shows the proportion of households classed as fuel poor over time. Prior to 2018, fuel poverty was measured using the low-income high-costs indicator. For 2019, fuel poverty has been measured as low-income low-energy efficiency (LILEE). Under the LILEE indicator, a household is considered to be fuel poor if:

- they are living in a property with a fuel poverty energy efficiency rating of band D or below, and,
- when they spend the required amount to heat their home, they are left with a residual income below the official poverty line

There are three important elements in determining whether a household is fuel poor: household income, household energy requirements, and fuel prices. The change in the way a household is classified has resulted in an increase in the proportion of households classed as fuel poor in all districts and boroughs in 2019.

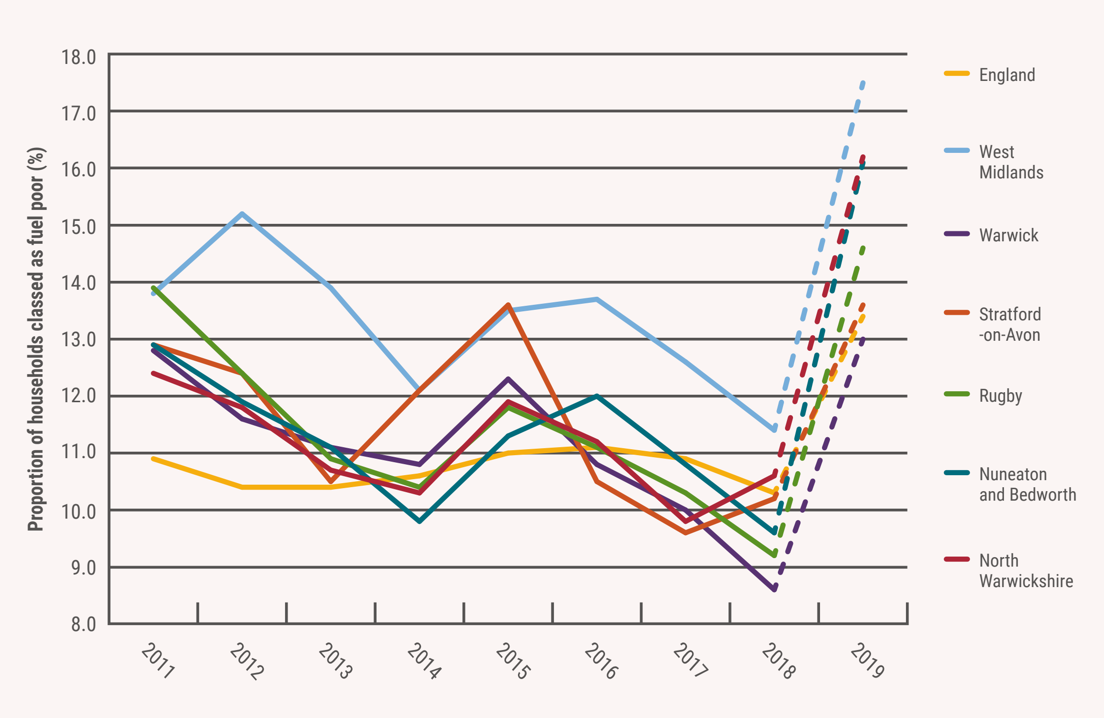


Figure 36: Proportion of households classed as fuel poor, 2011-2019
Source: DfBEIS (2021), Fuel poverty statistics

Children in low-income families

In Warwickshire in 2019/20, there were 18,829 children living in relative low-income families. This was an increase of 1,923 compared to the previous year. Relative low-income is defined as a family in low income before housing costs (BHC) in the reference year. A family must have claimed one or more of Universal Credit, Tax Credits, or Housing Benefit at any point in the year to be classed as low income in these statistics. Children are dependent individuals aged under 16; or aged 16 to 19 in full-time non-advanced education. Figure 37 below presents the number of children living in relative low-income families in each of the Warwickshire districts and boroughs over the last six years. In absolute numbers, Nuneaton & Bedworth Borough accounts for almost a third (32.9%, n=6,186) of Warwickshire's children living in relative low-income families.

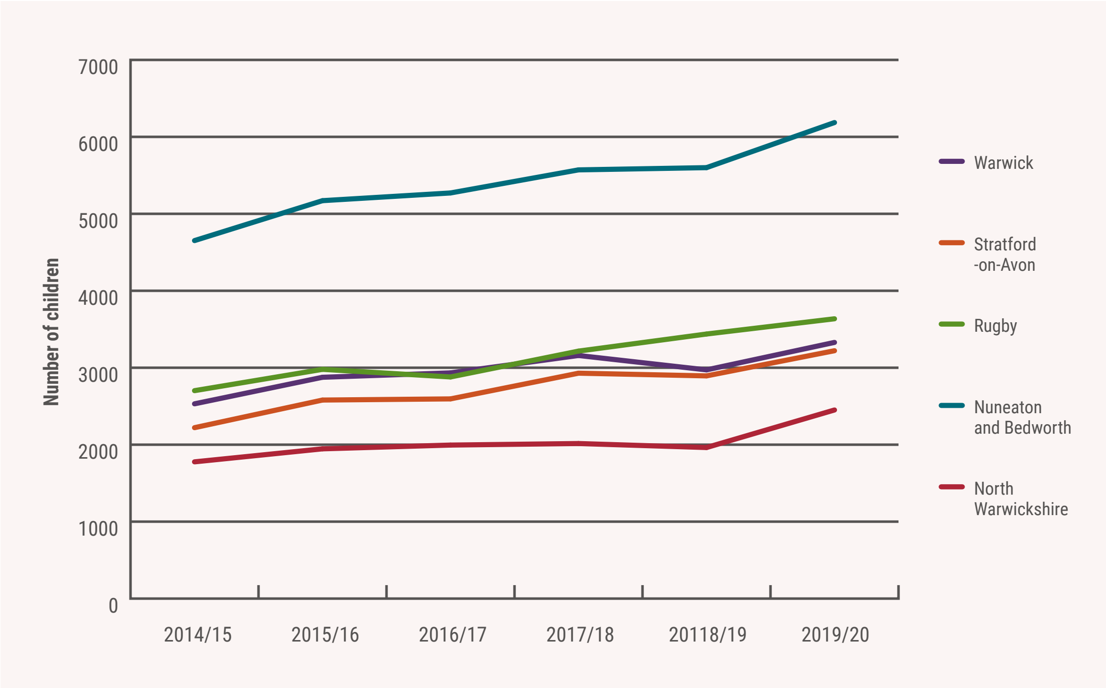


Figure 37: Number of children in relative low-income families, 2014/15-2019/20
Source: DWP (2021) Children in Low Income Families: local area statistics, United Kingdom: 2015 to 2020

Free school meals

For the autumn term academic year 2020/21, 15.8% of children in Warwickshire were eligible for Free School Meals (FSM).[77] The Warwickshire figure has remained below both the regional and national equivalent figure over the last six years (Figure 38).

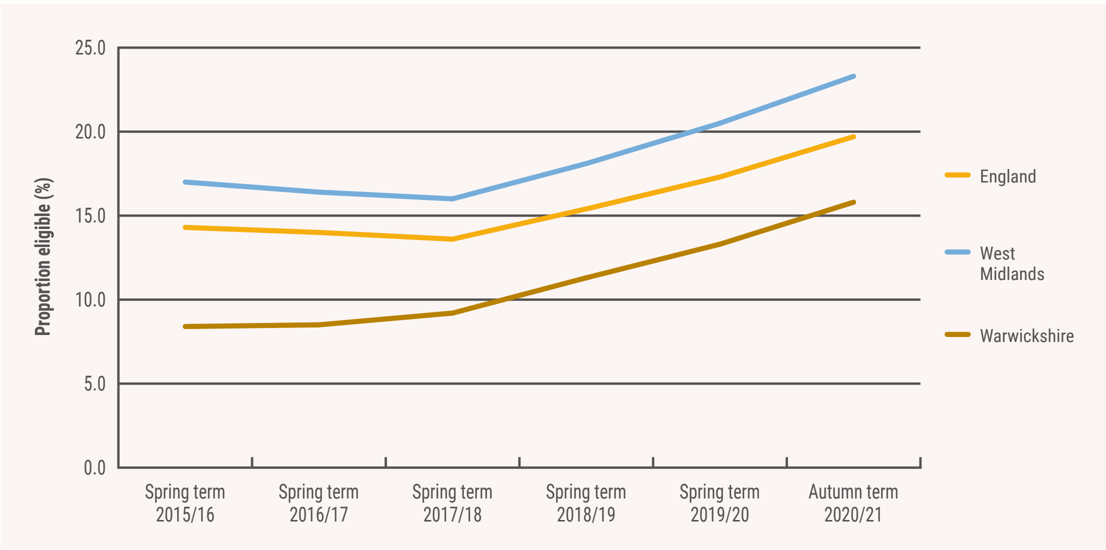


Figure 38: Proportion of children eligible for Free School Meals, 2015/16-2020/21
Source: Department for Education (2021)

Nationally, there was a 2.4 percentage point increase in the proportion of children eligible for FSM in October 2020 (during the COVID-19 pandemic) compared with January of the same year (pre-COVID-19 pandemic). However, the percentage of pupils eligible for free school meals had been increasing prior to the COVID-19 pandemic – Warwickshire follows this trend.

Access to gardens and public green space

Ordnance Survey (OS) have produced data on access to private gardens, public parks and playing fields.[78] For all property types (houses and flats) the proportion of addresses with private outdoor space in Warwickshire was 90.8% in 2020. This is slightly higher than both the regional average (90.0%) and national average (88.4%). Figure 39 gives a breakdown of the proportion of addresses with private outdoor space in each of the districts and boroughs. North Warwickshire Borough (93.8%) and Nuneaton & Bedworth Borough (93.6%) have the largest proportion of addresses with access to private outdoor space across all property types. In contrast, Rugby Borough has the fewest – 88.8% - although this is still just above the England figure of 88.4%.

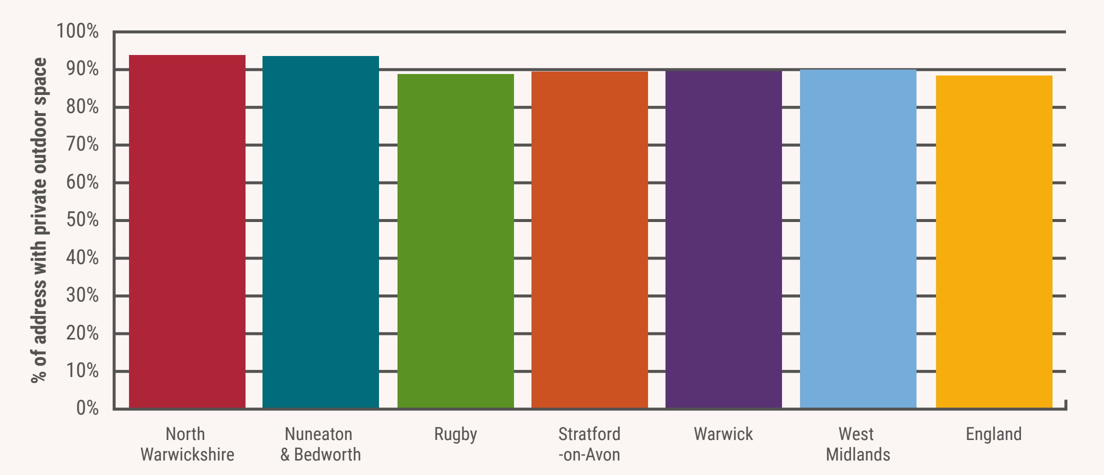


Figure 39: Proportion of addresses (houses and flats) with private outdoor space, 2020
Source: Ordnance Survey (2020)

Further to this, data on access (distance, size, and number) to public parks, public gardens, or playing fields at local authority level is also available for 2020.[79] As Table 10 shows, Warwick District has an average of 4.82 parks, public gardens or playing fields within a 1,000m radius. In contrast, the equivalent figure for North Warwickshire Borough is 2.41 parks. However, Stratford-on-Avon District has the furthest average distance (611.34m) to the nearest park, public garden, or playing field. In Warwick District, the average distance is almost half this at 320.46m.

	North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford -on-Avon	Warwick
Average distance to nearest Park, Public Garden or Playing Field (m)	384.25	321.43	421.88	611.34	320.46
Average size of nearest Park, Public Garden or Playing Field (m^2)	96,142.7	57,183.5	61,692.3	26,958.1	69,499.6
Average number of Parks, Public Gardens or Playing Fields within 1,000m radius	2.41	4.47	3.70	2.66	4.82
Average combined size of Parks, Public Gardens or Playing Fields within 1,000 m radius (m^2)	275,124.3	237,342.3	176,432.5	57,907.9	386,870.0

Table 10: Average distance to, size of, and number of parks, public gardens or playing fields, 2020
Source: Ordnance Survey (2020)

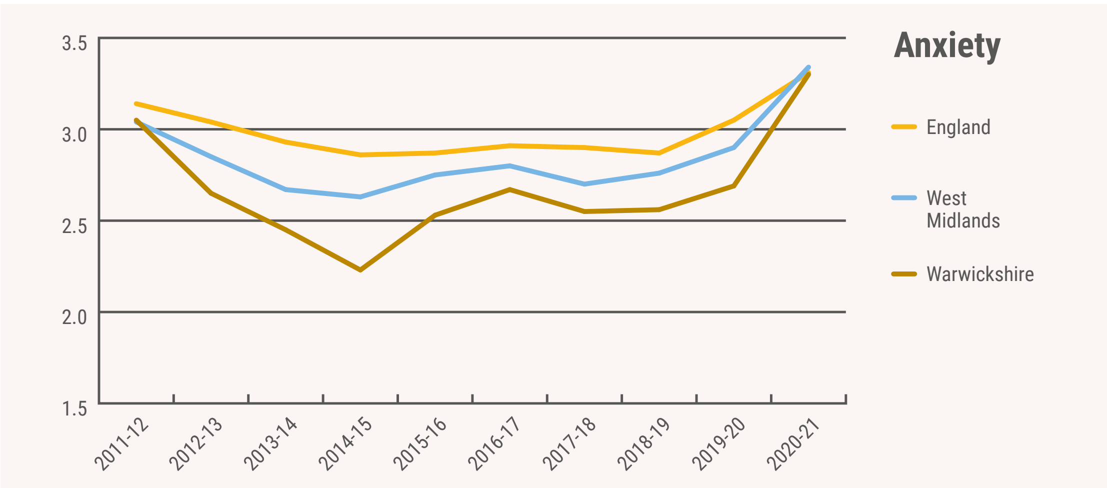
Health and wellbeing

Personal wellbeing

ONS personal wellbeing measures ask people to evaluate, on a scale of 0 to 10, how satisfied they are with their life overall, whether they feel they have meaning and purpose in their life (worthwhile), and about their emotions (happiness and anxiety) during a particular period. Nationally, data is available quarterly and the latest data shows that all measures of personal wellbeing significantly worsened in Quarter 2 (Apr to June) 2020 compared with the same quarter in 2019; a similar picture emerged comparing Quarter 3 (July to Sept) 2020 with the same quarter in the previous year.

At a local authority level data is available annually. The latest data available (2020/21) reflects a similar downturn in all measures of personal wellbeing since 2019/20. Figure 40 shows the trend in each of the four measures between 2011-12 and 2020-21 for Warwickshire, the West Midlands and England. Despite all average scores decreasing, residents in Warwickshire in 2020-21 give higher average scores for life satisfaction, happiness, and the extent to which they feel that the things they do in their life are worthwhile (0 is not at all, 10 is completely). However, Warwickshire residents scored similarly to residents in the West Midlands and England for anxiety in 2020-21 (where 0 is “not at all anxious” and 10 is “completely anxious”); levels of anxiety have increased in all areas since 2019-20.

Measures of wellbeing are also available at district and borough level, albeit with wider confidence intervals. In 2020-21, anxiety scores were higher in residents in North Warwickshire Borough (3.55) and Warwick District (3.45) than the Warwickshire (3.3) and England (3.31) average. Happiness scores were higher in Nuneaton & Bedworth Borough (7.62) than the Warwickshire (7.41) and England (7.31) average. Life satisfaction scores were higher in Rugby Borough (7.72) than the Warwickshire (7.59) and England (7.38) average; as were ‘Worthwhile’ scores (Rugby Borough 8.09, Warwickshire 7.77 and England 7.71). None of these differences are statistically significant.



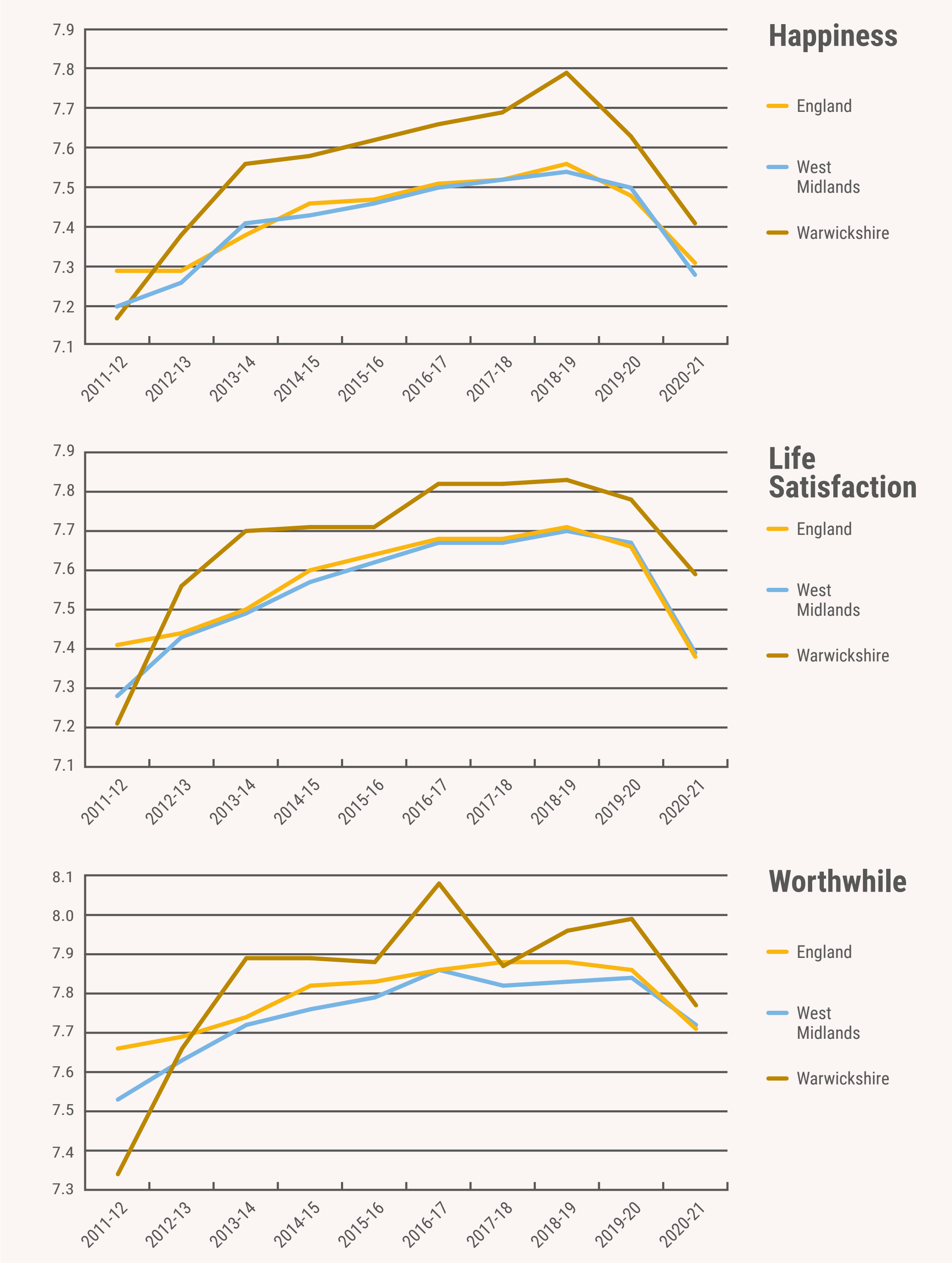


Figure 40: Average personal wellbeing estimates 2011/12 to 2020/21
Source: ONS (2021), Personal Wellbeing estimates by local authority

Life expectancy at birth

Life expectancy at birth is an estimate of how many years a new-born baby might be expected to live. In Warwickshire, for the period 2018-2020, the life expectancy at birth for males was 79.70 years and for females 83.43 years. Figures 41 and 42 show life expectancy for females and males in the district and boroughs in Warwickshire for the period 2001-2003 to 2018-2020. In line with the national trend, there was a reduction in life expectancy in 2018-2020 compared to the previous period (2017-2019), which in some districts and boroughs is particularly noticeable. In the period 2018-2020, both males and females had a longer life expectancy than their counterparts in the West Midlands (78.54 years males; 82.51 years females) and England (79.40 years males; 83.14 females).[80]

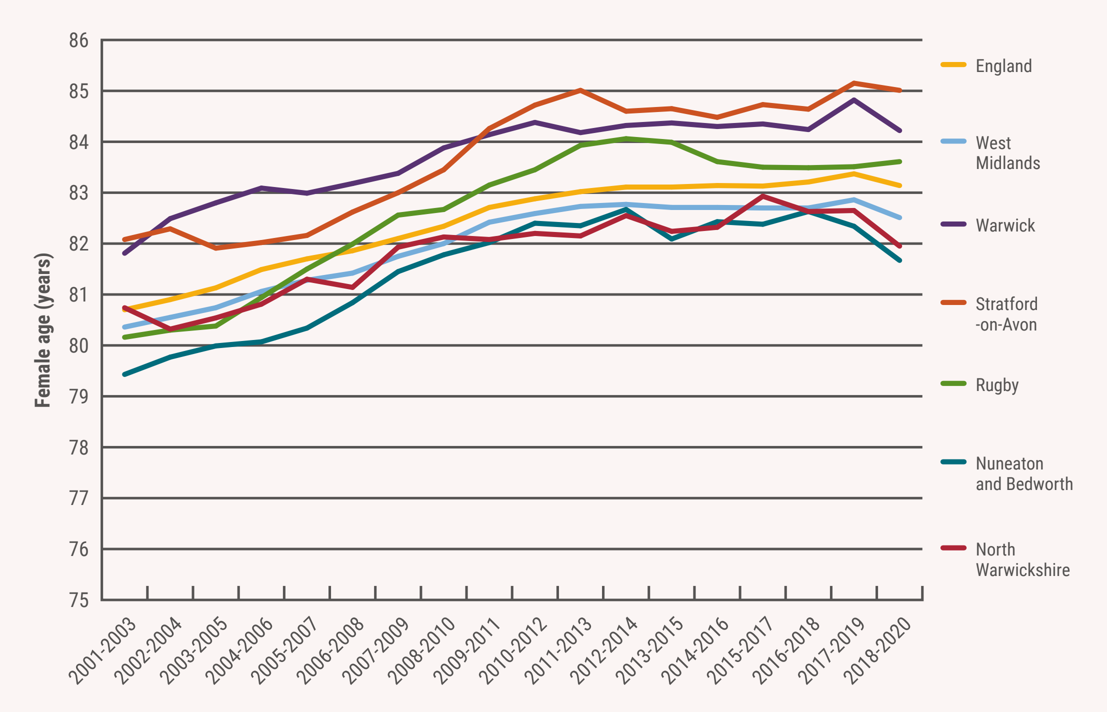


Figure 41: Female life expectancy at birth, 2001-2003 to 2018-2020
Source: ONS (2021) Life expectancy estimates, all ages, UK

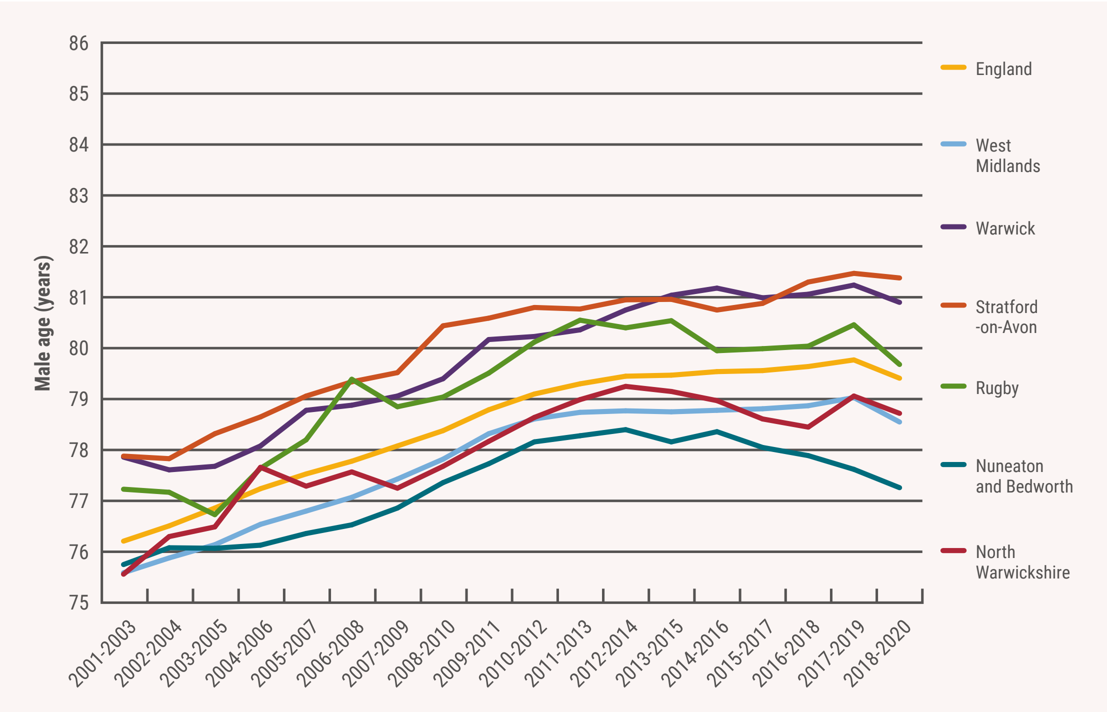


Figure 42: Male life expectancy at birth, 2001-2003 to 2018-2020
Source: ONS (2021) Life expectancy estimates, all ages, UK

Figures 41 and 42 show that, for both males and females in Stratford-on-Avon District, Warwick District, and Rugby Borough life expectancy has been above the national average over the last ten years. In contrast, life expectancy for residents in North Warwickshire Borough and Nuneaton & Bedworth Borough has, generally, remained below the England average throughout this period.

Healthy life expectancy

In addition to life expectancy, it is important to consider healthy life expectancy: this is a measure of the average number of years a person would expect to live in good health based on contemporary mortality rates and prevalence of self-reported good health. In Warwickshire, for the period 2017-2019 healthy life expectancy at birth for males was 64.6 years and for females was 64.1 years. These figures are better than the national averages (63.2 years for males; 63.5 years for females) and West Midlands averages (61.5 years for males; 62.6 years for females).

The difference between life expectancy at birth and healthy life expectancy at birth indicates years that are spent in less than good health. Figure 44 shows life expectancy and healthy life expectancy for 2015-17 to 2017-19 for both males and females in Warwickshire. Although females are living longer, they are also spending more of their life in poor health (19.8 years compared to 15.5 years in males in the period 2017-2019). In addition, time spent in poor health has increased for females and slightly decreased in males over the three time periods.

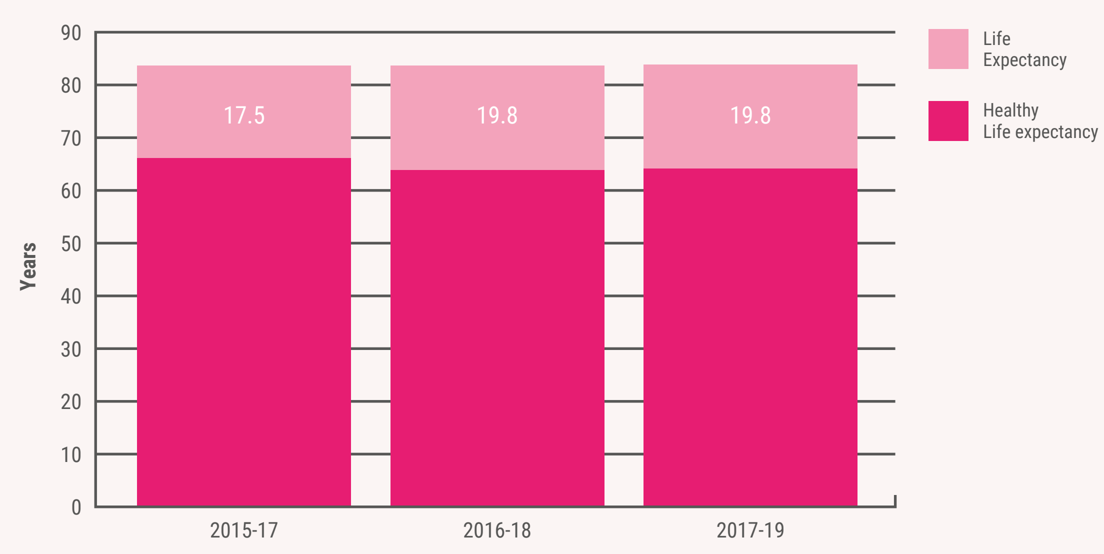


Figure 43: Difference between life expectancy and healthy life expectancy in females in Warwickshire 2015-17 to 2017-19 Source: ONS (2021), Life expectancy estimates, all ages, UK and PHE, Fingertips

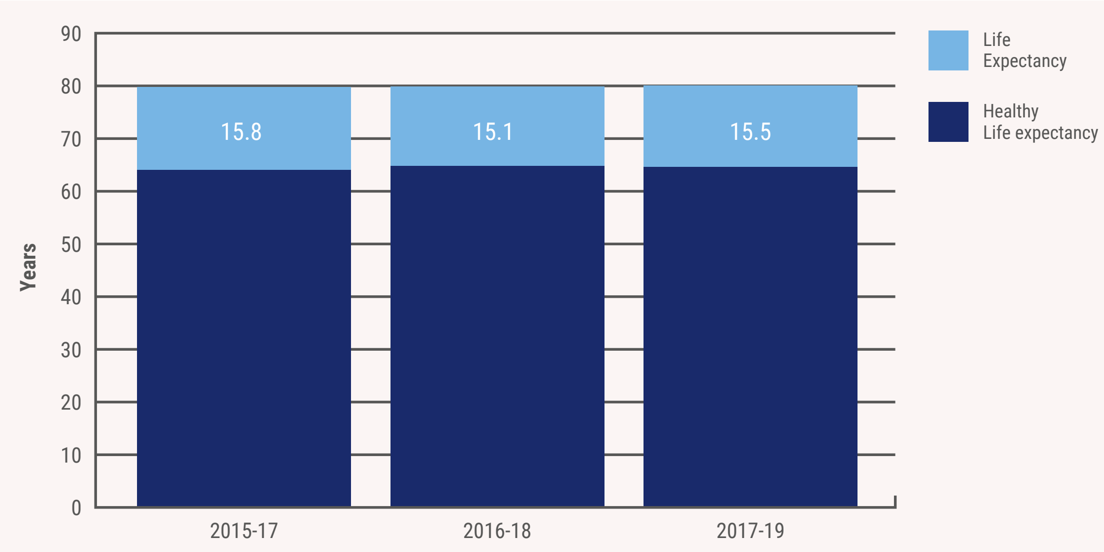


Figure 44: Difference between life expectancy and healthy life expectancy in malesin Warwickshire 2015-17 to 2017-19 Source: ONS (2021), Life expectancy estimates, all ages, UK and PHE, Fingertips

Life expectancy at 65

Life expectancy at 65 can also be considered. In terms of life expectancy at 65, a male in Warwickshire could expect to live for another 19.2 years and a female 21.6 years. However, a male in North Warwickshire Borough could expect to live a further 18.3 years beyond 65 and a male in Nuneaton & Bedworth Borough 17.9 years. These figures are below the national average (18.7 years). This is similar for females – a female in North Warwickshire Borough could expect to live a further 20.7 years and 20.3 years for those in Nuneaton & Bedworth Borough – the England figure in 2017-2019 is 21.3 years.

The Slope Index of Inequality (SII) is a measure of the difference in life expectancy between the most and least deprived sections of the local population – a larger number means a larger gap. In Warwickshire for the period 2017-19, males had a SII of 8.2 years (significantly lower than the England males SII equivalent of 9.4 years) and females had a SII of 5.7 years (significantly lower than the England females SII equivalent of 7.6 years).[81]

Physical activity

For the period 2019/20, 69.4% of Warwickshire adults were classed as being physically active. This was significantly higher than both the regional (63.1%) and national (66.4%) equivalent figures.[82] In contrast, 20.1% of adults in Warwickshire were physically inactive – a significantly better proportion than the West Midlands (25.3%) and England (22.9%).

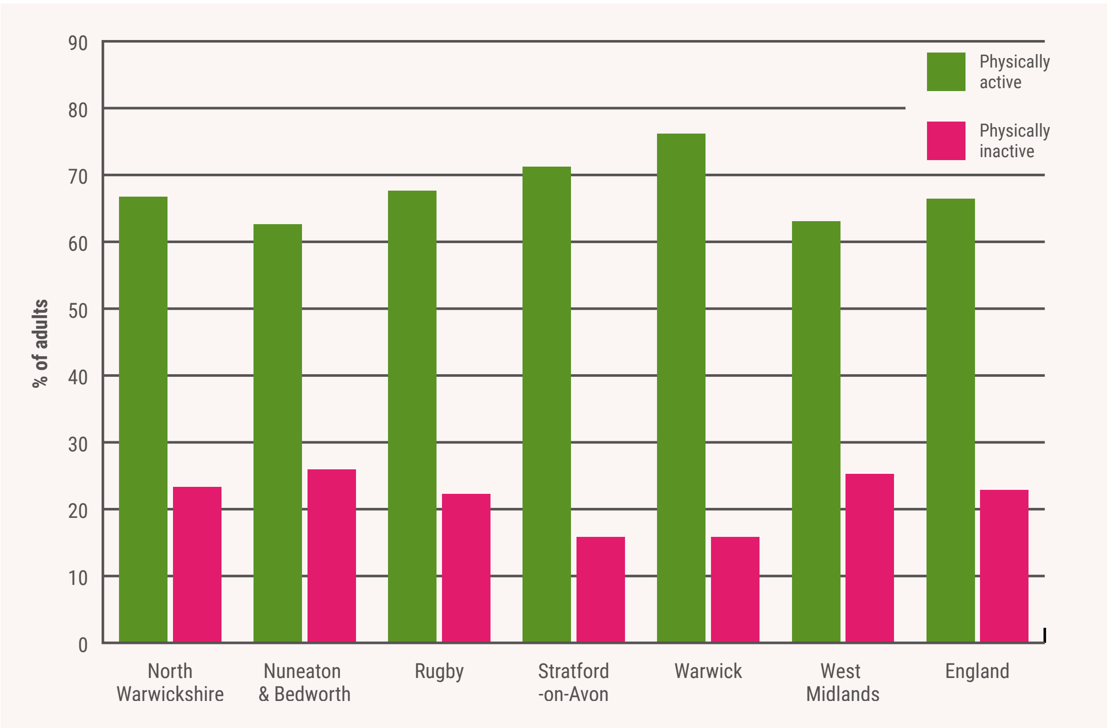


Figure 45: Proportion of adults classed as physically active and physically inactive, 2019/20
Source: Public Health England (2020)

Figure 45 shows that Nuneaton & Bedworth Borough has a slightly higher proportion of physically inactive adults (25.9%) and a slightly lower proportion of physically active adults (62.6%) than the equivalent England figures. In contrast, both Stratford-on-Avon District and Warwick District are significantly better for both indicators than the national average.

Overweight and obesity

In Warwickshire in 2019/20, 63.0% of adults (aged 18+) were classified as being overweight or obese. This figure was statistically similar to the England figure of 62.8%, and significantly better than the West Midlands region average of 66.8%.[83]

Figure 46 shows the proportion of adults, Year 6 children, and Reception children classed as overweight or obese for 2019/20. Adults in North Warwickshire Borough (69.4%) and Nuneaton & Bedworth Borough (70.5%) have significantly worse levels of overweight and obesity compared to the England average, whereas in Warwick District levels are significantly better (57.4%). In addition, in 2019/20 the prevalence of overweight and obesity in year 6 pupils in Nuneaton & Bedworth Borough (40.4%) was significantly worse than the England average (35.2%), whereas in Stratford-on-Avon District (29.9%) and Warwick District (26.2%) it was significantly better.

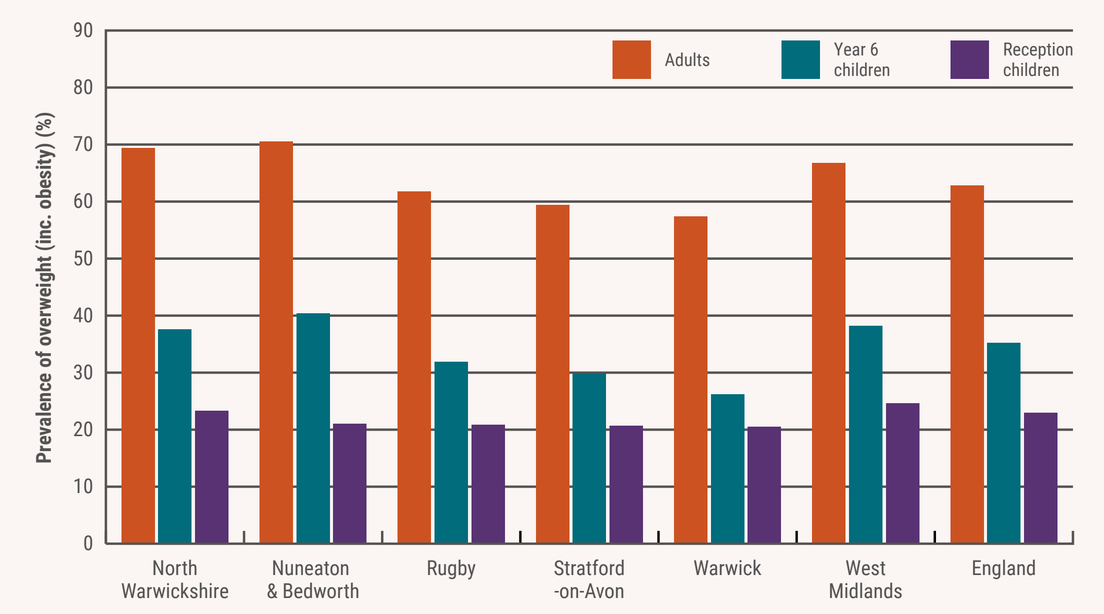


Figure 46: Proportion of adults (aged 18+), Year 6 children and Reception children classified as overweight or obese, 2019/20 Source: Public Health England (2021)

Smoking

In Warwickshire, smoking prevalence in adults (aged 18+ years, current smokers) was 13.3% in 2019, in line with the national figure of 13.9%.[84] All districts and boroughs had a smoking prevalence figure in line with the England proportion in 2019: North Warwickshire Borough 15.1%, Nuneaton & Bedworth Borough 14.5%, Rugby Borough 14.3%, Stratford-on-Avon District 11.8%, and Warwick District 12.1%.

Alcohol

In 2018/19, there were 675 per 100,000 hospital admission episodes for alcohol-related conditions in Warwickshire.[85] This is in line with the England average of 664 per 100,000 population, however, for females in Warwickshire, the figure of 525 admission episodes for alcohol-related conditions was significantly worse than the England average (494 per 100,000).

Mental health

The recorded prevalence of depression (in those aged 18+) in 2020/21 in Warwickshire was 13.8%. This figure was an increase of 1.7 percentage points from 2019/20 and significantly higher than both the West Midlands (13.0%) and England (12.3%) figures.[86]

For the period 2018-20, Warwickshire had a suicide rate of 9.2 per 100,000 population (age 10+).[87] This figure was lower but statistically similar to both the West Midlands (10.5 per 100,000) and England (10.4 per 100,000) figures. This rate has decreased in recent time periods from a high of 12.2 per 100,000 in 2014-16 (Figure 47).

Suicide rates are higher in males than females (14.8 per 100,000 compared to 4.1 per 100,000 in 2018-2020). Rates also vary between the districts and boroughs in Warwickshire, but in 2018-2020 all were considered to be statistically similar to the England average (10.4 per 100,000): Nuneaton & Bedworth Borough (9.2 per 100,000), Stratford-on-Avon District (8.4 per 100,000), North Warwickshire Borough (11.0 per 100,000), Warwick District (8.9 per 100,000), and Rugby Borough (8.9 per 100,000).

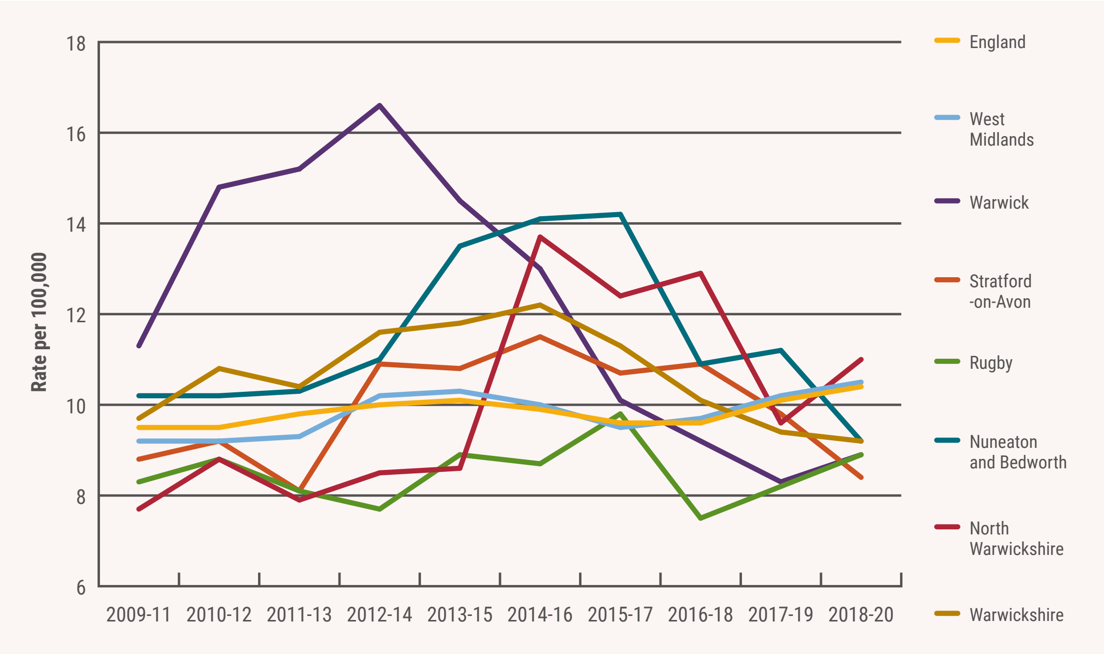


Figure 47: Suicide rate per 100,000 persons, 2009-11 to 2018-20
Source: Public Health England (2021)

Children and young people

Children's social care

Referrals to children's Social Services

A referral is defined as a request for services to be provided by children's social care and is in respect of a child who is not currently in need. A referral may result in an assessment of the child's need; the provision of information or advice; referral to another agency; or no further action. If a child is referred more than once in the year, then each referral is counted in the figures. A re-referral is where a child has been referred within 12 months of a previous referral.

There were 5,525 referrals to children's social services in Warwickshire in 2020/21, a rate of 463.7 per 10,000 of the under 18 population. This is greater than 2019/20 when it was 428.6 per 10,000. In 2020/21, the rate for Warwickshire was greater than the English county local authorities average of 418.4 per 10,000 and less than all English authorities average of 513.0 per 10,000 (Figure 48).

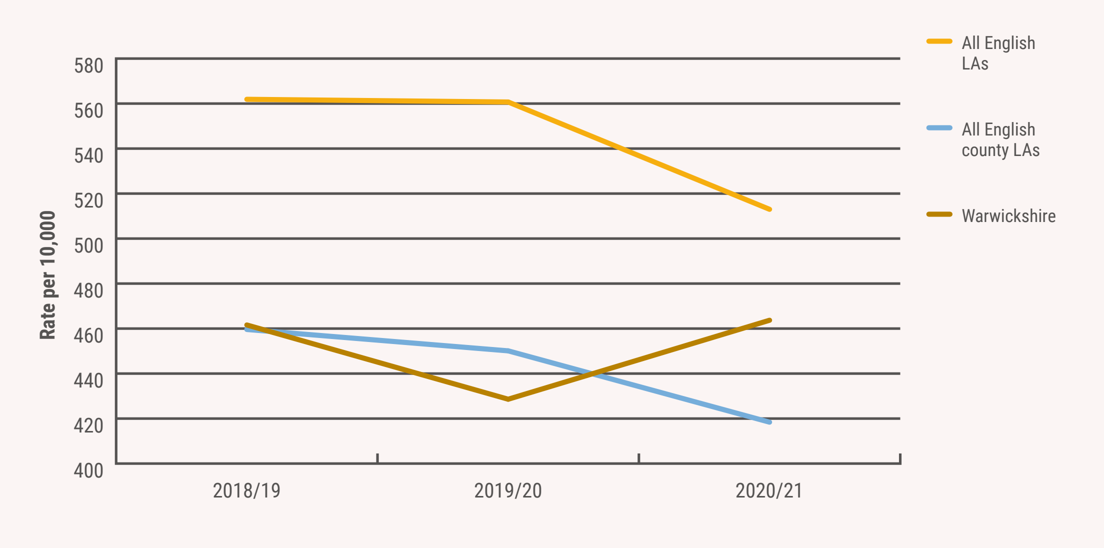


Figure 48: Rate of referrals to children's social services, 2018/19-2020/21
Source: Department for Education (2021)

A breakdown shows that of the referrals within Warwickshire in 2020/21:

- 1,159 (21%) were referrals to social care within 12 months of an earlier referral, greater than the previous period (970, 19.2%).
- 2,628 (47.6%) resulted in an assessment in which the child was assessed not to be in need, greater than the previous period (2,031, 40.2%).

Assessments

Under the Children Act 1989, local authorities are required to provide services for children in need for the purposes of safeguarding and promoting their welfare. Local authorities undertake assessments of the needs of individual children to determine which services to provide and what action to take.

There were 6,213 assessments completed by Warwickshire during 2020/21, which is greater than the previous period (5,427). The rate of assessments completed by Warwickshire is 521 per 10,000 children, which is greater than the previous period (461 per 10,000) and greater than the current average for all English county local authorities (436 per 10,000), but less than the average for all English authorities (552 per 10,000).

Children in need

A child in need is defined under the Children Act 1989 as a child who is unlikely to achieve or maintain a reasonable level of health or development, or whose health and development is likely to be significantly or further impaired, without the provision of services; or a child who is disabled. In Warwickshire there were 6,386 children in need during the financial year 2020/21, a decrease since the previous period when there were 6,644; 2,894 children started an episode of need during the period and 2,221 ended an episode.

There were 4,165 children in need on 31 March for the financial year 2020/21, a rate of 349.6 per 10,000 children, an increase since the previous period and greater than the current rate for all English county local authorities of 265.6 per 10,000 children. This was similar to the rate for all English local authorities of 353.3 per 10,000 (Figure 49).

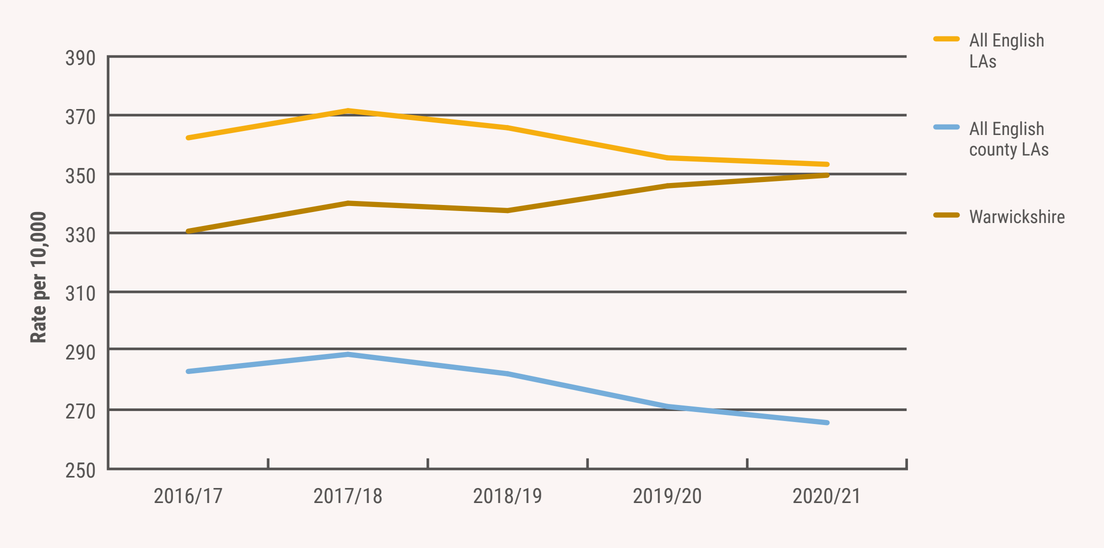


Figure 49: Rate of children in need per 10,000 aged under 18, 2016/17-2020/21
Source: Department for Education (2021)

Section 47 enquiries and Initial Child Protection Conferences (ICPCs)

If the local authority identifies there is reasonable cause to suspect the child is suffering, or is likely to suffer significant harm, it will carry out an assessment under Section 47 of the Children Act 1989 to determine if it needs to take steps to safeguard and promote the welfare of the child. If concerns are substantiated and the child is judged to be at continuing risk of harm, then an initial child protection conference should be convened within 15 working days.

The rate of children subject to Section 47 enquiries is 124.4 per 10,000 children aged under 18 for 2020/21, an increase since the previous period (101.9 per 10,000 children), greater than the average for all English county local authorities (116.1 per 10,000 children) but less than the average for all English local authorities (159.5 per 10,000 children) (Figure 50).

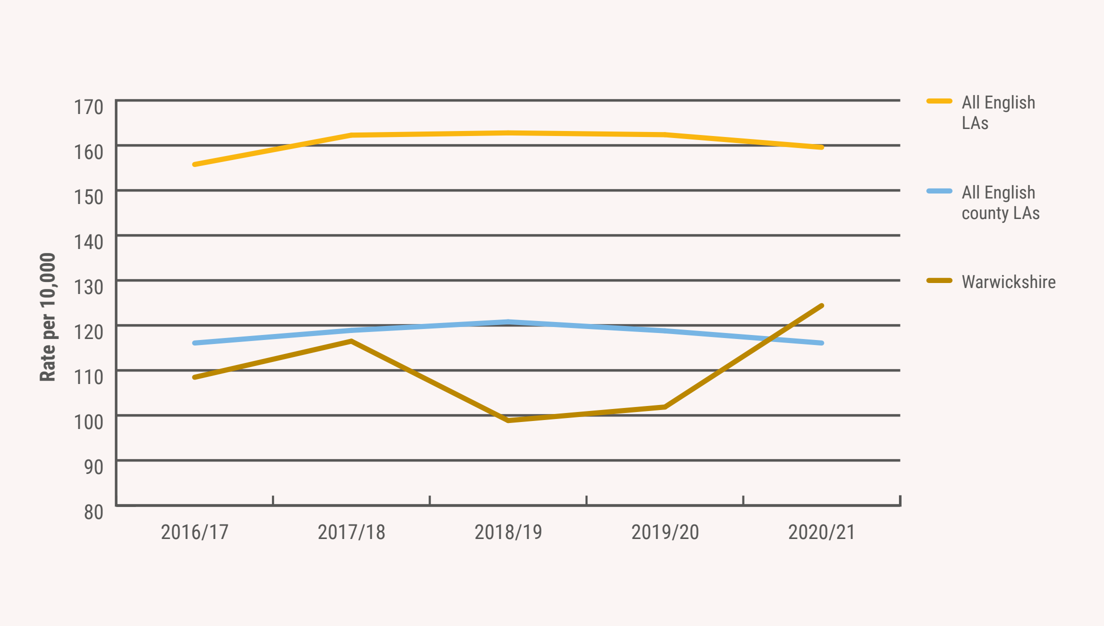


Figure 50: Rate of children subject to section 47 enquiries per 10,000 aged under 18, 2016/17-2020/21
Source: Department for Education (2021)

The rate of children subject to an ICPC in Warwickshire was 44.1 per 10,000 aged under 18 in 2020/21. This was a slight increase on the previous period (40.7 per 10,000) and less than the average for all English county local authorities (50.7 per 10,000) and all English local authorities (65.8 per 10,000).

Child Protection Plans

The aim of the child protection plan (CPP) is to ensure the child is safe from harm and prevent them from suffering further harm; promote the child's health and development; and support the family and wider family members to safeguard and promote the welfare of their child, provided it is in the best interests of the child.

- **Number of children subject to a CPP:** There were 349 children subject to a child protection plan on 31 March 2021 in Warwickshire, an increase since the previous period of 2019/20 when 295 children were subject to a CPP.
- **Rate of children subject to a CPP:** The rate of children subject to a child protection plan per 10,000 children aged under 18 was 29 in Warwickshire on 31 March 2021, an increase since the previous period of 25 per 10,000. This is less than all English county local authorities rate of 35 per 10,000, and the all English local authorities' rate of 46 per 10,000 (Figure 51)
- **Number of children who became subject to a CPP during the year:** There were 480 children that became subject to a children protection plan during 2020/21 in Warwickshire. Of these, 132 (27.5%) children were subject to a plan for a second or subsequent time, greater than the all English county local authorities average of 23.8% and the all English local authorities average of 21.1%.
- **Rate of children who became subject to a CPP during the year:** The rate of children subject to a child protection plan during 2020/21 in Warwickshire was 40 per 10,000 children aged under 18. This was lower than the all English local authorities average of 58 per 10,000.

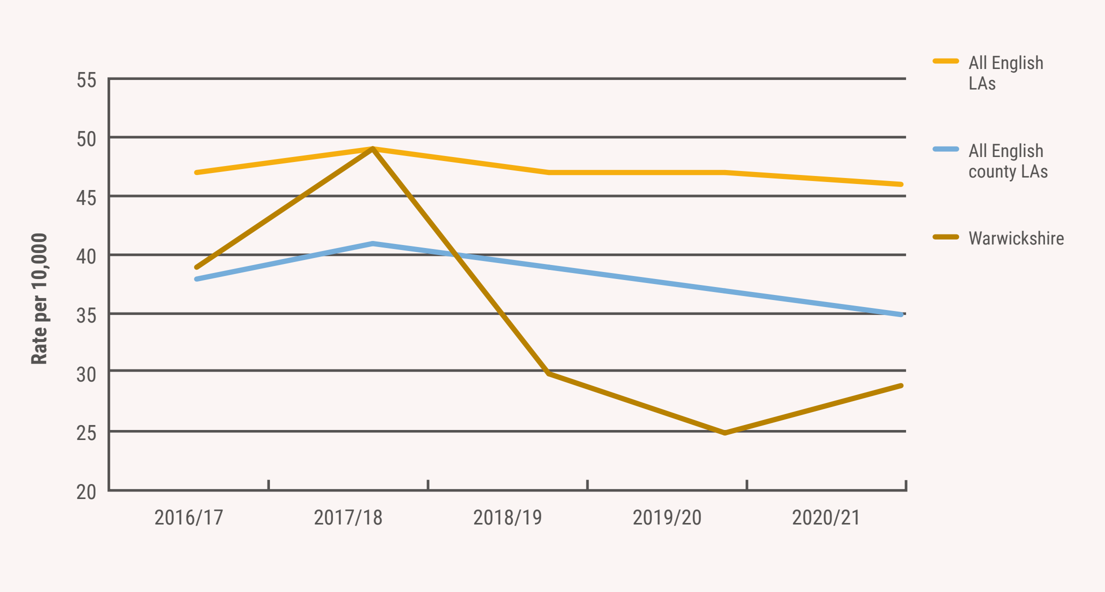


Figure 51: Rate of child protection plans on 31 March per 10,000 aged under 18, 2016/17-2020/21
Source: Department for Education (2021)

When a child becomes the subject of a plan, the initial category of abuse is recorded. Table 11 shows the initial category of abuse in 2020/21: in Warwickshire emotional abuse made up nearly half of all initial categories of abuse.

	Warwickshire (%)	All English County authorities (%)	All English authorities (%)
Emotional abuse	49	36	41
Neglect	22	50	46
Physical abuse	5	5	8
Sexual abuse	3	4	4

Table 11: Proportion of initial categories of abuse for CPPs 2020/21
Source: Department for Education (2021)

Children in care

Under the Children Act 1989, a child is looked after (by a local authority) if he or she falls into one of the following: is provided with accommodation, for a continuous period of more than 24 hours; is subject to a care order; and is subject to a placement order. In Warwickshire, child in care is used to refer to a child looked after by the authority.

In Warwickshire, on 31st March 2019/20, the rate of children in care (CIC) was 64 per 10,000 children aged under 18, an increase since the previous period of 2018/19 when the rate was 62 per 10,000 children. The rate was greater than the all English county local authorities' rate of 54 per 10,000 and less than the all English authorities average of 74 per 10,000 (Figure 52).

In Warwickshire, 15% of CIC on 31/3/2020 had been in three or more placements during the year, this is greater than the all English county local authorities average and all English authorities average of 11% for the same period.

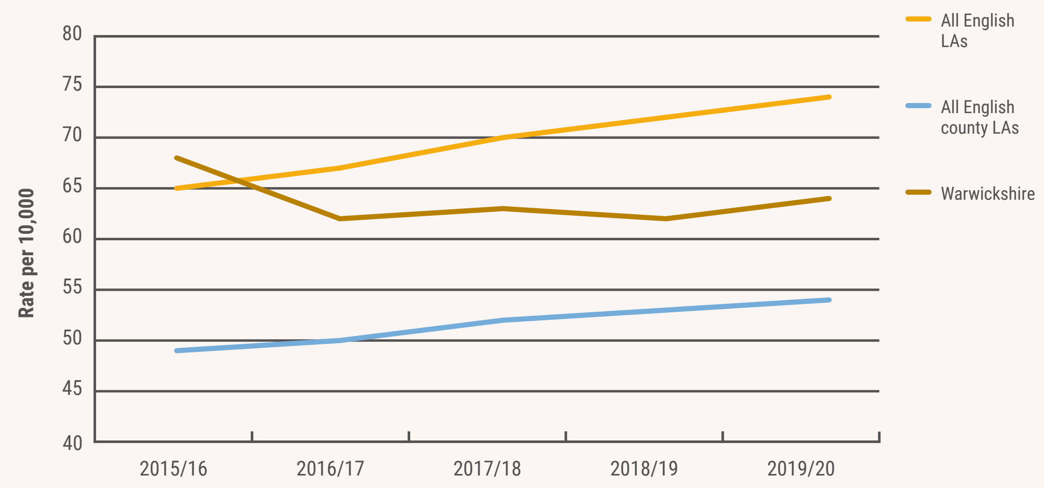


Figure 52: Rate of children in care per 10,000 population under 18, 2015/16-2019/20
Source: Department for Education (2021)

Care leavers

Local authorities are required to ensure care leavers are given the same level of care and support that their peers would expect from a reasonable parent, and that they are provided with the opportunities and chances needed to help them move successfully into adulthood. Figure 53 shows the percentage of care leavers in education, employment, or training (EET) aged 19, 20 or 21 from 2015/16 to 2019/20. In Warwickshire, the percentage of care leavers in EET has increased since 2015/16 but was still below the average for all English local authorities in 2019/20.

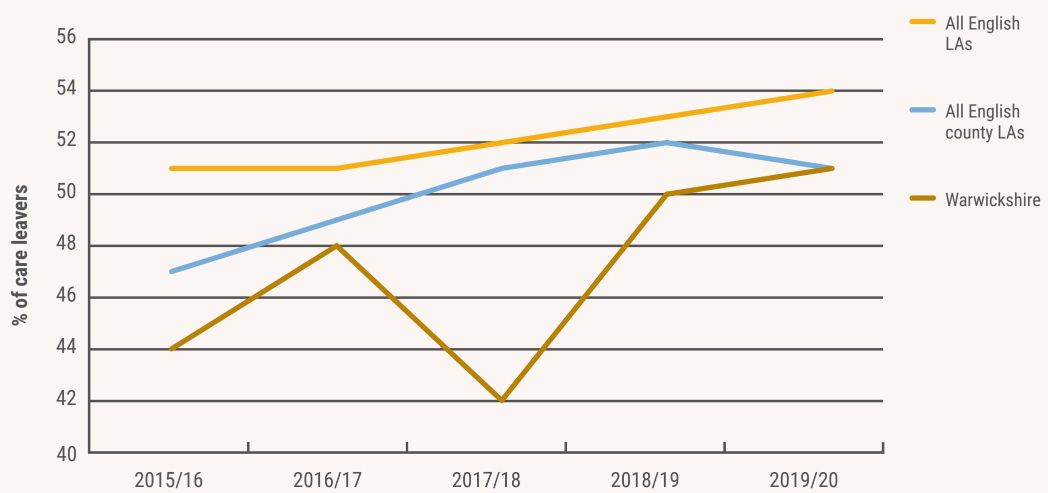


Figure 53: Percentage of care leavers in education, employment or training aged 19, 20 or 21 (2015/16 - 2019/20)
Source: Department for Education (2021)

The percentage of care leavers aged 19, 20 and 21 in suitable accommodation has also increased since 2015/16. In 2019/20, 83% of care leavers were in suitable accommodation. This was just under the average for all English county local authorities (85%) and all English authorities (86%).

Special educational needs and disabilities (SEND)

Part of the Children and Families Act 2014 was the move from statements of SEN to education, health and care (EHC) plans. EHC plans ensure that a young person's needs are assessed in a coherent way across education, health, and social care services.

In 2020, 97.8% of children and young people in Warwickshire assessed were issued with an EHC plan for the first time, compared with an average of 95.3% for all English authorities and average of 94.7% for all English county local authorities.

Regulations set out that the overall time it takes from the local authority receiving a request for an assessment and the final EHC plan being issued (if required) should be no longer than 20 weeks. In Warwickshire, 90.0% were issued within 20 weeks, excluding exceptional cases where LAs are allowed to exceed the 20-week time limit, compared to the all English authorities average of 66.4% and the all English county local authorities average of 60.8%.

Statement, EHC plans and SEN support

In the 2020/21 academic years, 15.4% of pupils attending schools in Warwickshire had a statutory plan of SEN (either a statement or education, health and care (EHC) plan) or were receiving SEN support (previously school action and school action plus).[88] This compares to an average of 15.9% across all English local authorities and 15.3% of all county local authorities. The proportion of pupils with statements or EHC plans in Warwickshire schools has increased in recent years (Table 12) and in 2020/21 was slightly below the average in all English authorities. The percentage of pupils with SEN support in all schools in Warwickshire has remained similar since 2017/18 (11.8% in 2020/21) and has been slightly lower than the English average.

	% of pupils with statements or EHC plans (All schools)			% of pupils with SEN Support (All schools)		
	Warwickshire	English LAs	English county LAs	Warwickshire	English LAs	English county LAs
2017/18	3.1	3	2.8	11.6	11.9	11.4
2018/19	3.1	3.2	2.9	11.5	12.1	11.4
2019/20	3.3	3.4	3.2	11.9	12.2	11.8
2020/21	3.6	3.8	3.5	11.8	12.2	11.8

Table 12: Percentage of pupils with statements or EHC Plans and SEN support in Warwickshire and English Authorities 2017/18 – 2020/21
Source: Department for Education (2021), Special Educational Needs in England

Figure 54 shows that the proportion of children in care (CIC) and children in need (CIN) in Warwickshire, in 2019/2020, who had a statement of SEN or EHC plan was higher than the average in all English local authorities whereas the proportion of CIN with SEN support was slightly lower. There were a higher proportion of CIC with SEN without a statement than in all English authorities.

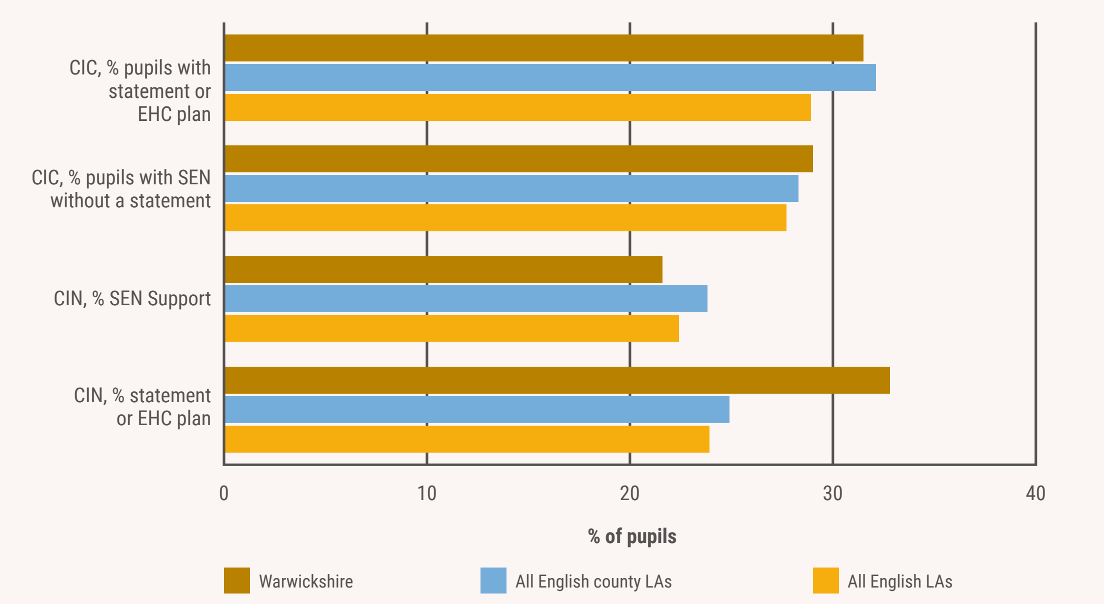


Figure 54: Percentage of children in care (CIC) and children in need (CIN) in Warwickshire, who were on SEN support, or had a statement of SEN or EHCP compared to all English authorities (2019/2020).
Source: Department for Education (2021)

Primary need

A child or young person has SEN if they have a learning difficulty or disability which calls for special educational provision to be made for them. All pupils with SEN have an assessment of their primary need. Table 13 shows the proportion of SEN pupils with each type of primary need in primary, secondary and special schools in Warwickshire. In Warwickshire there are a higher proportion of SEN pupils with a moderate learning disability in mainstream primary schools than in all English local authorities (24.8% vs 17.1%) and a higher proportion of SEN pupils with a severe learning disability in mainstream secondary schools (27.3% vs 19.3%).

PRIMARY NEED	Primary		Secondary		Special	
	Warwick-shire	All English authorities	Warwick-shire	All English authorities	Warwick-shire	All English authorities
Moderate learning difficulty	24.8	17.1	18.3	19.2	1.5	1.8
Severe learning difficulty	0.7	0.6	27.3	19.3	11.8	10.7
Profound & multiple learning difficulty	0.2	0.2	0.4	0.4	30.6	21.3
Social, emotional and mental health	21.5	16.4	0.1	0.1	4.2	6.8
Speech, language and communications needs	26.7	33.4	21.8	21.5	10.9	11.6
Hearing impairment	1.2	1.7	6	12.5	0.4	1
Visual impairment	1.3	0.9	1.7	2.2	1.7	0.6

Table 13: % of SEN pupils in Warwickshire with primary need by school type (2020/21)
Source: LG Inform (2021), Local Area SEND Report Warwickshire

Multi-sensory impairment	0.4	0.3	1	1.3	3	2.7
Physical disability	3.3	2.6	0.3	0.3	25.9	31.9
Autistic spectrum disorder	9.3	9.3	2.9	2.9	1.1	2.1
Other difficulty/disability	2.2	3.4	5	5.3	0	0
No specialist assessment of type of need	2.2	4.3	1.8	3	0.1	0.2
Specific learning difficulty	6.2	9.2	13.5	11.4	8.9	7.9

Table 13: % of SEN pupils in Warwickshire with primary need by school type (2020/21)
Source: LG Inform (2021), Local Area SEND Report Warwickshire

Youth justice system

Youth Justice statistics show that, in Warwickshire in 2019, there were 62 youth first-time entrants to the youth justice system.[89] The number of first-time youth entrants to the youth justice system in Warwickshire have been steadily decreasing over the last ten years (517 in 2009 to 62 in 2019). Figure 55 shows the rate of youth first-time entrants to the youth justice system over the last ten years, alongside the equivalent regional and national figures. Since 2018, the Warwickshire rate has been lower than both the regional and national equivalent – in 2019 the Warwickshire rate was 123 per 100,000 of the 10–17-year-old population, West Midlands 235 per 100,000 and England 208 per 100,000.

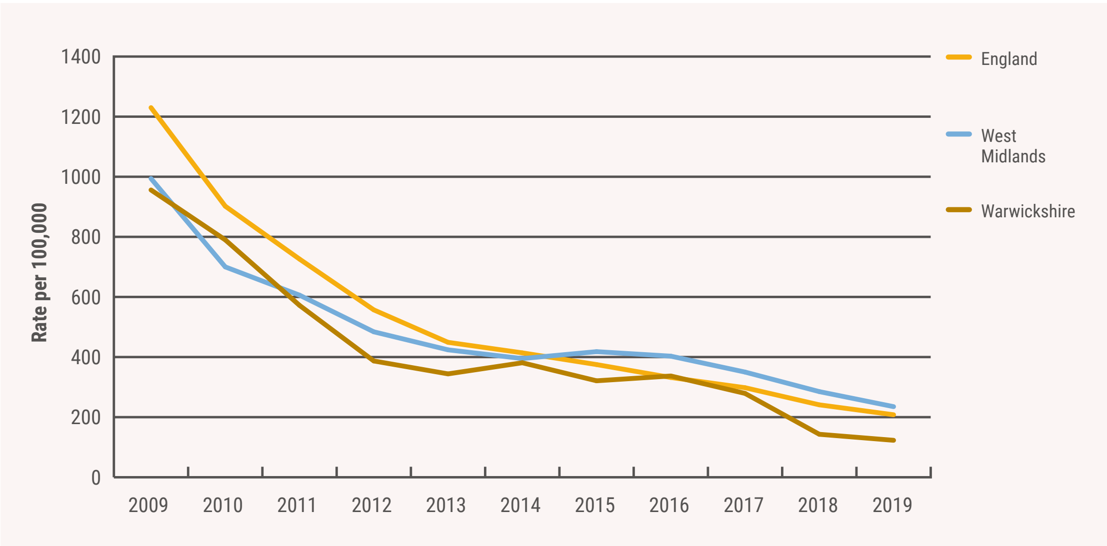


Figure 55: Rate of youth first time entrants to the youth justice system (per 100,000 of the 10-17 year old population), year ending December 2009 to 2019
Source: Criminal Justice Statistics Quarterly, Police National Computer, Ministry of Justice

Unintentional and deliberate injuries

There were 99.3 per 10,000 hospital admissions caused by unintentional and deliberate injuries in children (aged 0-14 years) in Warwickshire for the period 2019/20.[90] This was significantly higher than the equivalent England figure of 91.2 per 10,000. Of the Warwickshire districts and boroughs, Rugby Borough had the highest rate of 130.5 per 10,000 whilst Nuneaton & Bedworth Borough had the lowest rate of 76.6 per 10,000 (Figure 56). Similarly, when looking at hospital admissions caused by unintentional and deliberate injuries in children (aged 0-4 years), Rugby Borough also has a rate (167.3 per 10,000) significantly higher than the national average (117.0 per 10,000). The rate for Warwickshire was 122.4 per 10,000, similar to national rates.

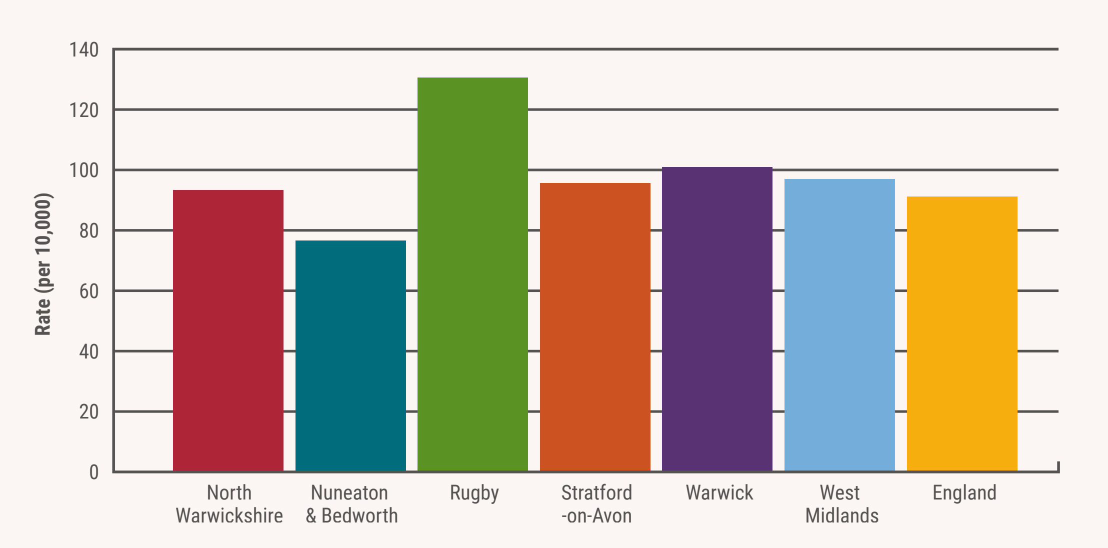


Figure 56: Hospital admissions caused by unintentional and deliberate injuries in children (aged 0-14 years), 2019/20
Source: Public Health England (2021), Fingertips

Mental health

Hospital admissions as a result of self-harm in 10–24-year-olds have been increasing in Warwickshire and in 2019/20 were significantly higher (577.2 per 100,000) than the rate in England (439.2 per 100,000 and the West Midlands (422.6 per 100,000)[91]. Only one other local authority in the West Midlands has a higher rate – Telford and Wrekin (579.3 per 100,000).

Hospital admissions for mental health conditions in young people under 18 years of age have also increased over the past decade, the rate in Warwickshire (127.4 per 100,000) in 2019/20 was significantly higher than the rate in England (89.5 per 100,000) and the West Midlands (91.9 per 100,000)[92]. The reasons for this will be multifactorial and include ease of access to service, availability of hospital beds and admission thresholds.

Health visiting

There are five mandated health and wellbeing reviews for early years, which are offered to all families:[93]

- a contact or telephone call before the baby is born, usually when the mother is more than 25 weeks pregnant
- a contact and check when the baby is 11-14 days old
- a contact at 6-8 weeks with the health visitor alongside the review at 6-8 weeks with the GP
- a 9-12 month health review - usually carried out by a Nursery Nurse
- a 2-2½ year review, usually carried out by a nursery nurse

In recent years, there has generally been a lower proportion of mandated health and wellbeing reviews on babies made by health visitors in Warwickshire during the first two weeks after the baby is born than in the West Midland region and England. In 2020/21, 78.2% of births received a face-to-face New Birth Visit within 14 days by a health visitor; this was the fourth lowest of the English county local authorities and significantly worse than the West Midlands (89.8%) and England (88.0%) average.[94] For the other health checks Warwickshire performed better than England and the West Midlands in 2020/21.

Adult social care

Local authorities provide data to NHS Digital on different aspects of adult social care via a number of annual collections including Short- and Long-Term Support (SALT), Adult Social Care Activity and Finance Report (ASC-FR), and the Adult Social Care Outcomes Framework (ASCOF). A selection of data is presented in this section but further information can be found in the Adult Social Care: Overview by Region and Local Authority – Interactive Report.

Gross current expenditure

In 2020/21 the gross current expenditure on adult social in Warwickshire was £209.1 million, this was an increase of £18 million from the previous year (Figure 57). Similarly, gross current expenditure per 100,000 adults increased from £41.5 million to £45.0 million. The same was true across England and the West Midlands region (Figure 58). Expenditure on adult social care in Warwickshire follows a year-on-year increasing trend since 2017-18. However, some of the spending in 2020-21 does not directly relate to people whose care is supported by the local authority, and so overall totals are not directly comparable. This is influenced by an increase in government funding in 2020-21 specifically to support the adult social care sector during the COVID-19 pandemic.

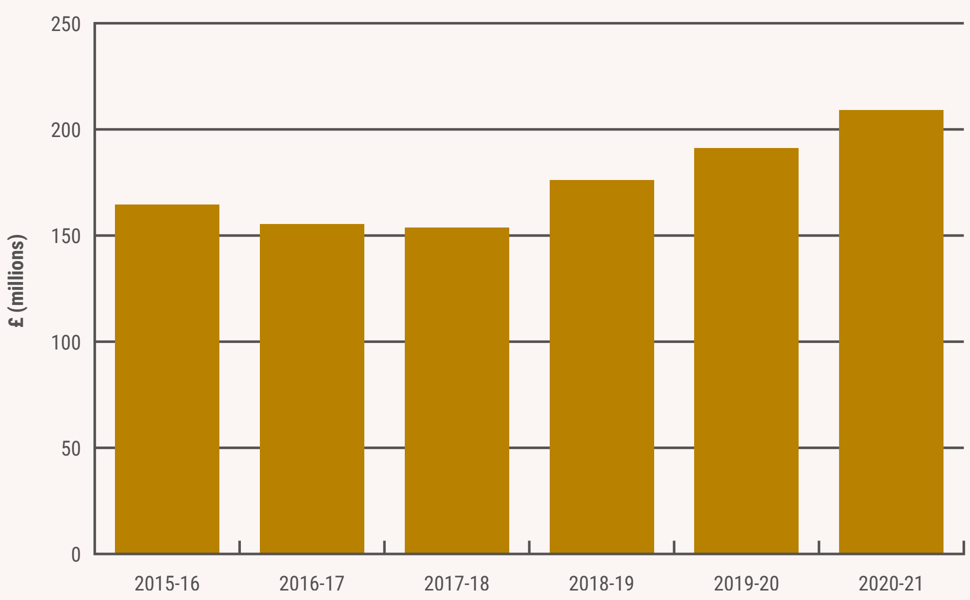


Figure 57: Gross current expenditure on adult social care in Warwickshire 2015-16 to 2020-21
Source: NHS Digital, Adult social care activity and finance reports

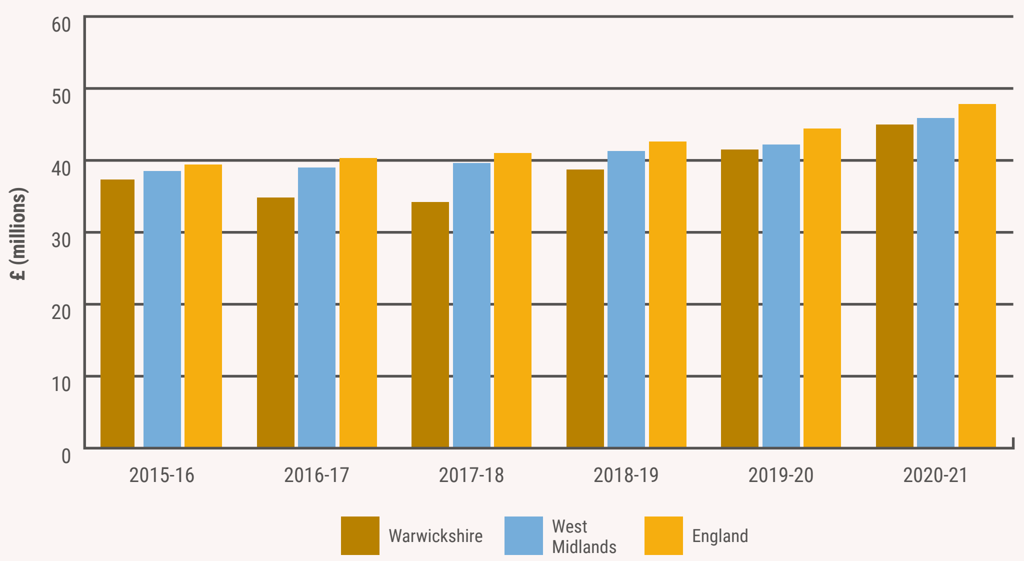


Figure 58: Gross current expenditure on adult social care per 100,000 adults, 2015-16 to 2020-21
Source: NHS Digital, Adult social care activity and finance reports

Long term support

Long term care is provided to clients on an ongoing basis and varies from high intensity provision such as nursing care, to lower intensity support in the community such as the provision of direct payments to arrange regular home care visits. Of the gross current expenditure on adult social services in Warwickshire in 2020-21, 73.9% (£154.5 million) was spent on long-term support.

During 2020-2021, 8,435 adults accessed long-term support: 2,425 aged 18-64 years and 6,010 aged 65 years and over (Table 14). This was an increase on the previous year for the 18–64 –year old age group but a decrease for the 65 years and over age group.

AGE GROUP	2018-19		2019-20		2020-21	
	Number	Per 100,000	Number	Per 100,000	Number	Per 100,000
18-64	2435	720	2280	670	2425	705
65+	6135	5190	6320	5255	6010	4960

Table 14: Numbers and clients per 100,000 adults accessing long term support during the year in Warwickshire, 2018-19 to 2020-21
Source: NHS Digital, Adult social care activity and finance reports

Table 15 shows the number of clients in Warwickshire accessing long-term support during 2020-21, and at the end of the financial year, by support setting. Clients aged 65 years and over are more likely to be supported by nursing and residential care than those aged 18-64 years, whereas 18–64-year-olds are more likely to be supported in the community. For both age groups the most common support setting was in the community with a CASSR (Council with Adult Social Services Responsibility) managed personal budget (i.e., the personal budget allocation is held by the local authority and they arrange the services agreed in an individual's care and support plan on their behalf).

INTRODUCTION AND EXECUTIVE SUMMARY
THE IMPACT OF COVID-19 ON WARWICKSHIRE AND ITS RESIDENTS
OUR PRIORITIES
THRIVING ECONOMY AND PLACES
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REFERENCES

	During 2020-21		At the end of the year 2020-21	
	18-64 No. (%)	65+ No. (%)	18-64 No. (%)	65+ No. (%)
Nursing	95 (3.9)	550 (9.2)	85 (4.0)	325 (8.5)
Residential	335 (13.8)	1,740 (29.0)	300 (14.0)	1,105 (29.0)
Community Direct Payment Only	620 (25.6)	315 (5.2)	570 (26.6)	245 (6.4)
Community Part Direct Payment	165 (6.8)	85 (1.4)	115 (5.4)	45 (1.2)
Community CASSR Managed Personal Budget	1,210 (49.9)	3,320 (55.2)	1,070 (50.0)	2,085 (54.8)
Total	2,425	6,010	2,140	3,805

Table 15: Number of clients accessing long term support in Warwickshire, by age band and support setting, 2020-21
Source: NHS Digital, Adult social care activity and finance reports

Table 16 shows the number and proportion accessing long-term support at the end of the year by primary support reason. The majority (83.3%) of clients aged 65 years and over are accessing long-term support for physical support (access and mobility only) or support with memory and cognition, whereas clients aged 18-64 years old are most likely to be accessing long-term support for a learning disability or physical support (access and mobility only); 77.1% of clients in total.

	During 2020-21		At the end of the year 2020-21	
	18-64 No. (%)	65+ No. (%)	18-64 No. (%)	65+ No. (%)
Physical Support Access and Mobility Only	500	23.4	2,385	62.7
Physical Support Personal Care Support	65	3.0	235	6.2
Sensory Support Support for Visual Impairment	15	0.7	15	0.4
Sensory Support Support for Hearing Impairment	10	0.5	15	0.4
Sensory Support Support for Dual Impairment	10	0.5	10	0.3
Support with Memory and Cognition	80	3.7	785	20.6
Learning Disability Support	1,150	53.7	165	4.3
Mental Health Support	295	13.8	170	4.5
Social Support Support for Social Isolation/Other	15	0.7	30	0.8
Total	2,140	100.0	3,805	100.0

Table 16: Number and proportion of clients in Warwickshire accessing long term support at the end of the financial year, by age band and primary support reason, 2020-21
Source: NHS Digital, Adult social care activity and finance reports

New requests for support

In Warwickshire during 2020-21 there were 12,080 new requests for adult social care support in adults aged 65 or over, this is equivalent to 9,965 requests per 100,000 adults. Figure 59 shows that since 2018-19 in Warwickshire the rate of new requests has almost doubled, although still below the West Midlands and England rates. The fluctuations in the numbers of new requests for support reflect improvements in data quality and clarification in the definition of a request for support as much as any genuine changes in the volume at the front door. The message behind these trends will become clearer as more data is collected and the system becomes more acquainted with the methodology.

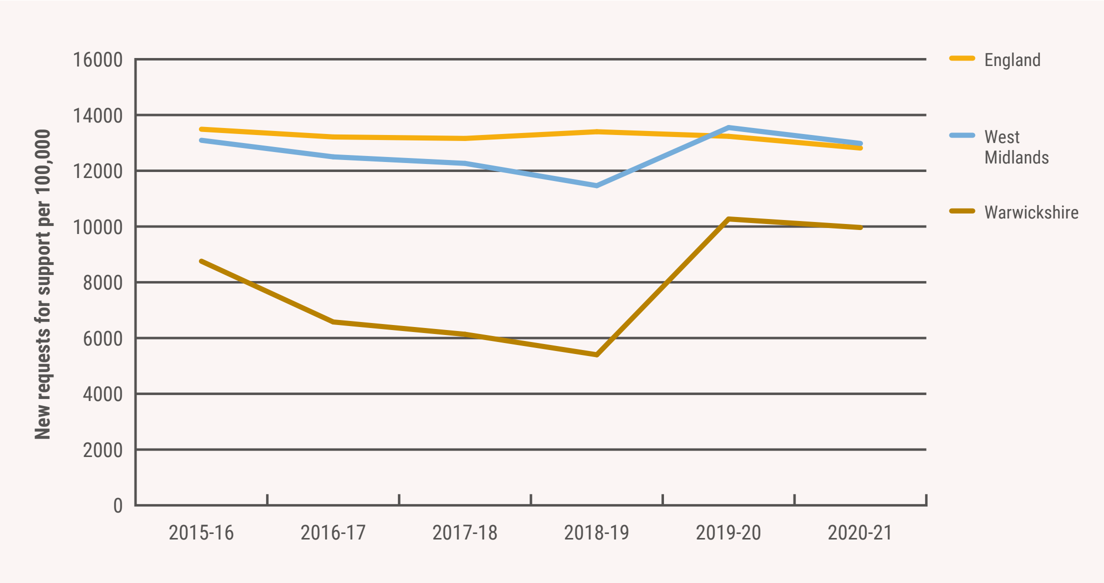


Figure 59: Rate of new requests for adult social care support in adults aged 65 or over per 100,000
Source: NHS Digital, Adult social care activity and finance reports

Of those requests for support in 2020-21, in those aged 65 years and over, 41.9% came via a discharge from hospital and 57.7% came from the community or other route. Of the 12,080 new requests, 2,935 (24.3%) received universal services or were signposted to other services; 2,115 (17.5%) went on to long term care (nursing (120), residential (440), community (1,555)); and 1,700 (14.1%) went on to short term care, mainly to maximise independence. No services were provided to 5,270 individuals (43.6%).

Adult Social Care Outcomes Framework

The Adult Social Care Outcomes Framework (ASCOF) measures how well care and support services achieve the outcomes that matter most to people. The ASCOF can be used both locally and nationally to set priorities for care and support, measure progress and strengthen transparency and accountability. Further details can be found at https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-outcomes-framework-ascof

Delaying and reducing the need for care and support

Nationally, the proportion of older people (aged 65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services (measure 2B1) fell from 82.0 per cent in 2019-20 to 79.1 per cent in 2020-21. In Warwickshire, the proportion of older people still at home 91 days after discharge has been consistently higher than the West Midlands and England average and in 2020/21 was 93.6% (Figure 60). Warwickshire is ranked 7 nationally for this indicator, where 1 is the highest-ranking authority.

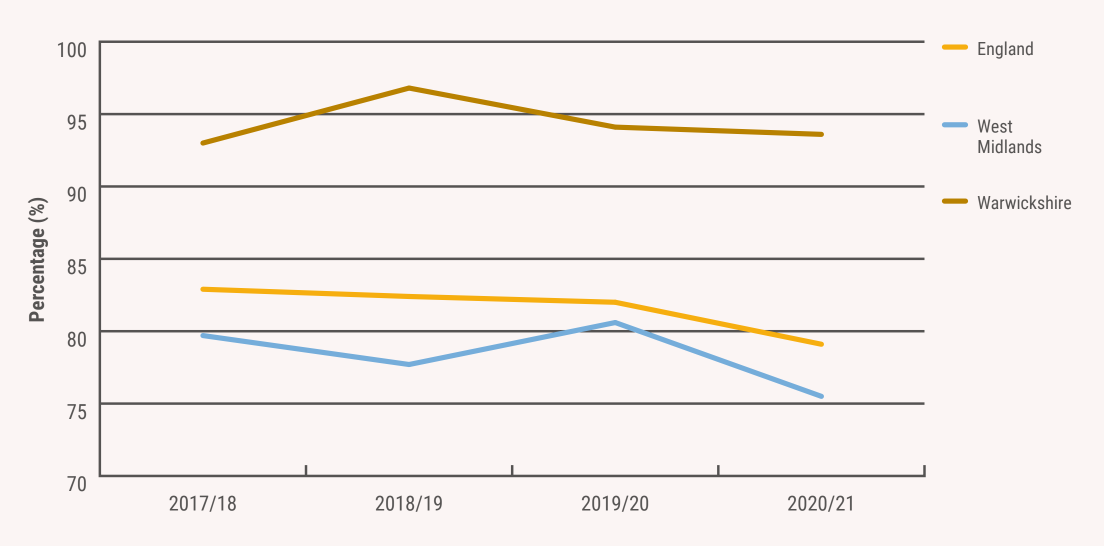


Figure 60: Proportion of older people who were still at home 91 days after discharge from hospital into reablement/rehabilitation services, 2017/18 – 2020/21
Source: NHS Digital (2021), Measures from the Adult Social Care Outcomes Framework

The proportion of older people who were offered reablement/rehabilitation services following discharge from hospital (measure 2B2) has been consistently lower than the national and regional average since 2017/18 (Figure 61).

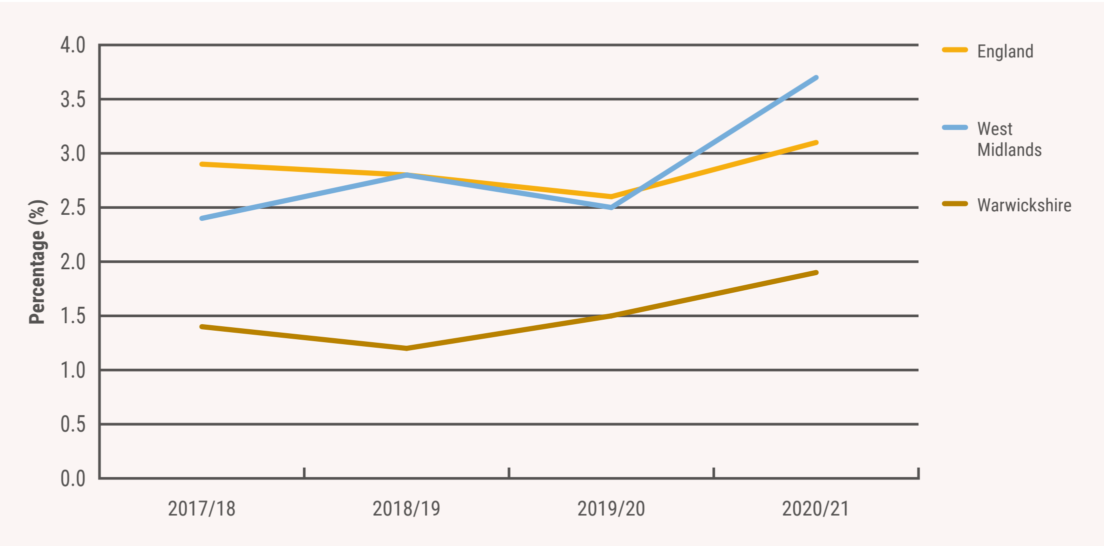


Figure 61: The proportion of older people who were offered reablement/rehabilitation services after discharge from hospital, 2017/18-2020/21
Source: NHS Digital (2021), Measures from the Adult Social Care Outcomes Framework

However, whilst Warwickshire's outturn of 1.9% older people offered reablement/rehabilitation services following discharge from hospital is below the national average, the context of this measure suggests the figure is misleading. Whilst ranking 118th nationally, Warwickshire ranks 21st in the volume of discharges from hospital in the period (over 18,000 discharges) and ranks 44th in the number of people admitted to reablement in the same period (345 admissions). Taking this into account the significant volume of discharges and the above national average number of admissions to reablement, Warwickshire's performance in this area should be seen as a positive which has increased year on year for the last three years.

Enhancing the quality of life for people with care and support needs

The proportion of clients in Warwickshire who have control over their daily life has generally been lower than the national and regional average since 2016/17, although in 2018/19 increased to 81.1% (Figure 62). This measure is collected via the Adult Social Care Survey which was a voluntary exercise in 2020/21 and data is not available for the latest year.

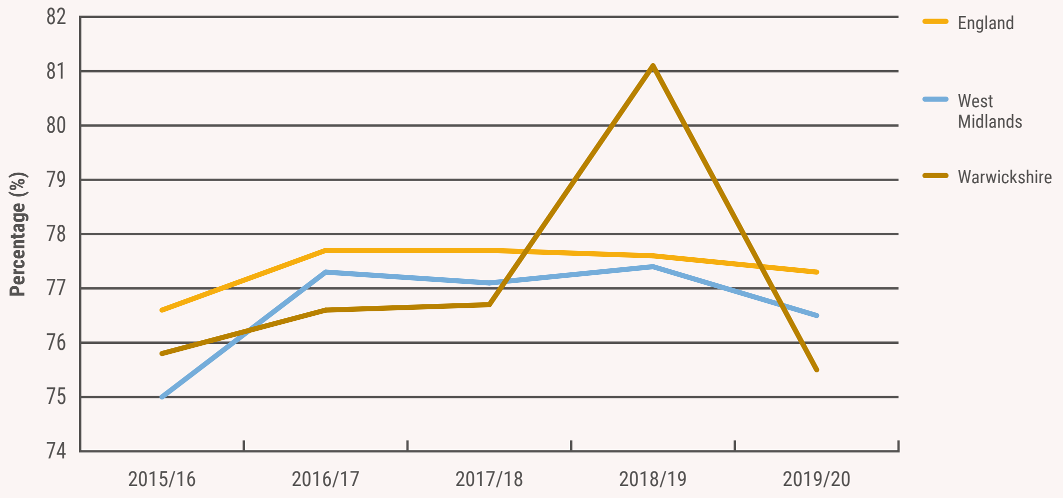


Figure 62: Proportion of clients who have control over their daily life, 2015/16-2019/20
Source: NHS Digital (2021), Measures from the Adult Social Care Outcomes Framework

The proportion of adults with a learning disability in paid employment (measure 1E) was consistently higher than the regional and national average between 2017/18 and 2019/20 (Figure 63). In 2020/21 the proportion fell by almost 50% from 10.7% in 2019/20 to 5.7%, slightly above the England average. Warwickshire ranked 51 for this indicator in 2020/21.

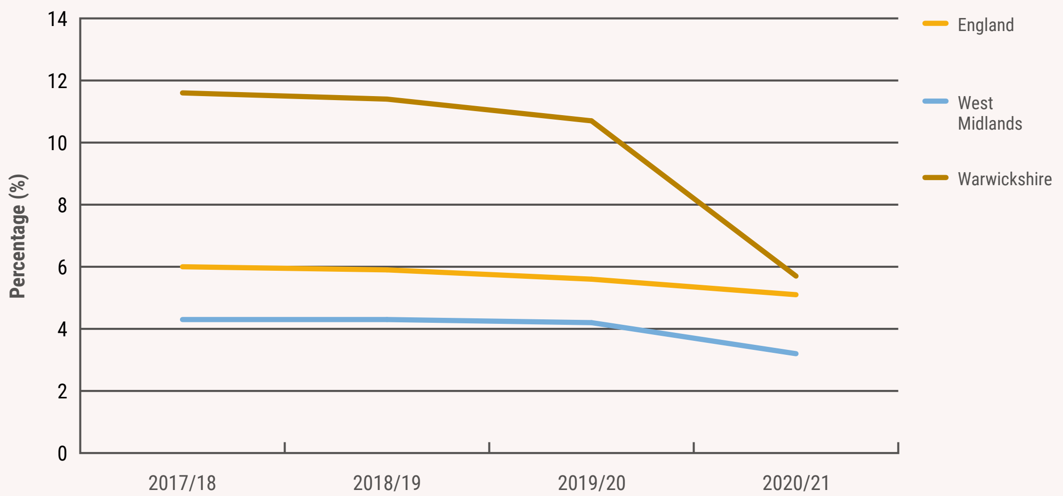


Figure 63: The proportion of adults with a learning disability in paid employment, 2017/18-2020/21
Source: NHS Digital (2021), Measures from the Adult Social Care Outcomes Framework

In 2020/21, the proportion of adults in contact with secondary mental health services in paid employment in Warwickshire was 12%, compared with 7% in the West Midlands and 9% in England. Warwickshire was ranked 26 nationally for this indicator.

The proportion of adults with learning disabilities who live in their own home or with their family (measure 1G) in Warwickshire has been consistently lower than the national average since 2017/18 and in 2020/21 fell below the West Midlands average (Figure 64). In 2020/21, 69.6% of adults with learning disabilities lived in their own home or with their family, meaning Warwickshire was ranked 136 nationally for this indicator.

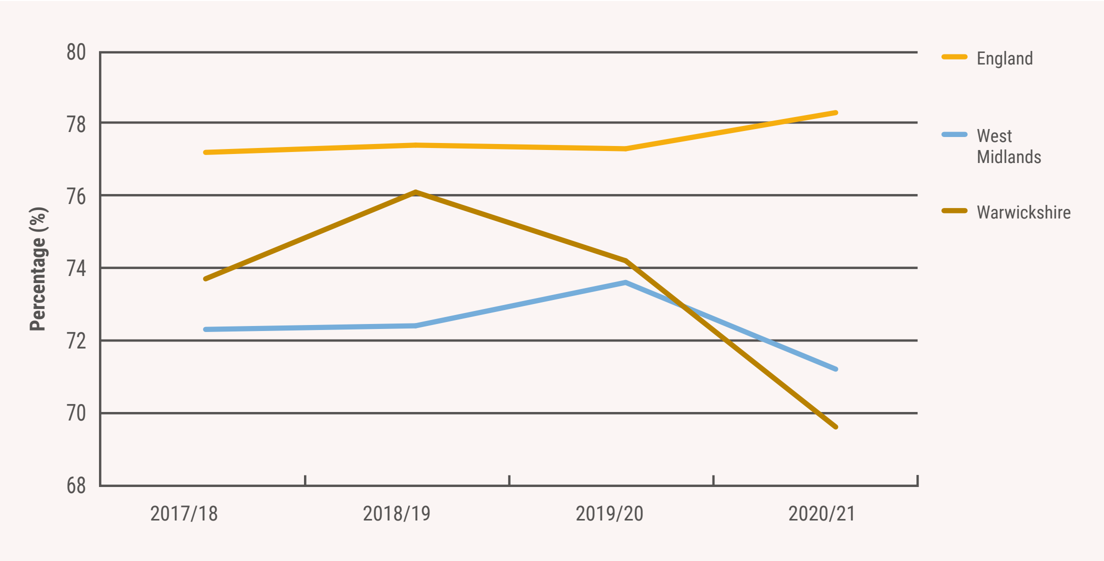


Figure 64: Proportion of adults with learning disabilities who live in their own home or with their family, 2017/18-2020/21
Source: NHS Digital (2021), Measures from the Adult Social Care Outcomes Framework

In 2020/21, 62% of adults in contact with secondary mental health services lived independently, with or without support. This compared to 58% in the West Midlands and 48% in England. Warwickshire was ranked 79 nationally for this indicator.

A higher number of older adults per 100,000 population have their long-term support needs met by admission to residential and nursing care in Warwickshire than in the West Midlands and England. In 2020/21, the admission rate in Warwickshire decreased to 595.5 per 100,000 from 715.9 per 100,000 in 2019/20 (Figure 65). Warwickshire was ranked 98 nationally for this indicator (2A2) in 2020/21.

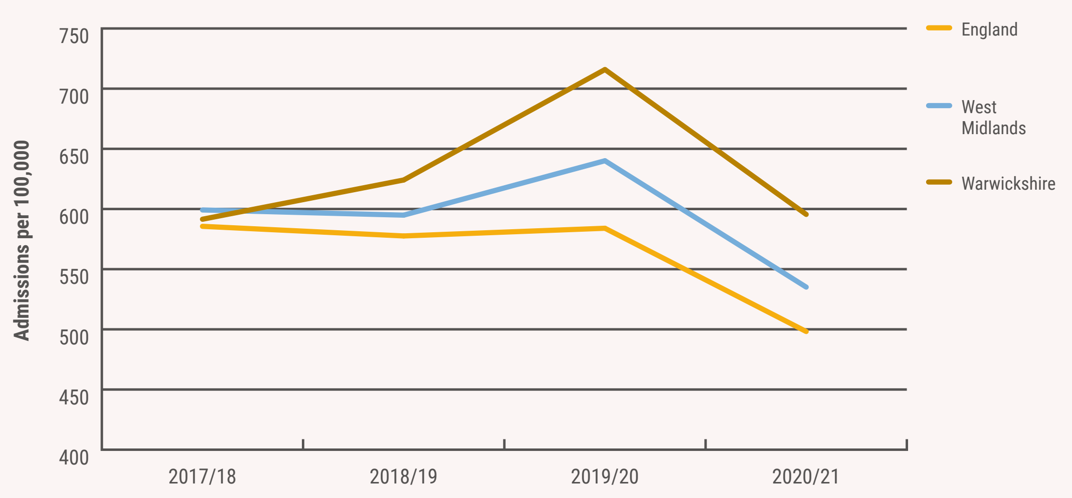


Figure 65: Long-term support needs of older adults met by admission to residential and nursing care homes per 100,000, 2017/18-2020/21
Source: NHS Digital (2021), Measures from the Adult Social Care Outcomes Framework

Ensuring that people have a positive experience of care and support

Due to the impact of COVID-19, the 2020-21 Adult Social Care Survey was voluntary with only a small number of councils participating. Therefore, the aggregated ASCOF outcomes were not calculated for this year and are only presented to 2019-20. Generally, in Warwickshire, overall satisfaction with adult social care and support (measure 3A) has been above the national and regional average in both the 18-64 years and 65 years and older age categories (Figure 66). However, in 2019-20 the percentage of satisfied clients in the 18–64-year-old age group reduced to 61.2% from 71.8% the previous year. Conversely, the percentage of satisfied clients in the 65+ age group increased to 67.3% from 65.6% the previous year.

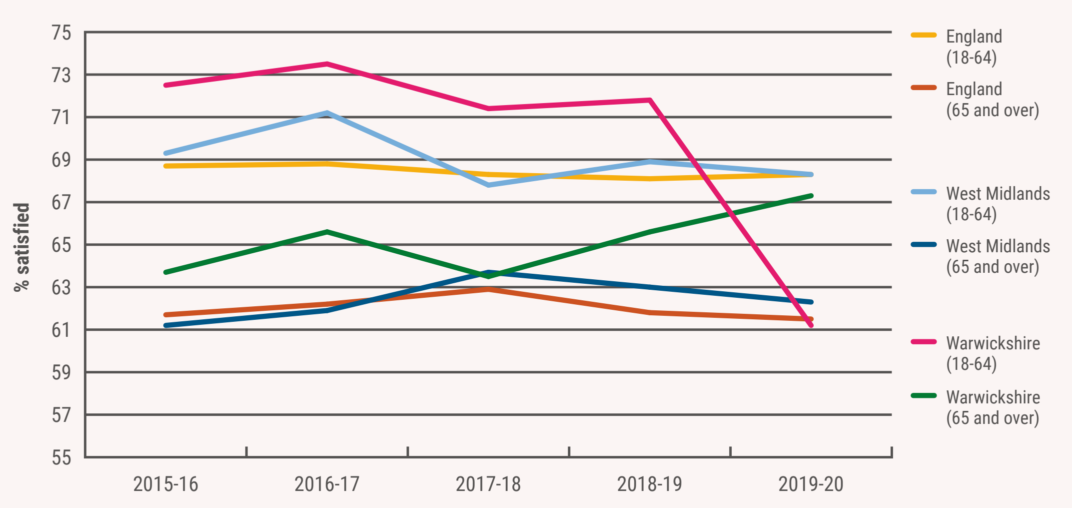


Figure 66: Proportion of clients who use services who are satisfied with their care and support
Source: NHS Digital (2021), Measures from the Adult Social Care Outcomes Framework

Community Safety

Police recorded crimes

Police recorded crime figures cover selected offences that have been reported to and recorded by the police. The coverage of police recorded crime is defined by the Notifiable Offence List (NOL), which includes a broad range of offences, from murder to minor criminal damage, theft and public order offences, but excludes less serious offences that are dealt with exclusively at magistrates' courts. In the twelve months July 2020-June 2021, Warwickshire had a recorded crime rate of 64.05 crimes per 1,000 people, a total of 37,392 crimes. This is the 9th highest rate of all English county local authorities but lower than the West Midlands (81.44 per 1,000) and England (80.88 per 1,000). The number of offences in Warwickshire decreased from 70.84 crimes per 1,000 people in the last equivalent period (July 2019-June 2020).[95]

The most common crime categories for the 12-month period ending June 2021 and the corresponding period the previous year were:

Most common crimes in Warwickshire in 2021 Q2 (12 months ending)

1. Violence against the person - without injury offences recorded
2. Stalking and harassment offences recorded
3. Violence against the person - with injury offences recorded
4. Criminal damage and arson offences recorded
5. Public order offences recorded

Most common crimes in Warwickshire in the last equivalent period 2020 Q2 (12 months ending)

1. Violence against the person - without injury offences recorded
2. Violence against the person - with injury offences recorded
3. Vehicle offences recorded
4. Stalking and harassment offences recorded
5. Other theft offences recorded

Patterns of crime in the year have been significantly affected by the COVID-19 pandemic and the imposed restrictions. Periods of national lockdown have seen decreases in the incidence of many types of crime. This has generally been followed by a return towards previous incidence levels once lockdowns ended. Over the 12-month period July 2020 to June 2021, the areas of crime in Warwickshire that saw the biggest increases were drug offences (26%); stalking and harassment (25%); and public order offences (25%), whilst theft offences fell by 29%.

Of the crimes recorded between July 2020 and June 2021, 84% (31,558) were classed as victim-based crimes. These include violence again the person (homicide, violence with injury, and violence without injury), sexual offences, robbery, theft offences (residential burglary and non-residential burglary, vehicle offences, theft from the person, bicycle theft, shoplifting, and all other theft offences), and criminal damage and arson offences. This is a rate of 54.06 per 1,000 population, 7th highest of all English county local authorities but lower than the West Midlands region (69.34 per 1,000) and England (66.41 per 1,000).

Figure 67 shows the recorded crime rate per 1,000 population for each of the community safety partnership areas along with the West Midlands and England. Nuneaton & Bedworth Borough had the highest rate of crime between July 2020 and June 2021.

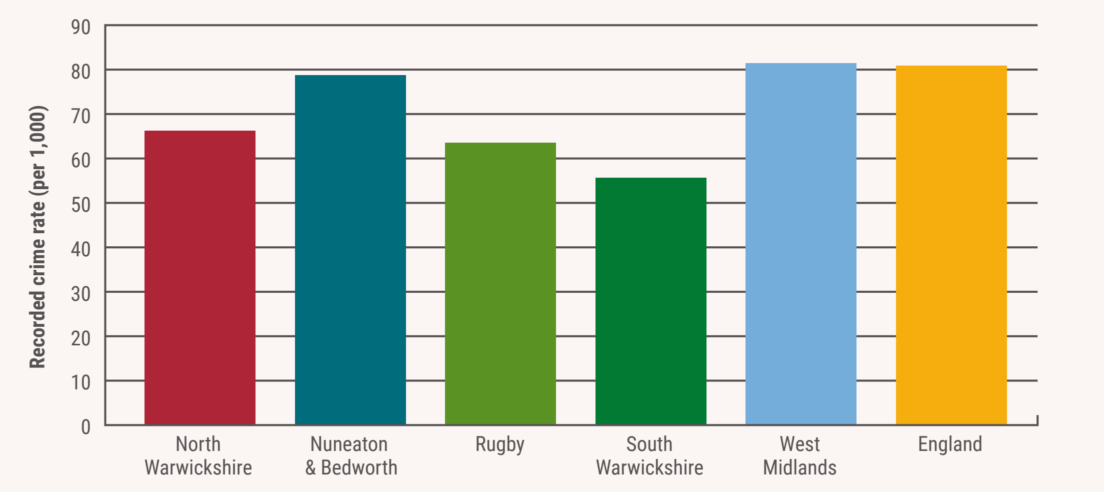


Figure 67: Recorded crime rate per 1,000 population by Community Safety Partnership area, July 2020-June 2021
Source: ONS (2021) Crime in England and Wales

Table 17 shows the most frequent crimes by Community Safety Partnership area in Warwickshire. Crime types in the north of Warwickshire differed from those in the south of the county in the 12-month period July 2020 to June 2021.

North Warwickshire Borough	Nuneaton & Bedworth Borough	Rugby Borough	South Warwickshire
• Violence against the person - without injury offences recorded • Stalking and harassment offences recorded • Violence against the person - with injury offences recorded • Vehicle offences recorded • Criminal damage and arson offences recorded	• Violence against the person - without injury offences recorded • Stalking and harassment offences recorded • Violence against the person - with injury offences recorded • Vehicle offences recorded • Criminal damage and arson offences recorded	• Violence against the person - without injury offences recorded • Stalking and harassment offences recorded • Violence against the person - with injury offences recorded • Criminal damage and arson offences recorded • Public order offences recorded	• Residential burglary offences recorded • Vehicle offences recorded • Possession of weapons offences recorded • Public order offences recorded • Drug offences recorded

Table 17: Most frequent crimes by Community Safety Partnership area, July 2020-June 2021
Source: ONS (2021) Crime in England and Wales

Domestic abuse

Domestic abuse related offences and incidents are defined as threatening behaviour, violence, or abuse (psychological, physical, sexual, financial or emotional) between adults, aged 16 and over, who are or have been intimate partners or family members, regardless of gender or sexuality. The rate of domestic abuse related crimes and incidents in Warwickshire in 2019/20 was 28.0 per 1,000 population aged over 16. This was the 6th highest rate of all English county local authorities (mean 23.8 per 1,000), the same as the rate in England (28 per 1,000) but lower than the West Midlands rate (29.7 per 1,000). There has been an increasing trend in the rate of domestic abuse since 2015/16 in Warwickshire, the West Midlands and England (Figure 68). Although of concern this may also reflect improved confidence in reporting incidents.

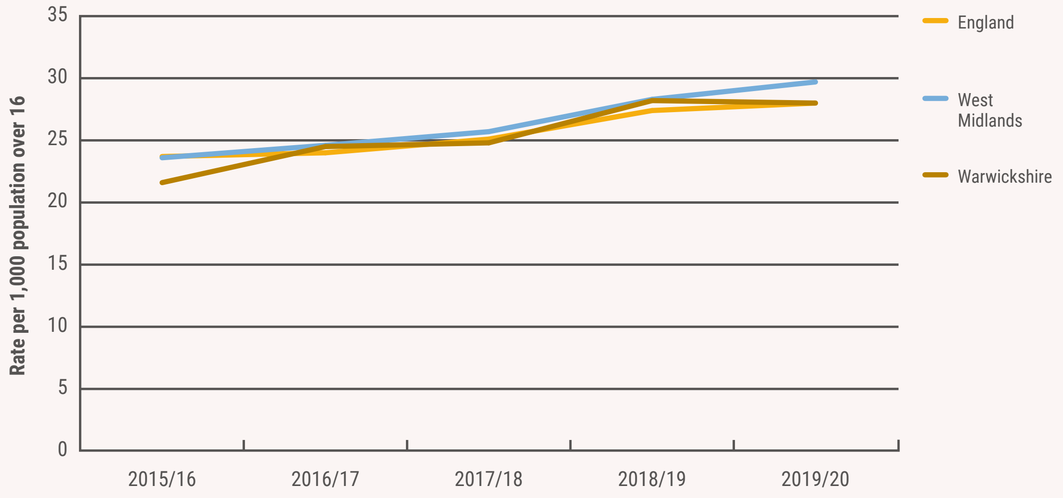


Figure 68: Domestic abuse rate per 1,000 population aged over 16, 2015/16-2019/20
Source: Public Health England (2021)

Road safety

In 2020, there were 1,138 road causalities[d] and 852 road collisions on roads in Warwickshire.[96] Of the casualties in 2020, 14 (1.2%) were fatal, 228 (20.0%) were classed as serious and the remainder classed as slight. Figure 69 shows the number of fatal, serious, and slight casualties in Warwickshire over the last ten years. The chart shows a steady decline in the total number of slight injuries since 2014. Total number of casualties across all three severity categories were down significantly in 2020, partly due to COVID-19 restrictions.

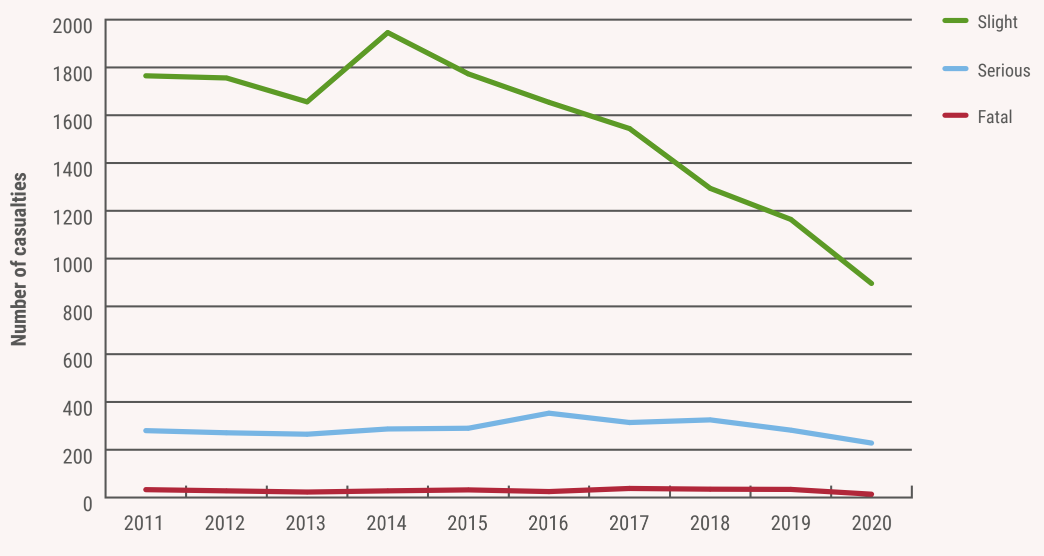


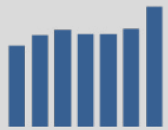
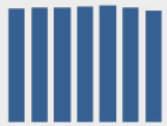
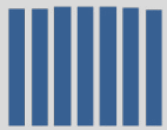
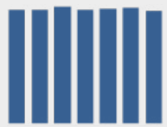
Figure 69: Road casualties by injury severity in Warwickshire, 2011-2020
Source: Warwickshire Police/Warwickshire County Council, Road Safety in Warwickshire report

[d] Casualties refer to the people injured in collisions. Casualty numbers tend to be higher than collision numbers as one collision can result in more than one casualty.

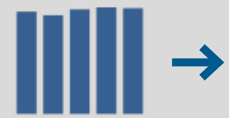
Historic data from the Department of Transport on killed and seriously injured (KSI) casualties on roads showed Warwickshire's rate for the period 2016-18 to be 64.3 per 100,000 resident population. This was statistically significantly higher than the West Midlands (38.4 per 100,000) or England (42.6 per 100,000) rates. Areas with low resident populations but with high inflows of people or traffic may have artificially high rates because the at-risk resident population is not an accurate measure of exposure to transport.

In more recent years, instead of the resident population being used, the denominator is now the estimate of vehicle miles in the local area. This is preferred because KSI events are expected to be more closely correlated with local traffic than population size. This change particularly impacts Local Authorities with small resident populations but high traffic volumes, such as Warwickshire which has rural areas with major roads passing through. For these areas, rates would be expected to be reduced in these cases under the new measure. For 2019, Warwickshire's KSI rate per billion vehicle miles was 50.4, statistically significantly lower than the rate in England (89.7) and the West Midlands (50.4).[97]

Summary of key measures

LATEST VALUE						
Measure	**Latest data**	**Warwickshire**	**West Midlands**	**England**	**Rank compared to all 24 English county LAs[71] 1 is high / 24 is low**	**Trend**
Gross Disposable Household Income per head of population at current basic prices (£)	2019	£23,867	£18,350	£21,978	Not available	 ↑
Households in fuel poverty (%)	2019	14.5%	17.5%	13.4%	5th (Low is good)	 N/A (Measure Changed)
Personal wellbeing						
• Anxiety (mean score, 0-10)	2020/21	3.30	3.34	3.31	10th (low is good)	 ↑
• Happiness (mean score, 0-10)	2020/21	7.41	7.28	7.31	9th (high is good)	 ↓
• Life satisfaction (mean score, 0-10)	2020/21	7.59	7.39	7.38	3rd (high is good)	 ↓
• Worthwhile (mean score, 0-10)	2020/21	7.77	7.72	7.71	11th (High is good)	 ↓

Summary of key measures

Life expectancy at birth						
• Male (years)	2018-2020	79.70	78.54	79.4	17th (High is good)	
• Female (years)	2018-2020	83.43	82.51	83.14	17th (High is good)	
Healthy life expectancy at birth						
• Male (years)	2017-19	64.6	61.5	63.2	11th (High is good)	
• Female (years)	2017-19	64.1	62.6	63.5	14th (High is good)	
Proportion of adults (aged 19+) classed as physically active (%)	2019/20	69.4	63.1	66.4	12th (High is good)	
Overweight or obese						
• Percentage of adults (aged 18+) who are classified as overweight or obese (%)	2019/20	63.0	66.8	62.8	9th (Low is good)	

Summary of key measures

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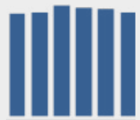
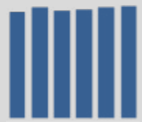
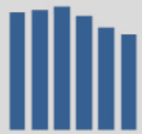
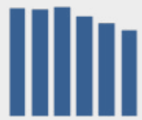
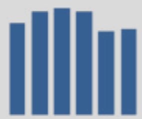
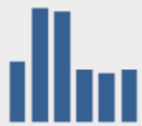
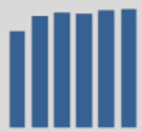
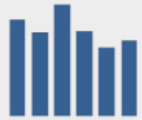
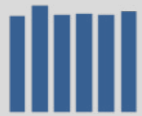
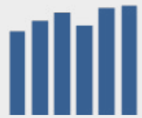
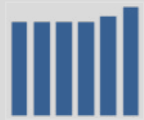
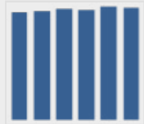
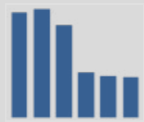
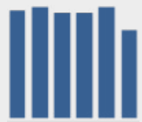
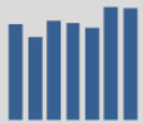
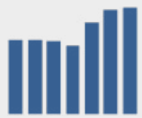
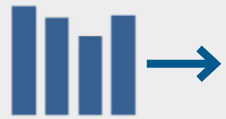
• Prevalence of overweight and obesity in reception children (4-5 years) (%)	2019/20	21.1	24.6	23.0	16th (Low is good)	 ↓
• Prevalence of overweight and obesity in year 6 children (10-11 years) (%)	2019/20	33.1	38.2	35.2	9th (Low is good)	 ↑
Suicide rate						
• Suicide rate per 100,000 population (age 10+)	2018-20	9.2	10.5	10.4	17th (Low is good)	 ↓
- Males	2018-20	14.8	16.2	15.9	16th (Low is good)	 ↓
- Females	2018-20	4.1	5.0	5.0	9th (Low is good)	 ↓
Children and young people						
Rate of referrals to children's social services per 10,000	2020/21	463.7	494.5	494.3	7th (N/A)	 ↓
Rate of children in need per 10,000 aged under 18	2020/21	349.6	343.8	321.2	2nd (N/A)	 ↑

Summary of key measures

← →

Rate of child protection plans at 31 March per 10,000 aged under 18 at 31st March	2020/21	40	57	53	14th (N/A)	 ↓
Rate of children in care per 10,000 population under 18	2020/21	64	67	82	5th (N/A)	 →
Care leavers in education, employment or training aged 19, 20 or 21 (%)	2020/21	51	53	50	14th (High is good)	 ↑
Pupils with Special Educational Needs (SEN) statements or Education, Health and Care (EHC) plans (All schools) (%)	2020/21	3.6	3.5	3.6	11th	 ↑
Pupils with Special Educational Needs (SEN) Support (All schools) (%)	2020/21	11.8	12.9	12.0	11th	 →
Rate of youth first time entrants to the youth justice system (per 100,000 of the 10-17 year old population)	2019	123	235	208	13th (Low is good)	 ↓
Hospital admissions caused by unintentional and deliberate injuries in children (aged 0-14 years) (per 100,000)	2019/20	99.3	97.0	91.2	8th (Low is good)	 ↓
Hospital admissions as a result of self-harm (10-24 year olds) (per 100,000)	2019/20	577.2	422.6	439.2	Low is good	 ↑
Hospital admissions for mental health conditions in under 18s (per 100,000)	2019/20	127.4	91.9	89.5		 ↑

Summary of key measures

Health visiting						
• Births that receive a face-to-face New Birth Visits completed within 14 days by a health visitor (%)	2019/20	62.2	85.2	86.8	23rd (High is good)	
• Infants receiving a 6-to-8-week review by the time they were 8 weeks (%)	2019/20	82.9	87.5	85.1	21st (High is good)	
• Children receiving a 12-month review by the time they turned 12 months (%)	2019/20	81.1	69.5	77.0	15th (High is good)	
• Children who received a 2- 2½ year review (%)	2019/20	79.0	73.4	78.6	18th (High is good)	
Adult Social Care						
Proportion of adults aged 65+ who were still at home 91 days after discharge from hospital into reablement/ rehabilitation services (%)	2020/21	93.6	75.5	79.1	1st (High is good)	
Proportion of older people who were offered reablement/ rehabilitation services after discharge from hospital (%)	2020/21	1.9	3.7	3.1	16th (High is good)	
Proportion of clients who have control over their daily life	2019/20	75.5	76.5	77.3	19th (High is good)	

Summary of key measures

Adult Social Care						
Proportion of adults with a learning disability in paid employment	2020/21	5.7	3.2	5.1	7th (High is good)	
Proportion of adults with learning disabilities who live in their own home or with their family	2020/21	69.6	71.2	78.3	21st (High is good)	
Overall satisfaction of people who use adult social care services with their care and support (%)	2019/20	65.4	64.4	64.2	12th (High is good)	
Community safety						
Total recorded offences (excluding fraud) per 1,000 population	Oct 2020 /Sept 2021	64.1	81.4	80.9	16th (Low is good)	
Total victim-based crime per 1,000 population	Oct 2020 /Sept 2021	54.1	69.3	66.4	18th (Low is good)	
Domestic abuse rate per 1,000 population aged over 16	2019/20	28.0	29.7	28.0	6th (Low is good)	
Killed and seriously injured casualties on roads (per billion vehicle miles) (Nb. new measure data from 2017)	2019	50.4	61.2	89.7	(Low is good)	

Sustainable futures

Introduction

The period to 2030 will be decisive in addressing the major challenges and opportunities in the transition to net zero and mitigating the effects of climate change. Climate change is a national priority (for example with the publication of the government's Net Zero Strategy in October 2021[98]) in response to a global issue which will impact on Warwickshire in numerous ways.

The reality of climate change, the increased importance of preserving and investing in biodiversity, and the need to transition to net zero by 2050 will have major impacts on Warwickshire's economy and communities.

The amount of change required and the wider national policy and legal frameworks which support the transition to net zero has to be understood in light of the potential effects on the local economy and our communities, particularly given the likelihood of the negative consequences of climate change having a higher impact on more disadvantaged people and communities. Such a transition inevitably means change and how Warwickshire adapts to that change will be a key element in tackling social inequalities and creating a more inclusive economy.

Net zero Council

Warwickshire County Council monitors the use of energy across its estate including offices, fire stations, libraries, museums, depots, household waste recycling centres, business unit communal areas, and country parks. An energy reporting system is used to quantify and report on the amount of energy used and carbon dioxide emissions.[99] Data on the fossil fuel (gas) and electricity that is used for space heating, hot water, cooling and ventilation, lighting, catering, and office equipment used within buildings is collected.

The energy reporting system excludes: schools, rural estates buildings (agricultural buildings / farmhouses), country parks buildings with the exception of offices, fuel used for transport by fleet and grey vehicle fleet (business miles travelled), buildings where a landlord other than WCC pays the energy bill, energy used by people working from home, staff commuting, contracted transport and privately owned school vehicles, energy associated with water consumption and heating oil where data is insufficiently robust.

Figure 70 shows total carbon emissions by fuel type for included corporate buildings from 2015/16 to 2020/21. Total carbon emissions have reduced over time with reduced emissions from electricity being responsible for the majority of this reduction.

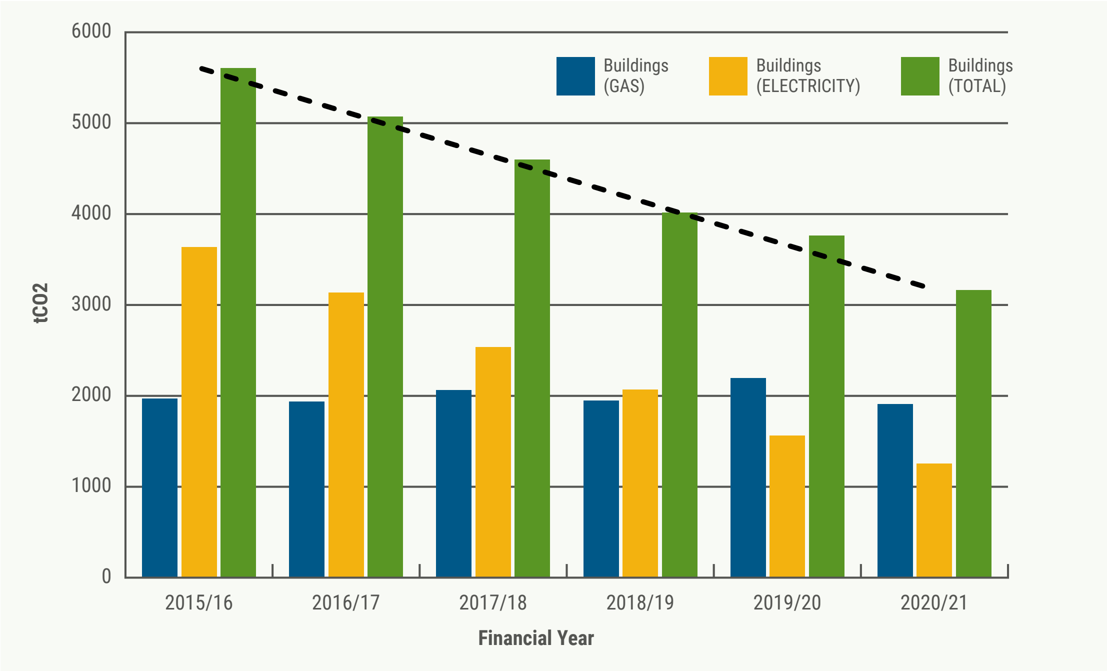


Figure 70: Total carbon emissions in tonnes (tCO_2) by fuel type for corporate buildings
Source: Warwickshire County Council, https://www.warwickshire.gov.uk/buildingenergyperformance

Streetlighting is responsible for a significant amount of WCCs energy consumption. However, Figure 71 shows that in 2020/21 carbon emissions from streetlights have reduced by 75% compared to levels in 2013/14 (a reduction from 8,819 tCO_2 in 2013/14 to 2,224 tCO_2 in 2020/21). This has been achieved by installing LED lanterns and through strategies to adjust light levels and decarbonisation of the electricity grid.

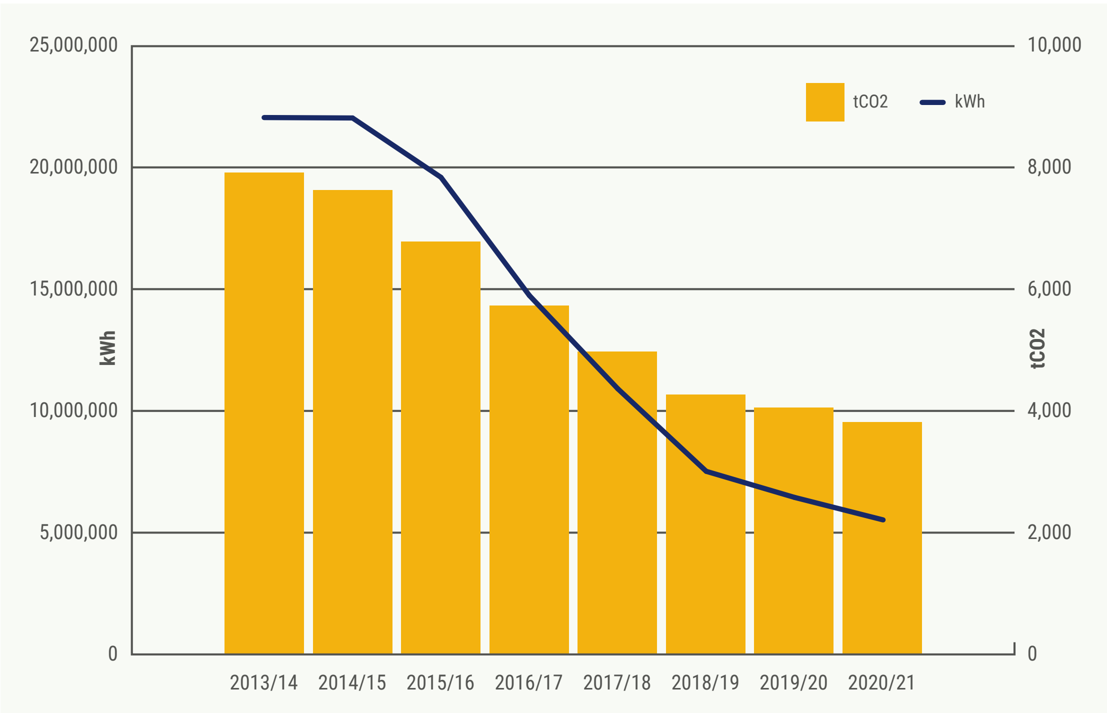


Figure 71: Energy consumed and carbon emissions for streetlighting in Warwickshire
Source: Warwickshire County Council

Net zero County

Carbon dioxide emissions

The Department for Business, Energy and Industrial Strategy provide a breakdown of carbon dioxide (CO_2) emissions across the country. These estimates are to help those working on local and regional indicators as part of their efforts to reduce CO_2 emissions. The estimated CO_2 emissions in Warwickshire in 2019 was 2.6 kT of eCO_2 per km^2 – a gradual reduction from 3.4 emissions per km^2 in 2005.[100]

Figure 72 below shows the carbon dioxide emissions per km^2 by district and borough in Warwickshire compared to the West Midlands and England for the period 2005-2019. During this time there has been a reduction in CO2 emissions by km^2 in all districts and boroughs. However, only Stratford-on-Avon District has consistently had a CO_2 emissions per km^2 figure below the regional and national average. Stratford-on-Avon District is predominantly rural, covering a large geographical area and the highest emissions per km^2 are generally in urban areas with higher population densities and areas with large industrial sites. This may explain the higher figures in both Nuneaton & Bedworth Borough and Rugby Borough.

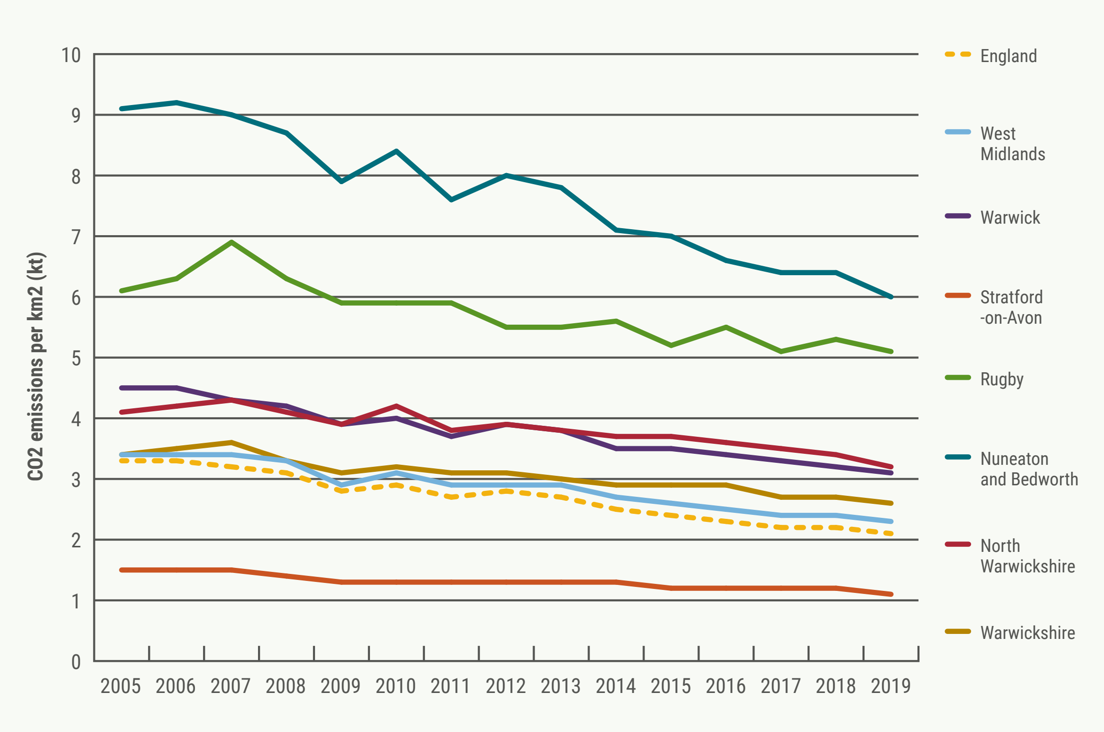


Figure 72: Estimated CO_2 emissions per km^2 by district and borough in Warwickshire, 2005-2019
Source: Department for Business, Energy and Industrial Strategy (2021)

Emissions per capita (per person) allow a better comparison between areas of different population size, although emissions are driven by many factors other than resident population. Figure 73 shows emissions per capita by district and boroughs in Warwickshire compared to the West Midlands and England average for the period 2005-2019. The only area in Warwickshire with lower estimated levels of CO_2 emissions per person during this period is Nuneaton & Bedworth Borough. Overall, Warwickshire had the 3rd highest CO_2 emissions per capita of all English county local authorities in 2019.

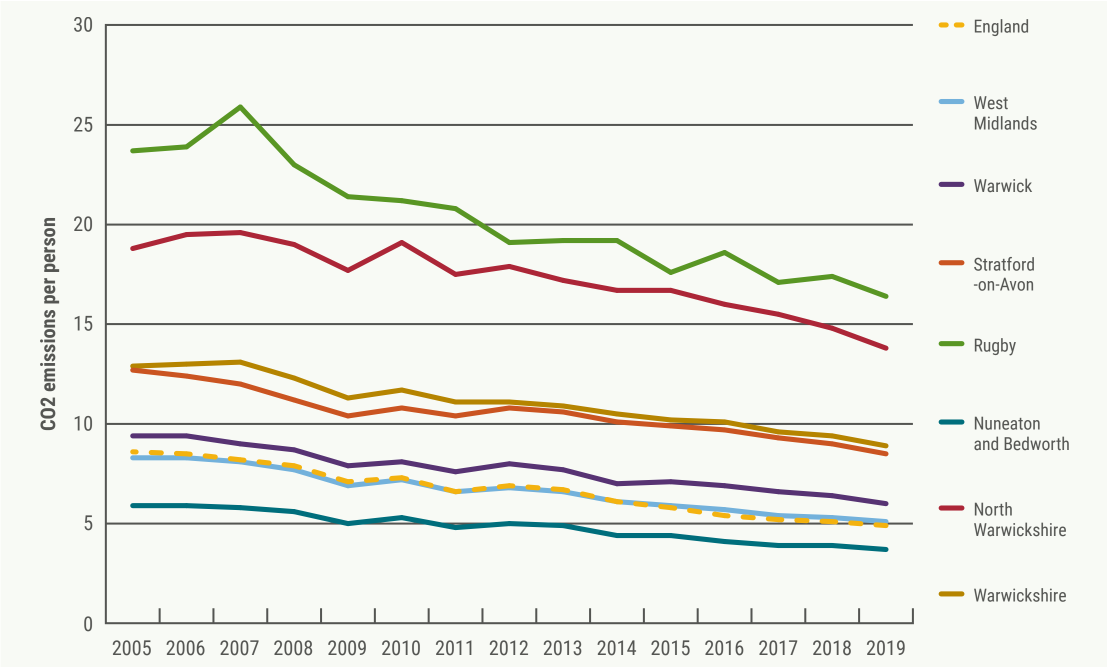


Figure 73: Estimated CO_2 emissions per person by district and borough in Warwickshire, 2005-2019
Source: Department for Business, Energy and Industrial Strategy (2021)

The greatest contribution to CO_2 emissions in Warwickshire is the transport sector followed by industry (Figure 74), with transport being responsible for 44.4% of CO_2 emissions in 2019 and industry responsible for 31.3%. The greatest reduction in CO_2 emissions has been from domestic emissions (a reduction of 514.1 kt CO_2), followed by industry (a reduction of 490.2 kt CO_2). The greatest percentage reduction in CO_2 emissions since 2005 has been from the public sector (53.6% reduction), followed by the commercial sector (50.9% reduction). Emissions and removal of CO_2 by the land use, land use change and forestry sector are presented separately.

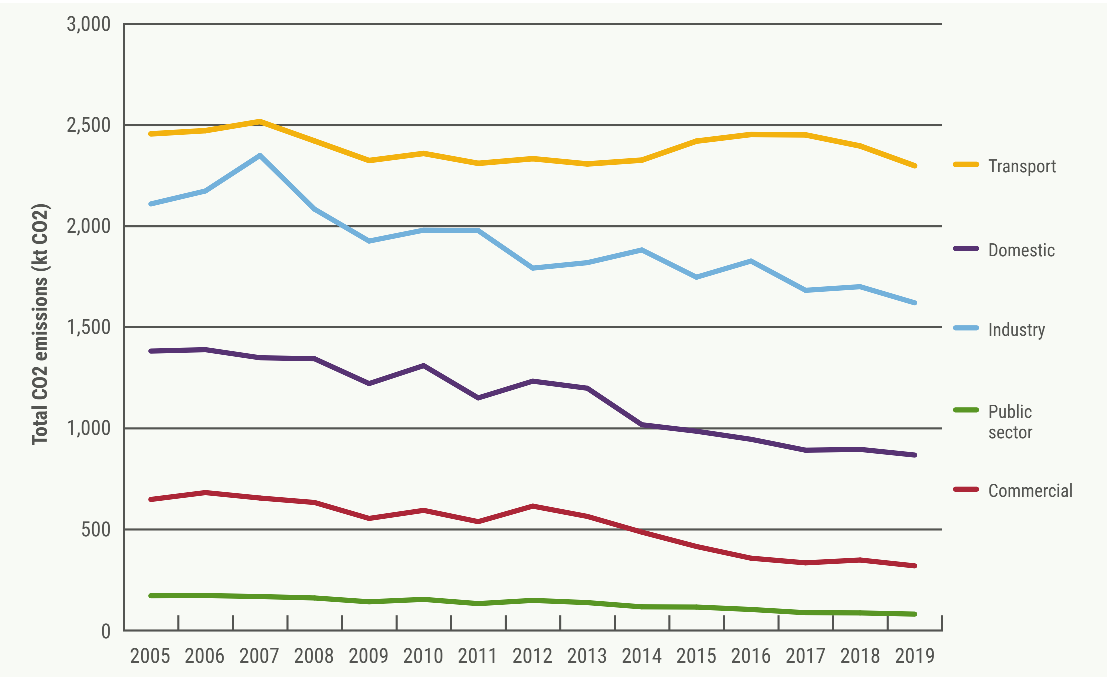


Figure 74: Contribution to CO_2 emissions in Warwickshire by sector, 2005-2019
Source: Department for Business, Energy and Industrial Strategy (2021)

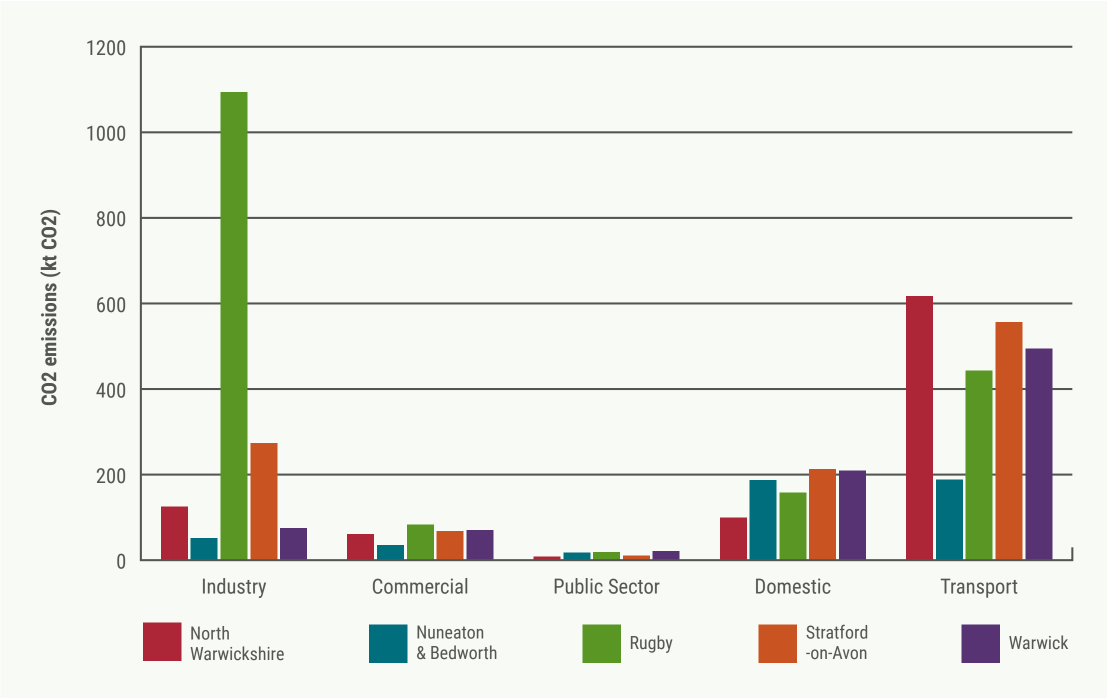


Figure 75: Estimated contribution to CO_2 emissions by sector for districts and boroughs in Warwickshire, 2005-2019
Source: Department for Business, Energy and Industrial Strategy (2021)

Figure 75 shows that the majority (67.5%) of CO_2 emissions from industry in 2019 came from Rugby Borough; of the 976.9 kt CO_2 emissions from industry, 971.5 kt CO_2 were from large industrial installations. The highest proportion of CO_2 emissions from transport in 2019 came from North Warwickshire Borough (26.9%), where 444.0 kt CO_2 of the 617kt CO_2 total came from motorway road transport.

It should be noted that local authorities have relatively little influence over some types of emissions, so this data should be interpreted with caution. Data is also presented below on CO_2 emission estimates within the scope of influence of local authorities. This excludes large industrial sites, railways, motorways and land use. Figure 76 shows estimates for CO_2 emissions per person within the scope of influence of local authorities.

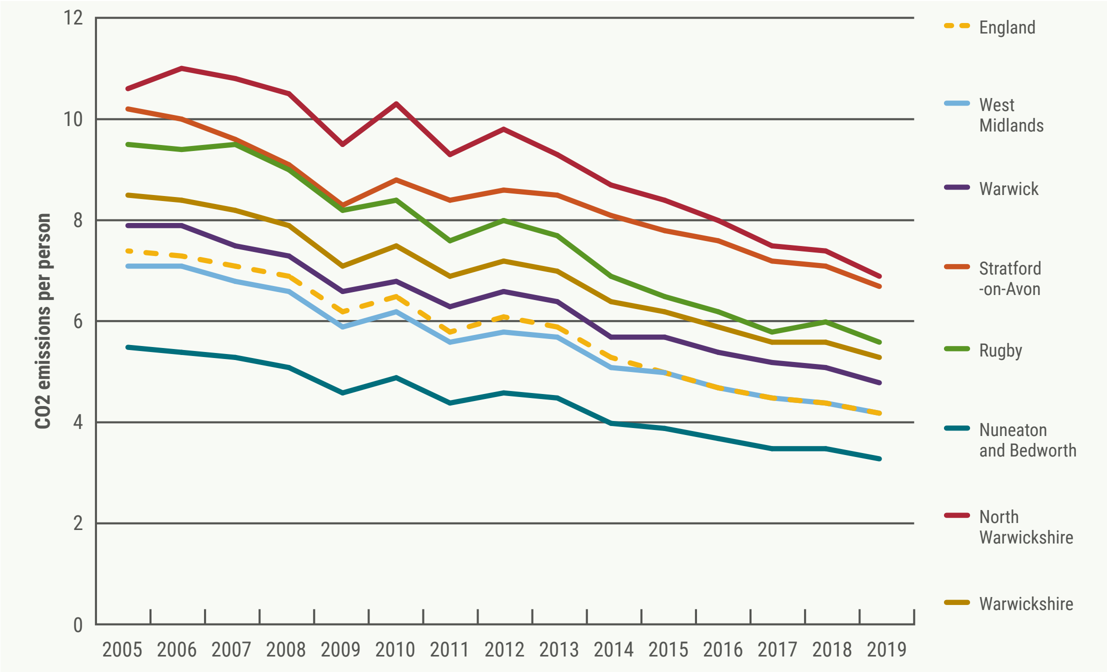


Figure 76: Estimated CO_2 emissions per person within scope of the influence of local authorities by district and borough in Warwickshire, 2005-2019
Source: Department for Business, Energy and Industrial Strategy (2021)

Compared to Figure 73, it can be seen that the removal of large industrial sites, railways and motorways from the measures means that the estimated CO_2 emissions per person are much lower; for Warwickshire as a whole, 5.3 tonnes compared to 8.9 tonnes in 2019. Notably, Rugby Borough now has lower estimated CO_2 emissions per capita than both North Warwickshire Borough and Stratford-on-Avon District. Looking at the contribution of sectors to CO_2 emissions within the scope of influence of local authorities both of these areas have relatively high contributions from transport and industry (Figure 77).

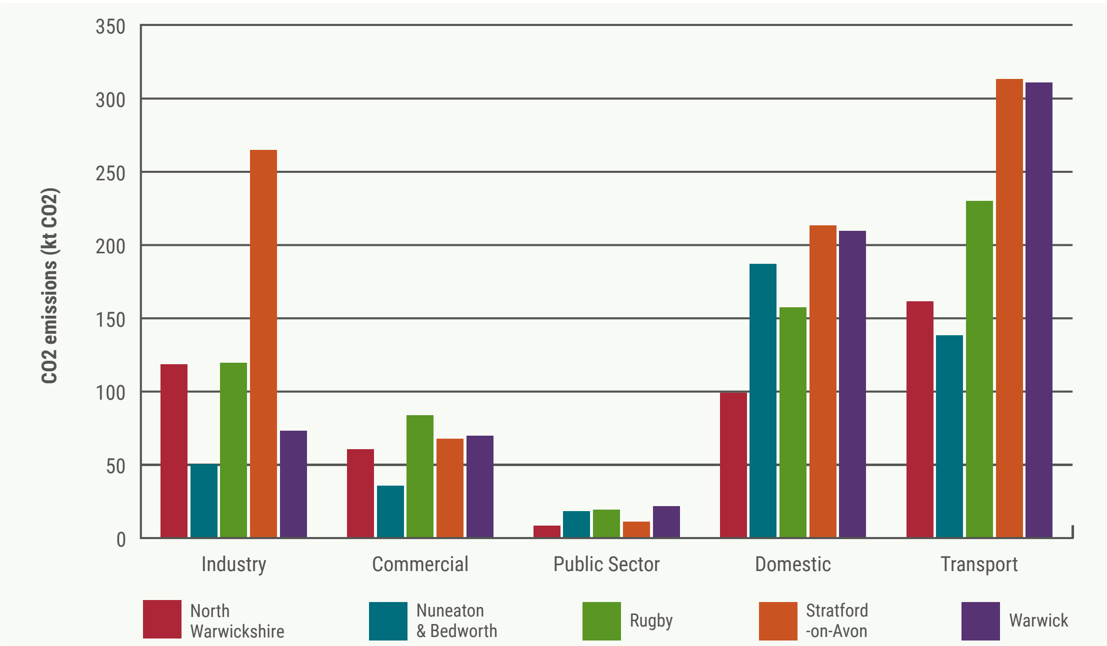


Figure 77: Estimated contribution to CO_2 emissions within the scope of influence of local authorities by sector for districts and boroughs in Warwickshire, 2005-2019
Source: Department for Business, Energy and Industrial Strategy (2021)

Land use, land use change and forestry (LULUCF)

The LULUCF sector covers emissions and removals of CO_2 resulting from direct human induced land use, land-use change and forestry activities. Carbon is removed from the atmosphere (sequestered) by forestry and grassland, while carbon losses occur on existing cropland and natural land (e.g. grassland) that is converted to cropland or settlement.

In Warwickshire, since 2005, the LULUFC sector has been a net carbon sink (has absorbed more carbon from the atmosphere than it has released) (Figure 78).

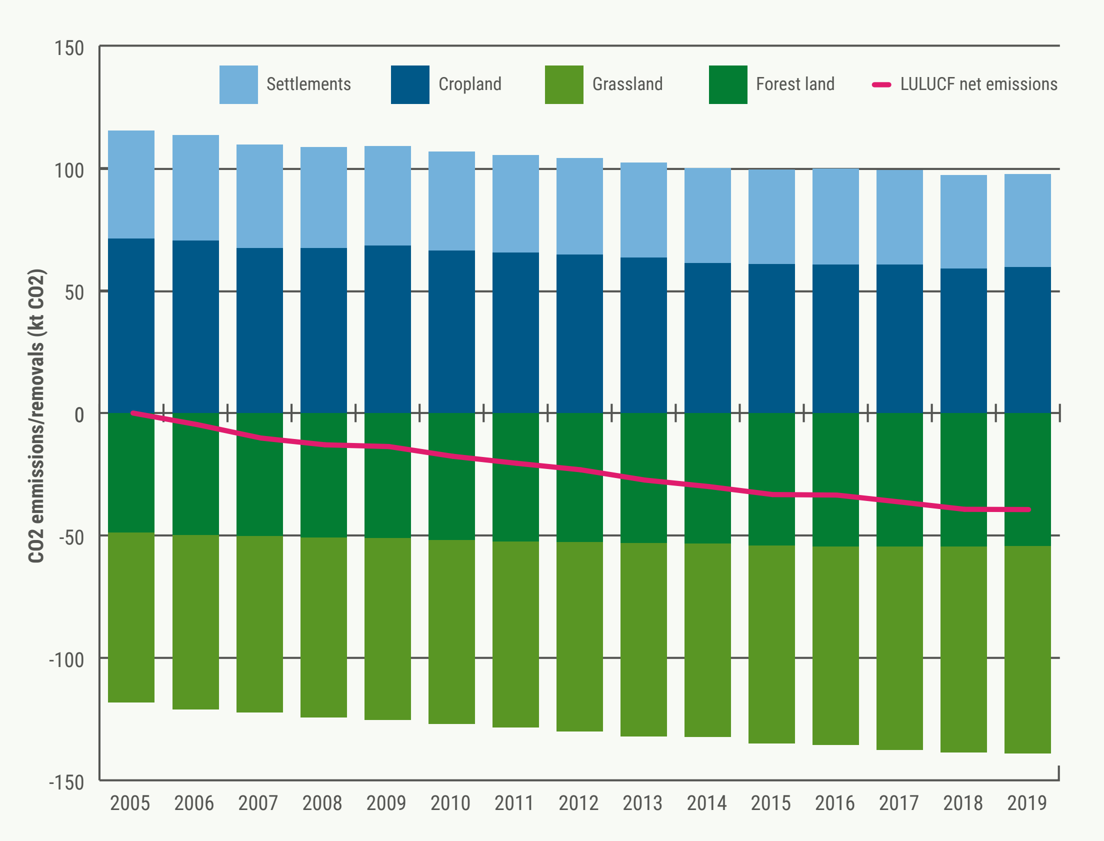


Figure 78: CO_2 emissions/removals in Warwickshire by LULUFC sector (2005-2019)
Source: Department for Business, Energy and Industrial Strategy (2021)

In 2019, net removals of emissions reached 41.5 $KtCO_2$; the biggest contributor to this has been grassland both remaining and converted (-84.9 $KtCO_2$). Figure 79 shows that Stratford-on-Avon District is the biggest contributor to CO_2 removal in Warwickshire and has had the greatest increase in contribution since 2005. In 2019, the net carbon emissions per head of population in Warwickshire for LULUCF was -0.1 tonnes, the 12th lowest of all English county local authorities with East Sussex being the lowest (-0.5 tonnes) and Cambridgeshire being the highest (3.1 tonnes).

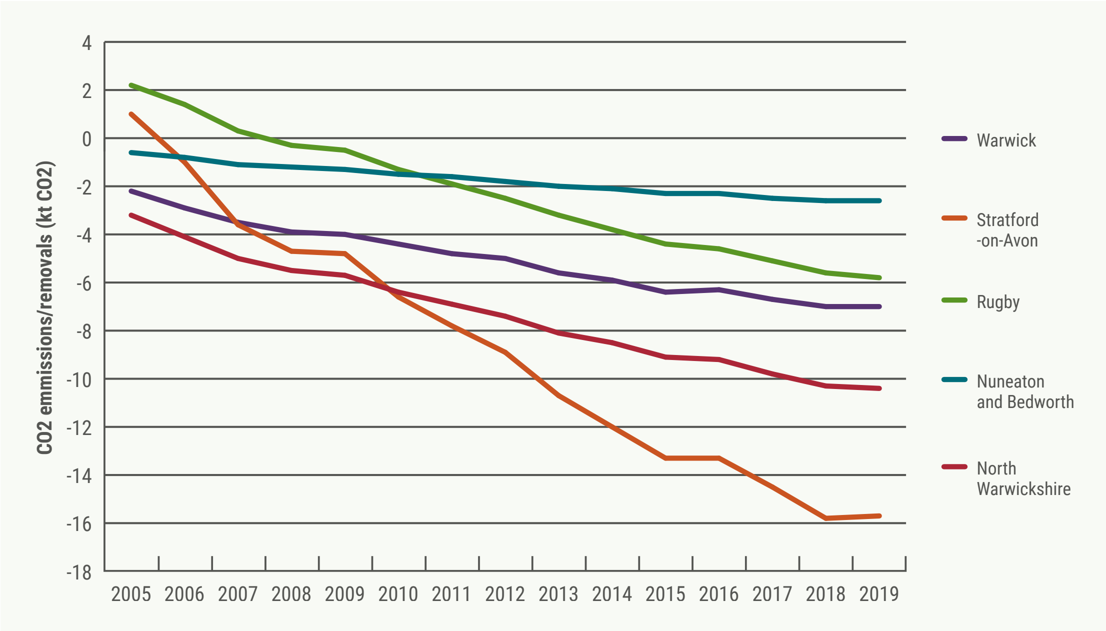


Figure 79: CO_2 emissions/removals by districts and boroughs in Warwickshire 2005-2019
Source: Department for Business, Energy and Industrial Strategy (2021)

Figure 80 shows contribution to CO_2 emissions and removals made by the LULUCF sector in each of the districts and boroughs in Warwickshire in 2019.

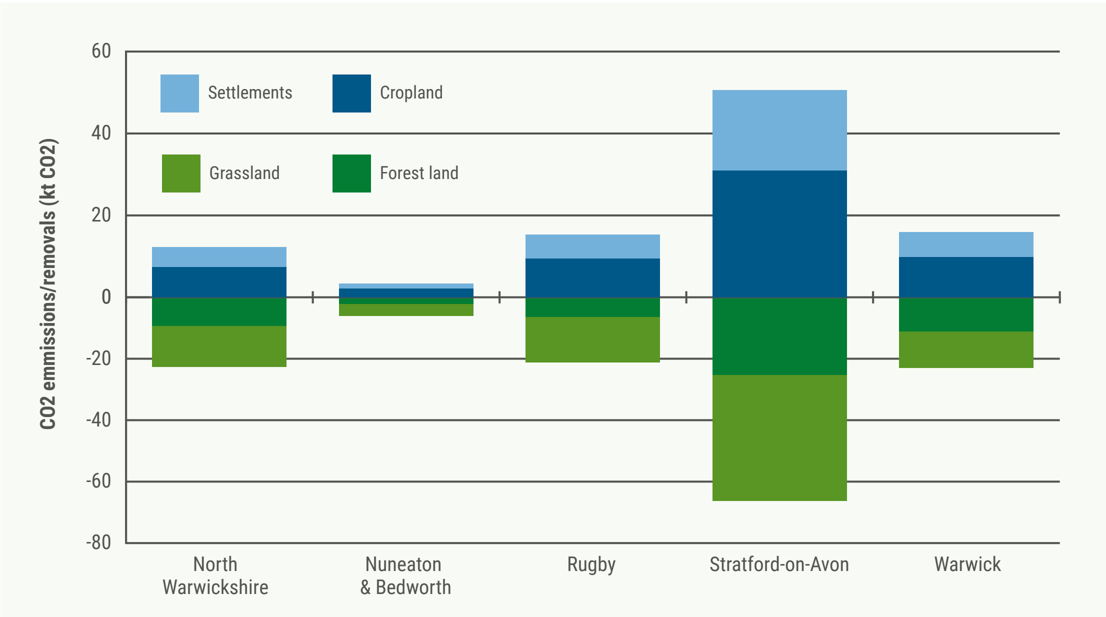


Figure 80: Contribution to CO_2 emissions and removals made by the LULUCF sector in 2019
Source: Department for Business, Energy and Industrial Strategy (2021)

Electric Vehicles

According to the Department for Transport and Office for Zero Emission Vehicles, there were 252 publicly available electric vehicle charging devices in Warwickshire in October 2021.[101] This is a rate of 43.2 per 100,000 population – higher than the England equivalent figure of 38.8 per 100,000 population and third highest of all English county local authorities. Of the 252 electric charging devices, 90 (15.4 per 100,000 population) were classified as rapid devices.

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INTRODUCTION AND EXECUTIVE SUMMARY

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Figure 81 below shows the rate per 100,000 population of publicly available electric vehicle charging devices (at all speeds) for each of the districts and boroughs from October 2019 to October 2021. During this time period there has been an increase in availability of public electric vehicle charging devices in all districts and boroughs in Warwickshire, however availability varies. In October 2021, Nuneaton & Bedworth Borough has the lowest number of devices per 100,000 population (16.1 per 100,000), below the average in the West Midlands (31.0 per 100,000) and England (38.8 per 100,000), whilst Stratford-on-Avon District has the highest (58.2 per 100,000).

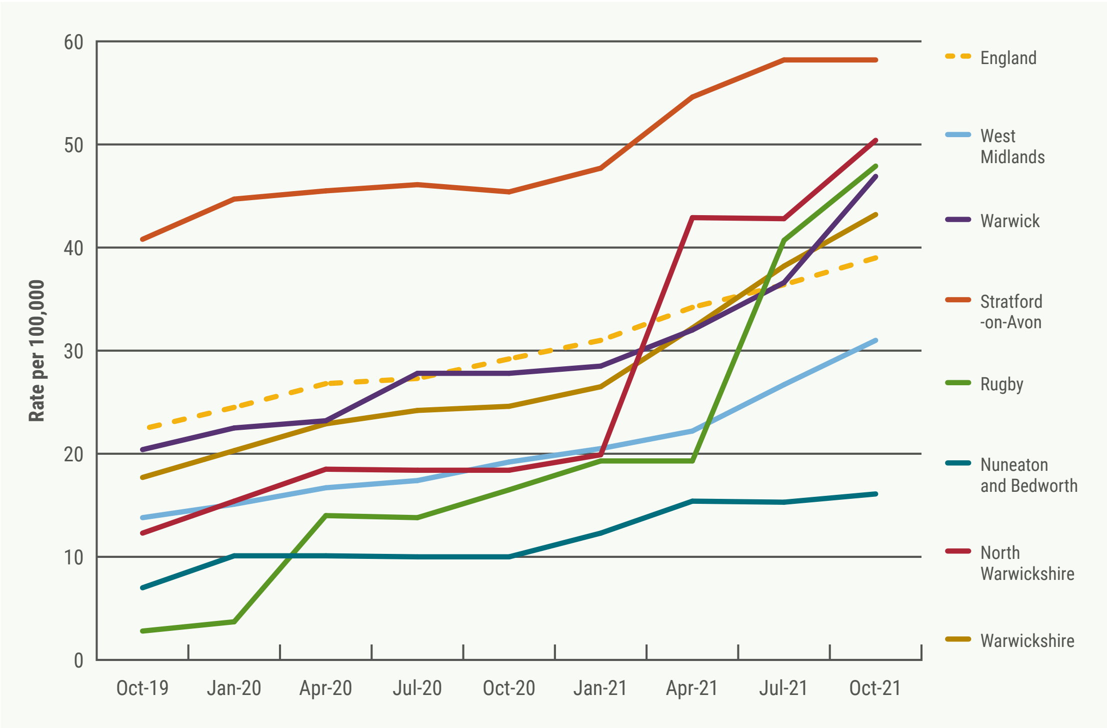


Figure 81: Publicly available electric vehicle charging devices (at all speeds), rate per 100,000 population, October 2019-October 2021
Source: Department for Transport and Office for Zero Emission Vehicles, October 2021

Energy performance of homes in Warwickshire

An Energy Performance Certificate (EPC) indicates the energy efficiency of a building. The assessments are banded from A to G, where A (or A+ for non-domestic properties) is the most efficient in terms of likely fuel costs and carbon dioxide emissions.[102] An EPC is required when a building is newly constructed, sold or let with their purpose being to show prospective tenants or buyers the energy efficiency of the property. The requirement for EPCs was introduced in phases and fully implemented for domestic properties by autumn 2008. EPCs are valid for 10 years and all certificates are lodged on the Energy Performance for Buildings Certificates Register for England and Wales.

The government wants all fuel poor homes to be upgraded to EPC Band C by 2030 and as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable.[103] In Warwickshire, when looking at existing domestic buildings and the number of energy performance certificates lodged on the Register, 61.0% were graded as D-G in 2021 (January-September). This was higher than the proportion in England (56.8%) but similar to the West Midlands (61.2%).[104] It should be noted that the Register does not hold data for every domestic and non-domestic building. If a building has been occupied by the same person since the regulations came into effect, there is no requirement to have an EPC.

Figure 82 shows the proportion of properties in each of the districts and boroughs that when assessed were graded D-G (below energy efficiency targets) between 2010 and 2021. In 2021, only Rugby Borough and Warwick District had a lower proportion of properties assessed and graded D-G than the England average. Different properties are assessed each year so fluctuations do not necessarily mean that there is an overall increase or decrease in more energy efficient properties. What Figure 82 does indicate is that since 2010 properties assessed in Rugby Borough and Warwick District have been in general more energy efficient than those in the other boroughs and districts in Warwickshire. This is likely to reflect the age and conditions of houses and the proportion of new-build activity in an area, with newer properties being more energy efficient.

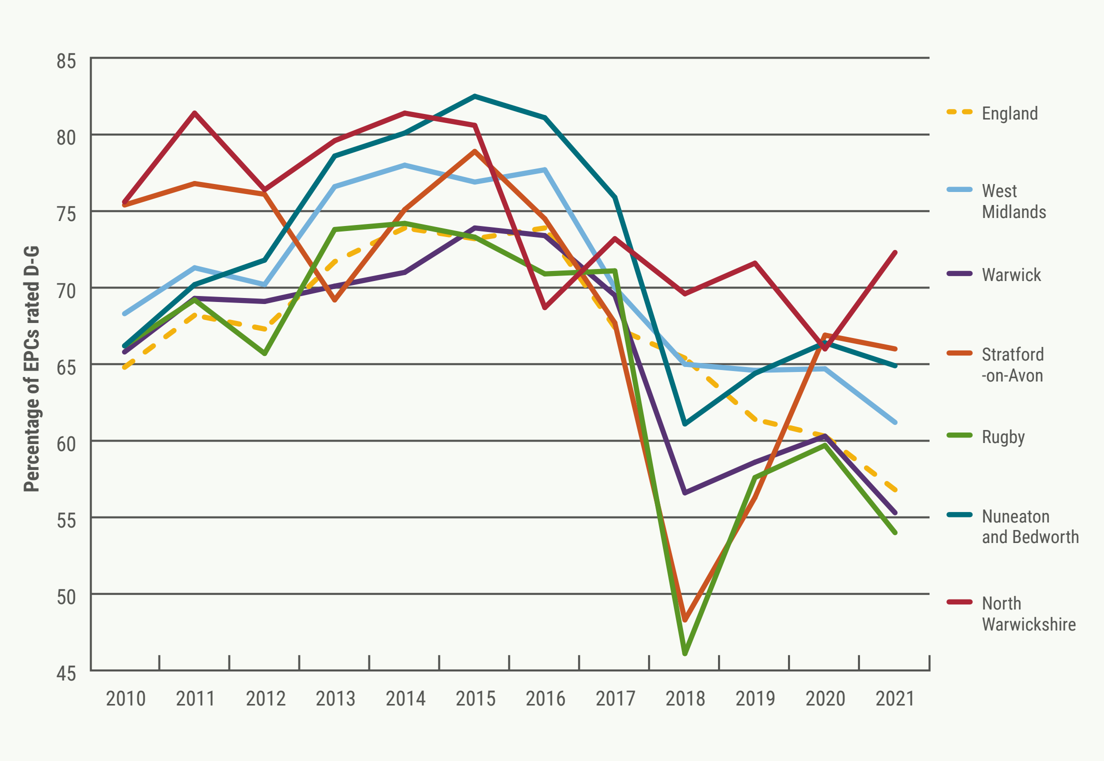


Figure 82: Proportion of existing homes below energy efficiency targets (graded D-G on Energy Performance Certificates), 2010-2021
Source: Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government, 2020

Household waste and recycling

Warwickshire County Council is the waste disposal authority for Warwickshire. Collected waste consists of all waste from households but also street sweepings, municipal parks and gardens waste, waste resulting from clearance of fly tipped materials plus some commercial and industrial waste. In 2020/21 WCC managed 284,121 tonnes of waste, an increase of 4,466 tonnes compared to the previous year (Figure 83).[105] Household waste was responsible for 267,003 tonnes (94%) of overall waste with an increase of 11,779 tonnes (4.6%) in 2020/21 compared to 2019/20. The COVID-19 pandemic is likely to be responsible for this with people consuming more food and drink at home and having items delivered, both with associated increases in packaging materials. Visits to household waste recycling centres to dispose of waste will have also been impacted during lockdown restrictions.

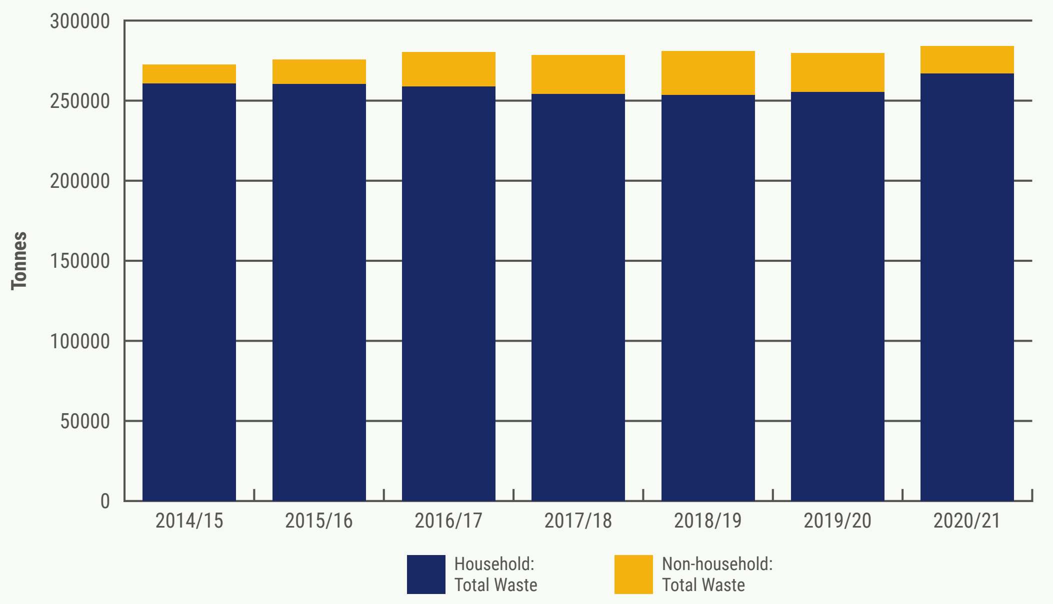


Figure 83: Total local authority collected waste 2014-15 to 2020-21 (tonnes)
Source: Defra (2021) Local authority collected waste statistics

Figure 84 shows details of how collected waste in Warwickshire has been managed since 2014/15. Since 2017/18 the proportion of waste sent to landfill has reduced from 15.4% to 9.7%. During this time the percentage of waste incinerated with energy from waste[e] has increased from 30.1% to 37.9%.

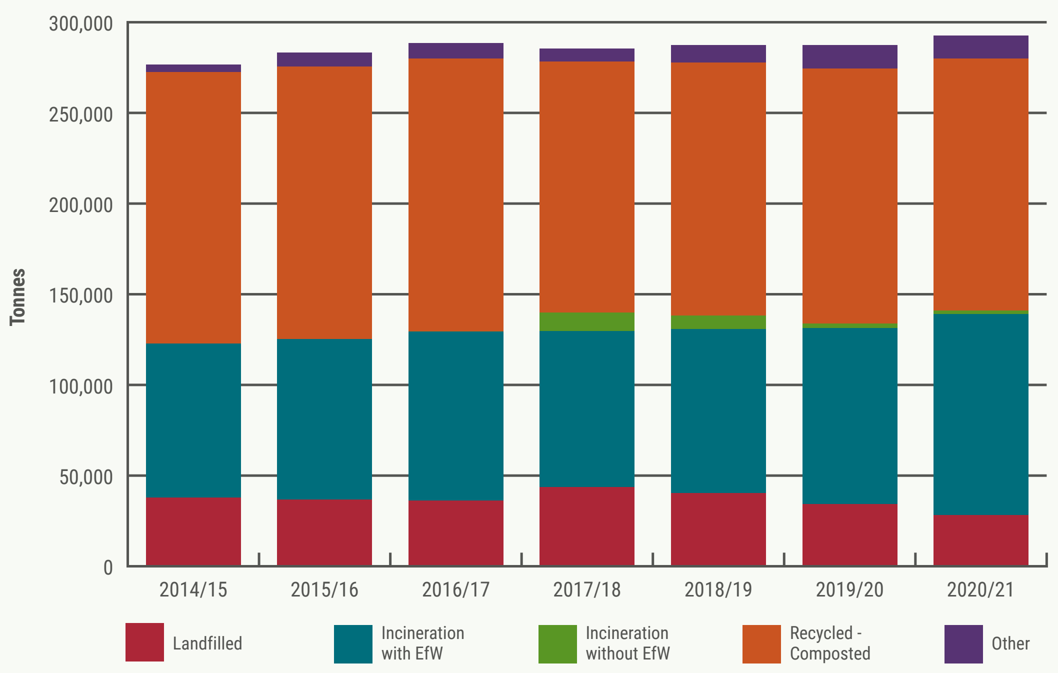


Figure 84: Management of collected waste in Warwickshire 2014/15-2020/21
Source: Defra (2021) Local authority collected waste statistics

[e] Energy from waste is about taking waste and turning it into a useable form of energy. This can include electricity, heat and transport fuels (e.g., diesel). This can be done in a range of ways. Incineration is the most well-known.

Focusing on household waste, in Warwickshire there were 457.2kg of household waste collected per person in 2020/21, this was the 7th highest of all counties and an increase from 440.3kg in 2019/20; the first increase since 2014/15 (Figure 85).

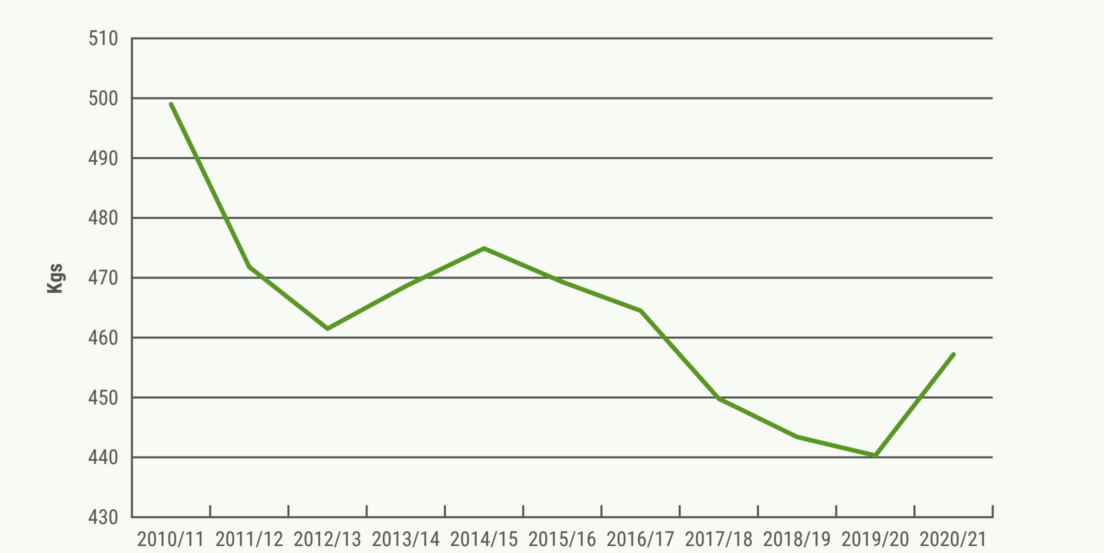


Figure 85: Collected household waste per person (kgs) in Warwickshire 2010/11 to 2020/21
Source: Defra (2021) Local authority collected waste statistics

Figure 86 shows the composition of household waste in Warwickshire since 2014/15. In 2020/21, 49.5% of household waste was sent for reuse, recycling and composting; this was a decrease from 51.1% in 2019/20 but followed a national trend with all regions having a decrease in their household waste recycling rate in 2020/21. Warwickshire had the 9th highest recycling rate of all 24 County local authority areas in 2020/21 and had a higher rate than the West Midlands (38.8%) and England (42.3%).

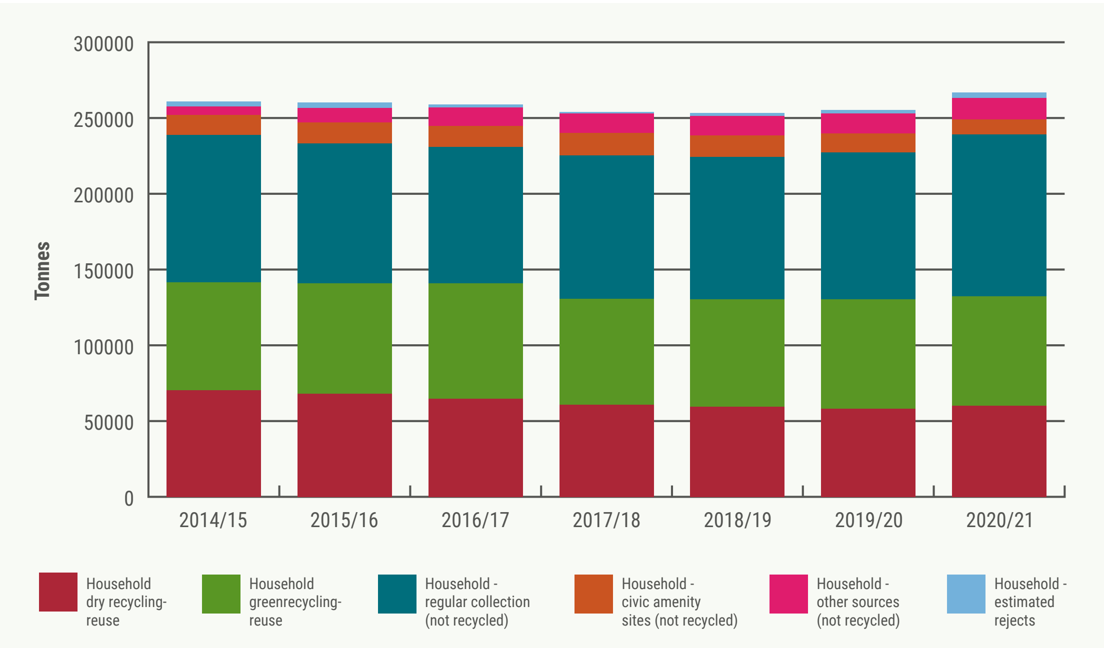


Figure 86: Composition of household waste in Warwickshire, 2014/15 to 2020/21
Source: Defra (2021) Local authority collected waste statistics

Renewable electricity

Data is available on renewable electricity generation at a local authority level.[106f] Figure 87 shows the renewable electricity capacity in megawatts (MW) in 2020 for each of the districts and boroughs in Warwickshire whilst Figure 88 shows the electricity generated (MWh) in 2020.

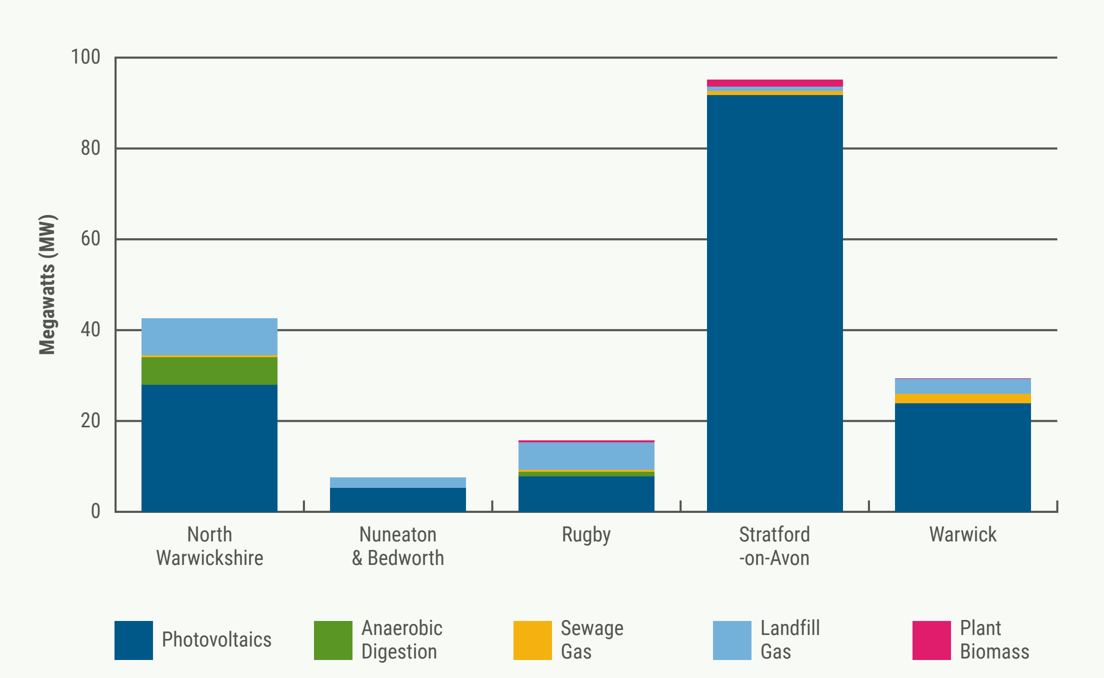


Figure 87: Renewable electricity capacity (MW) in 2020 by districts and boroughs in Warwickshire
Source: Department for Business, Energy and Industrial Strategy (2021)

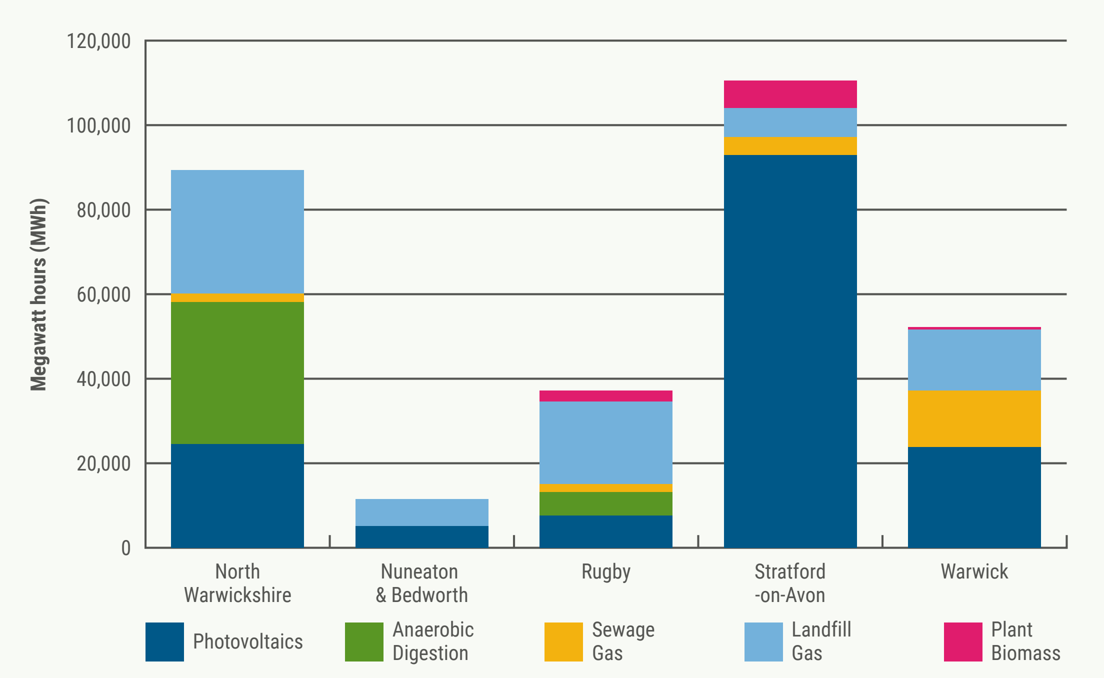


Figure 88: Renewable electricity generated (MWh) in 2020 by districts and boroughs in Warwickshire
Source: Department for Business, Energy and Industrial Strategy (2021)

[f] The total capacity and number of sites is complete for all local authority as the Feed in Tariff scheme (FiTs) closed to new entrants and the end of March 2019. Small scale installations that have come online since April 2019 are recorded through the MCS (Microgeneration Certification Scheme) however, the geographic information of the MCS data is incomplete. Some but not all of the new MCS installations have been allocated to individual local authorities.

In Warwickshire, the greatest source of renewable electricity generated is from photovoltaic technologies also known as solar energy (154,156 MWh) followed by landfill gas (76,560 MWh) and anaerobic digestion (39,040 MWh). Stratford-on-Avon District and North Warwickshire Borough are responsible for generating the most renewable electricity in Warwickshire. In addition to the sources shown in the figures, there are also small but increasing amounts of renewable electricity generated by onshore wind (414.3 MWh in 2020) and hydro (54.8 MWh in 2020) in Warwickshire.

Biodiversity

Woodland cover

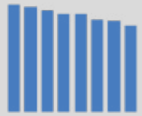
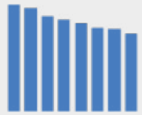
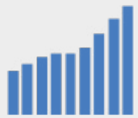
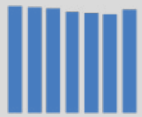
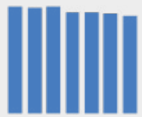
The Department of Agriculture, Environment and Rural Affairs provides information on woodland cover in the United Kingdom. In Great Britain, this is based on areas of trees of at least 0.5 hectares, wider than 20 metres, with a minimum of 20% canopy cover, or the potential to achieve it. Trees outside of woodland are not included. Woodland cover varies across Warwickshire with the highest percentage of area covered (8%) being in North Warwickshire Borough (Table 18). The Committee on Climate Change, which advises the government on emissions targets, recommends that woodland should be increased to at least 17% of land area by 2050 to raise the amount of greenhouse gases that are removed from the air and stored by trees.

Local authority Area	Standard area measurement (hectares)	Woodland (hectares)	Woodland (%)
North Warwickshire Borough	28426.1	2271.4	8.0
Nuneaton & Bedworth Borough	7895	432.9	5.5
Rugby Borough	35111.3	1590.3	4.5
Stratford-on-Avon District	97786.9	7142.3	7.3
Warwick District	28288.2	2102.7	7.4

Table 18: Woodland Cover for local authorities in Warwickshire (2019)
Source: Forest Research, Department of Agriculture, Environment and Rural Affairs, Office for National Statistics (2021)

Summary of key measures

← →

LATEST VALUE						
Measure	Latest data	Warwickshire	West Midlands	England	Rank compared to all 24 English county LAs[71]	Measure
Total CO_2 emissions per person	2019	8.9	5.1	4.9	3rd (Low is good)	 ↓
Total CO_2 emissions per person (within scope of LA influence)	2019	5.3	4.2	4.2	4th (Low is good)	 ↓
CO_2 emissions estimates - Land use, land use change and forestry (LULUCF) per capita	2019	-0.1	0.0	0.0	13th (Low is good)	→
Public electric vehicle charging devices (per 100,000 population)	Q3 (Jul-Sep) 2021	43.2	28.9	38.8	3rd (High is good)	 ↑
Collected household waste per person (kgs)	2020/21	460	570	420	7th (High is good)	 ↓
Percentage of household waste sent for reuse, recycling and composting	2020/21	49.5	38.8	42.3	9th (High is good)	 ↓

Warwickshire County Council

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Warwickshire County Council

State of Warwickshire

2022

Produced by
Business Intelligence Service,
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County Council

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Warwickshire in the subject header.

Warwickshire County Council

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Council

8 February 2022

2022/23 Budget and 2022-27 Medium Term Financial Strategy

Recommendation

That Council agrees the 2022/23 Budget and authorises work to continue on ensuring the 2022-27 Medium Term Financial Strategy is aligned with and supports the delivery of the Council's ambitions as set out in the Council Plan.

1. Key issues

1.1. Cabinet received reports on the options for the 2022/23 budget at their meeting on 7 December 2021 and a further update at their meeting on 25 January 2022. Cabinet was requested to use this information to issue their 2022/23 revenue and capital budget proposals. These form part of the agenda papers for this meeting and the statement from the Strategic Director for Resources that accompanies the resolutions comments on the robustness of the proposals.

1.2. At the time of writing, information from the district/borough councils on the County Council's share of business rates income for 2022/23 is still outstanding. The statutory deadline for the receipt of this information is 31 January 2022. However, it is recommended that the Council use the current estimates of business rates income for the purposes of budget setting. Specific Business Rates Volatility Reserves are held to manage this risk and therefore the Strategic Director for Resources is happy to reassure Members that this approach does not impact on the robustness of the budget or the adequacy of financial reserves.

1.3. Members are reminded when making decisions of the need to take into account their equality duties and consider any relevant Equality Impact Assessments (EqIAs) when formulating proposals. The EqIAs in relation to the budget proposals are therefore drawn to members' attention for consideration alongside the budget information provided with this report.

2. Timescales associated with the decision/next steps

2.1. Following this meeting the formal 2022/23 precept notifications will be sent, under seal, to the District/Borough councils to allow them to prepare consolidated council tax bills for households across Warwickshire.

2.2. Services will complete their work on how they intend to use the resources allocated in the budget resolution to deliver the core purpose and priorities in the Council Plan. The information will be reported to Cabinet in April 2022, seeking their agreement to the detail of the proposed use of resources. The agreed use of resources will then form the basis of budget monitoring reports to Members during 2022/23.

3. Financial Implications

3.1. The 2022/23 revenue and capital budget resolutions that are part of the agenda papers for this Council meeting will, once approved, form part of the Council's budget and policy framework for 2022/23. All financial decisions made during 2022/23 will be in accordance with these resolutions, unless otherwise agreed by a subsequent Council meeting.

3.2. As outlined above final figures for the 2022/23 business rates income are still outstanding. Any material variation between the final figures and the estimates included as part of the resolutions will be reported to Cabinet as part of the Service Estimates report in April 2022.

4. Environmental Implications

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

5. Background Information

5.1. The EqIAs can be found as exempt "Background Papers" for the Cabinet meeting on 25 January 2022 on modern.gov. The EQIAs and their content are exempt documents and must be kept confidential as they contain a number of commercially sensitive and confidential matters.

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No elected members have been consulted in the preparation of this report.

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2022/23 Revenue Budget Resolution

Recommendations to County Council

The County Council is recommended to plan its budget framework for 2022/23 on the following basis:

1. Financial Direction of Travel

1.1. We plan our budgets over the medium term, ensuring we have a clear financial strategy that underpins the delivery of the outcomes we set out in our Council Plan. The decisions we make will ensure Warwickshire's finances are robust and sustainable whilst being ambitious in our plans to make Warwickshire the best it can be; now and for future generations.

1.2. We will sustainably tackle the major financial and demand challenges we face as we continue to be faced with demand for services rising much more quickly than our resources. We will respond to the demographic growth in adult social care, the increasing numbers of children and families needing support and delivering on the challenges of climate change and commitment to strive to have net zero carbon emissions by 2030. We will do this by resourcing the additional costs we face now whilst retaining sufficient capacity to invest to be more efficient and effective in the future. We will drive cost reductions through investment in digital, data and automation technologies, adopt more commercial approaches setting financial returns and payback periods for our investments and continue to support investment that provides for a buoyant taxbase.

1.3. The way we do this will recognise that we need to retain flexibility in what is a changing economic and political environment. The last two years have been dominated by the global Pandemic which will have long term and societal impacts that remain unknown and volatile at this stage. We are faced with a growing inflationary risk, possible interest rate increases and uncertain impacts of key national policy choices around adult social care reform, integrated care systems and the fair funding review of central government support for local authorities.

1.4. We are confident our approach of ensuring our financial resilience and medium-term financial sustainability, has placed the Authority in a strong position to respond to the uncertainty and challenges ahead.

1.5. We will remain robust, ambitious and sustainable in setting both next year's budget and our medium term financial strategy (MTFS), with a focus on outcomes and social value. Given that current economic uncertainties remain we will continue to look for efficiencies to drive better value for money for our taxpayers. We will invest our resources to ensure:

- Warwickshire is a county where all people can live their best lives; where communities and individuals are supported to live safely, healthily, happily and independently;
- Warwickshire has a thriving economy and places that have the right jobs, training, skills and infrastructure; and
- Warwickshire is a county with a sustainable future so our generation ensures future generations can live well and reap the benefits of a sustainable and thriving Warwickshire.

1.6. We have had to make difficult decisions and choices in developing these proposals. We have not taken decisions to address the short-term challenges we face that undermine our financial sustainability over the medium term or leave financial 'gaps' to be closed in future years. We have recognised that our plans, whilst remaining robust and ambitious also need to be flexible to handle most plausible scenarios, whilst recognising it is impossible to guarantee this.

1.7. To ensure the finances of the Council are robust and sustainable we will:

- Directly invest £10.1 million in our children's social care services, providing resources to meet costs arising from: the higher numbers of Looked After Children; the limited options to tackle the foster care / placement mix; and to provide increased capacity in the service to meet the increase in demand and identified service improvement needs;
- Invest £14.4 million to protect our elderly citizens and vulnerable adults to fund additional demand and manage the cost of placements whilst continuing to make progress on our vision of greater integration between health and social care;
- Invest £1.9 million to continue to support children and young people with disabilities placements and to ensure they can access appropriate support within their communities;
- Invest £2.8 million to increase capacity in the Special Educational Needs and Disabilities (SEND) assessment and review service and to invest in the next phase of our SEND and Inclusion Change Programme;
- Invest £2.8 million in home to school transport to ensure we continue to provide services in line with our policy whilst being able to respond to the increasing demands on the service;

- Invest £1.8 million, as part of a £5.0 million programme over the next three years, in digital technology and automation to drive future cost reductions as a result of the investment made;
- Invest £1.5 million over two years in the Fire and Rescue Service to review current strategies and processes for prevention activity and identification of high-risk premises as well as the promotion of equality, diversity and inclusion in the workplace;
- Provide £1.3 million to reflect the increased insurance risk the Authority is carrying, reflecting the level of self-insurance and claims;
- Invest £0.8 million to meet the current levels of business support needed in response to the demand pressures in children and families, education and adult social care;
- Invest £1.3 million in the Waste Management service to meet the increased demand as a result of housing growth and the increased domestic waste generated due to the shift to hybrid/homeworking following the Pandemic; and
- Invest £0.7 million to provide targeted support for young people to improve mental health and well-being and provide activities that are a distraction from crime/county lines.

1.8. We will provide £1.1 million to meet the operating cost to the Council of the Warwickshire Property and Development Group in its second year and to ensure effective governance capacity is in place to manage the financial and commercial risks. By the end of the MTFS we expect the company to be delivering a surplus of £3.4 million a year.

1.9. We intend to continue the approach adopted over recent years to invest our short-term resources to support the priorities of the Council Plan and to invest in Warwickshire's future.

1.10. We are determined to make the best use of the funding we have available ensuring investments are supported by robust business cases and realise benefits and help address long-term issues such as climate change. With evidence-based decision-making we are looking to make step changes towards the delivery of our service objectives whilst ensuring any allocations do not cause difficulties with sustainability over the medium term. We will continue with the rigorous prioritisation and evaluation processes before funding allocations are confirmed.

1.11. Our Investment Funds contain over £10 million revenue funding which will be topped up during the five-year period as our finances allow. These allocations are deliberately flexible and may be varied as bids emerge and are prioritised, although we expect a minimum of £2 million to be allocated against each of the Best Lives, Sustainable

Futures and Thriving Economy and Places blocks. We expect those allocations brought forward for approval to deliver measurable benefits and clarity about the material contribution to the delivery of the areas of focus in the Council Plan.

1.12. The key projects that we expect to see come forward for approval from the Revenue Investment Fund are:

- Best Lives
    - An options appraisal on the potential for the County Council to work with local universities and other partners to improve education attainment and social mobility, particularly focussing on areas of the county where educational attainment is lower;
    - Piloting opportunities to improve employment opportunities for and the employability of young people focussed on high-skilled and higher-paid jobs;
    - The use of digital technology and automation to support the well-being and independence of those in receipt of adult social care;
    - Deliver our Child Friendly Warwickshire programme – Happy, healthy, safe, heard and skilled children;
    - Enable and support young people to have a high-quality education to achieve their potential and transform our Special Educational Needs and Disabilities provision; and
    - Support people to live healthy, happy and independent lives and work with partners to reduce health inequalities.

- Sustainable Futures
    - Promote inclusive, sustainable economic growth, successful business, good quality jobs and future skills; and
    - Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero.

- Thriving Economy and Places
    - Options for increasing the income generated by our country parks whilst at the same time maximising their social value and positive impact on the well-being of residents and communities and visitors to Warwickshire;
    - Create vibrant places with safe and inclusive communities; and
    - Deliver major infrastructure, digital connectivity and improved transport options.

1.13. In addition we have created:

- A revolving fund to support the delivery of future budget reductions which, after an initial investment of £5 million, should be self-sustaining. We expect allocations from the fund to create a pipeline of future budget reductions; and
- An annual allocation of £0.5m to a Systems Replacement Fund to provide capacity to update and replace the Council's core IT systems on a phased basis.

1.14. Through the use of the two funds we expect the Chief Executive to continue to drive forward our internal organisational change programme, investing in ways to be more efficient and effective in maximising outcomes from local and national taxpayers' money, by driving savings/headcount reduction through digital, data and automation, setting financial return and pay-back periods for invest-to-save proposals and rationalising the County's estate, to meet the changing needs of our communities and the cost-effective delivery of services.

1.15. We will deliver £10.2 million of budget reductions in 2022/23, increasing to £65.7 million by 2027, through better procurement, improvements in efficiency, increased income and delivering reductions in demand. We all use the services the County Council provides. We also represent and will deliver value for money for the tax payers of Warwickshire.

1.16. We acknowledge the need for an increase in local tax. In the absence of other funding options we will use the opportunity provided by the government to levy additional council tax, to provide additional ring-fenced resources to fund rising costs and demand for adult social care. We will take 2% of this additional levy in 2022/23 and propose to take a further 1% in each of the next two years. In addition, we require an increase of 1.75% on the council tax for all other services. In total, this means a 3.75% council tax increase for 2022/23, equivalent to an increase of £1.10p per week for a Band D dwelling.

2. Adult Social Care

2.1. Adult social care is our highest spending service. In December 2020 the Government announced that local authorities would be able to levy an additional 3% on top of their normal council tax, spread across 2021/22 and 2022/23, with this additional funding to be ring-fenced for use in adult social care. We took advantage of 1% of this flexibility last year and planned to take the remaining 2% in 2022/23. In November 2021 the Government extended this flexibility allowing local authorities to levy a further 1% on top of their normal council tax increase, for the three years 2022/23 to 2024/25, with the additional funding again ring-fenced for use in adult social care.

2.2. We intend to take the 2% levy for adult social care in 2022/23, as planned last year and also intend to take the additional 1% levy available in 2023/24 and 2024/25. We know that, both locally and nationally, adult social care is a top priority for citizens, but we also recognise that taking all of the levy given the financial challenges for households across Warwickshire as a result of the rising cost of living, would be an additional financial burden. The 2% additional levy is the minimum increase that will allow us to maintain services over the medium term and is 1% below the maximum increase we could levy.

2.3. We will increase the resources available to deliver adult social care by at least the amount raised from the levy. The allocations we are making in 2022/23 and the indicative allocations for the next two years deliver on this commitment. We expect the Service to manage within the funding allocated in this resolution, including the additional funding provided by the Government through the Better Care Fund to meet demographic, statutory and inflationary pressures. We expect the Service to continue to work with partners to manage the extent of any emerging demand-led spending pressure, thereby reducing the level of savings needed.

2.4. We believe this approach provides the flexibility needed by the Service to manage its resources in the most effective way. Our focus is the transformation of adult social care pathways, the enhancement of information and advice to enable people to shape their own solutions, the use of digital technology and automation to support the well-being and independence of those in receipt of adult social care and working with communities to build capacity to manage demand. This decision will protect Warwickshire adult services at a time of long-life expectancies.

3. Dedicated Schools Grant

3.1. We continue to expect the cost of funding schools and relevant pupil-related services to be contained within the level of the Dedicated Schools Grant (DSG). Our policy remains that we do not intend to subsidise the DSG from our own resources. We will continue to allocate resources to schools and other educational settings in accordance with the National Funding Formula for schools and early years.

3.2. We recognise that meeting our policy aspirations in relation to high needs services and support can only be achieved over the medium term; given the nationally growing demand for services and the lack of capacity in the system. We have an ambitious and substantial transformation programme to tackle the significant pressures on the DSG budget. These substantial pressures reflect the national position.

3.3. The Schools Forum has agreed to transfer 0.5% (£1.989m) of DSG funding for schools to support high needs services in 2022/23 and we thank the Forum for its support as we work together to identify solutions to help bring the high needs budget back into balance. We will continue to invest in building capacity locally and our wider transformation programme.

3.4. However, with the Government requiring all schools and early years services to be provided within the level of DSG allocated we recognise more still needs to be done to ensure the budget for these services is robust and sustainable. We require that a further report is brought to Cabinet, for approval, by September 2022 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 improvement plan.

3.5. The magnitude of the numbers means that the impact of the SEND forecast deficit on the overall financial sustainability of the Council's finances has to be integral to our budget proposals. Whilst our improvement plan is implemented and further plans developed, or the until Government brings forward proposals for funding DSG deficits at a national level and acknowledging we will be unable to bring the DSG back into balance before the statutory override ceases at the end of 2022/23 we will ensure the Authority's overall financial resilience is maintained. We will set aside sufficient funding in reserves to create an equal and opposite position to offset the projected deficit until a sustainable solution is in place.

4. Revenue Allocations

4.1. To reflect the significant pressures on communities and the increasing demand for services we are responsible for, whilst ensuring we continue to develop so we can deliver the public services expected for the future, we are making allocations totalling £67.197 million.

4.2. We will provide £21.258 million for the estimated cost of pay and price inflation in 2022/23, allocated between Services as shown in **Appendix A**. In making this allocation it is acknowledged that the allocation to Services for inflation is an approximate cost, recognising that some costs will increase above the standard rate and some below. Once the overall allocation has been agreed, a Service will have the opportunity to allocate the funding provided to reflect where inflation will impact at a local level.

4.3. In addition to meeting the estimated cost of inflation we will also provide £45.939 million to meet additional spending need, of which £21.080 million is time-limited.

Details of the allocations and how we expect the funding to be used are also detailed in **Appendix A** for permanent allocations and **Appendix B** for time-limited allocations.

4.4. Allocations for future years, as listed in Appendices A and B, are indicative at this stage. They are detailed as part of ensuring that our budget proposals are robust and sustainable over the medium term. We require the need for, and level of, all these allocations to be reviewed as part of the 2023/24 Medium Term Financial Strategy refresh.

4.5. We expect Services to manage all other issues in 2022/23 from within existing financial resource levels and support the net planned use of £0.442 million of earmarked reserves to provide capacity to invest in service change and to allow space to effectively implement service redesign/reprioritisation.

5. Funding Sources

5.1. Over recent years we have taken the decisions necessary so we can continue to provide services to the residents and communities of Warwickshire whilst continuing to innovate and invest in ensuring our services are fit for the future. We are financially resilient and hold reserves to manage financial risk and promote financial sustainability. However, we recognise the need to control the amount of scarce resources held in reserves and refine our approach to managing reserves to maintain a proportionate, sustainable, flexible and risk-based approach.

5.2. Our approach to the effective use of reserves is set out in **Appendix C**. It provides for transparency and accountability around reserves and ensures the framework is in place to align decision-making around the use of reserves with the Council Plan. We will continue to consider the advice and recommendations of our Strategic Director for Resources (Section 151 Officer) bi-annually as part of budget setting and after closing our accounts. We will look to utilise our reserves prudently whilst also recognising that this is taxpayers' money.

5.3. We will provide sufficient resources to ensure the level of General Reserves is at least consistent with that stated by the Strategic Director for Resources as the minimum level of general reserves given the financial risks facing the authority. We will retain our Revenue Investment Funds to deliver our investment proposals over the period of the Medium Term Financial Strategy and to develop the pipeline of further budget reductions.

5.4. Our plan for budget reductions will generate savings of £10.244 million in 2022/23 and a further £55.438 million over the period of the Medium Term Financial Strategy.

Approval is given to the plans for the delivery of these savings detailed in **Appendix D**. If during 2022/23 any of the budget reductions do not materialise to the degree shown, the Assistant Director in conjunction with their Strategic Director and Portfolio Holder should identify alternative proposals to ensure the required levels of reduced spend are delivered and report this as part of quarterly monitoring.

5.5. We will use the £2.805 million surplus on previous years' council tax collection as part of the funding for the time-limited allocations in Appendix B.

5.6. We will use the £84.958 million of government grants to support the budget. Included within the roll-forward budgets are a number of other grants we receive from the Government for specific purposes. Any variations to the levels of funding received will be matched by an equivalent adjustment in the budget for the respective service.

5.7. We will use business rates funding of £73.635 million to support the overall budget of the County Council. We recognise that the level of income we will receive from business rates remains a material financial risk, despite the additional hardship funding provided by the Government. In the event of business rates funding being above or below this level the Strategic Director for Resources is authorised to make an adjustment to the Business Rates Volatility Reserve during 2022/23.

5.8. We will use £18.483 million of reserves in 2022/23 to fund time-limited costs and budget allocations and to accommodate the differences in timing between spending need and the delivery of savings and/or growth in the business and council tax taxbases.

5.9. **The council tax will increase by 3.75% in 2022/23**. With the other funding resources identified, this will fund the proposals contained within this resolution.

6. Medium Term Financial Strategy

6.1. We will continue to operate with a rolling five-year MTFS where we can demonstrate that the finances of the authority are allocated in accordance with the priorities of the organisation and that the underpinning finances remain robust and our service delivery sustainable for the benefit of the residents and businesses of Warwickshire. We have a track record of delivering savings and this has served us well as we have steered the Authority through some undoubtedly challenging financial times. Looking forward we will be operating in an environment of increased uncertainty - over funding, demand and inflationary pressures as we strive to deliver on the core outcomes and areas of focus as set out in the Council Plan.

6.2. We recognise that changes to the system of local government finance and the increasing moves towards self-sufficiency means our financial planning processes will need to change as our income will become increasingly variable and unpredictable. Alongside supporting residents, individuals and businesses as society and the economy recovers from the Pandemic, technological developments, changing national and international economic relationships and the long-term challenge of climate change also mean our plans need to be more flexible than ever and able to adapt to change at pace whilst retaining a focus on our longer-term goals and ambitions.

6.3. Our Council Plan sets out our ambitions and our operating model provides the framework to deliver them. We ask Corporate Board to develop commissioning strategies, action plans, key business measures and performance management requirements aligned and consistent with the available resources of the authority.

6.4. The indicative future spending allocations and planned reductions we have set out deliver a balanced MTFS over the period of the Council Plan through to 2027. After 2022/23 this requires a 1.99% annual increase in the council tax and taking the 1% flexibility allowed through the adult social care levy in 2023/24 and 2024/25. We accept that without this level of increase in council tax, or if future spending needs exceed the indicative levels, further budget reductions will need to be identified and delivered to ensure our finances remain sustainable.

6.5. We expect the focus of change to be on invest-to-save projects that will release the resources needed to invest in our ambitions and have created the Future Budget Reductions Revolving Fund to support this. We require services to focus on the preventative agenda to manage demand downwards, so we can further improve the Council's value for money. Investment decisions should be based on a more commercial approach with greater clarity about the measurable benefits to be delivered and how these make a material contribution to the delivery of the areas of focus in the Council Plan. This work should drive the options for further budget reductions over the period of the MTFS.

6.6. We expect the MTFS to reflect on and respond to the Council's key strategic risks of:

- Economic growth affecting business, key sectors and town centre viability;
- Delivering or achieving on our area-based regeneration and place priorities;
- Education and skills gaps and the ability to catch-up and gain pre-pandemic levels of attainment;
- Continuing Covid-19 transmissions and infections;
- Post Pandemic social and health inequalities and the ability to catch up;
- The protection of vulnerable children in our communities;
- The protection of vulnerable adults in our communities;

- Continued and increasing levels of disruption to care markets and impacts on the supply of core provision;
- Achieving our climate change target of net zero by 2030 and County net zero by 2050;
- Sustaining and progressing change to modernise, innovate and take advantage of technology-driven solutions;
- Staff health and wellbeing due to post-pandemic new ways of working;
- The results (financial and social) from our commercial and investment activities;
- The resources needed to match the increasing demand for SEND provision and achieving our SEND and Inclusion ambitions;
- Continued uncertainty about key policy, economic and funding forecasts; impacting on financial planning assumptions and our ability to address the ongoing structural gap in available resources to deliver Council Plan priorities and respond effectively to unplanned events;
- Legal, regulatory, information security compliance requirements; and
- Sustained inflationary pressures and cost of living increases putting pressure on staff costs, recruitment and retention and impacting on service resilience.

6.7. We recognise our MTFS means significant challenges for the organisation, including the changing way in which people want to access services. Our proposals recognise that this will take time and investment and a broad engagement with all those affected, both inside and outside the organisation. Our MTFS requires the use of £40.860 million of reserves, including £18.483 million in 2022/23, to fund time-limited costs and budget allocations and to accommodate the differences in timing between spending need and the delivery of savings and/or growth in the business and council tax taxbases. The availability of this level of reserves is consistent with our Reserves Strategy, attached at Appendix C.

6.8. Whilst we have an excellent track record of delivering savings, we acknowledge that this needs to continue if our 2022/23 budget is to remain balanced and be sustainable over time. We ask Corporate Board to review the arrangements for the oversight of the delivery of the savings plan to ensure there is clarity about delivery and, where there are areas of concern, any necessary corrective action is put in place at the earliest opportunity.

7. Strategic Director for Resources: Statement

7.1. The following statement from the Strategic Director for Resources is noted:

"The 2003 Local Government Act places specific responsibilities on me, as "Chief Financial Officer", to report on the robustness of the budget and the adequacy of proposed financial reserves when the authority is considering its budget requirement. The Council is required to have regard to this report when it sets the budget. There are a range of other safeguards that I must also consider to prevent the Local Authority from over committing itself financially, including:

- *the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992);*
- *the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs (section 151 of the Local Government Act 1972).*

The uncertainties of the economic environment, in particular rising inflation, the fact we are awaiting a multi-year settlement, the scale of the expenditure reductions required and because of growing demands on our core services, mean that there are significant risks facing the Authority in delivering a balanced budget. In fulfilling the various responsibilities placed on me as Chief Financial Officer, I have set out below, what I see as the key risks associated with the proposed budget and how they can be managed, so that Members are clear on the risks associated with these budget proposals when making their budget decision.

Risk 1 – Delivery of the Planned Budget Reductions

The planned budget reductions need to be fully implemented to ensure the Council's 2022/23 budget remains balanced and sustainable into the future. To mitigate this risk:

- *Key policy changes associated with major savings proposals in 2022/23 have been identified;*
- *Assistant Directors, Strategic Directors, the Chief Executive and Portfolio Holders have been charged with ensuring that processes are in place to ensure that the planned budget reductions are delivered to the required timetable;*
- *If the planned budget reductions are not delivered, Assistant Directors, Strategic Directors, the Chief Executive and Portfolio Holders are required to identify alternative ways of balancing the Service and/or Directorate budgets; and*
- *Monitoring of the delivery of the planned budget reductions has been extended to include the monitoring of project delivery milestones to ensure decisions are taken in a timely manner and implementation timescales are met.*

Risk 2 – Inflationary Risk

For the first time in over a decade the Authority is facing a significant and growing inflationary risk as a result of supply /labour shortages. The direct and indirect impacts on *the County Council are uncertain. The inflation provisions in this resolution are 1% below the Chancellor of the Exchequer's forecast for the next two years and therefore it remains a risk as to whether it will lead to additional budget pressures in future years.*

In addition, the planned budget reductions include contract management savings, reductions in third party spend and the delivery of small-scale efficiencies to absorb the impact of inflation on budgets that increase the risk of inflationary cost increases on financial sustainability over the medium-term.

There needs to be an awareness of additional inflationary costs as part of decision-making and potential additional costs need to be managed to ensure the Council's 2022/23 budget remains balanced and sustainable into the future. The risk has been mitigated through the allocations in this resolution, but the risk cannot be completely removed. To mitigate this risk:

- *The minimum general reserves provision includes a specific £7.5 million provision for the risk of inflation, in addition to the £21.3m inflationary allocations to service budgets;*
- *Capital maintenance allocations are no longer strictly cash limited but have been uprated for inflation on an annual basis; and*
- *Enhanced budget monitoring arrangements have been introduced to require corrective action to be put in place as soon as any areas of overspending begin to emerge.*

Risk 3 – On-going Impact of the Covid-19 Pandemic

This budget is being agreed at a time when the country remains in the shadow of the Covid-19 Pandemic. The Council is still in the midst of the response phase to the additional demand for services from residents and communities and there is a level of uncertainty as to how the Pandemic will have changed the social and economic environment of Warwickshire over the longer term.

The potential additional costs and loss of income need to be managed to ensure the Council's 2022/23 budget remains balanced and sustainable into the future. To mitigate this risk:

- *All Covid-related funding received is managed corporately, with decisions on the allocation of any resources requiring Corporate Board approval to ensure the effective use of resources;*
- *Time-limited allocations of funding where demands for additional capacity in 2022/23 have been identified are included as part of this resolution; and*
- *The retention of the taxbase volatility reserve, alongside the existing business rates appeals reserve to provide for any deficits on the collection of the council tax and business rates from the current economic downturn.*

Risk 4 – Repayment of Overspends
Arrangements will need to be put in place, as part of the financial outturn report to Cabinet and this budget resolution, to stabilise the financial position of those services that are overspending. If overspends occur in future years, services will need to deliver additional budget reductions to repay overspends as well as delivering the planned budget reductions in 2022/23. The flexibility to manage this through reserves is reduced as a result of the use of reserves proposed in this resolution.

However, the retention of directorate risk reserves, equivalent to 3% of their net budget (2% for Resources), should enable services to manage any in-year overspends without impacting on service delivery.

Risk 5 – Dedicated Schools Grant Deficits
There is a financial risk to the Authority as a result of the new provisions that local authorities will not be permitted to fund any part of the DSG deficit without the authorisation of the Secretary of State, in the absence of any extra funding to resource any deficit. This has been mitigated by an equal and opposite provision in reserves to offset the projected deficit, but this does not provide a long-term solution or remove the need to identify options for bringing spending into line with the level of DSG received.

Risk 6 - Treasury Management
The level of interest receipts and return on Treasury Management activities and borrowing costs are subject to market rates. Members are advised of this risk each year and this is mitigated by application of the Council's annual Treasury Management Strategy, which in turn is informed by specialist external advice. However, actual interest returns/costs are determined by a variety of factors largely outside the Council's control.

The capital programme, setting up of the Warwickshire Property and Development Group and the creation of the Warwickshire Recovery and Investment Fund, highlighted in this budget resolution and the accompanying capital budget resolution, have created additional financial risk for the Council from the associated treasury management and investment activity. These risks have been mitigated as far as possible through the governance arrangements that have been put in place, but the risk cannot be completely removed. Collectively the proposals will see a material increase in the Council's borrowing and, alongside the significant use of reserves proposed in the Medium Term Financial Strategy, this will increase the requirement to ensure we have sufficient liquid cash balances to manage our day-to-day activity. A specific £7.5 million commercial risk reserve has been set up to mitigate these risks.

It will mean decision-making will need to take a broader range of financial risk criteria into account than has traditionally been necessary.

Risk 7 – Uncertainty of the National Funding Position

There is uncertainty around the national funding position for local government as a result of the lack of a three-year Comprehensive Spending Review, wider economic uncertainty given the need to agree and work within new EU and international trade agreements. This means we need to have a higher level of general reserves and may face more significant revenue pressures until a multi-year spending review is received.

Risk 8 – Local Government Funding Reform

The 2022/23 provisional Local Government Finance Settlement included a commitment to consult on changes to how the relative need to spend and the level of Government support needed by authorities is calculated in Spring 2022, for implementation for the 2023/24 financial year. This review may result in the level of our government funding increasing or decreasing compared to 2022/23 levels for the remainder of the MTFS. This places greater importance on the need to maintain reserves to manage any volatility and if our losses as a result of the fair funding review are bigger than the 2% assumption in the MTFS there may be a need to identify additional budget reductions in future years.

Risk 9 – Pensions

Given the range of possible changes to the Local Government Pension Scheme, this remains a key risk for the Council, in terms of possible costs arising from any new scheme and the financial consequences of large numbers of staff leaving the scheme.

Risk 10 – Impact on the Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) outlines the significant additional financial challenge to the authority in future years. The indicative future spending allocations and planned reductions deliver a balanced MTFS over the period of the Council Plan with a 1.75% increase in council tax plus 2% of the available adult social care levy in 2022/23 and an 1.99% annual increase in the council tax in future years plus the additional 1% adult social care levy in 2023/24 and 2024/25. Without this level of increase in council tax, or if future spending needs exceeds the indicative levels, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable. Given this challenge Members are advised it is important that decisions taken in agreeing the 2022/23 budget do not increase this financial risk. The commitment of Members to meet the financial challenges ahead and take the decisions needed to ensure the finances of the authority remain robust into the future is welcomed.

The budget information used in preparing this budget resolution has undergone extensive scrutiny by:

- *Assistant Directors and their staff;*
- *Staff within the Finance Service; and*
- *Corporate Board.*

In addition to this I have worked closely with members in preparing this budget resolution. In overall terms I am of the view that this revenue budget has been prepared on realistic assumptions in an uncertain environment and that as such it represents a robust, albeit challenging, budget.

I have also undertaken a risk analysis of the adequacy of financial reserves, taking account of the financial risks above. This highlighted the need to retain a minimum of £26.0 million in general reserves in 2022/23. This resolution makes provision for this level of reserves. I am therefore of the view that this budget does provide for an adequate level of reserves."

8. Summary of Service Estimates

8.1. Approval be given to the individual service net revenue estimates shown below, which will be finalised for the service estimates to be presented to Cabinet in April 2022 of:

	Base Budget £	Additional Investment £	Funding Sources £	Total £
Education Services	137,782,334	9,084,000	(572,000)	146,294,334
Environment Services	25,235,002	1,194,000	(1,286,000)	25,143,002
Fire and Rescue Service	21,437,143	1,242,000	(43,000)	22,636,143
Strategic Commissioning - Communities	22,205,051	2,901,000	(778,000)	24,328,051
Adult Social Care	157,536,241	14,374,000	(3,519,000)	168,391,241
Children and Families	67,025,880	10,716,000	(521,000)	77,220,880
Strategic Commissioning – People	34,649,376	1,694,000	(313,000)	36,030,376
Business and Customer Services	17,339,861	1,175,000	(540,000)	17,974,861
Commissioning Support Unit	4,751,954	741,000	(44,000)	5,448,954
Enabling Services	24,228,671	3,264,000	(2,055,000)	25,437,671
Finance	5,423,224	182,000	(79,000)	5,526,224
Governance and Policy	2,066,352	1,007,000	(138,000)	2,935,352
Other Services – spending	42,171,269	19,623,000	(356,000)	61,438,269
Other Services - schools and funding	(100,335,044)	0	(158,593,000)	(258,928,044)
	461,517,314	**67,197,000**	**(168,837,000)**	**359,877,314**
<u>Contributions to/(from) reserves:</u>				
- Service Reserves	(442,305)	0	0	(442,305)
- General Reserves	5,000,000	0	(18,483,081)	(13,483,081
Budget Requirement	**466,075,009**	**67,197,000**	**(187,320,081)**	**345,951,928**

9. Council Tax Requirement

9.1. Approval is given to a council tax requirement and a Band D Council Tax for the County Council for the year ending 31 March 2023 as follows:

	£
Budget Requirement	345,951,928.12
Less Council Tax Surplus on Collection	(2,805,031.88)
Council Tax Requirement for the year ended 31 March 2022	**343,146,896.24**
Divided by aggregate Council Tax Base for the County Area	215,689.50
Basic Amount of Council Tax (Band D)	**1,590.93**

10. Council Tax

10.1. The council tax for 2022/23 is increasing by 3.75%. Therefore, approval is given to Council Tax amounts for each category of property as follows:

	£
Band A	1,060.6200
Band B	1,237.3900
Band C	1,414.1600
Band D	1,590.9300
Band E	1,944.4700
Band F	2,298.0100
Band G	2,651.5500
Band H	3,181.8600

11. Precepts

11.1. The Chief Executive is authorised to issue the 2022/23 precepts on the Warwickshire billing authorities, as follows:

	£
North Warwickshire Borough Council	34,237,465.88
Nuneaton and Bedworth Borough Council	62,377,978.91
Rugby Borough Council	62,817,902.87
Stratford-on-Avon District Council	93,985,796.59
Warwick District Council	89,727,751.99

12. Budget Management

12.1. The Chief Executive is directly responsible for the implementation of the budget.

12.2. Cabinet will continue to receive quarterly reports on service performance, financial performance and progress on the delivery of the savings plans.

12.3. The Chief Executive and Strategic Director for Resources are authorised to vire revenue budgets between Services where such virements are as a direct consequence of the specific spending allocations, delivery of the planned net reductions and funding strategies contained in this resolution and the accompanying capital budget resolution.

12.4. The Chief Executive and Strategic Director for Resources, in consultation with the Leader, are authorised to reverse allocations made as part of this budget process where the investment does not progress.

12.5. The Chief Executive and Strategic Director for Resources are authorised to draw down from reserves and vire money between reserves where these adjustments are as a direct consequence of the specific spending allocations, delivery of the planned budget reductions and funding strategies contained in this resolution and the accompanying capital budget resolution.

12.6. The Chief Executive and Strategic Director for Resources are authorised to make the necessary budget adjustments to fund the new responsibilities given to the County Council during the year, or where responsibility for services transfers out, up to the level of Government funding provided/withdrawn.

12.7. The Chief Executive is instructed to remind the Strategic Directors, the Chief Fire Officer and Assistant Directors that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of Services' work to secure value for money.

12.8. Services, and also schools, are encouraged to take a medium-term view of spending commitments and ensure a prudent approach is adopted in entering into initiatives which create commitments in future years and developing clear strategies for the utilisation of service reserves.

12.9. All member bodies, Members and officers are instructed to comply with the prescriptive legal duties placed upon the Council. The Chief Executive, Strategic

Directors, Chief Fire Officer and Assistant Directors are instructed to ensure that the implementation of policies complies with legal requirements.

12.10. Authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget, subject to compliance with Contract Standing Orders, Financial Regulations and the key decision regime.

13. Pay Policy

13.1. Section 38 of the Localism Act 2011 requires us, as a local authority to prepare and approve an annual pay policy statement by 31 March, immediately preceding the year to which it relates.

13.2. The pay policy statement must set out the authority's policies for the financial year relating to the remuneration of chief officers (which, in the case of the County Council, includes the Chief Executive, Strategic Directors and Assistant Directors) and the remuneration of employees who are not chief officers.

13.3. Our pay policy statement that meets these statutory requirements is set out in **Appendix E**. The County Council agrees the application of these remuneration policies for the financial year 2022/23 and authorises the Chief Executive to amend the Pay Policy 2022/23 to reflect the 2021/22 pay award, when agreed.

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Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Additional Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Education Service					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	1,063	673	687	700	714
SEND home to school transport - An allocation to meet the demand for home to school transport; thereby ensuring eligible children have a seat to get to and from school.	1,288	1,453	1,400	1,500	-
Provision for children with disabilities - An allocation to continue to support current placements, to meet the expected demand for future placements and to reflect increases in unit costs. This will ensure looked after children are in appropriate specialist places to meet their need.	1,888	605	323	354	378
Mainstream home to school transport - An allocation to reflect increased cost caused by the implementation of Public Sector Vehicle Accessibility Regulations (2020), continued demand for taxi service and medical transport following Covid-19, increases in pupil numbers and the breadth of the network to be covered.	1,500	-	-	-	-
SEND mediation - An allocation to ensure compliance with The School and Early Years Finance (England) Regulations 2020, where the cost of mediation can no longer be charged to the Dedicated Schools Grant.	113	-	-	-	-
SEND Service Review - An allocation to meet the cost of changes to SEND Assessment and Review Service following Ofsted Local Area inspection and implementation of the new service structure.	1,021	123	-	-	-
Education leadership capacity - An allocation to increase the senior leadership capacity in the Education Service.	100	-	-	-	-
Direct payments for children with disabilities - An allocation to continue to support the children and young people with disabilities who already receive a direct payment and to reflect the continuing growth in overall numbers.	-	76	33	35	38
Education sub-total	**6,973**	**2,930**	**2,443**	**2,589**	**1,130**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Additional Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Environment Services					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	684	209	213	217	222
Vehicle activated signs- An allocation for the repair and preventative maintenance of aging vehicle activated signs.	80	-	-	-	-
Gulley cleansing - An allocation to support the increase in frequency of gulley cleansing, particularly in known flood areas.	200	-	-	-	-
Forestry - An allocation to provide for an increase in capacity in the Forestry Team, including the creation of a tree planting team, to meet the increase in demand and provide resilience to support emerging climate change initiatives and tree planting schemes.	90	90	-	-	-
Coventry, Solihull and Warwickshire Resilience Team - An allocation to meet Warwickshire's share of the cost of the expanded team.	65	-	-	-	-
Transport Delivery - An allocation to implement the recommendation of the SEND Transport Review including a enhanced focus on vehicle inspections, safeguarding, quality assurance and contract management. This investment provides the capacity to deliver the reduced SEND and home to school transport costs included in the options for budget reductions.	75	75	-	-	-
Environment Services Sub-total	**1,194**	**374**	**213**	**217**	**222**
Fire and Rescue					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	237	79	80	82	84
Day crew plus fatigue mitigation - An allocation to fund the fatigue risk posed by the day-crewed-plus crewing system. This allocation is part of a change that delivers a saving of £140,000 a year after reflecting for this allocation.	230	-	-	-	-
Fire and Rescue sub-total	**467**	**79**	**80**	**82**	**84**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Additional Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Strategic Commissioner for Communities					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	791	502	508	514	521
Waste management - An allocation to address the increased waste management costs being incurred as a result of housing and population growth within the county and as set out in the District and Borough Council Local Plans.	300	300	300	300	-
Transport planning capacity - An allocation to provide additional capacity to meet the demand for transport planning and the ability to be able to respond at pace.	207	-	-	-	-
Warwickshire Employment Support Services capacity - An allocation to provide additional resources for the Warwickshire Employment Support Service, focussed on helping young people with SEND to move from education into employment.	150	-	-	-	-
Strategic Commissioner for Communities sub-total	**1,448**	**802**	**808**	**814**	**521**
Communities Directorate	**10,082**	**4,185**	**3,544**	**3,702**	**1,957**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Additional Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Adult Social Care					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	8,394	4,857	4,915	4,972	5,030
Care demand - An allocation to meet the cost of increase in demand for adult social care due to population growth, the increased length of support and intensity of care need as a result of increased life expectancy and the estimated reduction in people who can fund their own care over time.	3,680	4,000	4,000	3,800	3,800
Adult Social Care sub-total	**12,074**	**8,857**	**8,915**	**8,772**	**8,830**
Strategic Commissioner for People					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	889	575	586	598	610
Advocacy - An allocation to meet increased costs due to updated legislation and the increase in demand for mental health services post pandemic.	75	-	-	-	-
Fluoridisation - An allocation to meet the increase in fluoridisation cost, due to very restricted market for purchase of chemicals.	70	-	-	-	-
Integrated sexual health service - An allocation to meet the increased cost of the service as a result of retendering and reflecting the increased demand for the service.	500	-	-	-	-
Dementia - An allocation of funding to support the development and implementation of the 'Living well with Dementia' strategy	60	-	-	-	-
Public health - tackling inequalities capacity - An allocation to provide permanent funding critical to the implementation of the Council Plan.	100	-	-	-	-
Public health contract management - An allocation to meet the on-going cost of the new system for the management of public health contracts.	-	60	-	-	-
Strategic Commissioner for People sub-total	**1,694**	**635**	**586**	**598**	**610**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Additional Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Children and Families					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	1,657	798	814	830	846
Child allowances - An allocation to meet demand increase in use of allowances to extended family members caring for children; thereby supporting children to leave or avoid care.	125	125	191	55	65
Children leaving care supported accommodation - An allocation to fund the increased cost of supported accommodation for those aged 16 plus, particularly care leavers, due to continued increases in the complexity of placements driving cost increases.	589	216	106	112	118
Children's placements (exc. children with disabilities) - An allocation to meet the cost of the impact of fostering/placements framework contracts and changes to the placement mix.	5,666	1,676	930	1,216	1,301
Parent and baby placements - An allocation due to the increasing trend in court orders placing parents with babies in family residential placements.	253	-	-	-	-
Children and Families capacity - An allocation to provide increased capacity in the service to meet the increase in demand and service improvement needs.	1,586	-	-	-	-
Digital support for Care Leavers - An allocation to provide data packages and technical support for care leavers to complement the provision of smart phones, tablets and laptops and to facilitate digital access to job searching, applications and on-line training.	50	50	-	-	-
Warwickshire's Next Generation - Levelling Up - An allocation to provide targeted support for young people to improve mental health and well-being and provide activities that are a distraction from crime/county lines.	590	75	-	-	-
Children and Families sub-total	**10,516**	**2,940**	**2,041**	**2,213**	**2,330**
People Directorate	**24,284**	**12,432**	**11,542**	**11,583**	**11,770**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Additional Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Business and Customer Support					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	164	36	36	37	38
Management of complaints - An allocation to provide the capacity needed to manage stage 2 complaints across the Authority in accordance with the statutory requirements.	60	-	-	-	-
Business support capacity - An allocation to provide capacity to support those services, particularly children, education and adults, responding to increased demand.	175	-	-	-	-
Business and Customer Support sub-total	**399**	**36**	**36**	**37**	**38**
Commissioning Support Unit					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	93	-	-	-	-
Business analyst capacity - An allocation to increase the Authority's business analyst capacity and thereby reduce the use of fixed term contracts and interim staff on a project-by-project basis.	120	-	-	-	-
Climate change programme – An allocation to create a permanent capacity within the organisation to drive forward the development and implementation of the Council's ambition to reach net zero carbon emissions by 2030.	170	100	-	-	-
Consultation and engagement - An allocation to enhance the current consultation and engagement offer, including the Voice of Warwickshire.	-	60	-	-	-
Commissioning Support Unit sub-total	**383**	**160**	**0**	**0**	**0**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23 £'000	Indicative Additional Allocation in Future Years 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Enabling Services					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	455	211	215	220	224
Microsoft licence and cloud costs - An allocation to meet the additional licence and cloud costs as a result of the new approach to the delivery of ICT and to reflect the increased staffing capacity required across the organisation in response to growth in demand.	300	-	-	-	-
Income replacement for the salary sacrifice scheme - An allocation to offset the loss of income due to legislative changes reducing National Insurance savings through the take-up of child care vouchers.	53	-	-	-	-
Enabling Services sub-total	**808**	**211**	**215**	**220**	**224**
Finance					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	50	-	-	-	-
Adult Social Care Financial Assessments - An allocation to provide capacity to undertake the increased numbers of social care financial assessments and the collection of income as a consequence of the demographic growth and increased demand in adult social care.	32	-	-	-	-
Finance sub-total	**82**	**0**	**0**	**0**	**0**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Additional Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Governance and Policy					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	49	-	-	-	-
Graduate scheme - An allocation to extend the graduate scheme to provide capacity and capability across all priority outcomes.	167	53	-	-	-
Strategic asset management rightsizing - An allocation to resource Authority's strategic asset management function following the implementation of the service redesign.	521	-	-	-	-
Subject access requests - An allocation to provide sufficient capacity to deliver the Council's statutory responsibilities in relation to subject access requests.	150	-	-	-	-
Governance and Policy sub-total	**887**	**53**	**0**	**0**	**0**
Resources Directorate	**2,559**	**460**	**251**	**257**	**262**

Permanent Revenue Allocations 2022/23 to 2026/27

Description	2022/23 £'000	Indicative Additional Allocation in Future Years 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Corporate Services					
Inflation - An allocation to meet the cost of net price inflation and the uplift in National Insurance costs from April 2022.	66	78	79	81	83
Insurance - An allocation to meet the additional cost of the Council's insurance as a result of schools moving to a nationally administered scheme.	647	-	-	-	-
Coroner - An allocation to meet the increase in post mortem and area coroner costs (shared with Coventry) and the phased transfer of staff into the Council of coronial related functions.	50	50	95	75	50
Audit fees and valuations - An allocation to meet the increased cost of audit fees and valuations driven by reporting requirements and the complexity of the Council's activities.	161	-	-	-	-
Core IT system replacement fund - An allocation to create a fund that will provide capacity to update and replace the Council's core IT systems on a phased basis.	500	-	-	-	-
DSG deficit offset funding - An allocation to set aside sufficient resources to fund the structural deficit in the DSG High Needs budget.	-	-	-	6,789	-
Capital financing costs - An allocation to meet the additional financing costs resulting from the planned borrowing requirement in the capital programme.	102	408	408	1,208	3,214
Provision for future pay inflation - A provision to meet the cost of future pay awards, to be allocated to Services one awards are approved.	6,666	5,543	3,868	3,950	4,132
Provision for future indicative spending pressures - A provision for future unknown and unquantified spending need to mitigate future potential costs as part of ensuring the Council's services are sustainable over the medium term.	1,000	9,000	9,000	7,500	7,500
Corporate Services sub-total	**9,192**	**15,079**	**13,450**	**19,603**	**14,979**
Corporate Services	**9,192**	**15,079**	**13,450**	**19,603**	**14,979**
Total Annual Additional Permanent Allocations	**46,117**	**32,156**	**28,787**	**35,145**	**28,968**
Total Cumulative Additional Permanent Allocations	**46,117**	**78,273**	**107,060**	**142,205**	**171,173**

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Time Limited Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Education					
Warwickshire Academy - A time-limited allocation to provide short-term funding to offset the Dedicated Schools Grant place-funding time lag following investment to increase the state-funded specialist education provision in Warwickshire.	200	797	539	-	-
Outdoor education capacity building - A two-year allocation to support the development, implementation and embedding of the Outdoor Education and Learning Strategy.	50	50	-	-	-
SEND and inclusion change programme - A two-year allocation to support the implementation of Phases 2 and 3 of the SEND and Inclusion Change Programme.	1,531	899	-	-	-
Trading income - An allocation to support a research project aiming to explore additional trading opportunities to enable the generation of further revenue income.	50	-	-	-	-
Early years transformation - An allocation to invest in early years workforce development to improve outcomes for children by direct intervention when an early years provider is judged by Ofsted to 'require improvement' or below.	120	140	120	60	40
Synergy Maintenance delivery team - A two year allocation to support the ongoing delivery of education management information system.	160	165	-	-	-
Education sub-total	**2,111**	**2,051**	**659**	**60**	**40**
Fire and Rescue					
Implementation of the HMICFRS Action Plan - A two year allocation to review current strategies and processes for prevention activity and identification of high risk premises as well as the promotion of equality, diversity and inclusion in the workplace, flowing from the recent HMICFS report.	775	775	-	-	-
Fire and Rescue sub-total	**775**	**775**	**0**	**0**	**0**

Time Limited Revenue Allocations 2022/23 to 2026/27

Description	2022/23 £'000	Indicative Allocation in Future Years 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Strategic Commissioner for Communities					
Waste management - A time-limited allocation to reflect the increased domestic waste generated due to the shift to hybrid/homeworking following the pandemic.	950	700	450		
HS2 - An annual allocation to continue work to mitigate the impacts of HS2 on Warwickshire residents and communities, maximising contributions from HS2.	103	103	103	103	-
City of Culture - Final year of a four-year allocation to meet the Council's commitments to invest in the City of Culture.	250	-	-	-	-
Cycle-racing - Second year of a two-year allocation to continue to provide funding to support the cycling events.	100	-	-	-	-
Country parks - An allocation to prepare a business case to increase the income generated by our country parks, through a more commercialised approach, whilst maximising their social value and positive impact on the well-being of residents, communities and visitors.	50	-	-	-	-
Strategic Commissioner for Communities sub-total	**1,453**	**803**	**553**	**103**	**0**
Communities Directorate	**4,339**	**3,629**	**1,212**	**163**	**40**
Adult Social Care					
Winter pressures - A provision, at the level the of grant funding, to support adult social care activities over the winter period.	2,300	-	-	-	-
Adult Social Care sub-total	**2,300**	**0**	**0**	**0**	**0**
Children and Families					
Recruitment - A two year allocation to meet the contract fees for external support for the recruitment of permanent staff in the service thereby reducing the reliance on agency staff.	200	100	-	-	-
Children and Families sub-total	**200**	**100**	**0**	**0**	**0**
People Directorate	**2,500**	**100**	**0**	**0**	**0**

Time Limited Revenue Allocations 2022/23 to 2026/27

Description	2022/23 £'000	Indicative Allocation in Future Years 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Business and Customer Support					
Complaints management - A two-year allocation to temporarily increase capacity to work with services, aiming to improve how complaints are managed in the early stages to avoid escalation to more formal processes.	74	74	-	-	-
Customer Service Centre - A two year allocation to increase capacity to meet increased demand as a result of the pandemic.	77	77			
Business support capacity - A two-year allocation to reflect the current levels of business support needed in response to the demand pressures in children and families, education and adult social care. The spending need is time limited reflecting that some of the demand is covid-related and may not be required over the longer term.	625	625	-	-	-
Business and Customer Support sub-total	**776**	**776**	**0**	**0**	**0**
Commissioning Support Unit					
Paper storage - A two year allocation to meet the cost of additional paper storage costs from the rationalisation of Warwick-based office accommodation whilst the review of the long term need for paper-based storage is determined.	50	50	-	-	-
Vehicle management strategic approach - A three year allocation to deliver a project that will realise savings from the consolidation of spares, parts and tyres spend, changes to delivery models and reducing demand on fuel.	56	56	56	-	-
Off-contract spend consolidation - An allocation to fund the enabling cost of realising cost savings from the reduction in non-contract third party spend across the organisation.	252	-	-	-	-
Commissioning Support Unit sub-total	**358**	**106**	**56**	**0**	**0**

Time Limited Revenue Allocations 2022/23 to 2026/27

Description	2022/23 £'000	Indicative Allocation in Future Years 2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Enabling Services					
Cleaning costs - A three year allocation to provide for the sustained increase in cleaning costs, as a result of Covid, for a further three years.	200	200	200	-	-
HR and payroll system - An allocation to fund the contract signing fee on re-procurement of current contract.	325	-	-	-	-
Recruitment - A three-year allocation to increase in capacity to manage the complexity and growth in demand for recruitment support.	106	141	141	-	-
Digital roadmap - A three year programme of investment in digital technology and automation. Individual projects within the programme will require business cases to demonstrate the resulting savings prior to the investment being made.	1,825	1,100	2,100	-	-
Enabling Services sub-total	**2,456**	**1,441**	**2,441**	**0**	**0**
Finance					
Invest to save for redesign - A time-limited allocation to provide additional capacity for process redesign and to implement new digital and automation technologies including IT systems investment costs. This investment is required to support the delivery of the Finance Service savings proposals.	100	100	100	-	-
Finance sub-total	**100**	**100**	**100**	**0**	**0**
Governance and Policy					
Legal capacity - An allocation to provide capacity for clearing the backlog of children's safeguarding cases caused by the closure of the courts during covid. The costs represent the additional cost of locums to carry out/support the work.	120	-	-	-	-
Governance and Policy sub-total	**120**	**0**	**0**	**0**	**0**
Resources Directorate	**3,810**	**2,423**	**2,597**	**0**	**0**

Time Limited Revenue Allocations 2022/23 to 2026/27

Description	2022/23	Indicative Allocation in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Corporate Services					
DSG deficit offset funding - A time-limited allocation to ensure that the Authority's overall financial position is sustainable over the medium term by setting aside resources on an annual basis to meet the forecast deficit until a sustainable solution is put in place.	7,972	4,855	5,992	-	-
Coroner - A time-limited allocation to fund additional post mortem costs due to all post mortems remaining high risk (and higher cost) due to the pandemic.	75	40	-	-	-
Insurance - A one-off allocation to increase to the Insurance reserve to reflect the increased insurance risk the Authority is carrying. The required level of the Fund has been determined independently and reflects the level of self-insurance and claims.	1,300	-	-	-	-
Warwickshire Property and Development Group - A time-limited allocation to provide sufficient funding to meet the cost to the Authority in the second year of the company's operation, prior to it becoming profitable and providing resources to help in balancing the budget.	1,084	-	-	-	-
Corporate Services sub-total	**10,431**	**4,895**	**5,992**	**0**	**0**
Corporate Services	**10,431**	**4,895**	**5,992**	**0**	**0**
Total Annual Time Limited Allocations	**21,080**	**11,047**	**9,801**	**163**	**40**
Total Cumulative Time Limited Allocations					**42,131**

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Appendix C

Reserves Strategy 2022-27

Introduction

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

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

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

Rob Powell
Strategic Director for Resources

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

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

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

Appendix C

Section 1: The Purpose of our Reserves Strategy

What are Reserves?

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

What is a Reserves Strategy?

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

1. Our strategic intent – what we are seeking to achieve through holding reserves;
2. Our programme – the level of reserves we hold and our plans for their use over the period of the 2022-27 Medium Term Financial Strategy (MTFS); and
3. Our framework – the way we will determine the level of reserves we need, manage those reserves and plan for their use in line with best practice and statutory requirements.

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

Why do we need a Reserves Strategy?

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

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

How does it fit with our other strategies?

The reserves strategy is part of a suite of supporting strategies that supplement the 2022-27 Council Plan and MTFS. All the supporting strategies are aligned to the Council Plan and MTFS and provide an additional level of granularity that help create a bridge between the high-level over-arching plan and operational delivery. As such it forms part of a collective accountability framework for the management of the Authority's financial resources.

Maintaining the current high standards of financial management across the organisation is critical to the successful delivery of the 2022-27 Council Plan and MTFS. Any weakening of financial management has a direct impact on the level of reserves needed to offset the risk of services overspending and/or the non-delivery of savings targets. The central role in the management of the Authority's reserves lies with Strategic Directors, both individually and collectively, with support and advice from Finance.

Appendix C

Section 2: Our Reserves

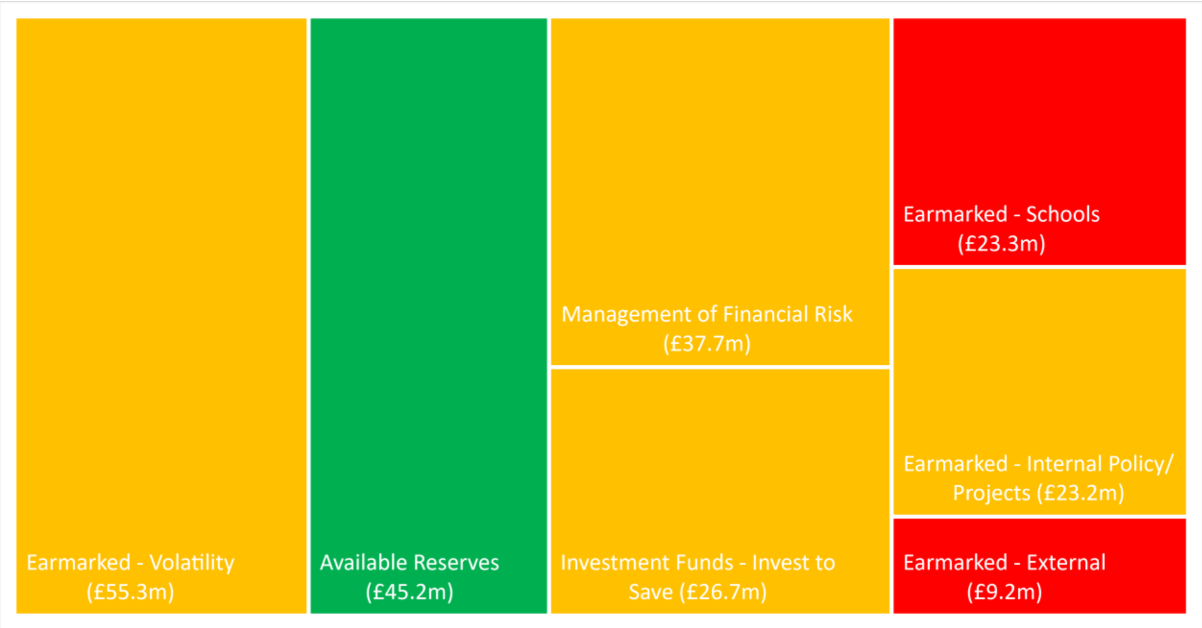
Our drivers for holding reserves are to:

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

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

Our reserves are forecast to be £220.6 million at the end of 2021/22. We are holding the £220.6m for the following reasons:

a) £93.0 million to manage financial risk, including volatility;
b) £49.9 million for investment in projects to drive forward the delivery of the Council's objectives;
c) £32.5 million to meet externally set funding conditions; and
d) £45.2 million available for investing to pump-prime the delivery of the Council's core outcomes and to support the resourcing of the MTFS by managing timing differences between spending need and the delivery of budget reductions.



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

Section 3: Our Reserves Framework

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

Guiding principles for managing and using Reserves

Our guiding principles for managing and using reserves are:

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

Year-end review of reserves

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

- Plans for use of the reserve including sunset clauses/closure dates; and
- Benefits to be delivered from the investment.

Without an approved delivery plan in place a reserve cannot be accessed.

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

Appendix C

Governance Framework

Managment of Financial Risk - Corporate

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

Management of Financial Risk - Directorate

- To manage in-year financial variations e.g. fluctuations in demand, financial risks associated with the delivery of the savings plan and to manage any overspend
- Maximum of 3% of the Directorate net revenue budget (max. 2% for Resources)
- Held at Directorate level with the Strategic Director accountable
- Decisions and proposals reported to Cabinet as part of the outturn report each year with any use replenished as part of setting the Directorate's financial planning for the following financial year

Volatility

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

Earmarked

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

Investment Funds

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

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Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Education					
NEETs contract - More effective contracting of the service to support those not in employment, education of training.	(10)	(35)	(10)	(10)	-
SEND Home to school transport - Reduction in the cost of the service as a result of service/route redesign and the positive impact of the SEND Change and Inclusion Programme on both demand and the length of journeys.	(386)	(1,272)	(1,811)	(893)	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	(66)	(74)	(34)	-	-
Traded income - Increased traded income from Governor and Attendance services as well as a review to modernise music services.	(10)	(12)	-	-	-
Vacancy management - Reduction in staffing budgets through recognising natural underspends from staff turnover.	(100)	-	-	-	-
Attendance service - Review of delivery of the pupil attendance statutory services.	-	(10)	-	-	-
Education sub-total	**(572)**	**(1,403)**	**(1,855)**	**(903)**	**0**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Environment Services					
Traded income - Expansion of traded income across the service including improving efficiencies and increasing income from external contracts, new future external contracts and MOT sales to public, enforcement income from network management, ecology surveys and the forestry service.	(360)	(285)	(80)	(80)	(40)
Savings on third party spend - Review of services purchased from third parties to ensure value for money and management of the cost increases of externally purchased services.	(351)	(529)	(431)	(197)	-
Management of highways maintenance costs - Review of highways maintenance spend, road conditions survey work and capitalisation of contract overheads.	(575)	-	-	-	-
Trading standards - Delivery of efficiencies in trading standards community safety provision.	-	(45)	-	-	-
Winter gritting service review - Review of the winter gritting service with a view to reducing expenditure through more efficient services, including the use of thematic routes to optimise services.	-	-	(250)	-	-
Environment Services sub-total	**(1,286)**	**(859)**	**(761)**	**(277)**	**(40)**
Fire and Rescue					
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	(43)	(50)	(71)	-	-
Fleet transport savings - Revenue savings from purchase of Fire transport vehicles, ending lease agreements.	-	(60)	-	-	-
Fire Training - Income generation from taking advantage of commercial training opportunities linked to completion of new training facilities.	-	-	(100)	(100)	-
Fire and Rescue sub-total	**(43)**	**(110)**	**(171)**	**(100)**	**0**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Strategic Commissioning for Communities					
Country parks income - Apply commercial approach to Country Parks income streams.	(30)	(45)	(25)	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money and management of the cost increases of externally purchased services.	(258)	(90)	(59)	-	-
Business centres portfolio - Increased income generation through the introduction of virtual office space so that businesses can use mail, phone, meeting space facilities at business centres, without renting a unit.	(100)	-	(50)	-	-
Road safety advice - Maximising income generation opportunities from the provision of road safety advice.	(100)	(100)	-	-	-
Waste management - Reduction in residual waste and an increase in recycling as a result of the waste collection changes in Stratford and Warwick District, starting August 2022.	(290)	(334)	-	-	-
Section 106 income - Ensure S106 contributions are efficiently and effectively generated and collected.		(25)	-	-	-
Parking - Implementation of business parking permits.	-	(445)	-	-	-
Further service redesign - Restructuring of teams across the Service to create a flatter, more agile structure, enabling resources to be better focussed on key priority areas and to exploit opportunities to lever in external funding.	-	(285)	-	-	-
Waste strategy - Estimated reduction in cost as a result of the implementation of the Government's resource and waste strategy.	-	-	(1,000)	(2,000)	-
Strategic Commissioning for Communities sub-total	**(778)**	**(1,324)**	**(1,134)**	**(2,000)**	**0**
Communities Directorate	**(2,679)**	**(3,696)**	**(3,921)**	**(3,280)**	**(40)**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Adult Social Care					
Commissioning for younger adults - Redesign the commissioning approach to ensure a more efficient arrangement and improved brokerage function.	(300)	-	-	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	(228)	(255)	(204)	-	-
Housing with support for older people - Further develop the housing with support offer to reduce reliance on residential provision for all ages.	(500)	(500)	(500)	-	-
Management of cost of adults service provision - Management of the budgeted cost increases of externally commissioned care.	(1,000)	(1,499)	(2,000)	(2,064)	-
Reduce demand for adult social care support - Implementing the service change and transformation activities underway across adult social care. These include an improved early intervention and prevention offer, further refinement of the in-house reablement offer and further development of assistive technology.	(800)	(1,000)	(1,539)	(935)	-
Reprofiling care demand - Rephasing the demand and cost pressures for adults social care based on expected growth as informed by national and local data.	(490)	(1,500)	(1,000)	(2,000)	(4,000)
Client income - Increase in income as a result of taking into account expected growth of adult social care services.	(201)	(300)	(250)	(400)	(500)
Prevention and self-care - Develop and implement a prevention and self care strategy and invest in programmes, projects and services that reduce people's reliance on paid care and support.	-	(334)	(167)	-	-
Integrated commissioning with Health - Efficiencies through joint working and the increased purchasing power for externally commissioned care. Arrangements will form part of the Coventry and Warwickshire Integrated Health and Care Partnership and associated system plan.	-	(200)	(200)	(267)	-
Adult Social Care sub-total	**(3,519)**	**(5,588)**	**(5,860)**	**(5,666)**	**(4,500)**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Children and Families					
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	(107)	(118)	(52)	-	-
Maximise income and contributions to care packages - Efficient collection of health contributions to children in care placements and income from safeguarding training.	(300)	(250)	-	-	-
New ways of working - Reductions in staff travel, room hire, client travel and expenses from new ways of working post-Covid.	(56)	(92)	-	-	-
Rightsize Children's and Families budgets - Remove contingency budget for Early Help and replace boarding school budget with existing budget in Children's Services.	(10)	(14)	-	-	-
Adoption - Education contribution to the Authority's share of the Adoption Central England costs.	(48)	-	-	-	-
House project - Review of accommodation solutions for young people to reduce reliance on more expensive fostering and supported accommodation.	-	(200)	-	-	-
Manage demand for children's services - Implement the service change and transformation activities underway across Children's Services, aimed at a reduction in the number of children needing care, single assessments and Children in Need.	-	(2,984)	(3,128)	(1,976)	(1,533)
Children and Families sub-total	**(521)**	**(3,658)**	**(3,180)**	**(1,976)**	**(1,533)**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Strategic Commissioning for People					
Health, wellbeing and self-care - Rationalise the public health offer, preserving budgets for mandated public health functions, and rationalising the non-mandated public health offer and consolidating use of the Warwickshire Cares Better Together Fund.	(177)	(163)	(73)	(50)	(335)
Maximise income and contributions to care packages - Ensure partner contributions are efficiently and effectively generated and collected.	(100)	-	-	-	-
Domestic Abuse and Substance Misuse Detox Framework - Increase partner contributions to multi agency risk assessment conference in line with the national approach. The Public Health England contribution to inpatient detox will reduce current funding requirement.	(36)	(50)	-	-	-
Community meals service - Review the subsidy of non-statutory community meals for residents.	-	(160)	-	-	-
Housing related prevention and early intervention - Replace the current service offer with appropriate care delivery consistent with standard council provision.	-	-	(500)	(500)	-
Co-production - Reduction in costs once co-production framework embedded.	-	-	-	-	(40)
Strategic Commissioning for People sub-total	**(313)**	**(373)**	**(573)**	**(550)**	**(375)**
People Directorate	**(4,353)**	**(9,619)**	**(9,613)**	**(8,192)**	**(6,408)**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Business and Customer Support					
Customer support service redesign - Review and rationalisation of the organisation's approach to customer support.	(266)	(94)	-	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	(114)	(23)	(23)	-	-
Reduced use of printing and stationery - Reductions in spend on printing and stationery predicated on digitisation work.	(100)	(100)	-	-	-
Library Service - Continue the covid-led trend of rebalancing the provision of library services, for example through increasing the use of drop off book boxes.	(50)	(50)	-	-	-
Customer journey - Embed the customer experience programme, enabling the removal of customer service standards and the consolidation of the WCC Directory within wider teams.	(10)	(50)	(50)	(49)	(51)
Registration Service - Increased registration revenue through the optimisation of service delivery locations.	-	(13)	(28)	-	-
Community development - Efficiencies in the delivery of the internal community development function.	-	(20)	-	-	-
Business and customer process efficiencies - Efficiencies through ongoing service redesign and automation.	-	-	-	(200)	-
Business and Customer Support sub-total	**(540)**	**(350)**	**(101)**	**(249)**	**(51)**
Commissioning Support Unit					
Savings on third party spend - Review of services purchased from third parties to ensure value for money and management of the cost increases of externally purchased services.	(44)	(47)	(26)	(19)	-
Commercial approach to contracting - Securing rebates due to the Council through commercial contracting.	-	-	(148)	(148)	-
Commissioning Support Unit sub-total	**(44)**	**(47)**	**(174)**	**(167)**	**0**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Enabling Services					
Enabling Services delivery review - Review of expenditure on staffing, expenses, projects in Enabling Services.	(1,092)	(40)	(50)	(150)	-
Facilities management - Reduction in facilities management and maintenance cost savings linked to asset rationalisation	(148)	(213)	(109)	(417)	(100)
ICT Service delivery review - Rightsize ICT budgets and deliver efficiencies through the management of development projects.	(69)	(240)	(208)	(90)	-
Management of cost of Enabling Service external provision - Management of the cost increases of externally purchased services including a review of services purchased from third parties to ensure value for money.	(126)	(139)	(445)	(12)	-
Property service delivery review - Ensure an effective mix of staff and agency use and drive efficiencies in facilities management resource spend and maintenance budget, including the closure of the Northgate House café.	(50)	(95)	(32)	(90)	-
Maintenance and engineering work profile - Efficiencies in the work planning and prioritisation across maintenance and engineering.	(70)	-	-	-	-
ICT Development - Release of capacity from the current ICT development budget and re-purpose this as the seed corn funding for the Systems Development Fund.	(500)	-	-	-	-
ICT applications migration and rationalisation - Migrate workloads to Azure to derive efficiencies from ICT application management alongside an on-going focus on the rationalisation of applications to reduce licence and maintenance costs.	-	(120)	(50)	-	-
Devices - Review the most cost effective device to meet the organisational and staff requirements at the end of the lease, subject to options appraisal and due diligence.	-	(150)	-	-	-
Apprenticeship - Closer integration of apprenticeships into service workforce structures.	-	-	-	(165)	-
Enabling Services sub-total	**(2,055)**	**(997)**	**(894)**	**(924)**	**(100)**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Finance					
Finance process efficiencies - Deliver efficiencies through ongoing service redesign, automation, AI and self-service.	(25)	(50)	(75)	(25)	(25)
Savings on third party spend - Review of services purchased from third parties to ensure value for money and management of the cost increases of externally purchased services.	(29)	(21)	(16)	(10)	-
Procurement cards - Rebates from extended use of procurement cards.	(25)	(25)	(25)	-	-
Finance sub-total	**(79)**	**(96)**	**(116)**	**(35)**	**(25)**
Governance and Policy					
Electronic record keeping - Reduced storage requirements as a result of the move to electronic record keeping.	(10)	(10)	(10)	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money and management of the cost increases of externally purchased services.	(33)	(47)	(9)	-	-
Legal services trading income - Additional surplus from external trading with other local authorities and public sector bodies.	(40)	(60)	(60)	(15)	(25)
Paper free meetings - Reduction in the cost of printing as a result of moving to paper free meetings.	(10)	(10)	-	-	-
Vacancy management - Recognise natural underspends from staff turnover and operating under-capacity.	(45)	(45)	(45)	(45)	-
External support - Reduction in commissioning budget held for external support.	-	(20)	-	-	(4)
Governance and Policy sub-total	**(138)**	**(192)**	**(124)**	**(60)**	**(29)**
Resources Directorate	**(2,856)**	**(1,682)**	**(1,409)**	**(1,435)**	**(205)**

Budget Reductions 2022/23 to 2026/27

Description	2022/23	Indicative Reductions in Future Years			
		2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Corporate Services					
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	(101)	(1)	-	(200)	(100)
Insurance - Savings arising as a result of revised insurance calculation assuming higher level of self insurance. (Delivery will be the responsibility of the Assistant Director - Finance).	(2)	(25)	(173)	(334)	(464)
Early Invoice Payment Rebates - Increased take-up of early invoice payment offer. (Delivery will be the responsibility of the Assistant Director - Finance).	(68)	(2)	(3)	(2)	-
Treasury Management - A target to increase returns on investment by 10 basis points based on a more pro-active approach to treasury management. (Delivery will be the responsibility of the Assistant Director - Finance.)	(185)	(242)	(121)	-	-
Warwickshire Property and Development Group - Forecast income stream for the Authority resulting from the successful delivery of the company business plan.	-	(126)	(2,856)	(433)	-
Digital roadmap - Savings as a result of a three year programme of investment in digital technology and automation. (Delivery will be the responsibility of the Assistant Director - Enabling Services.)	-	(250)	(200)	(350)	-
Capital Financing Costs - Reduction in the Authority's borrowing costs as a result of using capital receipts from the sale of surplus assets. (Delivery will be the responsibility of the Assistant Director - Governance and Policy).	-	-	(16)	(16)	(24)
Corporate Services sub-total	**(356)**	**(646)**	**(3,369)**	**(1,335)**	**(588)**
Corporate Services	**(356)**	**(646)**	**(3,369)**	**(1,335)**	**(588)**
Annual Budget Reductions Total	**(10,244)**	**(15,643)**	**(18,312)**	**(14,242)**	**(7,241)**
Cumulative Budget Reductions Total	**(10,244)**	**(25,887)**	**(44,199)**	**(58,441)**	**(65,682)**

Appendix E

Warwickshire County Council – Pay Policy Statement 2022/23

1. Statutory Requirement

1.1. Section 38 of the Localism Act 2011 requires that local authorities must prepare and approve an annual pay policy statement, applicable to all staff except those employed in schools, by 31 March immediately preceding the year to which it relates.

1.2. The pay policy statement must set out the authority's policies for the financial year relating to:
- The remuneration of its Chief Officers (which for the purposes of this Act and in the case of the County Council, includes the Chief Executive, Strategic Directors, Assistant Directors and the Chief Fire Officer);
- The remuneration of its lowest paid employees; and
- The relationship between:
  - the remuneration of its chief officers; and
  - the remuneration of its employees who are not chief officers.

1.3. The pay policy statement must state:
- The definition of "lowest paid employees" adopted by the authority for the purposes of the statement; and
- The authority's reasons for adopting that definition.

1.4. The statement must include the authority's policies relating to:
- The level and elements of remuneration for each chief officer;
- Remuneration of chief officers on recruitment;
- Increases and additions to remuneration for each chief officer;
- The use of performance-related pay for chief officers;
- The use of bonuses for chief officers;
- The approach to the payment of chief officers on their ceasing to hold office under or be employed by the authority; and
- The publication of and access to information relating to the remuneration of chief officers.

1.5. A pay policy statement may also set out the Authority's policies relating to the other terms and conditions applying to the authority's chief officers.

1.6. The following paragraphs seek to meet these statutory requirements by setting out County Council policy in the above prescribed areas, having firstly summarised the background to pay issues within this Authority.

2. Remuneration Policies

2.1. The Council operates the National Living Wage for all staff including Apprentice rates where applicable.

2.2. The County Council's policy in respect of the vast majority of its employees is to pay staff in accordance with pay frameworks and terms and conditions agreed by the national negotiating bodies representing local authorities and recognised trade unions. Review of Pay and Conditions and any discretionary pay awards to Hay graded staff are agreed by the Staff and Pensions Committee which has delegated authority for all issues relating to remuneration of staff.

2.3. For the majority of its employees the Council's policy is to implement the pay framework and terms and conditions, unless locally agreed otherwise, prescribed by the National Joint Council for Local Government Services ('NJC'). For Hay graded staff pay awards ordinarily follow the NJC national recommended award. At the time of approving this Pay Policy Statement (February 2022), the NJC and Trades Unions have been unable to agree the pay award for 2021/22. The figures quoted hereafter are therefore based on 2020 rates of pay, revised to reflect any incremental progression. The Pay Policy Statement will be updated as and when agreement on the 2021/22 pay award has been reached.

2.4. The Council's policy is to evaluate posts in accordance with the job evaluation scheme agreed by the NJC and then to incorporate these posts into the relevant pay bands accordingly within the salary spine.

2.5. It is the Council's policy to pay a temporary and reviewable 'market supplement' to salary levels within the NJC pay framework where there is clear and demonstrable evidence that the salary level otherwise attached to the post creates substantial recruitment, retention or 'market competitiveness' difficulties.

2.6. Other groups of employees are paid in accordance with salaries or salary scales agreed by the relevant national negotiating bodies. These groups include uniformed fire and rescue staff, youth workers, craft workers and those falling within the ambit of the Soulbury Committee or School Teachers' Pay and Conditions agreements.

2.7. For all groups of staff paid in accordance with pay frameworks agreed by the national negotiating bodies, the Council's policy is to implement such salary increases as are agreed by those bodies without further local negotiation. The Staff and Pensions Committee will consider pay and remuneration which falls outside of the recognised national frameworks and recommendations.

2.8. The only exception to the Council's policy of determining remuneration in accordance with national pay agreements, relates to senior professional or managerial employees, where a framework of locally determined incremental salary grades (known as 'Management Bands'), or in the case of the Chief Fire Officer a 'spot' salary payment, applies. Each post is evaluated using a proprietary job evaluation scheme devised by Hay Management Consultants and used widely in the public and private sectors both in the UK and abroad, known as the Hay Grading Scheme.

2.9. The policy of the Council is to evaluate the following posts using the Hay Grading Scheme:

- Chief Executive
- Strategic Directors
- Assistant Directors

- Chief Fire Officer
- Tier 3 Management Roles
- Tier 4A management roles where the requirements of the Hay Grading scheme are met.
- Posts which are evaluated at more than 760 points under the NJC job evaluation scheme and that meet the requirements of the Hay Grading scheme. (The relationship between posts covered by the NJC pay framework and this group of employees was supported by the Staff & Pensions Committee on 27 May 2010.)

2.10. Any pay awards to the salary levels attached to each Management Band are reviewed in line with the outcome NJC agreements and where applicable they are applied with effect from the 1st January each year. Currently, the pay framework for Management Band staff covers a salary range from £43,380 to £194,711.

2.11. The above policies apply save in cases where the operation of the Transfer of Undertakings (Protection of Employment) Regulations 2006, or other statutory provisions, dictate otherwise.

2.12. Where a person is appointed under a 'contract for service', rather than as an employee, the Council's Contract Standing Orders are followed to ensure that maximum value for money is secured.

2.13. The County Council will apply the remuneration policies set out above for the financial year 2022/23.

3. Relationship between the highest and lowest paid employees

3.1. The policy of the Council to pay employees in accordance with the NJC pay framework means that its 'lowest paid employees' are paid an annual salary of £17,842 p.a., or on a pro-rata basis if they work for less than 37 hours per week. This definition does not include those working as apprentices undergoing a recognised national training scheme, those on work experience or those on other placements related to training, which are not established posts within the Council. The reason for excluding those individuals from the definition of 'lowest paid employees' is that the primary aim of their engagement is training and as such, they are not considered to be carrying out the full range of duties when compared to employees in established posts.

3.2. This means that the 'salary ratios' between the Council's lowest paid staff and its Chief Executive and Strategic Directors are 1:10.9 and 1:83 respectively.

3.3. The salary differentials between the highest and lowest paid staff in the County Council, and local government in general, are very much less than in similar sized private sector businesses.

3.4. The salary ratios between the Council's median salary level (£27,041 pa) and that of the Chief Executive and Strategic Directors are 1:7.2 and 1:54 respectively.

3.5. The ratios in 3.2 and 3.4 above may be influenced by any retrospective pay award referred to in 2.3.

4. Specific policy and practice: The level and elements of remuneration for each chief officer

4.1. The Chief Executive is paid on a four-point incremental scale (£179,299 – £194,711). Progression within the scale is determined by a performance management framework. No other salary payments are made to the Chief Executive. The Chief Executive is the Council's Returning Officer. The Returning Officer is eligible to receive a fee for undertaking this role. The Council does not include the fee in the Chief Executive's overall salary. The Chief Executive has declined to take the fee.

4.2. The Chief Fire Officer is paid a ‘spot’ salary of £130,000 pa based on Hay evaluation. No other salary payments are made to the Chief Fire Officer. A car is provided for this role.

4.3. Each of the Strategic Directors are paid on the same five-point incremental scale under Hay, currently £135,669 - £150,492 as agreed in December 2015 and in accordance with independent advice from Hay Management Consultants. Progression within the scale is determined by a performance management framework. No other salary payments are made to the Strategic Directors.

4.4. Assistant Directors are paid on a twelve-point incremental scale (£88,076 - £119,760). Progression within the scale is determined by a performance management framework.

4.5. Subject to the approval of the Chief Executive or Strategic Directors for Assistant Directors and Chief Fire Officer; Chief Executive for Strategic Directors; the Staff and Pensions Committee for the Chief Executive, a temporary honoraria payment may be made where a Chief Officer undertakes duties outside the scope of their normal job.

4.6. It is not the Council’s policy to increase the pension benefits of the Chief Officers.

4.7. It is not the Council’s policy to provide benefits in kind to Chief Officers other than a car to the Chief Fire Officer which is necessary for their role.

4.8. The maximum car mileage allowance paid to Chief Officers is the County Council's mileage rate which is in line with the HMRC Tax free approved rate, currently 45p per mile for the first 10,000 miles and 25p per mile thereafter. (Agreed by the Staff and Pensions Committee December 2020.)

4.9. Details of the salary scales attached to the roles of the Chief Officers are accessible on the Council’s website.

4.10. The appointment of all employees is made in accordance with the Council’s Officer Employment Standing Orders.

5. Specific policy and practice: Remuneration of Chief Officers on recruitment

5.1. Where recruitment is to a new post or the duties of the post have changed significantly, the post is re-evaluated and placed on the appropriate Management Band salary scale. Otherwise, the recruitment is to the existing salary scale.

5.2. Appointments will be to a relevant point on the scale recognising skills, experience and market consideration.

5.3. Where a new salary package exceeds £100,000 this will require specific approval by the Council in advance of adoption.

6. Specific policy and practice: Increases and additions to remuneration for each Chief Officer

6.1. The salary scale attached to a post currently occupied would only increase in the event that the duties attached to the post changed significantly and this resulted in a fresh job evaluation suggesting that the post should be on a higher Management Band.

6.2. Any increases to the salary levels attached to Management Band salary scales are made in accordance with paragraph 2.10 above.

7. Specific policy and practice: The use of performance-related pay for chief officers

7.1. The performance progression of staff, in positions within Tiers 0-3 of the organisational structure, will be managed by the performance management framework. For all other staff this is managed via the appraisal process. Pay progression for all positions below Tier 3 level is to be through incremental pay scales and is on an annual basis, save that progression to the final two points of the scale for Hay positions below Tier 3 is subject to service in the post being certified as fully satisfactory by their line manager.

8. Specific policy and practice: The use of bonuses for chief officers

8.1. It is not the Council's policy to make bonus payments to the Chief Officers.

9. Specific policy and practice: The approach to the payment of chief officers on their ceasing to hold office under or be employed by the authority

9.1. The Council's policies in respect of the payment of a Chief Officer ceasing to hold office are the same as for its other employees, as follows:

- In the case of an employee whose employment is terminated on grounds of redundancy or efficiency, any redundancy or severance payment should be based upon actual earnings;
- In the case of an employee whose employment is terminated on grounds of redundancy and who is aged 54 or less or is aged 55 or over and is unable to immediately access accrued pension benefits, a severance payment based on applying a multiplier of 1.75 to the statutory redundancy payment formula, should be made; and
- In the case of an employee whose employment is terminated on grounds of redundancy and who is aged 55 or over and is able to immediately access accrued

pension benefits, a severance payment based on applying a multiplier of 1.75 to the statutory redundancy payment formula, should be made for the first £26,539 of the employee's salary. Thereafter, the following multiplier should be used at the following ages:

- 55 - 1.65
- 56 - 1.55
- 57 - 1.45
- 58 - 1.35
- 59 - 1.25
- 60 - 1.15
- 61 - 1.05
- 62 - 0.95
- 63 - 0.85
- 64 - 0.75
- 65 - 0.65
- 66 - 0.55
- 67 - 0.45
- 68 - 0.35
- 69 - 0.25
- 70 - 0.15

9.2. In the case of an employee whose employment is terminated on grounds of efficiency, Strategic Directors (or where the employee is a Strategic Director, the Chief Executive; or where the employee is the Chief Executive, the Staff & Pensions Committee) have discretion to make severance payments up to the levels described above.

9.3. Regulation 31 of the LGPSR 2013 allows a scheme employer to award to a) an active member or b) a member who was an active member who was dismissed by way of redundancy or business efficiency additional pension to a specific limit in force from time to time. It is the County Council's Policy that the award of additional pension should only be applied in exceptional circumstances where this is necessary to address a situation where there would otherwise be a significant risk of harm to the County Council's services or objectives.

9.4. The County Council will no longer apply the abatement rule save in exceptional circumstances where it determines that not to abate the pension in payment could lead to a serious lack of confidence in the public service.

9.5. Where an employee has to give up work in order to care for a chronically ill spouse or partner the Council's policy is to give consideration to waiving the actuarial reduction that would otherwise attach to the early payment of pension benefits.

9.6. Other discretions are exercised in accordance with the Council's published policies and scheme of delegation.

9.7. The Restriction of Public Sector Exit Payments Regulations 2020 ("Regulations") applied a cap on the value of exit payments that may be made to employees in most public sector organisations. Such exit payments included the redundancy/severance payments and pension strain costs associated with the early release of accrued pension benefits referred to in 9.1 to 9.3. The Regulations were revoked on 19 March 2021.

9.8. In the event of new restrictions on exit payments coming into force in 2022/2023, where it is within its power to do so, the Council will dis-apply or relax any applicable legal restriction (or will propose that ministers agree to dis-apply or relax any applicable legal restriction) in relation to the payment of exit payments, in circumstances where:

- The Chief Executive is satisfied that the proposal is being made on one or more of the grounds permitted by the relevant government departments from time to time (if a permitted ground is required to be identified); and

- The savings which the relevant exit contributes to need to be made to ensure the delivery of the service within budget and that the payment concerned will be recouped within two years or in exceptional circumstances, with the approval of the relevant Portfolio Holder, within three years.

10. Specific policy and practice: The publication of and access to information relating to the remuneration of chief officers

10.1. The Council's policy is to provide information on the remuneration of the Chief Executive, Strategic Directors and Assistant Directors on its website (www.warwickshire.gov.uk) in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency and as required by s.7 of the Accounts and Audit (England) Regulations 2011.

11. Specific policy and practice: The Council's policy relating to the other terms and conditions applying to chief officers

11.1. Except in respect of pay and pay related arrangements, and car allowances, the terms and conditions that apply to the Chief Executive, Strategic Directors and Assistant Directors are those agreed by the Joint Negotiating Committee for Chief Officers of Local Authorities.

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2022/23 Capital Budget Resolution

Recommendations to County Council

1. Financial Direction of Travel

1.1. The value of our assets is £1.1 billion. Each year we need to spend money to ensure these assets are still suitable for use in the provision of services and to invest in new assets to meet our changing needs and requirements and deliver the Council's vision to make Warwickshire the best it can be, sustainable now and for future generations. This investment forms the basis of our capital programme, maximising value for money for our residents and the taxpayer pound.

1.2. Our Capital Strategy (**Appendix A**) has been developed alongside the Council Plan and Medium-Term Financial Strategy. It sets out how we aim to use our capital resources and deliver our priorities by providing:

- The funded plans to deliver the Council's aspirations of our capital investment, defining the outcomes we are seeking to achieve, given the strategic context in which we are operating;
- The programmes and projects to be funded to deliver these plans; and
- The way in which we will manage capital spend and the capital programme to deliver these outcomes at the pace expected by our residents.

1.3. Much of the detail is included in the technical annex to the Capital Strategy (**Appendix B**). It provides the structure of the capital-programme, outlines how we determine the content and finance of our capital programme and provides an overview of how we manage our capital programme to deliver on the Council's outcomes and measure our performance. This meets the requirements of the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities and is aligned to the Treasury Management and Investment Strategies.

1.4. We will continue to build a more strategic and commercial focus to our approach to our capital investment, aligned to the medium and longer-term place-shaping of Warwickshire. We will move towards an approach where services are required to bring schemes forward for consideration where they deliver on the priorities set out in this resolution, the commitments in the Council Plan and the areas of focus.

1.5. Looking further ahead we will create a long-term Infrastructure Strategy for Warwickshire that extends beyond the five years of our capital programme.

1.6. This will bring greater focus to our benefit-driven, strategic approach to determining our capital investment priorities, ensuring our scarce resources are used in the most effective way. All proposals to be subject to a robust scrutiny process prior to approval to ensure widespread support for capital investments, a strong business case and the deliverability of the project to ensure benefits for those who live, work and visit Warwickshire.

1.7. We will also ask the Chief Executive to bring forward and implement a new capital management framework with an enhanced focus and scrutiny of the timely and effective delivery of the approved capital programme.

1.8. To support this change we have created a council-wide Asset Replacement Fund to fund the periodic replacement of operational assets, in particular vehicle, plant and machinery. Through the Fund a robust asset management planning approach will be embedded and enable the Capital Investment Fund to be focussed on the delivery of our priorities.

1.9. We will supplement our externally leveraged capital resource with £40.7 million a year of borrowing. We will continue with the separation of maintenance and investment programmes that has brought benefits by reducing bureaucracy.

1.10. We will use our capital resources to deliver capital schemes that support the vision, three priorities and seven areas of focus set out in the Council Plan. As a priority, over the next 12 months, we expect investment proposals for the following to have been brought forward for decision:

Best Lives	• Investment in extra care housing and supported living as part of a holistic approach to demand management for those in receipt of adult social care support. • Investment in alternative in-house options for children in care and our care levers. • Help for residents to lead a healthy and independent lifestyle, including assistive technology to support health, care and well-being.

	• Investment to ensure the sufficiency of school places, and in particular special educational needs provision within the county.
Sustainable Futures	• Defending Warwickshire against flooding. • Greening our fleet and rolling out electric charging points. • Investment to reduce the Council's carbon footprint. • Support for communities and businesses to reduce their environmental impact, energy usage and emissions. • A transport network that supports a low carbon future, rural connectivity to places of work and active travel.
Thriving Economy and Places	• Ambitious schemes to shape Warwickshire and individual parts of it, progressing housing and area regeneration schemes, though our Warwickshire Property and Development Group. • Supporting business innovation, investment and inward investment through our Warwickshire Recovery and Investment Fund. • Investment which contributes towards building employment skills and skills development. • Investment in 5G/broadband to connect our residents and support businesses across Warwickshire. • The future role and sustainability of town centres. • The development of our country parks as welcoming destinations supporting the health and well-being of residents and visitors and encouraging active lifestyles.
Invest-to-Save	• Investment in digital technology to improve the quality and efficiency of accessible services to residents, communities and staff. • Investment to maximise the effectiveness of our property estate as part of a future plan for the use of our buildings.

1.11. Our capital programme retains the £120 million over the next five years in our capital programme to support the delivery of the Warwickshire Property and Development Group (WPDG) annual business plan and £128 million for the Warwickshire Recovery and Investment Fund (WRIF). These investments are a demonstration of our commitment to support the recovery and growth of Warwickshire for the benefit of residents and communities.

1.12. We require £3 million of the schools' capital grant to form a contribution towards the cost of maintenance of the school estate, with the balance of the grant to be used to meet the growing demand for school places, alongside contributions from developers.

2. 2022/23 Capital Programme

2.1. Approval is given to a capital programme of £844.901 million. Of this £250.115 million is planned for 2022/23 and £594.786 million for future years. There is £119.485 million in the Capital Investment Fund that will be allocated to specific schemes, in line with our priorities, as bids are developed and considered over the five years of the 2022-27 Medium Term Financial Strategy.

2.2. Table 1 shows the breakdown of the programme across our core outcomes, with the full detail of the capital programme attached at **Appendix C**.

Table 1: Capital Programme - Summary by Outcome						
Service	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Best Lives	54.941	24.543	14.031	4.510	4.510	102.535
Thriving Economy and Places	51.086	67.310	27.971	0.045	-	146.412
WRIF	30.000	30.000	30.000	30.000	7.600	127.600
Sustainable Futures *	3.644	1.039	0.026	-	-	4.709
Great Council and Partner	2.280	-	-	-	-	2.280
WPDG	4.071	24.577	21.969	35.192	34.191	120.000
Maintenance Programme	38.910	32.708	33.078	33.521	34.059	172.276
Developer Funded Programme	34.570	11.792	3.240	0.002	-	49.604
Total Allocations	**219.502**	**191.969**	**130.315**	**103.270**	**80.360**	**725.416**
Capital Investment Fund	30.613	19.648	24.658	19.715	24.851	119.485
Total Programme	**250.115**	**211.617**	**154.973**	**122.985**	**105.211**	**844.901**

Note:

* *Our capital investment in Sustainable Futures extends beyond the focussed schemes summarised here. All schemes are required to specifically consider sustainability, climate change and environmental impact as part of the evaluation and due diligence process prior to approval.*

3. Financing the Capital Programme

3.1. The capital programme will be financed by a mixture of capital grants, capital receipts, revenue and self-financed and corporate borrowing. A deduction will be made from services' revenue budgets for self-financed projects funded from borrowing. Table 2 provides a breakdown of the financing of the capital programme between years.

Table 2: Financing the Capital Programme						
Service	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**	**2025/26 £m**	**2026/27 £m**	**Total £m**
Capital grants	27.853	22.739	22.739	22.739	22.739	118.809
Third party contributions	70.984	18.909	13.080	0.002	-	102.975
Capital receipts	13.354	30.643	18.404	39.539	32.494	134.434
Revenue	0.111	-	-	-	0.000	0.111
Borrowing	137.813	139.326	100.750	60.705	49.978	488.572
Total Financing	**250.115**	**211.617**	**154.973**	**122.985**	**105.211**	**844.901**

Note: The borrowing figure is greater in the earlier years as it includes the funding of capital spend financed by borrowing that was originally planned for in earlier years.

3.2. We recognise that the expansion of our investment programme will result in additional borrowing costs and we have made full provision for this within our revenue budget resolution. Our modelling of future debt levels leaves the Council with significant headroom against its Operational Boundary and Affordable Limit, two of the key indicators within the Prudential Framework. Our approach of determining borrowing affordability from the position of ongoing revenue resource availability ensures that we will not commit the Council to future costs it cannot afford.

4. Prudential Guidelines and Limits

4.1. The Affordable Borrowing Limit and other Prudential Indicators consistent with the capital programme for 2022/23 are agreed as part of the Treasury Management and Investment Strategies.

5. Strategic Director for Resources: Statement

5.1. The following statement from the Strategic Director for Resources is noted:

"As "Chief Finance Officer" the Local Government Act 2003 requires me to report on the robustness of the estimates made for the purposes of the budget calculations.

The Authority is facing a growing inflationary risk as a result of supply/labour markets. There needs to be an awareness of potential inflationary costs as part of decision-making and the impact on both the costing of projects brought forward for approval and the deliverability, within the approved limits, of schemes already in the capital programme. This will need to be carefully managed through the use of the Capital Investment Fund.

The retention of the Fund means that in overall terms I am of the view that this capital programme has been prepared based on realistic assumptions about risk and affordability and that it represents a robust and realistic programme."

6. Delegations

6.1. That the Council confirms the delegated powers to the Leader as follows:

- That the Leader or person(s) or body nominated by her are authorised to:
  - Agree any increases or reductions in capital starts/payments totals as part of the quarterly capital review process;
  - Approve the addition to the capital programme of projects costing less than £2 million, which are fully funded from external grants, developer contributions, approved revenue budgets or from other funds or borrowing previously approved;
  - Approve individual projects of less than £2 million within the allocations made by Council, including schemes that are an allocation from the Capital Investment Fund;
  - Approve capital loans to the Warwickshire Property and Development Group, triggered by the approval of a site development plan by Cabinet, where this still enables the delivery of the approved Warwickshire Property and Development Group business plan and is within the provision in the capital programme; and
  - Approve capital loans and investments through the Warwickshire Recovery and Investment Fund, following approval of a business case by Cabinet, where this is within the provision in the capital programme.

6.2. In addition, the Strategic Director for Resources is authorised to vire capital projects between Services where such virements are as a direct consequence of a restructuring within the County Council.

6.3. The Strategic Director for Resources, in consultation with the Leader, is authorised to reverse allocations made as part of this budget process where the investment does not progress.

7. Budget Management

7.1. The Chief Executive is directly responsible for the implementation of the capital programme.

7.2. The Chief Executive is instructed to remind all Strategic Directors, the Chief Fire Officer and Assistant Directors that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of each Service's work to secure value for money.

7.3. The carry forward regime, which reviews whether all uncommitted capital spend at the end of the financial year remains a priority, will continue. Any funding released through this process will be used to enhance the Capital Investment Fund.

7.4. All member bodies, members and officers are instructed to comply with the prescriptive legal duties placed upon the Council. The Chief Executive, Strategic Directors, the Chief Fire Officer and Assistant Directors are instructed to ensure that the implementation of policies complies with legal requirements.

7.5. Authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget, subject to compliance with Contract Standing Orders, Financial Regulations and the key decision regime.

7.6. The Chief Executive, Strategic Directors, the Chief Fire Officer and Assistant Directors, in the following circumstances and with approval from the Strategic Director for Resources, are given authority to let contracts where the tender price would cause the project to exceed its approved budget:

- If the project is and remains fully funded from external sources; and
- If all funding is ring-fenced to that specific project by a third party.

7.7. That, with the exception of the circumstances outlined in 7.6, the Council reconfirms the requirement for Strategic Directors, the Chief Fire Officer and Assistant Directors to seek Member approval to proceed with a project if, at the tender stage or any subsequent decision point, the contract price would cause the project to exceed its approved budget by more than tolerances in Contract Standing Orders and/or Financial Regulations prior to committing the Council to proceed with the project. In any event, any increase in the expected project cost should be reported to Members as soon as possible via the quarterly Financial Monitoring Report.

7.8. Strategic Directors, the Chief Fire Officer and Assistant Directors, with approval from the Strategic Director for Resources, are given approval to use capital receipts to fund replacement assets:

- Where the receipt is less than £100,000; and
- Where the receipt is generated from the sale of vehicles, plant, equipment or software; and
- Where the replacement asset provides the same service as the item sold; and

- Where the remaining cost of the replacement asset is fully funded from self-financed borrowing, revenue contributions or third-party funding that is ring-fenced to that specific asset by a third party.

7.9. The Chief Executive, with approval from the Strategic Director for Resources, is given approval to make allocations from the Asset Replacement Fund based on the needs driven from asset management plans.

7.10. In any event, capital expenditure on replacement assets should be reported to Cabinet via the quarterly Financial Monitoring Report.

8. Managing the Maintenance Programme

8.1. Each maintenance allocation will be monitored and reported to Members at the level approved in the Medium-Term Financial Strategy (MTFS) and Capital Strategy. Within those allocations, detailed budget management is delegated to the responsible Assistant Director, in line with the agreed criteria and prioritisation approved by Council in the MTFS and Capital Strategy.

8.2. Maintenance allocations may be vired in accordance with the scheme of capital virement to an investment project where that project incorporates elements of work which would otherwise be funded from the maintenance budget. The entire project would be treated as an investment project for approval and reporting purposes.

9. Managing the Investment Programme

9.1. Allocations made to Services under the investment programme are for individual and specific projects. Any funding allocations may not be committed until individual projects are approved by the Leader or person(s) or body nominated by her.

9.2. Virements between projects in the investment programme are expected to be relatively small in number. Services are expected to manage variations in total project costs with the appropriate approval under Financial Regulations.

9.3. Virements can only take place between two existing projects. Any new project will require the Leader's or person(s) or body nominated by her approval, irrespective of whether its proposed funding is taken from an existing allocation.

Appendix A

Investing in Warwickshire –

Capital Strategy 2022-27

Contents

Introduction

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

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

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

Together, these factors influence our approach to capital investment. To respond effectively, we need to take a strategic and holistic approach to the use of our capital resources and assets to deliver our key priorities and to ensure all Warwickshire residents share in the County's economic success.

Our Capital Strategy 2022-23 aims to optimise the way in which we generate, manage and allocate the capital funds at our disposal.

It forms a critical part of our policy and financial planning process. It is an integral part of the Medium Term Financial Strategy that underpins the delivery of our Council Plan.

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

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

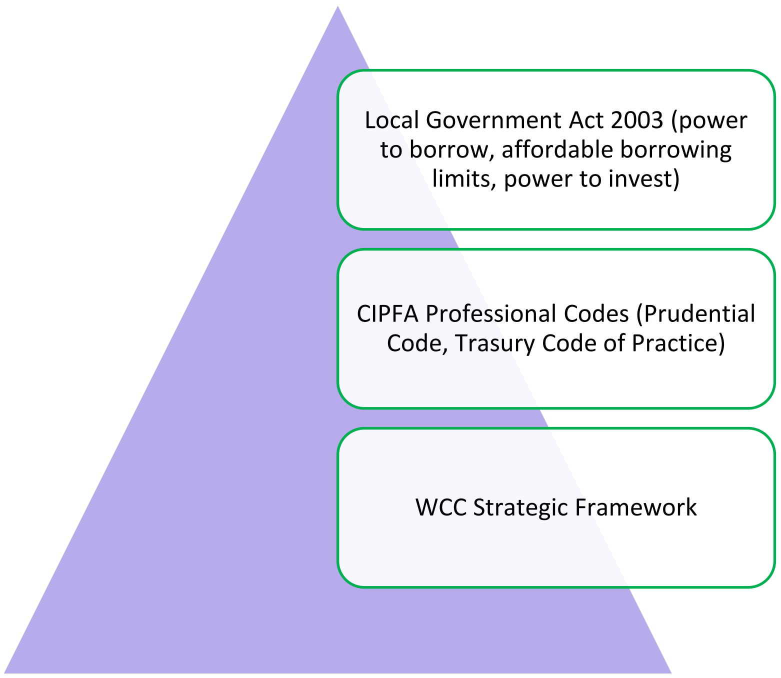
Together these ensure compliance with the CIPFA Prudential Code and HM Treasury rules on financing our borrowing.

We recognise the lasting impact and legacy of good, evidence-based capital investment and the Capital Strategy 2022-27 sets out our approach to making this happen in and for Warwickshire.

Policy Context

Legislative background and the CIPFA Professional Codes

In 2004, local authorities were provided with the flexibility to make their own capital investment decisions. Legislation, guidance and professional codes of practice were introduced to support decision making and ensure investment and borrowing is prudent, sustainable and affordable.



The 2017 edition of the CIPFA Prudential Code for Capital Finance in Local Authorities introduced the requirement for authorities to produce a capital strategy. This was updated in 2021 with additional capital strategy guidance.

The purpose of the capital strategy is to place decisions about borrowing in the context of the overall longer- term financial position of the authority and to provide improved links between the revenue and capital budgets.

The guidance is not prescriptive and allows the capital strategy to be tailored to the individual authority's circumstances. The Council has adhered to this guidance in this Capital Strategy.

Internal Policy Framework

The capital strategy is a key part of our strategic framework and a critical element of our Medium Term Financial Strategy (MTFS), which is in turn aligned to the Council Plan. It sets out the choices we make in relation to the amount and nature of the capital investment we make and provide a link between capital and revenue budgets.

The Strategy is made up of three key elements:

- Strategic context – Sets out the aspiration and direction for our capital investment within the context of the Council Plan and longer term social, demographic and economic trends (Why).
- Programme – Sets out the capital programme funded by our investment; the key governance and decision-making framework with consideration to risk (What).
- Framework – Sets out the way we plan and prioritise investments; manage capital spend and the capital programme in line with best practice and statutory requirements; and how we fund this strategy within a balanced medium term financial strategy (How).

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

Our approach to capital investment is informed by a number of existing strategies within the Council's policy framework as detailed in the technical annex, with the key ones shown below. The Council is committed to the development of its Climate Change and Infrastructure Strategies, these will provide further insight and direction for the Capital Strategy.

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

Strategic Context

The intent of the Capital Strategy is to support the vision for Warwickshire as set out in the Council Plan: To make Warwickshire the best it can be, sustainable now and for future generations.
In order to achieve this the Strategy aims to create the infrastructure that will enable, encourage and support:

- A county with a thriving economy and places that have the right jobs, skills, education and infrastructure;
- A county where all people can live their best lives; where communities and individuals are supported to live safely, healthily, happily and independently;
- A county with a sustainable future which means adapting to and mitigating climate change and meeting net zero commitments; and
- Us to become a great council and partner.

In addition to delivering the above priorities the Capital Strategy also needs to remain flexible to be able to address the challenges presented by the ever-changing environment the Council operates in: including local and national politics, macroeconomic trends, social and technological changes all set in the context of climate change, post EU Exit and post-Covid recovery. The key themes that drive our capital strategy are highlighted below:

Social changes – a growing and ageing population

Warwickshire continues to be an attractive place to live, work and visit, which is forecast to experience significant population and housing growth. Population growth is forecast to increase by at least 19,000 dwellings by 2025 and may well exceed this in view of housing development trends.

The fastest growth is expected to take place in older age groups: those aged 70 and over are projected to increase by almost 14% by 2025 and those aged 85 plus will increase by 22% over the same period. By 2025 there will be an estimated 4,300 residents in care homes aged over 65, which represents a 20% increase from the 2019 estimate.

A growing ageing population is likely to see increases in those living with disabilities and other long-term health conditions. The current forecasts indicate a 17% increase in residents living with dementia. This will lead to additional demand pressures on public services including health, social care and fire to protect, prevent and support vulnerable people.

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

The number of Children Looked After by the Council is projected to continue to rise, reflecting population increases and national trends.

Our school age population is projected to increase by 9% by 2025 but this will then slow down by 2041. There is an estimated need for an additional 6,000 school places by 2025.

Economic recovery

The Covid-19 pandemic has had a significant impact on the UK, its businesses and its communities. The sudden impact of the pandemic caused GDP to drop by over 19% during 2020. Even though the economy has returned to some level of growth, most economic sectors remain below their February 2020 peak.

Despite Warwickshire's strong economic foundations, the impact of the Covid-19 pandemic presents challenges for our key sectors. The automotive and advance manufacturing sectors face short-term impacts in terms of disruption to work and supply chains, whilst our tourism sector faces significant pressures which could see unemployment rise as government support schemes come to an end.

The capital strategy can play a key role in supporting the recovery of key sectors such as construction, as well as playing a role working with partners such as the Coventry and Warwickshire Local Enterprise Partnership to invest in projects and infrastructure which will give the local economy the confidence and certainty to invest and grow. It will do this through the prioritised allocation of resources to initiatives which best meet the recovery outcomes.

Our longer term (post Covid recovery) ambitions for Warwickshire are being driven through our place-based programme which will identify specific opportunities and needs to be addressed.

Financial sustainability

We need to work in different and innovative ways to reduce costs and optimise use of our assets to aid our sustainability in the face of growing demand and an uncertain financial climate for local authorities.

There are opportunities and challenges to leverage external contributions (grants, developer contributions etc.) for our capital programme.

We need to optimise our commercial approach and activities to generate income and grow the tax base in order to deliver wider outcomes for Warwickshire.

International, national, and local disruptions in supply chain and increasing inflation will make it more challenging to deliver our capital ambition within available resources.

Population growth, whilst brings its own challenges, will help increase the Council tax base and positively impacts on our ability to borrow for capital investment.

Technology and automation – 'the fourth industrial revolution'

Technological advances and changes in the way customers interact with service providers, will lead us to maximise the use of digital and other technologies across our services.

The current phase of automation is multi-dimensional and includes the use of robotics/drones, AI & AR (Artificial Intelligence & Augmented Reality), 3D printing through to new uses of databases and enhanced information analysis in terms of blockchains. Each individual element is transformational on its own and together will bring revolutionary change to how we provide services.

The Climate Change Emergency

The UK Government has committed to Net Zero by 2050 and has undertaken a process of extensive policy development and new legislation. These policies and new laws will impact on Warwickshire businesses, public services and communities.

Every aspect of life is expected to be impacted by climate change from how our energy is produced through to how we preserve local biodiversity, from how we encourage new green economic sectors and retrain people for a rapidly changing green economy, to supporting the retrofitting of homes with green technology like replacing gas boilers with ground source heat pumps.

The Council has declared a climate change emergency and is developing a costed action plan and trajectory for the county to be net zero no later than 2050, in recognition of its role as community leader, service provider and estate manager. The plan will help the Council be clear with Government about the resources and support, including major capital investment, necessary to deliver national and local aspirations on net zero.

Asset Management Planning

Our Capital Strategy for Warwickshire is more than a plan for investment; it incorporates a comprehensive and funded plan for maintaining, replacing and improving the assets the Council controls.

The Council has responsibility for assets used in service delivery including property, highway infrastructure (roads, footpaths, structures, lighting) assets and a wide range of vehicles, plant and equipment. It is essential to understand the need, utilisation, condition and the investment and operating cost requirements of assets, whether owned or leased.

When prioritising investment, it is key to understand the long-term cost of maintaining and operating existing assets and their fitness for purpose, having consideration of which are deemed essential in continued service delivery or which can be considered for alternative uses.

A funded programme of planned replacement of assets underpins the Council's capital investment strategy, aids business continuity and reduces operational risk.

Risk Appetite

In undertaking complex projects, decision making will continue to be supported by proportionate business cases in line with best practice covering strategic, economic, financial, commercial and management cases. For large complex projects, professional external advice and services will be sourced to undertake due diligence to understand risks and inform decision making.

Capital investments can be broadly split into four types:

1. Expenditure on existing assets to ensure they meet the requirements of service delivery, are fit for purpose, meet health and safety guidance, and reduce future costs.
2. Expenditure on specific projects to meet strategic objectives.
3. Expenditure on non-treasury investments to meet strategic aims. Non treasury investments could include loans or equity towards capital expenditure incurred by external bodies, Council subsidiaries or joint ventures.
4. Expenditure to enable the organisation to save revenue resources.

We recognise that achieving these aims could require consideration of alternative delivery structures and of all forms of funding, including additional borrowing. Capital investment funded by borrowing will be undertaken in priority areas to meet our capital ambition, whilst at all times clearly understanding how the affordability of such expenditure can be managed over the longer term supported by robust due diligence, business cases, risk management and monitoring.

Non treasury investment funded by additional borrowing would only be undertaken after:

- Cabinet approval of a robust business case supported by independent advice;
- Consideration of the legal basis on which the expenditure is being incurred;
- Affordability and risk assessment of such expenditure over the longer term; and
- Assurance the proposal is in line with HM Treasury rules on financing our borrowing and the CIPFA Prudential Code.

Governance and Decision Making

Capital Programme approval process

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

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

A pipeline of potential future capital projects provides insight so priorities can be weighted across the organisation and geographical area of Warwickshire.

Project approval

Capital projects will be brought to Members for approval throughout the year. Only when approved will projects become part of the capital programme.

Financial Monitoring

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

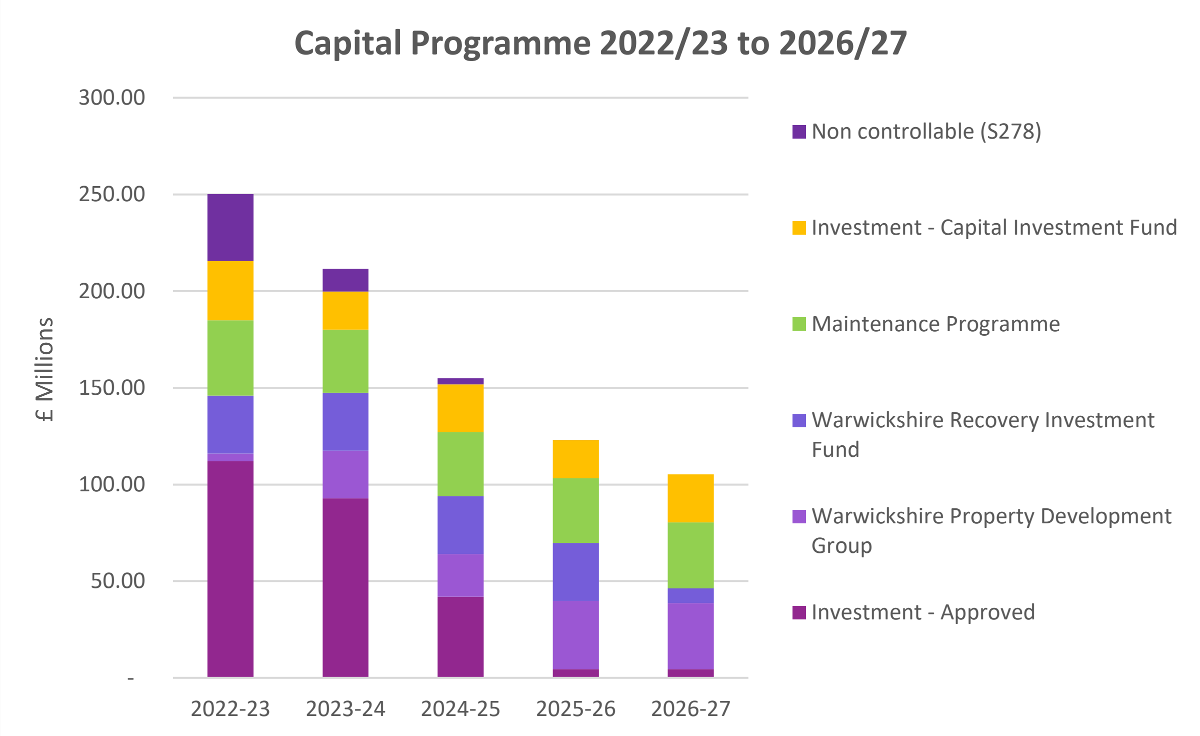
Capital Programme

The Council maintains an approved rolling capital programme, that covers a 5-year period, which is subject to an annual update as part of the budget process.

The capital programme incorporates:

1. Roll forward of existing approved capital
2. Annual ‘rightsizing’ of approved capital budgets to ensure optimal allocation of corporate resources and review of lending profile to WPDG and WRIF
3. Allocations for rolling, annual maintenance programmes and review of inflation
4. Allocations for business-a-usual replacements
5. A prioritised Capital Investment Fund for new investment

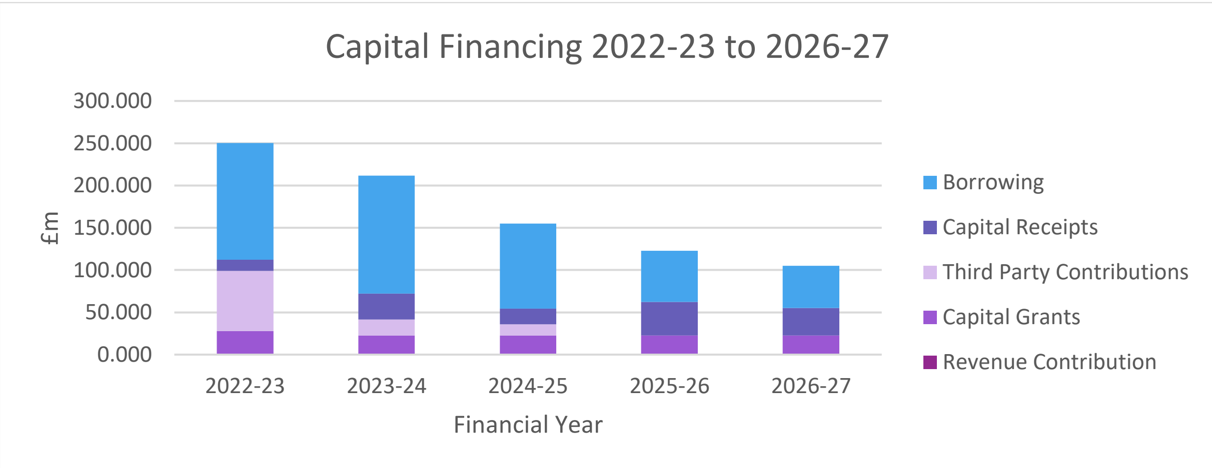
The current Capital Programme is summarised in the table below:



In comparison, actual capital expenditure in 2020/21 was £100 million and projected capital expenditure in 2021/22 is £139 million.

Funding the Strategy

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



Based on current estimates, we expect to spend £844.9m capital over the next 5 years. A breakdown of the capital programme is attached to the capital budget resolution and analysis of the allocations is included in the technical appendix. Future capital priorities not yet included in the capital programme are included in the capital budget resolution and Annex B to the technical appendix.

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

The basis for the delivery of the overall capital programme is:

- £40.7 million new borrowing annually, funded as part of the revenue proposals for the 2022-27 Medium Term Financial Strategy.

- £10.3 million of maintenance allocations funded from a top slice of this borrowing, uprated annually for inflation and strictly cash limited. Inflation allocations expected to increase from £0.5m in 2022/23 to £2.5m by the end of 2026/27.

- £3.0 million to fund business as usual replacement of assets funded from a top slice of the annual borrowing.

- The balance of the £40.7 million annual borrowing (£30.6 million in 2022/23) will be allocated to the Capital Investment Fund where services will be commissioned to prepare business cases relating to pipeline projects for funding throughout the year.

- All capital receipts (excluding those from the disposal of schools) are used to offset the need for additional borrowing. Exceptions to this policy are only considered when as part of an invest-to-save project such that investing the capital receipt will result in larger levels of offsetting additional borrowing or greater revenue savings than would have been achieved by simply offsetting planned debt (or if previously agreed by Members as being earmarked for a particular purpose).

- The disposal profile of capital receipts will be used to inform the MTFS and revenue savings targets by offsetting the revenue cost impact of new borrowing.

- The base level of investment in the school stock is fixed at the level of government capital grant for schools plus receipts generated from the sale of school assets and developer contributions. Circa £3 million of the government grant forms an annual contribution to the cost of school maintenance. The remainder of funding is used to invest in the provision of additional places.

- The base level of investment in the maintenance of Warwickshire's highways and street lighting and casualty reduction is fixed at the level of government grant for this purpose.

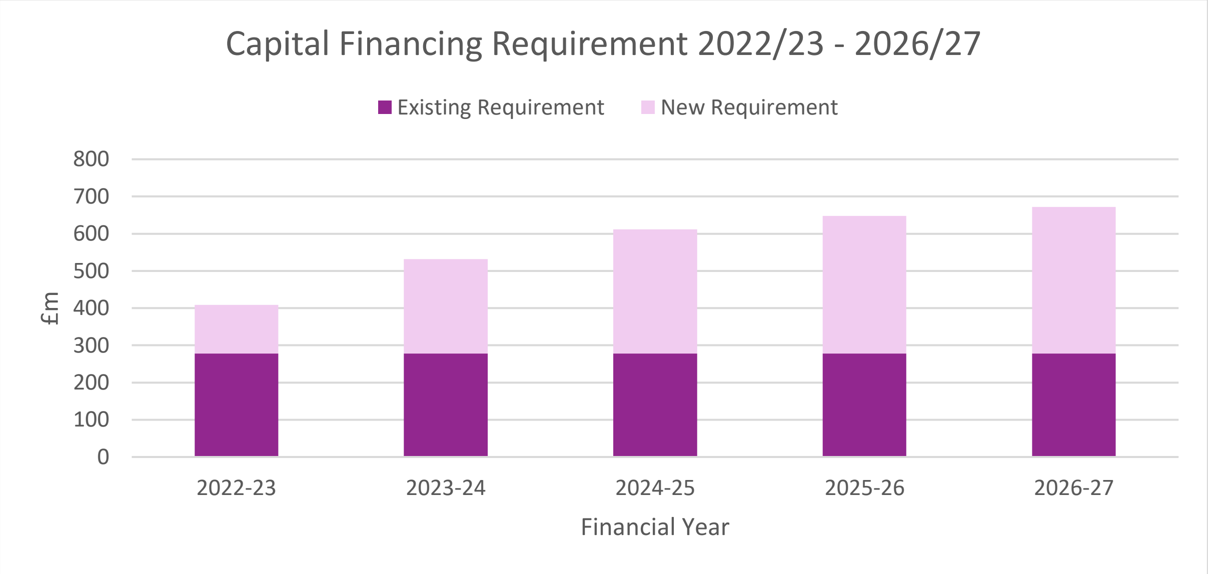
- Contributions from developers are maximised and applied to appropriate schemes ahead of Council resources whenever possible.

Managing the Borrowing Requirement

The Council's Treasury Management Strategy considers how the cash requirements arising from the Council's Capital Strategy and detailed investment programme are managed by external borrowing and the timing of any such borrowing.

Where capital expenditure has been incurred without a resource to pay for it i.e. when proposed to be paid for by borrowing, this will increase what is termed the Council's Capital Financing Requirement (CFR) which is our underlying need to borrow. We are required to make a prudent annual provision for the repayment of historic capital expenditure from its revenue budget in line with our agreed policy. This annual provision reduces the CFR, just as new spend financed from borrowing increases it.

Future projections of the CFR based on the capital investment programme and resources deemed available to fund it are shown in the table below. Forecasts are subject to the timing of capital expenditure and receipt of funding sources.



By 2026/27 the CFR is forecast to increase to £672m. This would place the Council's level of debt in the upper quartile of shire counties but the CFR would remain within our debt capacity (the amount of debt we can take on without jeopardising our financial position). The MTFS projections include the costs of servicing the borrowing requirement. The Treasury Management Strategy addresses how the Council will meet the borrowing requirement including any external borrowing. The Council can consider various debt instruments, with the main source of long-term borrowing for local authorities historically being the Public Works Loan Board.

However, alternative options could be considered for specific council projects. Advantages and disadvantages of such products, supported by external advice in respect of different options, would need to be considered including risks, track record and cost of issuance.

Treasury management best practice is that loans are not taken on a project-by-project basis and our treasury management practices are aligned with this.

Affordability

The fundamental objective in the consideration of the affordability of the Authority's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits.

Capital investment undertaken historically, and the proposed Capital Programme, form an integral part of our revenue budget and MTFS. The revenue impact of capital schemes on council tax include:

- The costs of operating / maintaining new assets.

- The capital financing costs of servicing any borrowing required to pay for investment (interest and prudent provision for repayment of capital investment paid for by borrowing). Where capital expenditure is paid for using borrowing, the Council has a statutory duty to charge an amount to future revenue budgets for the eventual repayment of that expenditure. This spreads the cost of capital expenditure incurred now, and historically, to future revenue budgets. The manner of spreading these costs is through an annual Minimum Revenue Provision (MRP). Our MRP policy is included in the Treasury Management Strategy and details about its impact on the MTFS are provided in the technical annex.

- The revenue costs of preparing and delivering projects.

- Abortive costs required to be charged to revenue budgets if schemes do not proceed.

Some or all costs of investments may be offset by financial and non-financial benefits such as income, cost avoidance and importantly improved outcomes for residents of the county.

We recognise that the Council cannot afford to do everything, however where revenue resources are deemed available to increase the level of Council borrowing, where it needs to do so, this will be considered.

The percentage of the Council's revenue budget that is committed to capital financing costs is increasing in the long term due to the recent expansion of the capital programme through the Capital Investment Fund and the creation of Warwickshire Property and Development Group and the Warwickshire Recovery & Investment Fund.

A detailed review of our debt capacity has been undertaken and it found that Warwickshire has sufficient scope to increase borrowing to the levels set out in our capital programme and fund the increased borrowing cost within the revenue budget as set out in the MTFS.

Future Strategy Development

Our objective for the future development of this strategy is to ensure the optimum alignment of the strategic objectives, focus areas, delivery plans and the detailed capital framework at a more granular level.

We expect to commission business cases to support investment in the areas of focus set out in the Council Plan and though this develop a long-term pipeline of projects that will form the basis of our capital programme going forward.

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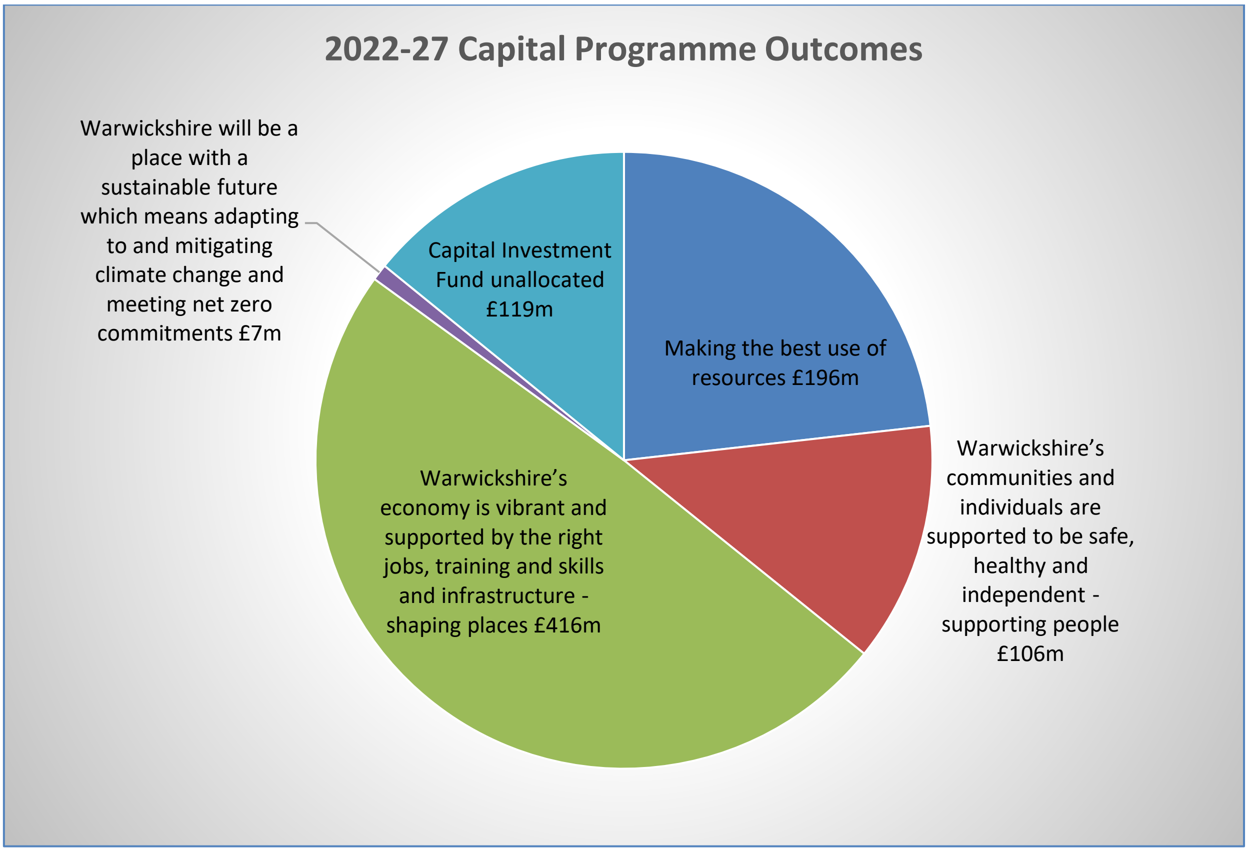
Appendix B

Investing in Warwickshire
Capital Strategy 2022-2027 – Technical Appendix

Why do we need a Capital Strategy?

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



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

What is Capital?

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

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

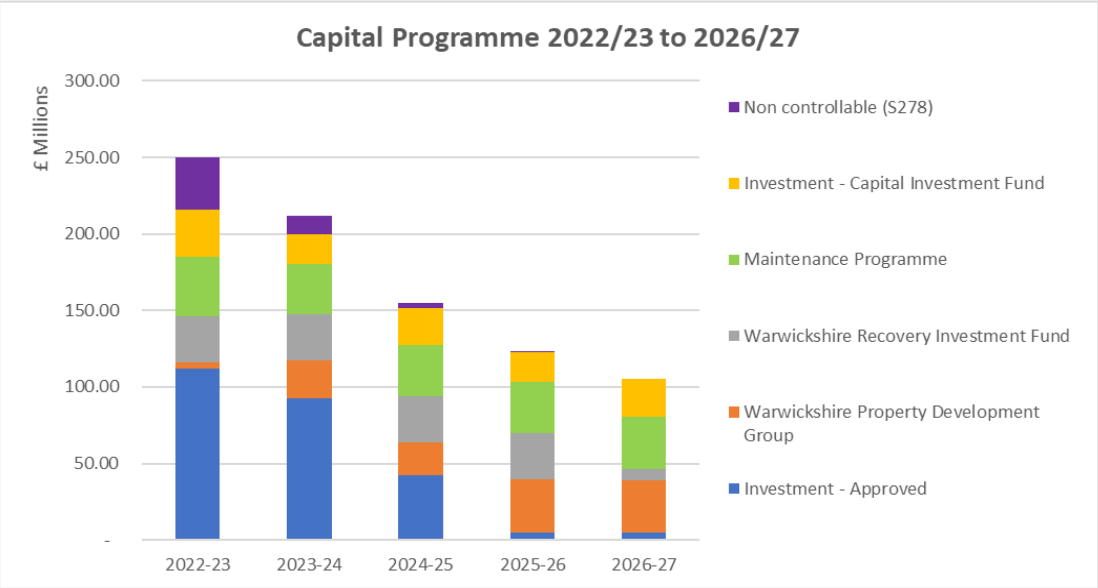
We operate a general de minimis of £6,000 on a project-by-project basis (£3,000 where the spend relates to primary schools or nurseries); expenditure below this level is treated as revenue and not part of the capital programme, unless under exceptional circumstances. Further details of our capitalisation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

Our Capital Programme

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

- Expenditure on existing assets to ensure they meet the requirements of service delivery, are fit for purpose, meet health and safety guidance, and reduce future costs.
- Expenditure on specific projects to meet strategic objectives and to enable the organisation to save revenue resources.
- Expenditure on non-treasury investments to meet strategic aims. Non treasury investments could include loans or equity towards capital expenditure incurred by external bodies, Council subsidiaries or joint ventures.
- Expenditure to enable the organisation to save revenue resources

The chart below shows our planned capital programme over the next five years across the four strands of the capital programme. Future non-controllable (developer-led) spend cannot yet be timetabled with accuracy and so has been excluded from future years capital programmes at this time. Overall, we would expect the level of spend on such schemes to be broadly comparable with forecasts for 2021/22.



The reduction in forecast investment capital spending does not represent a planned reduction in activity, it merely represents the capital planning horizon. Actual planned spending for each year ahead is expected to rise to a higher level by the time planning for that year arrives. Also, the high level of investment spend planned for 2022/23 reflects investment schemes approved in, and reprofiled from, earlier years.

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

Guiding principles for our Annual Capital Maintenance Spending

Each year the capital programme includes a number of schemes that relate to the routine maintenance of our asset infrastructure. It represents the level of spending which we are required to incur over the medium term to keep such assets operational. Each element of the maintenance programme has a fixed annual allocation. This approach allows Services to plan their maintenance programme over the medium term in a structured way that reduces bureaucracy, subject to the agreement of a consistent and transparent methodology for the prioritisation of maintenance spending.

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

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

Our annual maintenance programme totals £28.511 million of which £10.282 million a year is funded from borrowing plus up to a maximum of £3.000 million from the Government's Schools Condition Grant received for schools and the grant received from Government for highways maintenance of £15.229 million. The split of this annual maintenance allocation between Services, including schools' elements, but not containing the £2.000 million delegated to members for their areas, is shown below.

Maintaining assets to ensure continued service delivery

- Household Waste Recycling Centres £80,000
- Highways maintenance and street lighting £ 14,879,000
- Non schools building maintenance £2,122,000
- Country Parks maintenance £200,000
- Gypsy and Traveller Services £20,000
- Rural services £356,000
- Schools building maintenance £6,988,000

Health and safety and other regulatory requirements

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

Equipment and vehicle replacement programmes

- Equipment for fire engines £120,000

Annex C summarises the prioritisation methodology that will be used through to 2027 for each of the elements of the rolling maintenance programme.

In addition, to these core allocations a further £7.500 million, funded from corporate borrowing, has been added to the maintenance programme set aside over the period of the MTFS and capital strategy to provide funding for inflationary increases.

Guiding principles for our Planned Asset Replacement Programme

For 2022/23 we have created a new fund has been created to alleviate pressure on service revenue budgets accumulating underspends to fund costs of replacing vehicles, plant and equipment and to avoid the depletion of capital resources set aside for investment. This will be funded from corporate borrowing.

A review was undertaken on remaining useful lives of our existing Vehicles, Plant and Equipment assets. Based on the analysis a £15.0m allocation across the term of the Medium Term Financial Strategy and Capital Strategy has been created. The fund will be held corporately and budget allocated to services as and when required.

A review of the fund balance will be undertaken annually as part of the refresh of the capital budget to ensure the level of funding is consistent with the emerging needs from Service asset management plans.

The governance procedure for accessing the fund will follow the existing capital rules for capital budget virements but is expected that any requests for drawdowns from the fund will require endorsement from the Capital Gateway Group to ensure a managed approach across the organisation.

Services will be expected to use any sales proceeds from the disposal of those assets being replaced as a first call on funding the replacements, with the Asset Replacement Fund providing the difference.

Guiding principles for our Capital Investments

Capital Investment: Non-Schools

Any capital spending not included in the maintenance or asset replacement programmes automatically forms part of our capital investment programme. Investment schemes are, by their nature, not routine and are only considered if they move the Authority towards the delivery of the Council's outcomes and ambitions.

The capital investment programme contributes to the delivery of these outcomes through invest-to-save projects and projects that enhance and grow the assets of the authority, delivering benefits for the people, communities and businesses across Warwickshire.

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

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

Capital Investment: Schools and Educational Facilities

It is the Council's role to plan, commission and organise education places in a way that promotes improved standards, manages supply and demand and creates a diverse infrastructure. The Council's sufficiency strategy supports the provision of accommodation, whether permanent or temporary, that is high quality, fit for purpose, provides value for money and ensures flexibility to respond to changes in need and curriculum.

School-level forecasts of future pupil numbers are produced each year on the receipt of the latest population data from the health authorities and the latest data on parental preferences and housing development numbers. There is a need to maintain a certain amount of capacity within a given area to allow for flexibility to enable in-year movement of pupils, to meet parental preference as much as possible, and allow families moving to an area to be able to secure a place at a local school or for each of their children at the same school. Consideration for the quality of the education provision available in any area is also included when planning for sufficient places.

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

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

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

Capital Investment Fund

The Capital Investment Fund is a fund held separately within the capital programme, its purpose is to drive forward investment which supports the Council Plan and Delivery Plans. We would therefore expect to commission business cases to support investment in the following areas of focus set out in the Council Plan:

1) Create vibrant places with safe and inclusive communities
2) Deliver major infrastructure, digital connectivity, and improved transport options
3) Promote inclusive, sustainable economic growth, successful business, and future skills
4) Tackle climate change and deliver on our commitment to Net Zero
5) Deliver our Child Friendly Warwickshire strategy - Happy, healthy, safe children
6) Enable and support children and young people to have a high-quality education to achieve their potential and transform our Special Educational Needs and Disabilities provision
7) Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities

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

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

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

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

Annex B lists our capital investment priorities flowing from the areas of focus outlined above.

The Council does not make commercial investments purely for the purpose of generating a financial return, this is prohibited under HM Treasury guidance and the CIPFA Prudential Code. The Council owns a small number of assets classified as Investment Properties, but these are primarily assets whose usage has changed over time and that now fall into this category. Income from these assets is immaterial.

Non-Treasury Investments

Where the approval of a Warwickshire Property and Development Group site development plan by Cabinet triggers a loan from the provision in the capital programme further Full Council approval is only required where the loan would take lending above the provision in the capital programme.

Where the approval of a Warwickshire Recovery Investment Fund by Cabinet triggers a loan from the provision in the capital programme further Full Council approval is only required where the loan would take lending above the provision in the capital programme.

Warwickshire Property and Development Group

On 28 January 2021 Cabinet approved the first business plan for the Warwickshire Property and Development Group to increase the value generated through a more effective use of our land and property assets in support of the Council's key objectives and outcomes. This business plan is updated annually to reflect changing assumptions and direction of the Group and the latest proposals are reflected within the Capital Programme and Strategy.

Proposals to develop the individual sites in the business plan will go through an evaluation and assurance process by the Council, as the shareholder, that will include consideration of the affordability and prioritisation of the investment proposals relative to other elements of the Medium Term Financial Strategy and capital investment priorities. Only once this process takes place and the individual site development plan is approved will any loans to the company that constitute capital expenditure be made from the facility in the capital programme. Current estimates based on the WPDG business plan suggest £67.738m of lending to the company will be required over the period of the Medium Term Financial Strategy.

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

Warwickshire Recovery and Investment Fund

On 17 June 2021 Cabinet approved the business plan for the Warwickshire Recovery and Investment Fund to support the Council's strategic place shaping agenda and its recovery and regeneration strategies in response to the economic impacts of the COVID-19 pandemic.

The fund totals £140m of which £130m constitutes capital expenditure which is required to be included in the capital programme and capital strategy including detail on how this will be funded. In order to mitigate risk and cashflow impacts of this lending the Council has provided to borrow externally to fund this activity and is therefore it will also be reflected in updated Treasury Management and Investment Strategies.

Current estimates based on the business plan suggest the full £130m capital allocation will be utilised over the period of the Medium Term Financial Strategy.

Guiding principles for our Capital Funding

Capital Receipts

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

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

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

Grants and Contributions

The Council receives various capital grants and contributions from central government and other organisations such as developer contributions. These can be received for specific reasons and are therefore ring-fenced within projects or they can be for wider uses and therefore un-ringfenced and initially held until such time as a decision is taken to use them.

Our approach to enable flexibility in funding the capital programme is that specific grants and contributions are used first to finance spend before the used of un-ringfenced grants, capital receipts, revenue contributions and corporate borrowing.

Capital Investment Fund

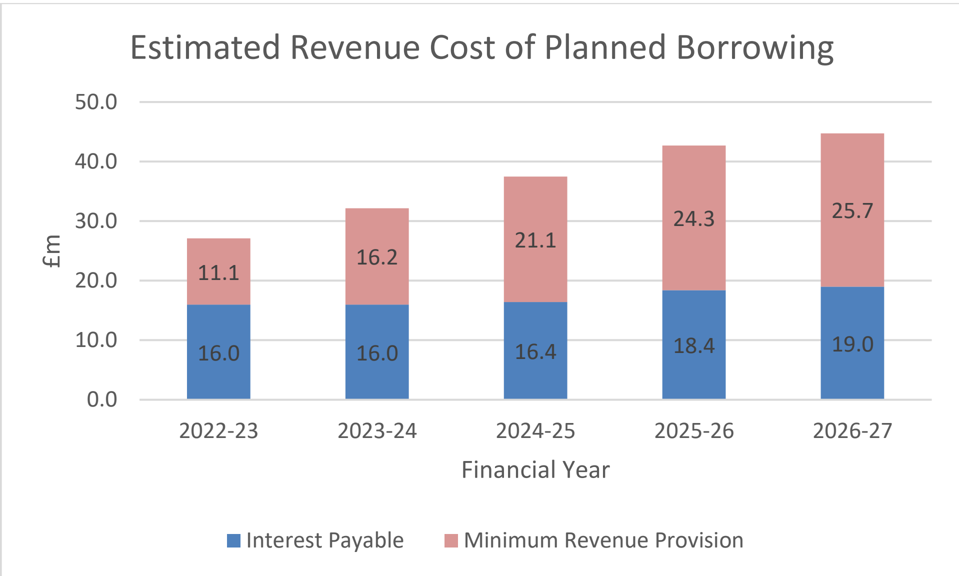
Our flexible approach to utilising the Capital Investment Fund requires revenue funding to be set aside to meet the cost of borrowing prior to knowing how the capital resources generated will be used. This approach has the benefit of retaining the ability to bring projects forward for inclusion in the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

Borrowing

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

Incurring an additional £40.700 million borrowing each year is affordable within the 2022-27 Medium Term Financial Strategy and is deemed to be the minimum level of borrowing needed over the medium term to support the delivery of Council Plan objectives. The impact on the Revenue Plan of borrowing is felt in two ways; firstly in real interest charges incurred on our loans and secondly in the Minimum Revenue Provision, a notional charge to the revenue budget which spreads the cost of acquiring assets across the years in which the benefits of that expenditure are felt, its main financial management purpose is to ensure sufficient funds are set aside to repay the principal amount of borrowing when loans mature.

To forecast future years' revenue costs as a result of borrowing, we must consider both historic levels of expenditure funded from borrowing, the full cost of the existing capital programme funded from borrowing, and any decisions Members make to take out further borrowing in future years. We estimate that the total revenue cost as a result of past and planned new borrowing from these two charges will increase by 65% over the period of the 2022-27 Medium Term Financial Strategy, as follows:



Provision for these estimated costs are included as part of the Medium Term Financial Strategy. The figures include the cost of borrowing to support the activity of the Warwickshire Property and Development Group and Warwickshire Recovery Investment Fund which will be funded over the medium/long term through charges to and surpluses generated by the Company.

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

We recognise that significant drivers of additional capital spend exist both in terms of providing additional school places, growing our business rates and council tax bases and providing the additional infrastructure needed as a result of housing growth. New borrowing for capital investment is cash limited at £29.900 million. Where affordable, consideration will be given to using the additional revenue resources from growth in the tax base above the level assumed in the 2022-27 Medium Term Financial Strategy to expand our Capital Investment Fund. Through this approach we are able to support an expanded capital programme and drive economic growth and activity across the county.

Capital Financing Requirement

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

At 31 March 2021 our Capital Financing Requirement was £278.3 million. The Council sets aside annual amounts from its revenue budget called Minimum Revenue Provision of currently circa £11.0 million to reduce this balance. This means it will take an estimated 25 years to clear the current balance. This figure is reviewed periodically to ensure it is aligned to the average useful life of our assets. The Council’s current strategy to reduce this balance is to continue to set aside the annual charge whilst utilising available capital receipts to offset any further need to borrow as a result of increasing capital programme activity.

The planned annual increase in borrowing of £40.700 million plus the WPDG loan facility means that capital receipts alone will not be able to finance the increased capital programme in the medium term, therefore, provision has been made in the Medium Term Financial Strategy to increase the annual revenue charge to pay down the forecast increase in the Capital Financing Requirement.

Accounting for Leases

On 1 April 2022 Local Government is required to adopt a new accounting standard for leases (IFRS16). This means that for all leases where we are the lessee, our right-to-use the asset will be recognised and we will account for the leased asset on our Balance Sheet as though we had purchased the asset. There are two exceptions to this where the value of the asset leased is below our £6,000 de minimis or the remaining term of the lease is less than 12 months.

From 1 April 2022 existing leases will be brought onto the balance sheet. The introduction of increased numbers of leases onto the balance sheet will increase the level of capital spend to be financed i.e. the Capital Financing Requirement. Without any other change this would increase the amount we are required to set aside in the revenue budget to repay debt. However, we are already making lease rental payments from revenue budgets for these assets and therefore, to avoid paying for the leased assets twice, a technical adjustment will be made to ensure a “net nil” effect on the revenue budget.

For assets under contracts entered into from 2022/23 onwards, the annual MRP charge will match the element of the rent/charge that goes to write down the balance sheet liability, to reflect accounting changes under IFRS16. Therefore, there will be no impact on available capital resources or the capital financing requirement from this new accounting requirement.

Making It Happen

Management of the Capital Programme

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

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

The implementation of our capital framework includes a methodology to classify and define stages/ phases of delivery for our capital investments and build understanding of the quality of capital programme delivery. It will continue to use the following mechanisms to ensure our capital spending and the delivery of our capital strategy is effectively managed:

- Officers monitor physical progress regularly, usually monthly, and there is a system of exception reporting to senior managers where problems emerge;
- Financial progress is reported quarterly to Corporate Board and Cabinet, highlighting any key issues that need more detailed consideration or investigation, including seeking Cabinet approval to any variations to schemes both in terms of the total cost and the phasing of spend across years and the consequent impact on the overall financing of the programme;
- Projects part or wholly funded by external contributions are separately monitored to ensure compliance with any funding conditions applicable; and
- Post-contract appraisal is carried out to provide feedback on the success, or otherwise, of the design solution, procurement process and customer satisfaction levels.

The procedures and mechanisms used to assist officers and members in managing the capital programme are subject to review with an aim of continual improvement. A widespread review of the management of the capital programme is currently underway and implementation of improvements will commence in 2022/23.

Appendix B

Annex A

Summary of Capital Investment Fund Scheme Evaluation Criteria

The high-level weighted criteria under which all technical evaluations of investment bids will be assessed are:

1) 50% - Evidence of Measurable Benefits and Change
2) 40% - Finance, Project Management and Risk
3) 10% - Sustainability, Climate Change and Environmental Impact

These high-level criteria are supplemented by more detailed evaluation criteria designed for each strand of the investment programme to ensure a consistent and transparent approach. Once the strategy has been approved these more detailed evaluation criteria will be approved by Capital Gateway Group which will ensure that the commissioning/evaluation process considers:

- Whether the preferred option/approach is the best one for environmental sustainability, even where environmental sustainability is not a big issue, and comment and filter schemes accordingly;
- The clarity over the measurable benefits to be delivered and how these will be assessed both during construction and when the asset is operational;
- The alignment/incorporation of any financial benefits into the Medium Term Financial Strategy;
- The deliverability of the scheme within the proposed timeframe both in terms of the scheme itself and the overall capacity to deliver the capital programme; and
- Comparison to the level of the remaining unallocated investment fund to understand the optimum investment given limited resources available.

Appendix B

Annex B

Capital Investment Priority Outcomes

The table below sets out the Council's capital investment priorities. A pipeline of potential investment bids has been formulated, aligned to this priority list. The next stage is for business cases to be completed that demonstrate the contribution of the new assets to the delivery of the corporate outcomes and the delivery plans, the financial costs and benefits over the short, medium and long term funding allocations are approved and projects formally added to the Council's capital programme.

Pillars	Capital Investment Priorities
Best Lives	✓ Quality and accessible education spaces for all school children in Warwickshire to ensure education place sufficiency ✓ Special Educational Needs and Disabilities and Inclusion transformation programme ✓ Demand management in social care services, including supported accommodation and accommodation with support ✓ Management of the market for social care, including the rising cost of placements ✓ Help for residents to lead a healthy lifestyle
Sustainable Futures	✓ A transport network that supports a low carbon future and rural connectivity to places of work, reducing congestion and enabling growth in housing ✓ Support for businesses to reduce their environmental impact, energy usage and emissions ✓ Increase the amount of renewable energy generation in the county as well as decrease emissions of carbon dioxide ✓ Increase biodiversity and ecology through green corridors, environment banks and tree planting ✓ A safer schools programme that encourages sustainable and healthy travel to school for pupils across Warwickshire ✓ Investment to support active travel and the positive benefits of outdoor activity
Thriving Economy and Places	✓ Ambitious schemes to shape Warwickshire and individual parts of it, progressing housing and area regeneration schemes targeting Rugby, Nuneaton and North Warwickshire ✓ The future role and sustainability of town centres ✓ Business innovation and investment to drive economic growth ✓ Initiatives which contribute towards employment skills and skills development ✓ Building stronger communities by helping communities to help themselves ✓ Improvements the Fire and Rescue Service aspects of our estate
Invest to Save	✓ Effective and accessible services to residents, communities and staff through investment in digital, ICT services and capacity ✓ Investment to maximise the effectiveness of our property estate as part of a future plan for the use of our buildings ✓ Better ways of delivering services, such as libraries and heritage/culture

Appendix B

Annex C

Prioritisation of the Annual Maintenance Programme

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

Flood Defence

Prioritisation Methodology

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

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

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

The LFRMS is in the early stages of a review and refresh, however additional locations may be prioritised for a potential scheme should a flood event occur that was not captured in the ranking, but would make the location high risk.

Household Waste Recycling Centres (HWRC) and Transfer Stations

Prioritisation Methodology

Maintenance will be prioritised as follows:

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

Balance of Planned Maintenance and Emergency Work

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

Highways Maintenance and Street Lighting

Prioritisation Methodology

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

Planned Versus Emergency Maintenance

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

Schools and Non-Schools Building Maintenance

Prioritisation Methodology

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

Balance of Planned Maintenance and Emergency Work

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

Country Parks Maintenance

Prioritisation Methodology

Maintenance will be prioritised as follows:

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

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

Balance of Planned Maintenance and Emergency Work

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

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

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

Gypsy and Traveller Sites Maintenance

Prioritisation Methodology

Maintenance will be prioritised to meet health and safety requirements, in particular, the duty of care under Occupiers' Liability. This also reduces claims against the Council.

Rural Services

Prioritisation Methodology

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

- Priority items, identified from condition surveys as D1s (urgent), will be dealt with immediately. Prioritisation is then given to D2s (bad - items identified as needing to be addressed within 2 years) followed by C2s (poor - to be addressed within 2 years) and C3s (poor - to be addressed within 3-5 years);
- Items that have been recommended to be removed due to potential health risks on asbestos reports are programmed as the service becomes aware of them to reduce the Council's liability; and
- Properties that do not meet Minimum Energy Efficiency Standards are prioritised based on when they are due to be re-let where they do not score the minimum rating of 'E'. All properties are required to meet minimum standards by 1 April 2023.

Balance of Planned Maintenance and Emergency Work

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

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

Prioritisation Methodology

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

Balance of Planned Maintenance and Emergency Work

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

Appendix B

Schools and Non-schools asbestos and safe water

Prioritisation Methodology

Asbestos

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

Balance of Planned Maintenance and Emergency Work

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

Water Hygiene

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

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

Balance of Planned Maintenance and Emergency Work

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

Climate Change Emergency

The Council is committed to reaching net zero carbon by 2030, by reducing our energy consumption through improving the energy efficiency of our buildings and making our corporate buildings carbon neutral; and substantially increasing our renewable energy generation.

All capital maintenance works carried out on Buildings, Asbestos and Safe Water will follow their condition-based prioritisation methodology, they also will strive to address the Climate Change Emergency strategy by ensuring the design solutions align to the target of reaching net zero carbon by 2030.

Equipment for Fire Engines

Prioritisation Methodology

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

Balance of Planned Maintenance and Emergency Work

The Fire and Rescue Service has stores which hold at least enough equipment to immediately restock a spare fire engine if a front-line vehicle should be lost along with its entire inventory. This is our emergency reserve which is maintained as part of the rolling capital replacement programme and is also used to procure equipment if required following National Fire Chiefs Council guidance following a major incident.

Appendix B

Annex D

Related Documents

Asset Management Strategies

- The Asset Management Framework and Property Strategy
- The Highways Asset Management Strategy and the Highways Asset Management Policy
- The ICT Devices Strategy
- The Education and Learning Sufficiency Strategy
- County Fleet Replacement Strategy
- Fire Service Integrated Risk Management Plan
- Digital & Technology Strategy
- WCC Waste Core Strategy
- Local Flood Risk Management Strategy
- Customer Experience Strategy
- WCC Economic Strategy & CWLEP Strategic Economic Plan

Treasury Management and Investment Strategies

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

Other relevant strategies, plans and documents

- The Council Plan
- Commercial Strategy
- Risk Management Strategy
- Reserves Strategy
- WPDG Business Plan
- WRIF Business Plan
- Local Transport Plan
- Children's Services Business Plan

2022-27 Capital Programme

Outcome and Service	Scheme Title	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Investment Programme							
Best Lives							
Education Services	Oakley Grove - new school South Leamington - planning application and main project	20,000	20,000	9,500	-	-	49,500
	Education basic need	9,624	4,510	4,510	4,510	4,510	27,664
	Stratford upon Avon Secondary	5,787	-	-	-	-	5,787
	Campion School expansion	2,852	-	-	-	-	2,852
	Etone College, Nuneaton	2,377	-	-	-	-	2,377
	New school, The Gateway, Rugby	2,365	-	-	-	-	2,365
	Kingsway site changes to aid Academy conversion	2,046	-	-	-	-	2,046
	Warwickshire Academy	293	-	-	-	-	293
	Education planning and development	33	33	21	-	-	87
Environment Services	Redevelopment and upgrade of Gypsy and Traveller sites	635	-	-	-	-	635
	Replacement bollards in Stratford and Nuneaton & Bedworth - CIF	200	-	-	-	-	200
Fire and Rescue	Fire & Rescue HQ, Leamington	2,187	-	-	-	-	2,187
	Fire & Rescue training programme	1,236	-	-	-	-	1,236
	Fire Emergency Services Network (ESN) preparedness	244	-	-	-	-	244
Strategic Commissioning - Communities	Average speed cameras - CIF	1,726	-	-	-	-	1,726
	Lawford Road/Addison Road casualty reduction	1,323	-	-	-	-	1,323
	Temple Hill / Lutterworth Road Wolvey casualty reduction scheme CIF	1,293	-	-	-	-	1,293
	Home To School Routes (Safety)	437	-	-	-	-	437
	A439- Southern casualty reduction - CIF	229	-	-	-	-	229
	Safety camera funded schemes	3	-	-	-	-	3
	School Safety Zones	1	-	-	-	-	1
Strategic Commissioning - People	Adult Social Care modernisation and capacity	50	-	-	-	-	50
	Total for Best Lives	**54,941**	**24,543**	**14,031**	**4,510**	**4,510**	**102,535**
Thriving Economy and Places							
Corporate Services	Warwickshire Recovery and Investment Fund	30,000	30,000	30,000	30,000	7,600	127,600
Enabling Services	Development of Rural Broadband	5,277	3,307	-	-	-	8,584
Environment Services	Transforming Nuneaton - highway improvements - CIF	2,621	8,204	8,500	-	-	19,325
	A46 Stoneleigh junction improvement	7,186	6,450	-	-	-	13,636
	Emscote Road corridor improvements scheme	2,680	6,193	1,177	25	-	10,075
	A452 M40 Spur west of Banbury Road	5	10	7,572	-	-	7,587
	A452 Europa Way south of Olympus Avenue to Heathcote Lane roundabout	90	4,900	2,268	-	-	7,258

2022-27 Capital Programme

Outcome and Service	Scheme Title	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Environment Services continued	A3400 Birmingham Road, Stratford corridor improvements	2,935	2,000	-	-	-	4,935
	Historic Bridge Maintenance Programme 2020 -2023	2,526	2,184	-	-	-	4,710
	A452 Kenilworth To Leamington Cycle Route - CIF	2,536	1,727	-	-	-	4,263
	Bermuda Connectivity project	2,753	-	1,500	-	-	4,253
	A444 corridor improvements - phase 2	2,000	1,837	-	-	-	3,837
	A452 Myton Road and Shire Park roundabouts	2,865	484	-	-	-	3,349
	A47 Hinckley Road corridor scheme	2,778	-	-	-	-	2,778
	A46 Stanks Island signalisation and improvement, Birmingham Road	1,214	200	-	-	-	1,414
	Nuneaton To Coventry Cycle Route - CIF	485	485	-	-	-	970
	A426/A4071 Avon Mill Roundabout Rugby improvement scheme	600	337	-	-	-	937
	Hinckley To Nuneaton Cycle Route - CIF	652	-	-	-	-	652
	A452 Kenilworth Road to Leamington Spa town centre cycle route	530	-	-	-	-	530
	A452 Europa Way, Warwick traffic signals	-	455	-	-	-	455
	Green Man Coleshill Signalised Junction - CIF	417	-	-	-	-	417
	Hunters Lane Rugby - through route New Tech Drive to Newbold Road	20	287	-	-	-	307
	C9878 A452 Europa Way dualling, The Asps	140	-	-	-	-	140
	Weddington Road, Nuneaton install toucan crossing	112	-	-	-	-	112
	Installation of variable message signs, A444 (Prologis)	82	-	-	-	-	82
	Rugby Western Relief Road	56	-	-	-	-	56
	M40 Junction 12	30	-	-	-	-	30
	Rugby Gyratory improvement scheme	23	-	-	-	-	23
Governance and Policy	Maintaining the smallholdings land bank	761	-	-	-	-	761
Strategic Commissioning - Communities	Library & Business Centre, Nuneaton - CIF	550	13,100	5,223	-	-	18,873
	A452/A46 improvement scheme	1,207	5,374	50	-	-	6,631
	Improvements to the A429 Coventry Road corridor (Warwick)	714	3,173	774	20	-	4,681
	Transforming Nuneaton	2,042	1,828	500	-	-	4,370
	Warwick Town Centre	1,393	2,925	-	-	-	4,318
	Improvements to the A446 Stonebridge junction (Coleshill)	862	1,447	-	-	-	2,309
	Leamington Station - redevelopment of station forecourt and underpass	998	-	-	-	-	998
	Kenilworth Station	829	-	-	-	-	829
	Capital Growth Fund - Access to Finance	200	200	191	-	-	591
	Stoneleigh Park Link Road	205	-	204	-	-	409
	Small Business Grants - CIF	98	200	-	-	-	298
	Creation of office space at Holly Walk, Leamington	176	-	-	-	-	176
	Art Challenge Fund	110	3	12	-	-	125
	Duplex Fund - CIF	100	-	-	-	-	100

2022-27 Capital Programme

Outcome and Service	Scheme Title	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Strategic Commissioning - Communities	A444 Coton Arches, Nuneaton improvements to roundabout	74	-	-	-	-	74
	Bus stops and bus shelters - S106 funded A426 Leicester Rd southbound, Rugby - S106	122	-	-	-	-	122
	A426 Gateway Rugby to Rugby Town Centre cycle scheme	16	-	-	-	-	16
	Upgrade existing shared pedestrian/cycle path, Bermuda	16	-	-	-	-	16
	Total for thriving economy and places	**81,086**	**97,310**	**57,971**	**30,045**	**7,600**	**274,012**
Sustainable Futures							
Environment Services	Flood Alleviation Schemes CIF - Fenny Compton	434	-	-	-	-	434
	Flood Alleviation Schemes CIF - Brailes	105	-	-	-	-	105
	Flood Defence Grant Filllongley - Environment Agency	45	-	-	-	-	45
	Flood Alleviation Schemes CIF - Welford on Avon	43	-	-	-	-	43
	Flood Alleviation Scheme - Grendon	35	-	-	-	-	35
	Flood Alleviation Schemes CIF - Bermuda	-	32	-	-	-	32
	Flood Alleviation Schemes CIF - Galley Common	22	-	-	-	-	22
	Flood Alleviation Schemes CIF - Pailton	7	-	-	-	-	7
Strategic Commissioning - Communities	All Electric Bus Initiative	333	1,007	26	-	-	1,366
	Land At Crick Road Rugby - CIF	1,235	-	-	-	-	1,235
	Evidence led decision making in tackling climate emergency and air quality	1,106	-	-	-	-	1,106
	Purchase of 3 haulage vehicles for HWRC - CIF	152	-	-	-	-	152
	Purchase of waste containers at the Household Waste Recycling Centres	93	-	-	-	-	93
	Waste treatment and transfer facilities	34	-	-	-	-	34
	Total for Sustainable Futures	**3,644**	**1,039**	**26**	**0**	**0**	**4,709**
Great Council and Partner							
Business and Customer Services	Improving customer experience / one front door improvements	1,209	-	-	-	-	1,209
Corporate	Warwickshire Property Development Group	4,071	11,511	8,904	22,127	21,126	67,739
	Warwickshire Property Development Group - contingency	-	13,066	13,065	13,065	13,065	52,261
Governance and Policy	Strategic Site planning applications	1,038	-	-	-	-	1,038
Strategic Commissioning - Communities	Country Parks car parking facilities - upgrade to ticket machines	33	-	-	-	-	33
	Total for Great Council and Partner	**6,351**	**24,577**	**21,969**	**35,192**	**34,191**	**122,280**
Capital Investment Fund							
Corporate	CIF unallocated	30,613	19,648	24,658	19,715	24,851	119,485
	Total for Capital Investment Fund	**30,613**	**19,648**	**24,658**	**19,715**	**24,851**	**119,485**
	TOTAL INVESTMENT PROGRAMME	**176,635**	**167,117**	**118,655**	**89,462**	**71,152**	**623,021**

2022-27 Capital Programme

Outcome and Service	Scheme Title	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Maintenance Programme							
Children and Families	Adaptations to support child placements	256	262	143	149	156	966
Corporate	Asset Replacement Fund	3,000	3,000	3,000	3,000	3,000	15,000
Enabling Services	Schools asbestos and safe water	933	816	852	892	931	4,424
	Non schools asbestos and safe water	376	356	371	389	405	1,897
	Schools building maintenance	7,184	7,365	7,557	7,767	7,976	37,849
	Non schools building maintenance	2,226	2,322	2,425	2,537	2,648	12,158
	IT Infrastructure	80	100	100	-	-	280
Environment Services	Highways maintenance and street lighting	14,879	14,879	14,879	14,879	14,879	74,395
	Area delegated funding	5,857	2,189	2,285	2,391	2,495	15,217
	Country Parks	455	219	229	239	250	1,392
	Flood defence	344	219	229	239	250	1,281
	Bridges structural maintenance	400	-	-	-	-	400
	Traffic signals annual maintenance	26	-	-	-	-	26
Fire and Rescue	Equipment for fire engines	126	131	137	143	150	687
Governance and Policy	Rural Services	871	390	407	426	444	2,538
Strategic Commissioning - Communities	Casualty Reduction Schemes	1,677	350	350	350	350	3,077
	Household waste recycling centres	199	88	91	96	100	574
	Gypsy and Traveller services	21	22	23	24	25	115
	TOTAL MAINTENANCE PROGRAMME	**38,910**	**32,708**	**33,078**	**33,521**	**34,059**	**172,276**
Developer Funded Programme							
Environment Services	Developer Funded Schemes (S278)	34,570	11,792	3,240	2	-	49,604
	TOTAL DEVELOPER FUNDED PROGRAMME	**34,570**	**11,792**	**3,240**	**2**	**0**	**49,604**
	TOTAL CAPITAL PROGRAMME	**250,115**	**211,617**	**154,973**	**122,985**	**105,211**	**844,901**

Council

8 February 2022

Treasury Management Strategy and Investment Strategy

Recommendations

That Council approves the following:

1. The Treasury Management Strategy for 2022/23 (Appendix 2) be approved with effect from 1st April 2022.

2. The Investment Strategy for 2022/23 (Appendix 3) be approved with effect from 1 April 2022.

3. The revised lending limits for the Warwickshire Property Development Group come into immediate effect (Appendix 3 Annex 7).

4. Council requires the Strategic Director for Resources to ensure that gross borrowing does not exceed the prudential level specified (Appendix 2, Section 3.13, Table 10 “Authorised Borrowing Limit”).

5. 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).

6. Council delegates 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).

7. Council requires the Strategic Director for Resources to implement the Minimum Revenue Provision (MRP) Policy (Appendix 2, Section 2.8-2.20).

1 Executive Summary

1.1 The Council is required to set a Treasury Management Strategy and Investment Strategy each year and these are set out at Appendix 2 and Appendix 3.

1.2 The Treasury Management Strategy, Investment Strategy, and Capital Strategy are all related. The features of these three strategies are summarised below, and the interrelationships are detailed in Appendix 1.

Capital Strategy	Treasury Management strategy	Investment strategy
Sets out all Council expenditure that is capital in nature, i.e. expenditure on assets that provide benefits over more than one financial year.	Sets out how the Council manages its cash balances, and how capital financing (borrowing) requirements will be managed.	Sets out how the Council will manage non-treasury investments.

1.3 Recent treasury management activity has seen the Council holding significant cash balances in relatively safe settings and not needing to take out new borrowing, with historic non-treasury investment activity having been on a small scale. 2021 has seen some significant new developments including:

- The creation of the Warwickshire Property and Development Group (WPDG) limited company and significant steps being made towards implementing the associated strategy.
- The implementation of the Warwickshire Recovery Investment Fund (WRIF), with the first investments expected to occur in Quarter 4.
- Sustained low interest rates for the majority of the year presenting challenges to maximising treasury returns.
- Continual volatility in the economy with developing inflation risk.

1.4 The Operational Boundary and Authorised Borrowing Limit have been updated from the report to Cabinet to reflect the level of capital spending as set out in the budget resolutions elsewhere on the agenda.

2. Treasury Management (Appendix 2) - Headlines

2.1 Treasury management is to do with the safe handling of cash (the priorities are ensuring security and liquidity, followed by the objective of earning an efficient return). Treasury cash balances are planned to reduce driven by “internal borrowing” whereby the Council makes use of temporarily available cash balances in order to reduce the amount of external borrowing required to support new investment. This approach is taken because internal borrowing is cheaper than external borrowing and because the opportunity cost or redirecting treasury investments to minimise debt instead is very low because interest rates are low. Appendix 2 Table 7 shows how the position will move in this direction and become “under borrowed” (i.e. the Council will be borrowing both externally and internally rather than just externally).

2.2 Borrowing, also referred to as the Capital Financing Requirement or CFR (Appendix 2 Table 4) is forecast to increase driven by the planned capital strategy including investments in WPDG and the WRIF.

Minimum Revenue Provision

2.3 A prudent provision will be set aside to repay debt (this is called the Minimum Revenue Provision or “MRP”). For mainstream capital expenditure making this provision is existing custom and established practice.

2.4 The MRP policy has explicit regard to the WPDG and WRIF:

- For WPDG capital loans a 4% MRP provision will be made.
- For two elements of WPDG investment, no MRP will be made where: (1) land is transferred in as equity – because no borrowing is required, and (2) where working capital loans are made, because they are revenue rather than capital. For development loans to WPDG the loans are expected to be paid back however to be prudent MRP will still be provided for. The MRP policy is set out at Appendix 2 Section 2.8-2.20.
- For capital elements of the WRIF (the BIG and PIF funds), MRP of 4% per year will be made.
- For revenue elements of the WRIF (the LCE fund), no MRP will be required as MRP only applies to capital borrowing.

Interest Rates

2.5 Interest rates are very low. The outlook remains for rates to rise but to stay low compared to historic levels. The bank rate rose to 0.25% in December 2021 and our adviser forecast is for the rate to rise gradually to 1.25% by March 2025. The rates at which local authorities can borrow from the Public Works Loan Board (PWLB) are also very low, currently in the range 1.5% to 2.1% for durations from 5 years to 50 years, and are only expected to rise slowly over the medium term (Appendix 2, Section 3.14).

2.6 Interest returns received on treasury investments will be low over the medium term due to the low base rate. Some types of investment may involve negative interest rates as has been the case in 2021/22 but this will be less common going forward. However, actions will be taken to minimise the impact of low rates whilst prioritising security and liquidity.

2.7 The increase in non-treasury investments will provide a financial benefit through providing greater returns than treasury investments and greater returns than PWLB borrowing, but at greater risk.

Borrowing

2.8 PWLB borrowing rates remain low (Appendix 2 Section 3.14) and a key issue will be to ensure that the Council maintains access to these rates (although alternatives will also be considered when borrowing is required to ensure best value is achieved). There are two specific factors that will be managed to achieve this:

- By providing HM Treasury with a forward forecast of capital plans local authorities can maintain access to the lowest rates (referred to as the “certainty rates”).

- By making non-treasury investments that meet PWLB lending criteria (Appendix 3, Annex 1).

2.9 The current borrowing maturity profile includes a concentration of debt due to be repaid around 2050-2060 (Appendix 2 Annex 2). When new borrowing is taken out the opportunity will be taken to consider spreading out the maturity profile more evenly.

2.10 Limits for borrowing have been set based upon expected levels of investment, including an “Authorised Borrowing Limit” which cannot be exceeded (Appendix 2 Table 10).

Treasury Investments

2.11 Loans being made to other local authorities will be made on a smaller scale as internal borrowing reduces cash balances.

3 Investment Strategy (Non-Treasury Investments - Appendix 3) – Headlines

3.1 The significant non-treasury developments are that the WPDG and WRIF will be in full operation in 2022/23, their set up having been the focus of activity in 2021/22. Both initiatives have refreshed strategies and will create non-treasury investment on a significant scale that will be funded from internal and external borrowing.

3.2 An important feature of all non-treasury investments is that they are made with the primary purpose of delivering organisational objectives, and not purely or primarily to make a financial return (Appendix 3 Section 3). The objectives of the WPDG and WRIF are set out in their respective strategies.

3.3 The Council holds a small amount of other non-treasury investments, all related to the delivery of service objectives (Appendix 3 Section 14). These are already fully funded or otherwise paid for, for example:

- Holding shares in companies such as the ESPO Trading Ltd and Warwick Technology Park.
- Issuing loans to Educaterers Ltd (a local authority controlled company).
- On a small scale issuing loans to local businesses through the capital programme and the Coventry and Warwickshire Reinvestment Trust.
- Holding a land bank of investment properties.

Risk

3.4 Any investment involves risk, with the risks depending upon the nature of the investment. A range of strategic governance and risk management standards are set out throughout the Investment Strategy which all non-treasury investments must adhere to (but refer to Appendix 3 Annex 2 – Annex 4 in particular). In addition, more detailed requirements may be determined for specific funds and incorporated into the approval of those funds.

3.5 Investment risk and return are linked, with higher risks typically being rewarded by higher returns. How financial risk manifests itself varies with the type of investment, for example equity risk manifests in the form of share price volatility, and lending risk manifests in the form of loan repayment default.

3.6 The financial risks and rewards involved in non-treasury investments are of a different nature to (and greater than) the financial risks relating to traditional capital expenditure and treasury investments (Appendix 3 Section 8).

3.7 The reasons for the differences are:

- Treasury investments prioritise security and liquidity to serve the primary objective of treasury management which is to ensure that cash is available when needed to serve the purpose for which that cash is held.
- Traditional capital spending is basic expenditure by nature and is fully funded as such.
- Non-Treasury investment risks are different in that although they are made with the primary purpose of delivering organisational objectives, and not purely or primarily to make a financial return, they are assumed to retain or increase their original asset value and are assumed to provide a more significant financial return than traditional treasury investments. Therefore, there is exposure to the risk of these assumptions not happening.
- The objectives of non-treasury investments by their nature are not the same as treasury investments, and therefore they may not prioritise security and liquidity as highly as treasury investments do.

3.8 A key feature of managing risk will include having arrangements to manage the risk of losses. This will include a certain degree of expected losses built into business models (no investment is 100% guaranteed to pay back), the use of reserves to provide some cover, and hard limits on non-treasury investment levels to limit maximum exposure to losses.

3.9 Some risks are driven by the duration of an investment. The longer the investment is for, the greater the probability is of a default. In addition, very long-term investments introduce intergenerational risks that need to be considered.

3.10 Aside from the risks associated with any individual investments, another type of risk is addressed by the Investment Strategy called “proportionality”

(Appendix 3 Section 9). This is to do with the overall aggregate level of investment and exposure to loss, in comparison to the size and financial capacity of a local authority to bear the losses that it is exposed to. The issue of proportionality will be monitored, and proportionality measures may be used in the future to put limits on investment activity.

Prudential Indicators

3.11 The Investment Strategy has been updated to have regard to the new WPDG investments, including the introduction of Prudential Indicators (Appendix 3 Annex 7) that place limits on gross and net investment.

3.12 The gross amount that may be invested in each fund annually is controlled by a hard ceiling within each year. The net level of investment will be monitored (i.e. after accounting for repayment of previous investments). If the annual net position is lower than expected due to repayment defaults, this would trigger a review of future gross investment limits.

3.13 In addition, the following more detailed limits will be applied to manage risk (Appendix 3 Annex 7).

- The length of time that investments may be made for.
- The amount of a fund that may be debt or equity investment.

3.14 The "Authorised Borrowing Limit" set within the Treasury Management Strategy (Appendix 2, Table 10) includes borrowing required to service these investments.

3.15 All non-treasury management investments will be required to demonstrate that they meet the following criteria:

- That they are primarily for the purpose of delivering organisational objectives and meeting service need.
- That they meet the revised criteria recently set out by the Government that need to be met to retain access to PWLB lending. The Government has specified the kinds of investment that may be made (Appendix 3 Section 3.2). It is possible to invest in other initiatives but if that were the case, the local authority would have to find borrowing sources from elsewhere and would be considered a higher risk to lend to.
- That whilst they may make a financial return, they must not be purely or primarily for the purpose of making a financial return.

Governance

3.16 High level requirements for the governance of non-treasury investments are specified in the Investment Strategy (Appendix 3). These are the minimum requirements that must be met. Where specific investments or funds are developed, they may prescribe more detail around their governance arrangements, but those arrangements must meet these strategic requirements.

4 Financial Implications

4.1 The financial implications are detailed within the report and appendices.

5 Environmental Implications

5.1 Both strategies include an “Environmental Social and Governance” (ESG) policy. The primary objectives of treasury management will however remain security, liquidity, and yield, with non-treasury investments also including the delivery of organisational service objectives.

6 Timescales Associated with Next Steps

6.1 The Treasury Management Strategy and Investment Strategy will, subject to approval by full Council, come into effect on 1st April 2022.

6.2 The revised lending limits for WPDG would come into effect immediately after approval by full Council.

Appendices

- Appendix 1 - Explanation of Capital Expenditure, Treasury Investments, and Non-Treasury Investments
- Appendix 2 - Treasury Management Strategy
- Appendix 3 - Investment Strategy (for Non Treasury Investments)

Background Papers

None

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The report was circulated to the following members prior to publication:
Local Member(s):
Other members: Chair and Party Spokes of the Resources and FRS Overview and Scrutiny Committee

Appendix 1

Explanation of Capital Expenditure, Treasury Investments, and Non-Treasury Investments

	Capital Expenditure	**Treasury Investments**	**Non-Treasury Investments**
Purpose	Traditional capital expenditure to meet service objectives	Maximising the security and liquidity of cash, and generating the most efficient returns without compromising the required security and liquidity	Investment in assets to meet service objectives and/or commercial objectives
Investment Timescales	Long term	Short-term (up to 1 year)	Short term through to exceptionally long term - dependent on objectives
Outcome for Asset Value	Assets are consumed through their working life and are assumed to have no remaining value at the end of their working life. New funding is then required to purchase or create a new asset.	The preservation of capital (security) is the top priority. Assets are only held until the cash is needed for its original purpose (for example a capital receipt that was held until it was spent).	Asset values are assumed to be maintained and repaid where investments are loans by nature. Where investments are equity in nature then either (1) asset values are assumed to be maintained and/or increase or (2) be replaced by other value (e.g. dividends, capital receipts).
Sources of Funding	Investment is permanent (i.e. the investment does not come back). Sources include capital receipts and grants and borrowing. Provision is made for replacement costs via the MTFS.	Investments are temporary (i.e. investments are assumed to come back eventually) Cash balances provide the funding.	Investments are temporary (i.e. investments are assumed to come back eventually). Primarily borrowing and cash balances
Risk	Assets are fully funded, so there is no risk of a loss of an assumed financial investment as such, however there are risks for example (1) cost over-run and (2) that an asset does not deliver its objectives, and that this has knock-on implications.	Credit and liquidity risk exist but are minimised, for example by restricting investments to counterparties with high credit ratings and restricting investments to shorter durations.	Risks are directly dependent upon the nature of the investments undertaken, and the governance and controls built around them. Risks relate to individual investments, and also emerge from the aggregate total amount of activity.
Primarily covered by which strategy document?	**Capital Strategy** Capital plans also feature in the Treasury Strategy as they drive borrowing and cash planning.	**Treasury Management Strategy**	**Investment Strategy** • Will also feature in the capital strategy where investment is capital in nature and must be accounted for as such. • Will also feature in the Treasury Strategy where the investment drives borrowing or the use of cash balances.
Examples of what this covers in practice	Traditional capital expenditure, for example on roads, IT infrastructure, etc.	• Loans to Banks, Building Societies, and other Local Authorities • Investments in Money Market Funds • Investment in the CCLA Property Fund	• Pre-existing non-treasury investments (e.g. land bank, companies such as ESPO, loans to Educaterers, and loans made via CWRT). • WPDG

Appendix 2

Treasury Management Strategy Statement

Warwickshire County Council
2022/23

1.0 Introduction

Background

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

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

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

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

1.4 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure cash liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Treasury Management reporting

1.5 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

a.) **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b.) **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c.) **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Capital Strategy and Investment Strategy

1.6 The Treasury Management Strategy Statement (TMSS) interacts with both the Capital Strategy and the Investment Strategy.

a.) **Capital Strategy -** The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

The aim of the capital strategy is to ensure that there is a robust strategy that meets organisational objectives with appropriate governance arrangements, and that the strategy is transparent and understandable to elected members. The Capital Strategy is reported separately, and the headline capital financing requirements (the need to borrow) feed into this Treasury Management Strategy.

b.) **Investment Strategy -** The Council is required to set out separately an Investment Strategy (IS) in relation to non-treasury investments. Non-treasury investments must consider security, liquidity, and yield, however the relative priority of these 3 factors does not have to follow treasury management principles as non-treasury investments are by their nature not intended to deliver treasury management objectives. The Council's Investment Strategy is a separate document, however it does interrelate with the Treasury Management Strategy and Capital Strategy.

1.7 The table below summarises these different strategies.

Capital Strategy	Treasury Management Strategy – including Treasury Investment Strategy	Investment Strategy
Traditional capital expenditure to directly meet service objectives.	Management of cash and debt to service the delivery of day to day operations and the long-term financing of investments.	Non-treasury investments with the primary objective of meeting service objectives.

Treasury Management Strategy for 2022/23

1.8 The strategy for 2022/23 covers two main areas:

a.) Capital considerations -
- Capital expenditure plans and the associated prudential indicators; and
- Minimum revenue provision (MRP) policy.

b.) Treasury Management considerations -
- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the Council;
- Prospects for interest rates;
- Borrowing Strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- Investment Strategy;
- Creditworthiness policy; and
- The policy on use of external service providers.

1.9 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Ministry of Housing, Communities and Local Government (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.10 The Treasury Management scheme of delegation, and responsibilities of the Section 151 officer are set out in Annex 6 and 7 respectively.

CIPFA Treasury Management Code and Prudential Code Changes Impact

1.11 CIPFA recently completed the second round of consultation on the proposed changes to the current editions of the Treasury Management Code and Prudential Code. The revised editions of these Codes were published on the 20 Dec 2021. The Council has to have regard to these codes of practice when we prepare the Treasury Management Strategy Statement and related in-year reports taken to Full Council for approval. CIPFA has agreed a soft launch approach with formal reporting requirements deferred until 2023/24 financial year. We will ensure that we implement these new requirements on or before the 1 April 2023.

1.12 As part of these changes, the Council is required to adopt a new Liability Benchmark treasury indicator to support Capital Financing Requirement financing risk management.

1.13 There will also be further changes to clarify what CIPFA expect a local authority to borrow for and what they do not view as appropriate. This will include -
- the requirement to set a proportionate approach to Commercial and Service capital investment and to implement the relevant reporting of these;
- addressing ESG issues within Capital Strategy;
- require implementation of a policy to review Commercial Property with a view to divest where appropriate;
- creation of new Investment Practices to manage risks associated with non-Treasury investment;

- a recommendation that any long term treasury investment is supported by a business model and requirement to effectively manage liquidity and longer term cash flow requirements;
- an amendment to address ESG policy within the treasury management risk framework;

1.14 Members will be updated on how these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS and associated reports.

Training

1.15 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers are periodically reviewed and carried out with both formal and on the job training.

Treasury Management Consultants

1.16 The Council currently contracts Link Group, Treasury solutions as its external treasury management advisors.

1.17 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

1.18 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources as and when required. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly contracted, agreed and documented and subjected to regular review.

2.0 The Capital Prudential Indicators 2022/23 – 2024/25

2.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in the prudential indicators (Annex 1), which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure and Financing

2.2 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Table 1 – Total Capital Programme

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Capital Expenditure	98,527.07	100,944.15	100,004.41	100,969.13	100,758.30	101,386.30
Non-Treasury Investment WPDG*	-	4,071.07	11,511.22	8,903.78	22,127.03	21,125.70
Non-Treasury Investment WRIF*	2,400.00	30,000.00	30,000.00	30,000.00	30,000.00	7,600.00
Total	**100,927.07**	**135,015.22**	**141,515.63**	**139,872.91**	**152,885.33**	**130,112.00**

***WPDG Warwickshire Property and Development Group**

***WRIF Warwickshire Recovery and Investment Fund**

2.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a need to borrow to fund the shortfall.

Table 2 – Financing of Capital Expenditure

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Capital receipts	13,619.05	22,583.18	3,648.00	-	-	-
Capital grants	86,249.02	44,534.81	29,405.73	32,617.75	24,230.36	22,739.00
Self Financed Borrowing	-	-	-	-	-	-
Revenue	1,059.00	111.00	-	-	-	-
Capital Programme Funding/Income	100,927.07	67,228.99	33,053.73	32,617.75	24,230.36	22,739.00
WPDG Receipts	-	-	14,532.80	2,029.80	19,841.03	15,440.10
WRIF Receipts	-	-	12,462.32	16,374.57	19,697.82	17,053.64
Non Treasury Investment Funding/Income	-	-	26,995.11	18,404.37	39,538.85	32,493.74
Total Funding/Income	**100,927.07**	**67,228.99**	**60,048.84**	**51,022.12**	**63,769.21**	**55,232.74**
Total Capital Expenditure	100,927.07	135,015.22	141,515.63	139,872.91	152,885.33	130,112.00
Net financing need for the year	**-**	**67,786.23**	**81,466.79**	**88,850.79**	**89,116.12**	**74,879.26**
Minimum Revenue Provision (MRP)	- 10,940.53	- 10,502.91	- 12,794.24	- 15,541.15	- 18,473.53	- 21,299.24
Borrowing Requirement	**- 10,940.53**	**57,283.32**	**68,672.55**	**73,309.64**	**70,642.59**	**53,580.02**

2.4 The net financing need split between capital expenditure and non-treasury investments is shown below, to help show the relative scale of non-treasury investments.

Table 3 – Financing of Non-Treasury Investments

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
WPDG Capital Investment	0.000	4,071.070	11,511.220	8,903.780	22,127.030	21,125.700
Less: WDPG Related Receipts and Repayments	0.000	0.000	14,532.795	2,029.800	19,841.030	15,440.100
WRIF Capital Investment	2,400.000	30,000.000	30,000.000	30,000.000	30,000.000	7,600.000
Less: WRIF Related Receipts and Repayments	0.000	0.000	12,462.317	16,374.567	19,697.815	17,053.644
Net financing need for the year	**2,400.000**	**34,071.070**	**68,506.332**	**57,308.147**	**91,665.875**	**61,219.444**
Percentage of total net financing need %		50.3%	84.1%	64.5%	102.9%	81.8%

2.5 Further details in respect of non-treasury investments are set out in the separate Investment Strategy document.

The Council's Borrowing Need (Capital Financing Requirement)

2.6 The Capital Financing Requirement (CFR) represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third-party contributions at the time of spending. The CFR measures the Authority's underlying need to borrow externally for a capital purpose.

Table 4 – Capital Financing Requirement

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
CFR – Capital Programme	264,956.79	288,169.04	342,325.48	395,135.71	453,190.11	510,538.18
CFR - WPDG	0.00	4,071.07	1,049.50	7,923.47	10,209.48	15,895.07
CFR - WRIF	2,400.00	32,400.00	49,937.68	63,563.12	73,865.30	64,411.66
Total CFR	**267,356.79**	**324,640.11**	**393,312.66**	**466,622.30**	**537,264.89**	**590,844.91**
Movement in CFR - Capital Programme		33,715.16	66,950.68	68,351.37	76,527.94	78,647.30
Movement in CFR - WPDG		4,071.07	(3,021.58)	6,873.98	2,286.00	5,685.60
Movement in CFR - WRIF		30,000.00	17,537.68	13,625.43	10,302.18	(9,453.64)
Movement in CFR - Total		**67,786.23**	**81,466.79**	**88,850.79**	**89,116.12**	**74,879.26**
Movement in CFR represented by						
Net financing need for the year	0.00	67,786.23	81,466.79	88,850.79	89,116.12	74,879.26
Less MRP and other financing movements	(10,940.53)	(10,502.91)	(12,794.24)	(15,541.15)	(18,473.53)	(21,299.24)
Movement in CFR net of MRP	**(10,940.53)**	**57,283.32**	**68,672.55**	**73,309.64**	**70,642.59**	**53,580.02**

Core Funds and Expected Investment Balances

2.7 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 5 – Expected Investments

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Fund balances / reserves	220,200.00	198,700.00	174,300.00	158,200.00	142,000.00	142,000.00
Capital receipts	3,037.00	0.00	0.00	0.00	0.00	0.00
Other	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00	7,100.00
Total core funds	**230,337.00**	**205,800.00**	**181,400.00**	**165,300.00**	**149,100.00**	**149,100.00**
Working capital	125,000.00	125,000.00	125,000.00	125,000.00	125,000.00	125,000.00
(Under)/over borrowing	54,049.21	(3,234.11)	(71,906.66)	(135,216.30)	(155,858.89)	(159,438.91)
Expected treasury investments	**409,386.21**	**327,565.89**	**234,493.34**	**155,083.70**	**118,241.11**	**114,661.09**

* Working capital balances shown are estimated year-end; these may be higher mid-year

Minimum Revenue Provision (MRP) Policy Statement

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

2.9 The MRP should be designed to make prudent provision to redeem debt liabilities over a period which is reasonably commensurate with the associated capital expenditure benefits.

2.10 Having regard to these requirements, the MRP provision will be calculated as set out below.

MRP for Capital Programme Expenditure.

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

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

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

2.13 The 2020 review shows that the remaining useful life of our assets is now 22 years. By using an average life of 25 years for our assets equates to an annual provision of 4% straight line MRP.

2.14 For vehicles, plant and equipment, the remaining useful life is assumed to be 6 years e.g. 5 years average remaining useful life will result in 20% straight line MRP.

MRP for the Warwickshire Property Development Group (WPDG)

2.15 Unlike mainstream capital spending where provision for purchase of replacement assets has to be made in order to have funding available for replacement assets, expenditure (investment) in the WPDG will at a later date be repaid in full.

2.16 It is possible to assume that these repayments of principal amount to the necessary revenue provision. However, there is a risk that repayment of principal is not made, or not made in full. In order to mitigate this risk, the MRP policy for the WPDG will be to make a provision as follows

- No MRP will be charged to the revenue account on any equity land or asset transfers into Wholly Owned subsidiaries.
- No MRP will be charged on working capital loans. Any anticipated impairments will be treated following the relevant accounting standards (namely IFRS9 - Financial Instruments), and not charged through the capital financing regime.
- MRP on development loans made to DevCo (a subsidiary of WPDG) will be charged over 25 years of equivalent to 4% per year, in line with the existing MRP policy for the capital programme.
- MRP on loans to ManCo (a subsidiary of WPDG for purchase of assets from DevCo) will be charged to the revenue account over 25 years (4% per year) in order to match the repayment profile of senior lending and operating life of those assets.
- Any capital receipts then received as repayment of the loan principal from ManCo and Dev Co will be used to offset “traditional” borrowing requirements for financing the wider capital programme.

MRP for the Warwickshire Recovery Investment Fund (WRIF)

2.17 Unlike mainstream capital spending where provision for purchase of replacement assets has to be made in order to have funding available for replacement assets, expenditure (investment) in the WRIF will at a later date be repaid in full.

2.18 It is possible to assume that these repayments of principal amount to the necessary revenue provision. However, there is a risk that repayment of principal is not made, or not made in full. In order to mitigate this risk the MRP policy for the WRIF will be to make a provision as follows:

- MRP on WRIF loans that are capital in nature will be 4% per year. This aligns with the intention for MRP to be associated with the underlying asset life rather than the duration of the loan.
- Any capital receipts then received as repayment of the loan principal from WRIF will be used to offset “traditional” borrowing requirements for financing the wider capital programme.

MRP Calculation

2.19 The actual calculation of MRP will be based on the [Total Capital Financing Requirement x 4%]. This is deemed to be a prudent overall level of provision based upon the requirements set out above.

2.20 The Council has the option to directly and specifically link internal borrowing to specific investments and where this is the case a MRP would not be made. This would mean that repayments associated with the loan would not be capital and would therefore not be ringfenced to financing capital spending. Any anticipated impairments will be treated following the relevant accounting standards (namely IFRS9 - Financial Instruments), and not charged through the capital financing regime. However, the default position is that specific funding sources are not directly linked to specific investments therefore an express decision to link specific funding to a specific investment would need to be made for this to happen.

3.0 BORROWING

3.1 Capital expenditure plans are set out in detail in the Capital Strategy. The treasury management function ensures that the Council's cash is managed in accordance with the relevant professional codes, so that sufficient cash is available to meet the Council's capital strategy and revenue service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual treasury investment strategy.

3.2 The council currently holds an over borrowed position (meaning external borrowing is greater than the total capital financing requirement), however this is forecast to change based on capital expenditure plans in the coming years. The need for further borrowing will be kept under review.

Current Portfolio Position

3.3 The overall treasury management portfolio as at 31st March 2021 and 31st December 2021 are shown below for both borrowing and investments.

Table 6 – Current Portfolio Position

Treasury Portfolio				
	Actual 31.03.2021 £m	Actual 31.03.2021 %	**Actual 30.12.2021 £m**	**Actual 30.12.2021 %**
Treasury investments				
Banks	20.021	5%	20.000	5%
Building Societies	50.004	13%	80.000	19%
Local Authorities	128.157	32%	160.000	38%
DMADF (H.M.Treasury)	-	0%		0%
Lloyds Secondary Account and Cash	5.004	1%	7.060	2%
Subtotal - managed in house	**203.186**	**51%**	**267.060**	**64%**
Money Market Funds	148.702	38%	105.628	25%
CCLA Property Fund	10.211	3%	11.474	3%
Threadneedle Social Bond Fund	33.520	8%	33.219	8%
Subtotal - managed externally	**192.433**	**49%**	**150.321**	**36%**
Total treasury investments	**395.619**	**100%**	**417.381**	**100%**
Treasury external borrowing				
PWLB	321.406	100%	321.406	100%
Total external borrowing	**321.406**		**321.406**	
Net treasury investments / (borrowing)	**74.213**		**95.975**	

3.4 Annex 2 sets out the current maturity profile of investments held, and the borrowing portfolio. Currently there is a significant concentration of debt maturities across the period 2050-2060.

3.5 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 7 – External Debt Forecast

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
External Debt						
Debt at 1 April	321.406	321.406	321.406	321.406	331.406	381.406
New Debt				10.000	50.000	50.000
Actual gross debt at 31 March	**321.406**	**321.406**	**321.406**	**331.406**	**381.406**	**431.406**
The Capital Financing Requirement	267.357	324.640	393.313	466.622	537.265	590.845
Under / (over) borrowing	**- 54.049**	**3.234**	**71.907**	**135.216**	**155.859**	**159.439**

Internal Debt

3.6 The Council will seek to hold efficient levels of cash and will therefore run down external investment balances and use cash to finance a share of the Capital Financing Requirement. This is referred to as internal borrowing and when implemented it will improve our annual net interest costs, as the loss of interest on investment is currently lower than the cost of interest on external loans. The level of internal borrowing will be kept under review to ensure that the level of total treasury investments (a liquidity buffer) does not fall below £125m.

Table 8 – Internal Debt Forecast

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
External Debt	321.406	321.406	321.406	331.406	381.406	431.406
Internal Debt (internal borrowing)	-	3.234	71.907	135.216	155.859	159.439
Internal borrowing as % of CFR	**0.0%**	**1.0%**	**18.3%**	**29.0%**	**29.0%**	**27.0%**

3.7 Where it is deemed appropriate to add to the level of current external loan finance, any risks associated with such borrowing will be subject to prior appraisal (including borrow now or borrow later analysis) and subsequent reporting through the mid-year or annual reporting mechanism.

3.8 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

3.9 The Assistant Director - Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

3.10 **The operational boundary** – This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Table 9 – Operational Boundary

£m	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
External Debt	321.406	357.104	432.644	513.285	590.991	649.929
Total	**321.406**	**357.104**	**432.644**	**513.285**	**590.991**	**649.929**

The Authorised Limit for External Debt

3.11 This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

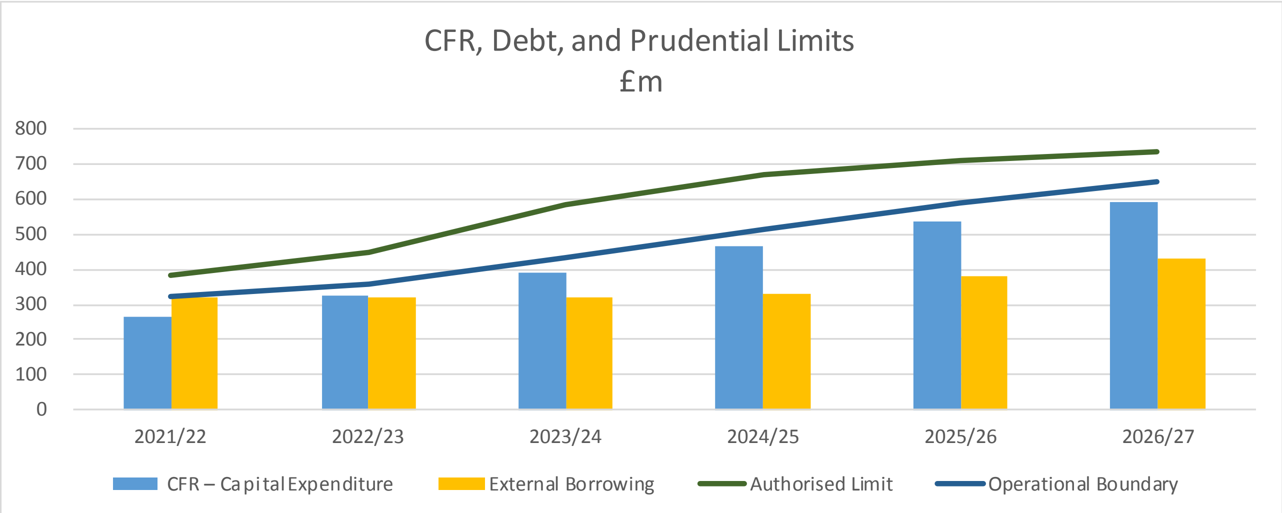
3.12 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

3.13 The Council is asked to approve the following authorised limit.

Table 10 – Authorised Limit

£m	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
External Debt	386.000	449.000	585.000	673.000	713.000	739.000
Total	**386.000**	**449.000**	**585.000**	**673.000**	**713.000**	**739.000**

Chart 1 - Capital Financing Requirement, Debt and Prudential Limits



Prospects for Interest Rates

3.14 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 8 November 2021. These are forecasts for certainty rates, gilt yields plus 80 bps.

Table 11 – Interest Rate Forecasts

Link Group Interest Rate View 8.11.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50

3.15 The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

3.16 As shown in the forecast table above, the forecast for Bank Rate now includes five increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

3.17 Significant risks to interest rates forecast include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.
- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, resulting in further national lockdowns or severe regional restrictions.
- **The Monetary Policy Committee** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.
- **The Government** acts too quickly to cut expenditure to balance the national budget.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **German general election** in September 2021. Germany faces months of uncertainty while a new coalition government is cobbled together after the indecisive result of the election. Once that coalition is formed, Angela Merkel's tenure as Chancellor will end and will leave a hole in overall EU leadership.
- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.
- **Major stock markets** e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- **Geopolitical risks,** for example in Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The Balance of Risks to the UK Economy

3.18 The overall balance of risks to economic growth in the UK is now lessening, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

3.19 It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic. The economy should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes five increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons:

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.
- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- It is estimated that there were around 1 million people who came off furlough at the end of September; how many of those would not have had jobs on 1st October and would therefore be available to fill labour shortages which are creating a major headache in many sectors of the economy? So, supply shortages which have been

driving up both wages and costs, could reduce significantly within the next six months or so and alleviate one of the MPC's key current concerns.

- We also recognise there could be further nasty surprises on the Covid front, on top of the flu season this winter, and even the possibility of another lockdown, which could all depress economic activity.

3.20 In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will be revised again over the next few months as things evolve and clarify.

3.21 It should also be borne in mind that the bank rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on no other grounds than it being no longer warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB Rates and Gilt and Treasury Yields

3.22 As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

3.23 There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors:

- How strongly will changes in gilt yields be correlated to changes in US treasury yields (see below). Over 10 years since 2011 there has been an average 75% correlation between movements in US treasury yields and gilt yields. However, from time to time these two yields can diverge. Lack of spare economic capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that central bank rates will end up rising earlier and higher in the US than in the UK if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields. There is, therefore, an upside risk to forecasts for gilt yields due to this correlation. The Link Group forecasts have included a risk of a 75% correlation between the two yields.
- Will the US Federal Bank (Fed) take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures actually turn out to be in both the US and the UK and so put upward pressure on treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?

- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

3.24 The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

3.25 **Gilt and Treasury Yields** – Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden's, and the Democratic party's, determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020. This was then followed by additional Democratic ambition to spend $1trn on infrastructure, which has just been passed by both houses, and an even larger sum on an American families plan over the next decade; this is still caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus was happening at a time when:

- A fast vaccination programme has enabled a rapid opening up of the economy.
- The economy has been growing strongly during 2021.
- It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
- And the Fed was still providing stimulus through monthly QE purchases.

3.26 These factors could cause an excess of demand in the economy which could then unleash strong inflationary pressures. This could then force the Fed to take much earlier action to start increasing the Fed rate from near zero, despite their stated policy being to target average inflation.

3.27 At its 3rd November meeting, the Fed decided to make a start on tapering QE purchases with the current $80bn per month of Treasury securities to be trimmed by $10bn in November and a further $10bn in December. The $40bn of MBS purchases per month will be trimmed by $5bn in each month. If the run-down continued at that pace, the purchases would cease entirely next June but the Fed has reserved the ability to adjust purchases up or down. This met market expectations. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that Treasury yields would rise as a consequence over the taper period, all other things being equal.

3.28 However, on the inflation front it was still insisting that the surge in inflation was "largely" transitory. In his post-meeting press conference, Chair Jerome Powell claimed that "the drivers of higher inflation have been predominantly connected to the dislocations caused by the pandemic" and argued that the Fed's tools cannot address supply constraints. However, with the Fed now placing major emphasis on its mandate for ensuring full employment, (besides containing inflation), at a time when employment has fallen by 5 million and 3 million have left the work force, resignations have surged due to the ease of getting better paid jobs and so wage pressures have built rapidly.

3.29 With wage growth at its strongest since the early 1980s, inflation expectations rising and signs of a breakout in cyclical price inflation, particularly rents, the FOMC's insistence that this is still just a temporary shock "related to the pandemic and the reopening of the economy", does raise doubts which could undermine market confidence in the Fed and lead to higher treasury yields.

3.30 As the US financial markets are, by far, the biggest financial markets in the world, any upward trend in treasury yields will invariably impact and influence financial markets in other countries. Inflationary pressures and erosion of surplus economic capacity look much stronger in the US compared to those in the UK, which would suggest that Fed rate increases eventually needed to suppress inflation, are likely to be faster and stronger than Bank Rate increases in the UK. This is likely to put upward pressure on treasury yields which could then spill over into putting upward pressure on UK gilt yields.

3.31 There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A New Era, a Fundamental Shift in Central Bank Monetary Policy

3.32 One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the US Federal Bank (Fed), the Bank of England (BoE) and the European Central Bank (ECB), to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US, before consideration would be given to increasing rates.

- The Fed has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The BoE has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' before starting on raising Bank Rate and the ECB now has a similar policy.

3.33 For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.

3.34 Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.

3.35 Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

Investment and Borrowing Rates

3.36 **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the Monetary Policy Committee (MPC) fall short of these elevated expectations.

3.37 **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

3.38 On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows:

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

3.39 **Borrowing for capital expenditure** – Our long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. In addition, there are also some cheap alternative sources of long-term borrowing if an authority is seeking to avoid a "cost of carry" but also wishes to mitigate future re-financing risk. (*Amend as appropriate).*

3.40 While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

Borrowing Strategy

3.41 The Council is currently maintaining an over-borrowed position. This means that more external borrowing exists than is necessary which results in higher cash balances being held by the council. However, the borrowing position is forecast to change based on the capital expenditure planned over the next 5 years and beyond, switching to an "under-borrowed" position. This is planned in order to make efficient use of cash balances. By, in effect, borrowing from internal balances the cost of borrowing is lower than borrowing from an external lender.

3.42 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Assistant Director - Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.

- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

3.43 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.44 With the current over-borrowed position, but also being mindful of the economic outlook for 2022/23 (annex 8) the following assumptions will be adopted in the borrowing strategy:

- The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates.
- Internal borrowing will be weighed against potential long-term costs that will be incurred if market loans at long term rates are higher in future years.
- Long term fixed rate market loans at rates significantly below PWLB rates will be considered where available, to ensure the best rates and to maintain an appropriate balance between PWLB and market debt in the debt portfolio.
- PWLB borrowing for periods under ten years will be considered where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a current concentration in longer dated debt.
- To ensure that the Council considers all options to secure long-term certainty, the Council may also look to make use of forward starting loans as this will allow us to lock into a known financing rate out of a future date. These loans tend to be offered by Financial institutions (primarily insurance companies and pension funds but also some banks, where the objective is to use the forward loan with a mix of internal loans/temporary borrowing to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Policy on Borrowing in Advance of Need

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

3.46 However, the Council may borrow in advance of need for risk management or borrowing efficiency purposes. In determining whether borrowing will be undertaken in advance of need, the Council will:

- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to fund in advance of need;
- Ensure the ongoing revenue liabilities created, and the implications on future plans and budgets have been considered;

- Evaluate the economic and market factors that might influence the manner and timing of any decision;
- Consider the merits and demerits of alternative forms of funding;
- Consider the alternative interest rate bases available, the most appropriate time periods and repayment profiles; and
- Consider the impact of temporarily increasing cash balances until cash is required to finance capital expenditure, and the consequent increase in exposure to counterparty and other risks.

Debt Rescheduling

3.47 As short-term borrowing rates are cheaper than longer term rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short-term nature and the cost of debt repayments. Reasons for debt rescheduling would include:

- The generation of cash savings and/or discounted cash flow savings;
- Helping to fulfil the strategy; and
- Enhancing the balance of the portfolio, for example reducing concentration of the debt maturity profile.

3.48 The option to make repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt position will be kept under review. However, the penalty premiums that would be incurred by doing so means there currently is no net financial benefit from such early repayment.

New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

3.49 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both Housing Revenue Account and non-Housing Revenue Account borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons (for full list see annex 3):

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

3.50 Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

4.0 ANNUAL INVESTMENT STRATEGY

Investment Policy – Management of Risk

4.1 The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

4.2 The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

4.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

4.4 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

a.) Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

b.) **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

c.) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

d.) This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in annex 4 under the categories of ‘specified’ and ‘non-specified’ investments -

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

e.) **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of £80m.

f.) **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in Annex 4.

g.) **Sector Limits.** The Council has determined that it will limit the maximum exposure within difference sectors of investments. These are set out in Annex 4

h.) **Transaction limits** are set for each type of investment in Annex 4.

i.) Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.10).

j.) This authority has engaged **external consultants**, (see paragraph 1.11), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

k.) As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23.

4.5 However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

4.6 The above risk management policy criteria are **unchanged** from last year.

Creditworthiness Policy

4.7 The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that it:

- Maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- Has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

4.8 The Assistant Director – Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

4.9 Credit rating information is supplied by the Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

4.10 The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

a.) **Banks of good credit quality –** the Council will only use banks which are:
- UK banks; or
- non-UK and domiciled in a country which has a minimum sovereign Long Term rating of A-

and have, as a minimum, the following Fitch Ratings:
- Short Term – F1
- Long Term – A-

b.) **Council's own Bank** – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.

c.) **Building Societies** - The Council will use all societies which meet the ratings for banks outlined above;

d.) **Money Market Funds (MMFs)**:
- CNAV (constant net asset value) – AAA rated
- LVNAV (low volatility net asset value)– AAA rated
- VNAV (variable net asset value) – AAA rated

e.) **Property Funds** - CCLA (refer to table D and E in annexes)

f.) **Social Bond Funds** - Threadneedle (refer to table D and E in annexes)

g.) **Ultra-Short Dated Bond Funds** – at least AA rated

h.) **Local Authorities and Parish Council Loans -** both spot and forward dates

i.) Housing Association Loans

4.11 **Use of additional information other than credit ratings** – Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

4.12 **Time and monetary limits applying to investments** – The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

4.13 **Creditworthiness** – Significant levels of downgrades to short- and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

4.14 **Credit Default Swaps (CDS) prices** – Although bank CDS prices (these are market indicators of credit risk) spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

Other Limits

4.15 Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors:

a.) **Country limit** – The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of *A-*** from Fitch Ratings. The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex 5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

b.) **In-house funds** – Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed:

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment Returns Expectations

4.16 The current forecast shown in paragraph 3.3, includes a forecast for a first increase in Bank Rate in December 2021 though there is a high risk that it could be delayed until quarter 1 or 2 of 2022.

4.17 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows:

Table 12 – Estimated Investment Returns for Budgeting Purposes

Average earnings in each year	Now	Previously
2022/23	0.50%	0.25%
2023/24	0.75%	0.50%
2024/25	1.00%	0.50%
2025/26	1.25%	1.00%
Long term later years	2.00%	2.00%

Investment Performance / Risk Benchmarking

4.18 **Benchmarks** are guides to risk, they may be breached depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is so that officers can monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Current advice suggests using the investment benchmark – 'returns above the 7-day SONIA compounded rate'.

Non-Treasury Investment Strategy

4.19 A separate document entitled "Investment Strategy" covers the Council's position in **respect of non-treasury management investments held for service reasons or commercial reasons.**

End of Year Investment Report

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

External Fund Managers

4.21 The County Council uses a number of external managers to spread risk and obtain maximum market exposure. Current external fund managers actively used during the last year are listed below. This list is not exhaustive and new fund managers may be engaged if necessary. Officers will periodically review the position, performance, and costs of external fund managers, and may meet with client relationship managers or fund managers as appropriate.

- Blackrock
- Deutsche Bank
- Goldman Sachs
- Insight
- Aberdeen
- Federated Hermes
- CCLA
- Threadneedle

Environmental, Social, and Governance Policy

4.22 As a responsible investor, the Council is committed to considering environmental, social, and governance (ESG) issues, and has a particular interest in taking action against climate change and pursuing activities that have a positive social impact.

4.23 However, the treasury management function is controlled by statute and by professional guidelines and the first priorities of treasury must remain security, liquidity, and yield. With those priorities kept in place, the following activity will be undertaken in respect of climate change and responsible investing. Steps will be taken to:

- Ensure an understanding of the degree to which investments may contribute towards climate change. This may take the form of measuring the carbon footprint or some similar measure.
- Where appropriate, move cash balances to funds that have are ESG driven targets, or “green funds”, to ensure our investment is contributing towards tackling ESG issues.
- Identify and understand the extent to which investments which are exposed to risks driven by climate change, for example investments in assets at risk of weather change (e.g. property or infrastructure at risk of flooding), assets at risk of becoming stranded (e.g. fossil fuel investments), or assets at risk from geopolitical risks driven by climate change (e.g. water access, the capacity for food production, or economic conflict).
- Keep abreast of new investment opportunities that have regard to ethical investing and climate change as this is a quickly developing arena.
- Understand the ESG policies of funds when considering new investment opportunities.

Pension Fund Cash

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

ANNEXES

1. Prudential and Treasury Indicators
2. Treasury Management - Portfolio
3. Approved Sources of Long and Short Term borrowing
4. Treasury management - Practice
5. Approved Countries for Investments
6. Treasury Management - Scheme of Delegation
7. Treasury management - Role of the Section 151 Officer
8. Economic background

Annex 1

Prudential and Treasury Indicators

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

The following indicators are set out in the main body of the report:

Prudential Indicator	Reference
Capital Expenditure	Table 1
Gross Debt	Table 2
Capital Financing Requirement	Table 4
Over/Under Borrowing	Table 5
Borrowing - Operational Boundary	Table 9
Borrowing - Authorised Borrowing Limit	Table 10

In addition, the prudential indicators below will be applied.

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Upper limit for fixed interest rate exposure						
Net principal re fixed rate borrowing / fixed term investments	100%	100%	100%	100%	100%	100%
Upper limit for variable rate exposure						
Net principal re fixed rate borrowing / fixed term investments	25%	25%	25%	25%	25%	25%
Upper limit for total principal sums invested for over 365 days	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
(per maturity date)	80,000	80,000	80,000	80,000	80,000	80,000

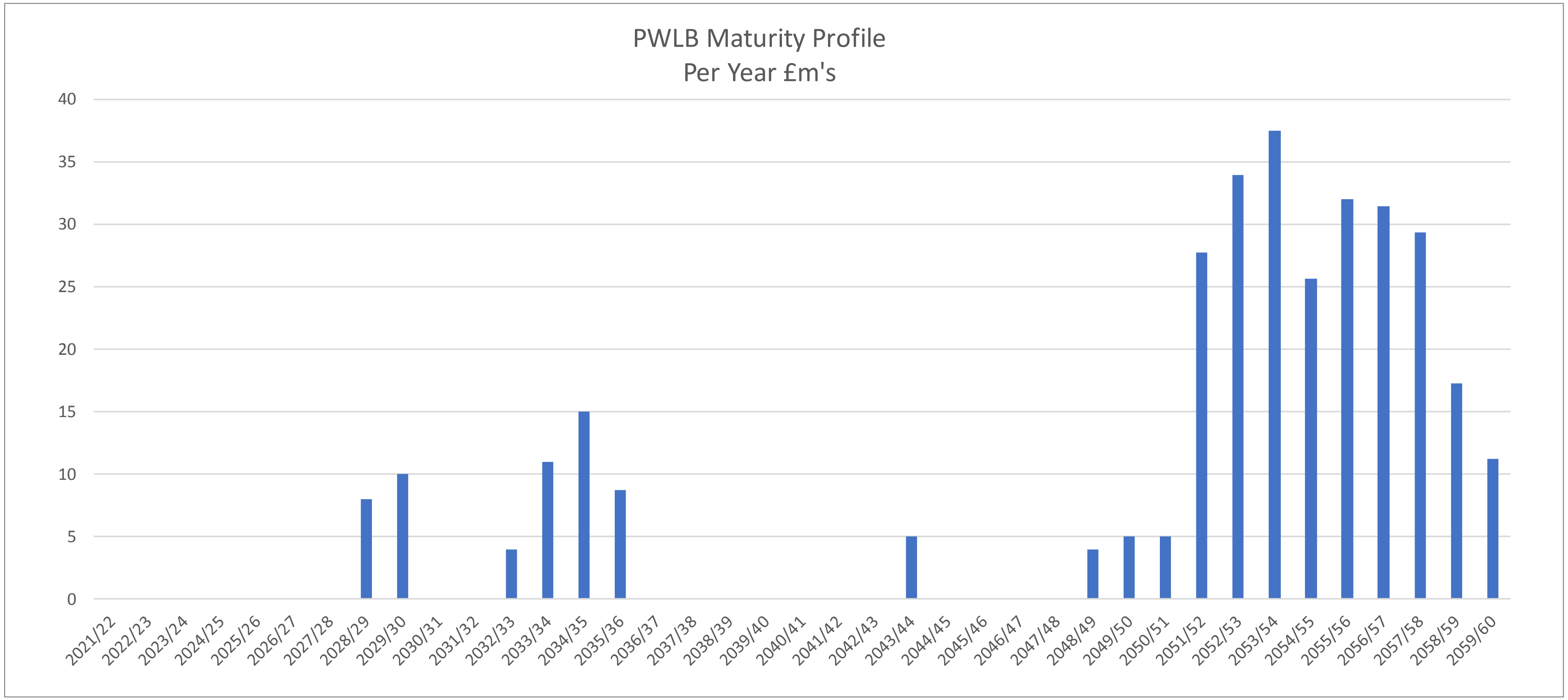
Maturity structure of new fixed rate borrowing during year	upper limit	lower limit
under 12 months	20%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Maturity structure of new external borrowing during year	upper limit	lower limit
under 12 months	35%	0%
12 months and within 24 months	45%	0%
24 months and within 5 years	65%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

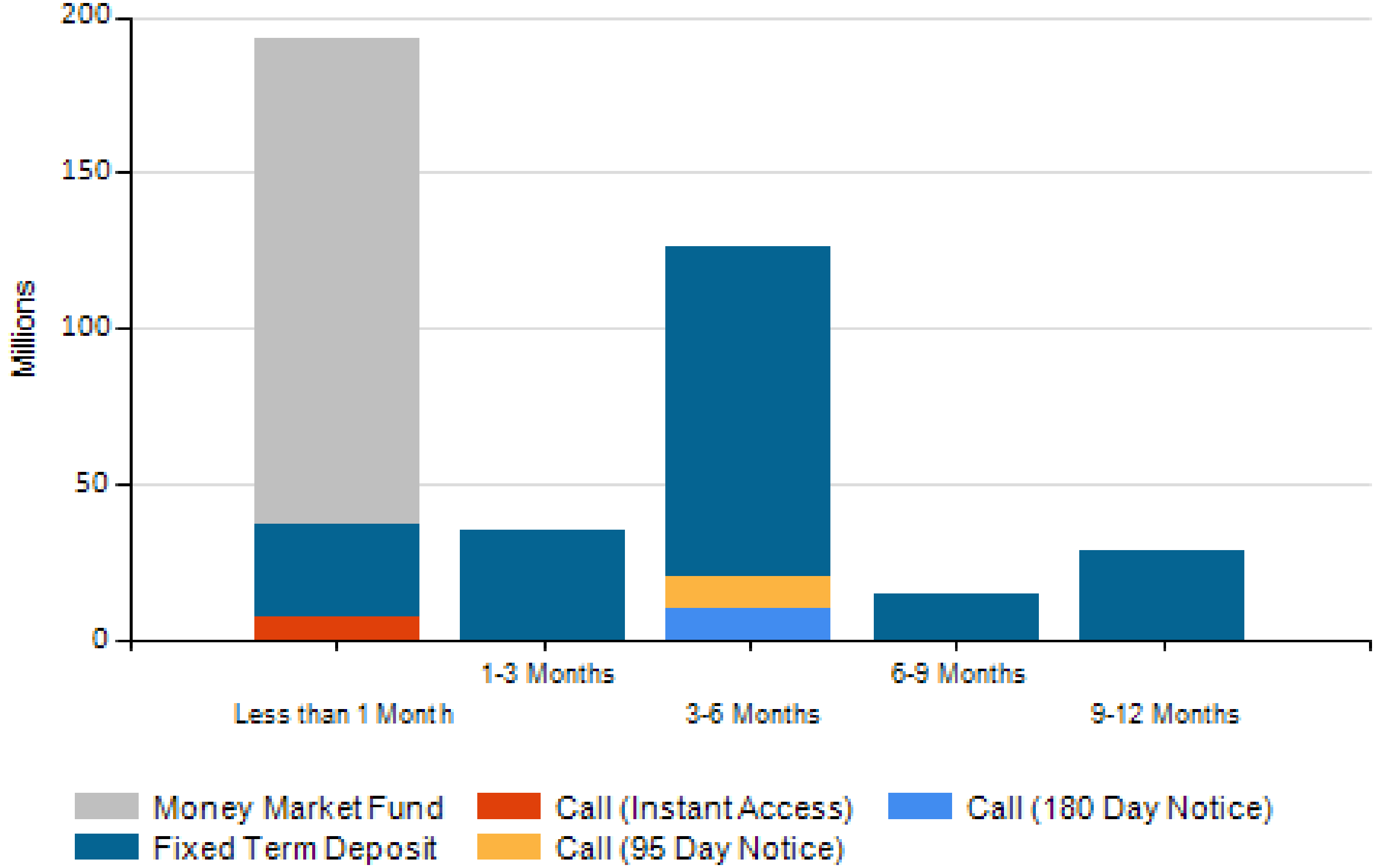
Annex 2

Treasury Management Portfolio

1. Debt Schedule



2. Investment Portfolio as at 30th November 2021



3. Balance Sheet Forecast

Warwickshire County Council

Balance Sheet Projections

2021/22* (£'000)		2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
CAPITAL FINANCING REQUIREMENT						
267,357	CFR Relating to General Fund	324,640	393,313	466,622	537,265	590,845
267,357	Total CFR	324,640	393,313	466,622	537,265	590,845
-	Finance Lease Liabilities		-	-	-	-
267,357	Underlying Borrowing Requirement	324,640	393,313	466,622	537,265	590,845
321,406	External Borrowing c/fwd	321,406	321,406	321,406	331,406	381,406
	Loan Maturities					
-	New Loans	-	-	10,000	50,000	50,000
321,406	External Borrowing	321,406	321,406	331,406	381,406	431,406
(54,049)	Under / (Over) Borrowing	3,234	71,907	135,216	155,859	159,439
-20%	*Borrowing as a % of Requirement*	*1%*	*18%*	*29%*	*29%*	*27%*
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)						
21,400	General Fund Balance	21,400	21,400	21,400	21,400	21,400
(12,100)	Collection Fund Adjustment Account	-	-	-	-	-
210,900	Earmarked reserves	177,300	152,900	136,800	120,600	120,600
3,037	Capital Receipts Reserve	-	-	-	-	-
7,100	Provisions	7,100	7,100	7,100	7,100	7,100
-	Capital Grants Unapplied	-	-	-	-	-
54,049	Over / (Under) Borrowing	(3,234)	(71,907)	(135,216)	(155,859)	(159,439)
125,000	Working Capital	125,000	125,000	125,000	125,000	125,000
409,386	Expected Treasury Investments	327,566	234,493	155,084	118,241	114,661

*Year end balances currently estimated for 2021/22

Annex 3

Approved Sources of Long and Short-Term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

Annex 4

Treasury Management – Practice

4.1 Counterparty Limits

	Fitch Long term Rating	Money Limit	Transaction limit	Time Limit
Banks	*A-*	£20m	£20m	1yr
Building Societies	*A-*	£20m	£20m	1yr
Local authorities	N/A	£10m	£10m	18 months
DMADF	UK sovereign	unlimited	unlimited	6 months
Other Institutions limit	N/A	£10m	£10m	1yr
	Fund rating**	Money Limit	Transaction Limit	Time Limit
Money Market Funds CNAV	AAA	£60m	£60m	liquid
Money Market Funds LVNAV	AAA	£60m	£60m	liquid
Money Market Funds VNAV	AAA	£60m	£60m	liquid
Ultra-Short Dated Bond Funds	AA	£60m	£60m	liquid
Property Fund	N/A	£15m	£15m	90 day
Social Bond Funds	N/A	£40m	£40m	90 day

4.2 Sector Limits

Sector Type	Limit Applied
Money Market Funds (overnight funds) and Instant Access funds	£250m aggregate
Money Market Funds (overnight funds) and Instant Access funds	Maximum holding in any one fund should not represent more than 5% of that funds total asset value (this has increased from 2% last year)
Short Term Investments 7-95 day (deposits, call and notice accounts, property and social bond funds)	£200m aggregate
Medium Term Investments 95-365 day (lending, deposit, call and notice accounts)	£100m aggregate
Lending to Local Authorities	Maximum £200m total
Lending to Local Authorities	Forward deals (deals agreed in advance of the loan issue date) allowed up to a total of 18 months to include both notice and loan term
Deposits with Building Societies	Maximum £100m total

4.3 Specified Investments

Investment Type	Credit Criteria (Fitch Ratings)	Limits (per institution)	Use
DMO Deposit Facility	--	No Limit	In-house
Term deposits: Local Authorities	--	£10m	In-house
Nationalised Banks	Short-term F1, Support 1	£20m	In-house and External Manager
Term deposits: UK Banks	Short-term F1, Long-term A, Viability a, Support 3	£20m	In-house and External Manager
Term deposits: Bank Council uses for current account	--	£20m	In-house and External Manager
Term deposits: UK Building Societies	Top five largest societies as reported annually. (To be continually monitored)	£20m	In-house and External Manager
Term deposits: Overseas Banks	Short-term F1+, Long-term AA- Viability aa, Support 1	£20m	In-house and External Manager
Certificates of deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	£20m	External Manager
Money Market Funds	AAA	£60m	In-house and External Manager
Ultra Short Dated Bond Funds	AA	£40m	In-house and External Manager
UK Government Gilts, Treasury Bills	--	No Limit	External Manager
Gilt Funds and Bond Funds	Long-term A	No Limit	External Manager

(All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ rating criteria where applicable)

4.4 Non-Specified Investments

Investment Type	Credit Criteria (Fitch Ratings)	Limits (per institution)	Use
Term deposits: UK banks and building societies with maturities in excess of one year with a maximum of three years allowed for in-house deposits	Short-term F1, Long-term A, Viability a, Support 3	£15m	In-house and External Manager
Fixed Term Deposit with Variable Rates and Variable Maturities	Short-term F1, Long-term A, Viability a+, Support 3	£15m	In-house and External Manager
Certificates of Deposits issued by UK banks and building societies	Short-term F1, Long-term A, Viability a, Support 3	£15m	External Manager
UK Government Gilts with maturities in excess of 1 year	--	£15m	External Manager
Local Government Association Municipal Bond Agency	--	£15m	--
CCLA Property Fund	--	£15m	--
Threadneedle Social Bond Fund	--	£40m	--
Local Authority wholly owned trading company	--	£3.9m	In-house

Annex 5

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

Annex 6

Treasury Management - Scheme of Delegation

(i) Council

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

(ii) Cabinet

- scrutinise the proposed annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices.
- Receiving and reviewing monitoring reports and acting on recommendations.

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

- Overview and scrutiny of treasury management policy, practice, and activity as required.

Annex 7

Treasury Management - Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.
- Recommending the MRP policy.

ECONOMIC BACKGROUND

MPC meeting 4th November 2021

- The Monetary Policy Committee (MPC) voted 7-2 to leave Bank Rate unchanged at 0.10% with two members voting for an increase to 0.25% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn by a vote of 6-3.
- After the Governor and other MPC members had made speeches prior to the MPC meeting in which they stressed concerns over inflation, (the Bank is now forecasting inflation to reach 5% in April when the next round of capped gas prices will go up), thus reinforcing the strong message from the September MPC meeting, financial markets had confidently built in an expectation that Bank Rate would go up from 0.10% to 0.25% at this meeting. However, these were not messages that the MPC would definitely increase Bank Rate at the first upcoming MPC meeting as no MPC member can commit the MPC to make that decision ahead of their discussions at the time. The MPC did comment, however, that Bank Rate would have to go up in the short term. It is, therefore, relatively evenly balanced as to whether Bank rate will be increased in December, February or May. Much will depend on how the statistical releases for the labour market after the end of furlough on 30th September 2021 turn out.
- Information available at the December MPC meeting will be helpful in forming a picture but not conclusive, so this could cause a delay until the February meeting. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would, therefore, need to wait until the May meeting (although it also meets in March) when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation expected around that time. If the statistics show the labour market coping well during the next six months, then it is likely there will be two increases in these three meetings.
- Over the next year the MPC will be doing a delicate balancing act of weighing combating inflation being higher for longer against growth being held back by significant headwinds. Those headwinds are due to supply shortages (pushing prices up and holding back production directly), labour shortages, surging fuel prices and tax increases. However, those headwinds could potentially be offset – at least partially - by consumers spending at least part of the £160bn+ of "excess savings" accumulated during the pandemic. However, it is also possible that more affluent people may be content to hold onto elevated savings and investments and, therefore, not support the economic recovery to the extent that the MPC may forecast.
- The latest forecasts by the Bank showed inflation under-shooting the 3 years ahead 2% target (1.95%), based on market expectations of Bank Rate hitting 1% in 2022. This implies that rates don't need to rise to market expectations of 1.0% by the end of next year.
- It is worth recalling that the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement after the MPC meeting in September yet at its August meeting it had emphasised a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. On balance, once this winter is over and world demand for gas reduces - so that gas prices and electricity prices fall back - and once supply shortages of other goods are addressed, the MPC is forecasting that inflation would return to just under the 2% target.

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
    1. Raising Bank Rate as "the active instrument in most circumstances".
    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **COVID-19 vaccines.** These have been the game changer which have enormously boosted confidence that **life in the UK could largely return to normal during the summer** after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread. There is also a potential for the winter flu season combined with Covid to overwhelm NHS hospitals so the UK is not entirely in the clear yet.
- **Since the September MPC meeting**, the economy has been impacted by rising gas and electricity prices which are now threatening to close down some energy intensive sectors of industry – which would then further impact the supply chain to the rest of the economy. Ports are also becoming increasingly clogged up with containers due to a shortage of lorry drivers to take them away. The labour market statistics for August released in mid-October showed a sharp rise in employment but also a continuing steep rise in vacancies. The combination of all these factors is a considerable headwind to a recovery of economic growth in the months ahead.

US. Shortages of goods and intermediate goods like semi-conductors, are fuelling increases in prices and reducing economic growth potential. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target. This could well cause the Fed to focus on supporting economic growth by delaying interest rate rises, rather than combating elevated inflation i.e., there may be no rate rises until 2023.
See also comments in paragraph 3.3 under PWLB rates and gilt yields.

EU. The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery is nearly complete although countries dependent on tourism are lagging. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.
German general election. With the CDU/CSU and SDP both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SDP-led coalition would probably pursue a slightly less restrictive fiscal policy, but

any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

China. After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. Supply shortages, especially of coal for power generation, which is causing widespread power cuts to industry, are also having a sharp disruptive impact on the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

Japan. 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy is rebounding rapidly now that the bulk of the population is fully vaccinated and new virus cases have plunged. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida had promised a large fiscal stimulus package after the November general election which his party has now won.

World growth. World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of **world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply shortages. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

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Appendix 3

Investment Strategy
(For Non-Treasury Investments)

Warwickshire County Council

2022/23

1. Introduction

1.1 Local Authorities may make investments of two types:
- Treasury Investments.
- Other Investments (also referred to in this strategy as "non-treasury investments").

1.2 This Investment Strategy covers "Other Investments" and is prepared according to statutory guidance issued under the Local Government Act 2003, the Treasury Management Code of Practice, and The Prudential Code for Capital Finance in Local Authorities. Non-Treasury Investment are policy investments made to deliver Corporate objectives as set out in the Capital Strategy and Medium Term Financial Strategy.

1.3 For the purposes of this Investment Strategy, an investment is any financial or non-financial asset of the authority which is held partially or primarily to generate a return. Investments include loans made by the local authority to wholly-owned companies or associates, to a joint venture, or to a third party. For the avoidance of doubt, the strategy does not include pension fund or trust fund investments which are subject to separate regulatory regimes, or treasury investments which are detailed separately in the Treasury Management Strategy.

1.4 Non-treasury management investments may take a number of forms, for example holding shares in companies, issuing loans to companies, promoting economic development, or holding non-financial assets (e.g. property). Details of the Council's existing and planned non treasury investments are set out in Section 12 and 13 of this strategy.

2. Transparency and Democratic Accountability

2.1 This Investment Strategy is a public document and must be approved annually by full Council, and any material changes during the year also being presented to Council for approval.

2.2 The more specific and detailed governance arrangements for any new funds will also be subject to Member approval through Cabinet or Council. For example, arrangements for the governance of the Warwickshire Property and Development Group (WPDG) and Warwickshire Recovery and Investment Fund (WRIF).

2.3 Under Regulation 17 of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 as amended overview and scrutiny committee members have right of access to any confidential information relating to any decision by the executive or any member of the executive of their council where relevant to a review or scrutiny being undertaken by the committee or included in its work programme.

2.4 Any fundamentally new or additional levels of investment outside of those specified in or delegated by this Investment Strategy for investment for non-treasury purposes will be required to have direct Council approval that would be set out in an updated Investment Strategy.

2.5 The Section 151 Officer has delegated authority to implement this Investment Strategy, with the following overarching responsibilities highlighted.

- Ensuring that due diligence is carried out on investment proposals in accordance with the risk appetite of the authority.
- Ensuring the proportionality of investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources.
- Ensuring an adequate governance process is in place for the approval, monitoring, and ongoing risk management of non-treasury investments.

3. Investment Objectives

3.1 The primary objective of all non-treasury investments will be to contribute towards the Council's core organisational objectives for Warwickshire:

- "A county with a vibrant economy and places with the right jobs, skills, and infrastructure.";
- "A place where people can live their best lives; where communities and individuals are supported to live safely, healthily, happily and independently":
- "A county with sustainable futures which means adapting to and mitigating climate change and meeting net zero commitments.".

3.2 In Addition, all non-Treasury investments will be required to demonstrate how they contribute towards the objectives specified in the Department for Levelling Up, Housing and Communities (DLUHC), previously Ministry of Housing, Communities & Local Government (MHCLG) guidance which will control local authority access to Public Works Loan Board (PWLB) lending by the withdrawal of PWLB lending to authorities when not met. These objectives are harmonious with the Council's overarching strategic objectives and powers, and are summarised below and detailed in Annex 1:

- Service
- Housing
- Regeneration
- Treasury management
- Prevention of social or economic decline

3.3 The principles of security, liquidity, and yield must be considered when making any investment. When considering treasury management investments, security is the highest priority, followed by liquidity, and yield is a low priority. However, for non-treasury investments, whilst all three principles matter, there is more flexibility around the relative priorities depending upon risk appetite and investment objectives. The following sections set out these principles in detail.

4. Security

4.1 The principle of security relates to the preservation of capital, i.e. Ensuring that the original investment is returned.

4.2 Non-treasury investments will be categorised as a means of indicating and controlling risk as follows:

- Specified Investments
- Loans
- Non-Specified Investments

4.3 Annex 2 describes these in detail and Annex 3-5 sets out how these will be managed.

4.4 Total exposure to investments will be capped as specified by this Investment Strategy, including detailed limits specifying ceilings on different types of investment, in order to limit risk exposure. This is summarised in Section 11 and detailed in Annex 5 and Annex 6.

4.5 All investments will have a specified end date and a documented process for review and, where contractually possible, early closure and realisation of capital should the circumstances performance, or risk profile require it. Investments which are of a nature that do not have a contractual end date, for example equity, will still have a planned holding duration.

4.6 Investment cash or non-treasury assets will not be issued in advance of need, minimising third party treasury management risk and the risk of cash or assets being used for objectives other than the investment objective.

4.7 A review will be undertaken in 2022/23 to assess the value of security held against non-treasury investments and to report on their sufficiency.

5. Liquidity

5.1 The principle of liquidity relates to how quickly investments can be returned to the Council.

5.2 In order to manage liquidity risk, this Investment Strategy will specify the maximum durations for which financial investments may be committed.

5.3 The default arrangement for loans will be annuity repayments, i.e. the payment of principal in even instalments throughout the duration of the loan term. Other profiles may be considered on an exceptional basis, however the risk of alternative profiles must be considered alongside how the profile would help to meet organisational objectives.

5.4 The contractual terms of investments made will specify repayment conditions and timing.

5.5 For non-treasury investments, medium and long-term financial planning will be used to ensure that funds can be accessed when needed to repay capital borrowed.

5.6 The level of liquidity of non-treasury assets will be assessed and monitored.

5.7 The capital programme, capital financing requirement, and treasury management activity will have regard to the planned repayment of investments relating to non-treasury investments, for example capital receipts and the repayment of loan principal.

5.8 The new investments in the Warwickshire Property Development Group (WPDG) will be relatively long term and illiquid in nature. Annex 2 to 8 set out arrangements and controls which will be used to manage this risk.

6. Yield

6.1 Investments will not be made purely or primarily for yield. This will mean that the Council will have access to PWLB lending at the low rates available from this source. Should the Council want to consider investments purely or primarily for yield, this would require a review of the overall capital financing position for the Council, because the Council would lose access to PWLB rates and capital financing costs would foreseeably be expected to increase.

6.2 However, where investments are made, the expected rates of return will have regard to the nature of investment and the level of risk been taken by the Council. Investment returns cannot be so low as to breach state aid/subsidy rules and cannot be so high as make an appropriate investment unviable to appropriate counterparties. Investment returns will seek to align with market norms.

6.3 Net yield will be calculated after having regard to costs, fees, and expected credit loss.

7. Borrowing

7.1 The Council will not borrow purely for profit and will not borrow more than or in advance of need purely or primarily to profit.

7.2 However, the Council may borrow in advance of need primarily for risk management or borrowing efficiency reasons (for example to lock into low interest rates if interest rates are expected to rise significantly).

7.3 Capital receipts shall not be repurposed from the acquisition of assets that contribute to service delivery in order to fund the purchase of investments solely to avoid borrowing in advance of need.

8. Risk

8.1 Any investment, by its nature, involves a risk that the rate of return may not be achieved, and the original investment may not be repaid. It also carries the potential risk that more than the original investment is lost if an investor for whatever reason subsequently puts additional money in above the original investment, for example if unsuccessfully attempting to turn around a failing investment.

8.2 The financial risks involved in the non-treasury investments relating to the WPDG and WRIF are of a different nature and greater than the financial risks relating to traditional capital expenditure and treasury investments. The reasons for the differences are:

- Treasury investments prioritise security and liquidity in order to serve the primary objective of treasury management which is to ensure that cash is available when needed to serve the purpose for which that cash is held. To achieve this treasury objective, relatively safe and secure investments are chosen, and consequently low rates of return are accepted.
- Traditional capital spending is expenditure by nature and is fully funded as such. A capital asset provides benefits over its financial life and the cost of the asset is spread across the life of the asset, reflecting its consumption and use. At the end of the life of the asset, a new asset would be required if the same benefits are required to continue, and in order to pay for a new asset new money is needed. This new money is prudently provided for by the Council making an annual provision called the Minimum Revenue Provision (MRP). This means that money will be available to purchase a new asset

when the time comes. There is no assumption that the asset will retain its financial value, or that the asset will provide a financial return, and therefore there is no risk of either of these assumptions not happening.

- Non-Treasury investment risks are different in that:
  - They are assumed to retain or increase their original asset value, and they are assumed to provide a financial return. Therefore, there is exposure to the risk of those assumptions not happening.
  - The objectives of non-treasury investments by their nature are not the same as treasury investments, and therefore they may not prioritise security and liquidity as highly as treasury investments do.

8.3 Although the Council will not pursue investments purely for the objective of financial return, the Council will pursue investments in order to meet objectives as set out in Section 3, and in doing so accepts higher risks with respect to security and liquidity.

8.4 Higher risk is associated with higher reward. Investors will seek to find opportunities receiving higher returns for lower risk, while organisations seeking investment will seek opportunities paying lower returns for higher investor risk. These competing requirements result in a market-norm rate of return for a given level of risk. Rates of return will have regard to this, ensuring that rates of return are not so low as to breach state aid/subsidy rules and not so high as to be unviable to counterparties. Rates should be market normative and enough to reward the investment risk taken.

8.5 The majority of traditional treasury management investment (currently approximately £405m) is very low risk and very low return, for example loans to other local authorities, and money market funds designed to preserve capital. There are some small investments in higher risk investments including the Threadneedle Social Bond Fund (currently £34m) and CCLA Property Fund (currently £10m). These two investments are held over a longer timeframe in order to provide access to higher rates of interest in return for accepting less liquidity and higher risk. The WPDG and WRIF investments will be further up the risk/return spectrum, however this positioning is driven by the objectives of the WPDG and WRIF being different to treasury objectives.

8.6 Before entering into an investment, and whilst and investment is in place certain protocols will be followed to manage risks. These are detailed at Annex 3.

9. Proportionality

9.1 Any particular investment will carry its own risks, driven by the investment itself and the counterparty it relates to. The risk and return associated with any particular investment will vary.

9.2 In addition, there is the aggregate risk that the Council is exposed to when considering all investments in totality. This is a function of the total amount of assets and income at risk of loss, and the extent to which the Council is dependent upon those assets and that income.

9.3 This Investment Strategy sets out maximum limits for non-treasury investments in order to limit total risk exposure.

9.4 The Medium-Term Financial Strategy sets out the extent to which the overall Council budget is supported by income from non-treasury investments. However, when considering exposure to financial risk, there is also the risk of loss of principal, and where this occurs this may impact on the income and expenditure account directly.

9.5 Two indicators are required by Government guidance to be used to set limits that cannot be exceeded in order to manage proportionality. These measures are:

- Gross debt as a proportion of net service expenditure
- Commercial income as a percentage of net service expenditure

9.6 These measures are incorporated into the indicators detailed in Annex 5 and Annex 6.

10. Capacity, Skills and Culture

10.1 Non-Treasury investments carry particular risk, and the nature and scale of proposed investments in the WPDG and WRIF create new risks. We will ensure we have the appropriate capacity, culture, and skills to manage non-Treasury investments through a range of specific actions and policies as set out in Annex 4.

11. Prudential Indicators and Limits

11.1 A range of measures will be used to report on and control exposure to financial risk exposure from investment decisions. Annex 5 sets out definitions of the measures that will be used.

11.2 Measures are classified as either “Indicators” or “Limits” and the distinction is set out below:

- Indicators (Annex 6) – these are measures to monitor a particular financial parameter which will provide insight into performance and/or risk.
- Limits (Annex 7) - these measures which set hard limits on certain financial parameters in order to control and limit exposure to risk.

11.3 The most important measures are the limits on gross investment set out in Annex 7. These provide the fundamental control over maximum exposure to risk.

11.4 Over time, the use of measures will be reviewed and measures that are initially used for monitoring purposes may in the future used for control purposes.

11.5 The measures used, and any targets or limits, will be updated at a minimum annually when the Investment Strategy is updated.

11.6 The indicators have been chosen having regard to MHCLG guidance.

12. Warwickshire Property Development Group

12.1 In 2019/20 Council approved a commercial strategy setting out the intention to explore new approaches to the delivery of organisational objectives.

12.2 During 2021/22, the Warwickshire Property Development Company (WPDG) was launched.

12.3 WPDG has been launched with the following objectives:

- To undertake regeneration and place making activities within the county of Warwickshire. This should include delivery of major schemes, prioritising regeneration activities and delivering specific regeneration plans across the county.
- To undertake activities that progress Warwickshire County Council’s key policy objectives, for example mitigating climate change, promoting sustainable and inclusive economic growth in Warwickshire, improving quality of life, and improving Warwickshire’s 5G network and connectivity.
- To undertake activities with a view to generating new short- and long-term financial returns from the Council’s property assets as appropriate and establishing and maintaining momentum in such activities.
- To operate in effective partnership with public sector stakeholders, in particular district and borough councils, NHS bodies, Warwickshire Police, universities, West Midlands Combined Authority, Coventry and Warwickshire Local Enterprise Partnership and Homes England.

12.4 WPDG investments may be of the following nature:

- Equity Investment
- Commercial Loans
- Corporate Guarantees
- Partnerships (Joint Venture)

12.5 The value of any loan guarantees will be included in counting of the total value of loans issued as they allow a third party to call on a loan unilaterally.

12.6 Any investments of a convertible nature between equity and debt will be counted as the actual type of investment that they are at the given time.

12.7 The detailed proposals for the WPDG are being reported in the WPDG Business Plan to Cabinet in January 2022. This includes detailed arrangements for the proposed governance of the fund. The arrangements for the governance of the fund must comply with the requirements of this Investment Strategy. If there are any areas of discrepancy, the Investment Strategy will be followed until and unless it is changed by Council.

12.8 For the management of risk, limits will be set by the Investment Strategy controlling the following:

- How much can be invested in each year.
- How much may be equity, capital, and revenue in nature.
- The maximum duration of investments will be as set out in the detailed business plan.

12.9 Annex 7 specifies the limits for investment in the WPDG. These limits are specific for the next year, and indicative for the following 4 years.

12.10 The WPDG business plan includes potential investments over a significantly longer period of time, however actual approval for it is subject to viable detailed business cases for each individual investment and is also subject to the approval of an Investment Strategy with appropriate investment limits being approved at the necessary time. For completeness, the indicative total gross investment profiles proposed for the WPDG are set out in the table below. The table shows the *planned* investment. Annex 7 also sets out the *maximum* investment per year. The headroom this provides enables the Council and the company to function efficiently and effectively without the need for disproportionate governance approvals should circumstances change or opportunities arise, but at the same time keeping a hard limit to provide Council with certainty and assurance as to the maximum level of investment exposure that could be taken without further approval from members.

Table 1 – WPDG Gross Investment

Indicative Gross Investment £m	**2022/23**	**5 years**	**Whole Life**
Equity	14.75	28.18	45.61
Capital Loans	4.07	67.74	79.63
Working Capital Loans (Revenue)	0.60	10.92	12.28
Total	**19.42**	**106.83**	**137.52**

12.11 All individual investments will be subject to bespoke business cases and due diligence as required by the specified governance arrangements.

12.12 The investment profile will be updated each year on a rolling basis. For example, before the actual investment limits for 2023/24 are proposed in the next annual Investment Strategy, they will be informed by experience to date of investments made in 2022/23.

12.13 At the time of writing this report £150,000 of working capital loans had been lent to WPDG from the Council**.**

13. Warwickshire Recovery and Investment Fund

13.1 A business case and strategy have been approved by Council in June 2021 to set up a Warwickshire Recovery and Investment Fund (WRIF) with the objective of providing finance to support business start-ups and business growth within Warwickshire and supporting the Council's strategic goals and priorities as set out in the Warwickshire Council Plan, Covid 19 Recovery Plan, Economic Strategy, Commercial Strategy, and Place Shaping Programme. Activity to launch this fund has been under way in 2021/22 with the first investments being expected in Quarter 4.

13.2 Although the primary objective of this fund is to deliver service objectives (specific examples being job creation and job safeguarding, leveraging additional resources funding into the county, and increasing social value) the fund will operate on a commercial basis and will therefore plan to generate financial returns for the council.

13.3 The majority of investments are expected to be senior debt in nature, other forms of investment including mezzanine debt and equity will be considered. A detailed business plan and investment strategy specifically relating this to this fund have been developed and require member approval in order for the fund to proceed to make investments.

13.4 The business plan and investment strategy for this specific fund must fit within all of the controls and governance requirements set out in this overarching non-Treasury Investment Strategy. For the avoidance of doubt, should there be any conflict this strategy/policy would prevail, and should there be a need or desire to invest outside of the boundaries set out in this policy, that would require bringing this policy back to Council to approve the changes first. In this way members and full council retain direct control of the overall level of risk being taken.

13.5 Annex 7 sets out the limits on gross investment within each fund each year. These limits are designed to control exposure to risk. The WRIF is made up of three sub funds with different risk profiles and therefore each sub fund has its own limit as follows:

	Maximum Investment Over The 5 Year Period
Business Investment Growth Fund (BIG)	£90m
Property and Infrastructure Fund (PIF)	£40m
Local Communities Enterprise Fund (LCE)	£10m
Total	£140m

13.6 The business plan for the WRIF sets out an explanation of the nature and risks to do with these funds in detail.

13.7 In addition to having a limit on the amount that can be invested over the five-year period, other constraints are also placed on investment activity in order to control exposure to risk as follows:

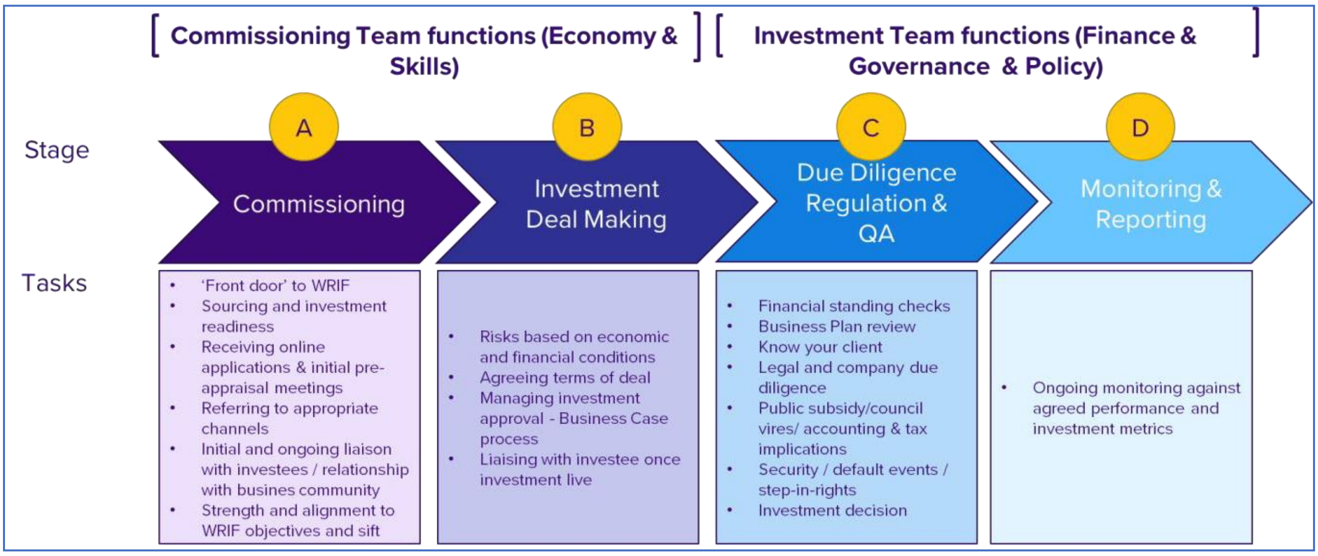
- Limits for the amount that can be invested in each financial year (Annex 7.3)
- Limits on how much investment may be equity or working capital loans, which carry different risk profiles to debt invested in capital (Annex 7.3, 7.4 and 7.5)
- Limits on how long a loan may stay out with a third party before it must be paid back (Annex 7.4)
- Each fund will have tailored governance arrangements and individual investments will be assessed against specified criteria that include consideration of risk and the financial strength of the counterparty as well as the benefits in terms of delivering Council objectives.

13.8 No limits will be set on net debt however net debt will be monitored, and in addition to the monitoring of these strategic indicators there will be detailed monitoring of the investment portfolio.

13.9 ***WRIF Launch*** - The below table shows the launch dates of each of the funds within the WRIF.

WRIF Fund Pillar	**Launch Date**
BIG	September 2021
LCE	Spring 2022
PIF	Spring 2022

13.10 ***WRIF Process and Pipeline*** - The progression from first contact with a potential bidder, through to investment is set out in the chart below.



14. Other Non-Treasury Investments

14.1 The Council already holds a number of investments that are non-treasury by nature. These investments are managed under existing procedures and protocols. This section sets out these investments.

Company Shares

14.2 The Council currently holds shares and debt with the following companies for the purposes of promoting the achievement of organisational objectives. These companies may provide a return on investment but that is not the primary reason for their existence.

- Warwickshire Legal Services Trading Ltd
- Educaterers Ltd
- University of Warwick Science Park Innovation Centre Ltd
- Warwick Technology Park Management Company Ltd
- Warwick Technology Park Management Company (No2) Ltd
- Eastern Shires Purchasing Organisation (ESPO)
- SCAPE Group Ltd
- Coventry and Warwickshire Local Enterprise Partnership
- Coventry and Warwickshire Waste Disposal Company
- UK Municipal Bond Agency PLC
- Border to Coast Pension Partnership Ltd

14.3 The share value relating to the above companies recorded in the 2020/21 accounts was £2.151m, with dividend income of £0.702m.

Company Loans

14.4 In addition to the above the Council currently operates two wholly owned Local Authority Trading Companies:

- Warwickshire Legal Services Trading Ltd
- Educaterers Ltd

14.5 There is a £1.8m loan facility in place with Educaterers at a rate of return of base rate + 5.75% to provide support to the company's cash flow.

14.6 Local authority-controlled company activity has been an area of particular interest to CIPFA and the government, and CIPFA are developing further guidance around the governance of these entities. We will keep up to date with developments and have regard to any new guidance as appropriate.

14.7 The capital programme already includes allocations available for the purposes of making loans to local businesses who cannot raise funds through other means such as banks. This includes the following capital programme forecasts as at Quarter 2 for 2021/22.

Table 2 – Capital Programme Loans

Forecast £m	Up to 2021/22	2022/23	2023/24 Onwards	Total
Capital Growth Fund Business Loans and Grants	1.909	0.200	0.391	2.500
Capital Investment Fund/Duplex Fund	1.900	0.100	-	2.000
Capital Investment Fund/Small Business Grants	1.452	0.098	0.200	1.750
Total	**3.809**	**0.300**	**0.391**	**4.500**

14.8 Loans and grants are managed via the Coventry and Warwickshire Reinvestment Trust (CWRT), this includes arrangements for assessing loans, issuing loans, and recovery.

14.9 In addition to the above established lending arrangements, loans to the value of £3m have been committed to in respect of Coronavirus Business Interruption Scheme (CBILS). This strategy sets a limit of £5m for lending of this nature (Annex 7.1).

Property Investment

14.10 The Council does not currently invest in property for the purposes of generating commercial income, however the Council does currently hold some assets for the purpose of generating future capital receipts.

Table 3 – Property Investment

£m	31/03/2021
NUNEATON/Land at former Magistrates Courts, Vicarage Street	0.272
NUNEATON/Land Adjoining 51 Queens Road, Queens Road	0.002
Attleborough Fields Industrial Estate Slingsby Close	0.519
NUNEATON/Former Manor Park Community School, Beaumont Road	1.575
ARLEY/ARC School (Former Herbert Fowler Junior School)	0.903
RUGBY/Great Central Industrial Estate, Great Central Way	1.100
ALCESTER/Former Area Library, Priory Road	0.301
ALCESTER/Meadow View H.E.P. (Independently funded), Kinwarton Road	0.000
Kineton/ River Meadows Care Home	0.244
Total	**4.915**

14.11 The value of these assets can change, and these assets generate a small amount of incidental income (approximately £50k in 2020/21). The properties classified as investment property had an asset value of £4.915m as at March 2021, which is 0.4% out of a full asset value in the balance sheet of £1.14bn.

14.12 Where any of these properties in future come under the auspices of the WPDG, the governance arrangements in place for the WPDG will apply.

15. Environmental, Social, and Governance Policy

15.1 As a responsible investor, the Council is committed to considering environmental, social, and governance issues, and has a particular interest in taking action against climate change and pursuing activities that have a positive social impact.

15.2 The impact of an investment in respect of climate change may be a consideration for investment decisions, with investments that help to prevent climate change, or help to cope with its impact, or which are resilient to it's effects being desirable. Measurement of impact such as via carbon footprint will be undertaken where practical.

15.3 Investments that have a social impact benefit, either on a local scale or more widely may be considered.

15.4 The ESG policy of fund managers and investment partners may be considered when making decisions, with the preference being for fund managers and partners who share similar values around ESG.

Annex 1

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 DLUHC Capital Outturn Return. In principle this includes land release, housing delivery, and subsidising affordable housing.
Regeneration	• 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 • Preventing negative outcomes including through buying and conserving assets of community value that would otherwise fall into disrepair • Investing significantly in assets beyond the purchase price, developing assets to improve them and/or change their use • 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 • Investments that recycle income to related projects with similar objectives rather than income being applied to wider services
Treasury Management	Restructuring or extending existing debt from any source, including the restructuring of internal financing
Prevention of Social or Economic Decline	• 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 • Investment where there is no realistic prospect of support from any other source • investments with a defined exit strategy so that investments are not held for any longer than is necessary to achieve their objective

DLUHC 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 it been refused access to the PWLB, and this would foreseeably impact on the lending rates and terms made available to the local authority.

Annex 2

Investment Categories

Investment Type	Description
Specified Investments	Generally lower risk. These are sterling denominated, short-term, not capital by nature, and are made with counterparties with high credit ratings The Investment Strategy, will use the same criteria for the determination of specified investments as the Treasury Management Strategy
Loans	Generally higher risk than specified investments. In order to mitigate risk: • Credit risk and expected credit loss models will be used for loans and receivables. • Documented credit control arrangements will be used. • The value of loan guarantees will be counted against total lending exposure, whether or not a loan facility has been fully utilised. • Where a loan may be convertible to equity this can only be at the Council's discretion. No loans will be offered with any contractual commitment to convert them to equity.
Non-Specified Investments	This category covers all investments which are not specified investments, for example equity.
Non-Treasury Investments	This relates to physical assets which can be realised to recoup the capital invested. In order to mitigate risk: • The Council will monitor on an annual basis whether assets retain sufficient value to provide security. • Where security is sufficient, a statement should be made to this effect. • Where security is insufficient, a plan detailing the mitigating actions being taken to protect capital invested should be produced. • Where a loss is recognised in the accounts, the impact of this loss should be reported in an updated Investment Strategy. • Where the initial directly attributable purchase costs are greater than the realisable value of an asset, a statement setting out the timescales expected for the asset value to provide security for the sums invested will be made.

Annex 3

Risk Management

Risk	Risk Management
Business market itself is not sound	• Review of the wider market in which the counterparty operates
Counterparty is not financially sound or well governed	• Use of independent credit ratings or credit assessments • Review of published financial reports and accounts • Review of the wider business plans of the organisation • Review of the counterparty's business case for seeking Council investment • Undertaking bespoke due diligence on the counterparty's financial and governance position where appropriate. •
The counterparty investment plan is not sound	• Reviewing the specific investment business case methodology, rationale, and assumptions • Review of the specific market environment • Undertaking bespoke due diligence where appropriate.
The investment is not repaid	• Establishing security against counterparty assets where appropriate • Including appropriate wordings in loan agreements • Regular monitoring of loan repayments, with the information required from the counterparty being specified • Use of credit control processes • Regular monitoring of counterparty financial metrics • Use of shareholder powers in respect of shareholdings, for example voting rights, reserved shareholder powers, board membership rights, and access to company information. • Utilising internal expertise and external expertise to monitor and review investment risk. • Where appropriate providing information, guidance, and support to counterparties to assist them in navigating difficulties in making repayments. • Use of the expected credit loss model to account for investments. • Having exit strategies built into the investment plan.
The Council does not adequately understand an investment	• Commissioning of experts and external advisers where internal expertise is not available. • Use of competitive procurement processes to secure external advisers. • Use of specified contract terms and objectives, and proactive contract management, to direct external advisers. • Investments in new markets or endeavours will be profiled with lower investments in the initial years to provide proof of concept and organisational learning before investment levels are scaled up

Annex 4

Capacity, Skills, and Culture - Policies and Actions

	Actions
Capacity	• For investment funds ensuring adequate capacity is resourced at conception to deliver the fund objectives. • For individual investments, ensuring business cases include regard to the capacity required to deliver investment objectives for the Council and the counterparty. • Ensuring that investment costs are accounted for and covered by gross investment returns before net returns are counted.
Skills	• An annual training plan for Members closely involved in investment governance but noting that Members are not expected to be investment experts and require appropriate support and advice from experts. • Specific training on the prudential framework for officers and other stakeholders involved in negotiating investments • Commissioning of external expertise where internal expertise is not available • The use of appropriately qualified and experienced internal staff where necessary
Culture	• Reporting to Members and senior officers of lessons learned from other local authorities, where public reports are made available. • Ensuring no investment or counterparty is ever perceived to be “too big to fail”. • Ensuring that unsuccessful investments are identified and accepted as such as early as possible and that robust decisions are taken to prevent further losses, for example by investing further into an unviable project. • Ensuring a positive support and challenge culture. • A robust culture promoting consistent application of investment controls • Investment appraisals consider the long-term and the whole investment life-cycle. • Investment funds consider intergenerational fairness. • Conflicts of interest are transparent and proactively managed. • Risk management and performance management will be evidence based.

Annex 5

Indicator Definitions

Title	Purpose
Gross debt as a proportion of net service expenditure (to be monitored)	Demonstrates the scale of debt in comparison to the financial size and strength of the authority Indicates proportionality and whether the authority is taking too much risk in aggregate
Commercial income as a proportion of net service expenditure (to be monitored)	Demonstrates the dependence of the authority on commercial income associated with investments Indicates proportionality and whether the authority is taking too much risk in aggregate Note this indicator only relates to commercial income associated with non-treasury investments, therefore for example it excludes income from normal trading with third parties such as schools.
Loan to value ratio (to be monitored)	Demonstrates the amount of debt issued compared to the total associated underlying asset value Indicates risk of exposure to losses
Gross investment limits	To manage risk, limits will be set with respect to how much can be invested in non-treasury investments profiled across the medium term financial planning horizon at a high level, and provide a more detailed limits around investment durations for investments to be made in the coming year Gross limits are a hard limit in-year Net lending will be monitored and will inform the gross limits updated for following years
Non-treasury investment net borrowing as a percentage of net financing need (to be monitored)	Total non-treasury investments as a proportion of total capital financing requirement, assuming non-treasury related capital receipts reduce non-treasury related borrowing.
The expected net rate of return (to be monitored)	The overall expected net rate of return for investments This is the gross rate of return, less costs and fees, and less expected credit loss Returns are not risk-free, therefore higher rates of return indicate higher levels of risk

Annex 6

Investment Strategy Indicators

6.1 Gross debt as a proportion of net service expenditure

		2022/23	2023/24	2024/25	2025/26	2026/27
Gross Debt	£m	321.406	321.406	331.406	381.406	431.406
Net Service Expenditure	£m	519.079	524.996	532.982	543.612	564.502
Gross debt as % of net service expenditure	%	61.9%	61.2%	62.2%	70.2%	76.4%

6.2 Income as a proportion of net service expenditure

		2022/23	2023/24	2024/25	2025/26	2026/27
Income (gross)	£m	2.380	3.878	4.700	5.442	7.040
Net Service Expenditure	£m	519.079	524.996	532.982	543.612	564.502
Commercial income as % of net service expenditure	%	0.46%	0.74%	0.88%	1.00%	1.25%

Note - gross income represents income before having regard to costs

6.3 Loan to value

		2022/23	2023/24	2024/25	2025/26	2026/27
Total Loans (Capital)	£m	48.819	41.511	42.575	61.883	28.726
Asset Value	£m	to be monitored				
Loan to value	%					

Note - asset values will depend on lending opportunities, these will initally be monitored rather than a limit being set.

6.4 Non-treasury investment net borrowing as a percentage of net financing need

		2022/23	2023/24	2024/25	2025/26	2026/27
Net Borrowing Relating to Non Treasury Activity	£m	34.071	68.506	57.308	91.666	61.219
Total Net Borrowing Requirement	£m	67.229	60.049	51.022	63.769	55.233
Non Treasury Borrowing as % of Total	%	50.7%	114.1%	112.3%	143.7%	110.8%

Note - in 2025/26 repayment of principal exceeds loans issues hence a net negative figure

6.5 Expected Gross Rate of Return

	Average Rate of Return
WPDG	6%
WRIF - BGF	5%
WRIF - Property Fund	6.5%
WRIF - LCEF	6%-15%

Annex 7

Investment Strategy Plan and Prudential Limits

7.1 Annual Gross Investment Plan - Medium Term

		2022/23	2023/24	2024/25	2025/26	2026/27	Total
WPDG - Equity	£m	14.748	-	3.672	9.756	-	28.176
WPDG - Development Loans	£m	4.071	11.511	8.904	22.127	21.126	67.739
WPDG - Revenue Loans	£m	0.600	0.656	0.012	6.713	2.934	10.915
Sub Total - WPDG	£m	19.420	12.167	12.587	38.595	24.060	106.829
WRIF - BGF	£m	20.000	20.000	20.000	20.000	7.600	87.600
WRIF - LCEF (Revenue)	£m	2.000	2.000	2.000	2.000	1.800	9.800
WRIF - Property	£m	10.000	10.000	10.000	10.000	-	40.000
Sub Total - WRIF	£m	32.000	32.000	32.000	32.000	9.400	137.400
Total	£m	51.420	44.167	44.587	70.595	33.460	244.229

Other Revenue Loans		2022/23	2023/24	2024/25	2025/26	2026/27
Other LATC Loans	£m	2.500	2.500	2.500	2.500	2.500
CWRT	£m	3.000	3.000	3.000	3.000	3.000
Total		5.500	5.500	5.500	5.500	5.500

7.2 Cumulative Gross Investment Plan - Medium Term

		2022/23	2023/24	2024/25	2025/26	2026/27
WPDG - Equity	£m	14.748	14.748	18.420	28.176	28.176
WPDG - Development Loans	£m	4.071	15.582	24.486	46.613	67.739
WPDG - Revenue Loans	£m	0.600	1.256	1.269	7.981	10.915
Sub Total - WPDG	£m	19.420	31.587	44.174	82.770	106.829
WRIF - BGF	£m	20.000	40.000	60.000	80.000	87.600
WRIF - LCEF (Revenue)	£m	2.000	4.000	6.000	8.000	9.800
WRIF - Property	£m	10.000	20.000	30.000	40.000	40.000
Sub Total - WRIF	£m	32.000	64.000	96.000	128.000	137.400
Total	£m	51.420	95.587	140.174	210.770	244.229

7.3 Maximum Investment

	£m	2022/23	2023/24	2024/25	2025/26	2026/27
WPDG Capital Loans	£m	5.000	15.000	10.000	27.500	26.250
WRIF Capital Loans	£m	50.000	50.000	50.000	50.000	40.000
WPDG Revenue Loans	£m	2.800	2.800	2.800	2.800	2.800
WRIF Revenue Loans	£m	3.000	3.000	3.000	3.000	3.000
Other Revenue Loans	£m	6.875	6.875	6.875	6.875	6.875
Total	£m	67.675	77.675	72.675	90.175	78.925

*Annual investment limits are for in year spend only. These will be amended per year as necessary based on actuals.

7.4 Maximum Duration Limits

WPDG - Equity		Investment durations will be specified by each business case, subject to the investment limits set out in this strategy. The net investment limits above align with investment duration limits over the period of the MTFS.
WPDG - Development Loans		
WPDG - Revenue Loans		Revenue loans are short term by nature. The balance each year represents the lending facility available.
WRIF - BGF	£m	10 years
WRIF - LCEF	£m	5 years
WRIF - Property	£m	10 years

7.5 Equity Limits

	Equity Limits
WPDG	As specified by each business case, and subject to the specific limits set out in this strategy. If an equity investment is in the form of pre-existing owned property then the investment may go ahead if a higher value is due to revaluation only.
WRIF	No more than 10% of the gross investment budget for each year may be equity in nature

7.6 Maximum Investment Per Counterparty

WPDG		As per the gross investment values in Table 7.1
WRIF - BGF		£10m
WRIF - LCEF		£500k
WRIF - Property		£10m