Cabinet

Date: Thursday 15 December 2022
Time: 1.45 pm
Venue: Committee Room 2, Shire Hall

Membership
Councillor Isobel Seccombe OBE (Chair)
Councillor Margaret Bell
Councillor Peter Butlin
Councillor Andy Crump
Councillor Andy Jenns
Councillor Kam Kaur
Councillor Jeff Morgan
Councillor Wallace Redford
Councillor Heather Timms
Councillor Martin Watson

Items on the agenda: -

1. General

(1) Apologies

(2) Disclosures of Pecuniary and Non-Pecuniary Interests

(3) Minutes of the Previous Meeting 5 - 10
To approve the minutes of the meeting held on 10 November 2022.

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

2. 2023/24 Budget and 2023-28 Medium Term Financial Strategy – Background Information and Options 11 - 66

This report makes available the latest financial information that will underpin the 2022/23 budget and MTFS and the views of Corporate Board on that information.

Portfolio Holder - Councillor Butlin

9. Warwickshire Property & Development Group (WPDG) - Site Specific Business Case 2

To follow

An exempt report considering a Site Specific Business Case for approval as per the Company's Business Plan.

Portfolio Holder - Councillor Butlin

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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

Non-pecuniary interests must still be declared in accordance with the Code of Conduct. These should be declared at the commencement of the meeting
The public reports referred to are available on the Warwickshire Web
https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1

Public Speaking
Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Paul Williams paulwilliamscl@warwickshire.gov.uk 01926 418926 in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

Cabinet

Thursday 10 November 2022

Minutes

Attendance

Committee Members
Councillor Margaret Bell
Councillor Peter Butlin
Councillor Andy Crump
Councillor Andy Jenns
Councillor Kam Kaur
Councillor Jeff Morgan
Councillor Wallace Redford
Councillor Heather Timms

1. General

In the absence of Councillor Isobel Seccombe (Leader), Councillor Peter Butlin (Deputy Leader) took the Chair.

(1) Apologies

Councillors Isobel Seccombe and Martin Watson.

(2) Disclosures of Pecuniary and Non-Pecuniary Interests

None.

(3) Minutes of the Previous Meeting

The minutes of the meeting of Cabinet held on 13 October 2022 were agreed as an accurate record.

(4) Public Speaking

None.

2. Council Plan 2022-2027 - Integrated Performance Report Quarter 2 2022/23 - Period under review: April to September 2022

Councillor Andy Jenns (Portfolio Holder for Customer and Transformation) introduced the published report which summarised the Council's performance at the end of the second quarter (April - September 2022) against the strategic priorities and Areas of Focus set out in the Council Plan 2022-2027. Councillor Jenns noted the national context for the report, highlighting that the UK was experiencing the consequences of an unprecedented combination of events including two recent changes of UK Government, the impact of the Covid-19 Pandemic, and the war in Ukraine resulting in a period of significant uncertainty and a very challenging financial outlook in the short- to medium-term. This volatility was impacting on the Council's resources, both financial and in terms of recruitment and retention, levels of demand, and increased uncertainty about a number of key national policy areas including Adult Social Care reform, devolution, levelling up and climate change. Councillor Jenns highlighted specific areas of the report in relation to the slight reduction of performance measures on track (from 70% to 63%) which were comprehensively set out in Appendix 2 of the report and highlighted key themes in relation to Human Resources and Risk that were fully detailed in the report.

In response to questions from Councillor Jerry Roodhouse, Councillor Jenns acknowledged that performance was declining and this was of concern to the Cabinet. Portfolio Holders would be addressing individual areas of concern within their responsibilities. In terms of human resources, recruitment processes were being tested and improved and regarding retention focus was being placed on key themes important to staff, such as equality and diversity and wellbeing (including the Thrive at Work accreditation).

Councillor Andy Crump noted that the Communities Overview and Scrutiny Committee had recently received a presentation on flooding. He noted that engagement schemes were in place and support from Members was required to get full community engagement, particularly among new residents. Councillor Crump also pointed out that fire-related deaths could be impacted by many factors and the focus of the Fire and Rescue Service remained first to prevent, then protect and then respond and it was important to ensure that target response times were fit for purpose.

Councillor Jeff Morgan noted the areas of challenge in Children's Services, noting that the figures were set against the recent media coverage of child neglect cases in Bradford and Solihull which had created a level of heightened awareness and referrals. However, he was optimistic the indicators would improve.

Councillor Margaret Bell also recognised challenges in terms of the percentage of children receiving a 6-8 week health check and explained the arrangements that had been agreed with the service provider and the focus placed on ensuring that families in need were identified and supported. The associated recruitment of health visitors was being managed in terms of delivering key priorities.

Councillor Sarah Feeney requested a Member Development Session with a focus on flooding and this was agreed by Councillors Crump and Butlin to take place in the new year.

In response to a question from Councillor Feeney, Councillor Kaur advised that there had been a period of transformation with regard to SEND and OfSted had advised that the Service was on track and delivering on its previous recommendations. Improvement work was ongoing with families to shape the programme and its delivery. Forecast overspend had been brought down without any detriment to families.

Councillor Margaret Bell added that the waiting times for autism diagnosis were being addressed and monitored. The measure being used was the longest wait and she was confident this could be brought down to target despite the number of referrals being almost three times that predicted.

Councillor Peter Butlin noted the financial pressures the Council was under due to inflation which was being monitored because of the effect on all services provided by the authority.

Resolved:

That Cabinet

1. notes the Quarter 2 organisational performance, progress against the Integrated Delivery Plan, management of Human Resources and Risk.

2. agrees the proposed changes to the Performance Management Framework outlined in paragraph 2.7 of the report.

3. 2022-23 Financial Monitoring - Forecast Position as at Quarter 2

Councillor Peter Butlin (Deputy Leader and Portfolio Holder for Finance and Property) explained to Cabinet that the quarter two position was relatively straight forward for revenue as detailed in the report, savings were broadly on track and the £4.44m net overspend detailed in the report was due almost entirely to a £6.05m forecast overspend for Education services, the majority from inflationary and demand pressures in SEND and mainstream Home to School Transport. Compared to quarter one, there was a large reduction (£1.4m) in the Adults underspend, bringing it back in line with expected budget. Children Services had also seen a reduction in the previously reported underspend, shifting to a £0.29m overspend, which was still broadly on budget. In respect of Capital, once unallocated capital funding was taken out, the quarter two programme sat at £114m compared to a current budget of £129.2m, with the main movements relating to project delays reprofiled into future years and programme additions.

In response to a query from Councillor Jerry Roodhouse about proposals for home to school transport, Councillor Kam Kaur noted that this was an area which cut across portfolio holder responsibilities and some work was required to understand how home to school transport would be delivered going forward. She noted that it was important to ensure that the factors around public transport that might affect parental choice for school places were made clear to parents and work on this messaging was required.   In terms of the timing for introducing any changes to the policy, Monica Fogarty reiterated the importance of ensuring parents had all the information required when making their school choices since it would inevitably influence their decisions on which schools to apply for. Therefore, once there was clarity on home to school transport proposals, the implications for the next admissions round would need to be considered.   Councillor Butlin noted that that a working party, associated with the Budget Working Group had been set up to consider the home to school transport policy.

With regard to a question from Councillor Feeney regarding SEND and Inclusion overspending, Councillor Kaur explained that the demand for Education, Health and Care Plans (ECHPs) had increased. Work was taking place with schools to understand how the Council could assist the process and support parents. She noted that the Panel was independent and the choice to appeal lay with parents.

Resolved:

That Cabinet:

1. Notes the adjusted forecast overspend of £4.439m (1.2%) that would need to be funded from the Directorate and General Risk Reserves at the end of 2022/23.

2. Notes the forecast delivery of savings for 2022/23 of £9.406m, a shortfall of £0.838m (8.2%) against the target.

3. Notes the forecast capital spend for 2022/23 of £114.048m.

4. Approves the reprofiling of spend on the capital programme of £19.729m in 2022/23 into future years and note the carry forward of s278 contributions of £0.100m that is not directly controllable by the Council.

4. Treasury Management Monitoring Report

Councillor Peter Butlin (Deputy Leader and Portfolio Holder for Finance and Property) presented the six monthly review of treasury management activity, particularly highlighting that since the last reported at the 2021/22 outturn, a net cash outflow from the organisation of £3.62m had been seen and, due to improved interest rates, the Treasury Team had achieved £0.75m more return on cash investments than originally budgeted. The Team continued to review the benchmark used to compare treasury management performance and had been asked to explore this further as tighter medium term cash flow forecasting could allow the Council to lock in investments for slightly longer periods to access better overall returns. Councillor Butlin extended his congratulations to the Treasury Management Team for the work that they had undertaken.

Resolved:

That Cabinet notes Treasury Management activity and performance in respect of the first 6 months of the 2022/23 financial year.

5. Annual Sufficiency Update 2022

Councillor Kam Kaur (Portfolio Holder for Education) explained to Cabinet that the Annual Education Sufficiency Update was supplementary to the Education Sufficiency Strategy and outlined pupil number forecasts from September 2022 covering a 5 year period for primary phase and a 7 year period for secondary phase, compared against school capacities. Details of any pressures expected during that period were included in the report, along with proposed solutions such as school expansions.

Councillor Kaur particularly noted that demand for primary places in all year groups could be accommodated in existing schools in most planning areas. The report set out a forecasted need for additional primary school places in areas of high housing development including Nuneaton, Rugby, Kineton, Kenilworth and South of Leamington. Additionally, the report noted that there was significant demand for additional places at secondary level and, despite significant investment in expansions of existing secondary schools in recent years, further additional secondary school places were forecast to be necessary to meet demand across Warwickshire.

Responding to comments and questions, Councillor Kaur noted that the actual position in terms of people movement in Warwickshire did not correlate with the picture provided by the census. Conversations were taking place with heads at both primary and secondary levels to ensure that Published Admission Numbers (PAN) were correct and within forecasts. A discussion with Rugby Borough councillors was planned in the following week regarding the independent review that had taken place and the executive summary would then be shared.

Councillor Peter Butlin noted there had been increasing numbers of school children in the county because of families arriving from Ukraine, Hong Kong and also London. The requirement for school places was subject to change over time and this made it more difficult to identify where and when school places were required. Work regarding the PANs and school building was, therefore, ongoing.

Resolved

That Cabinet endorses the Annual Education Sufficiency Update 2022 (attached at Appendix 1 to the report) and notes the proposed schemes to ensure sufficiency of school places in Warwickshire.

6. Approval to Tender for Waste Management Contract

Councillor Heather Timms (Portfolio Holder for Environment, Climate & Culture) advised Cabinet that this report set out the contracting process to secure disposal or treatment for the residual waste arising in the east Warwickshire. The process was in line with the municipal waste management strategy agreed by all the district and borough councils and the County Council and the procurement would be undertaken by a multidisciplinary team of internal officers. The Council continued to seek ways to reduce waste and recycle as much as possible.

Councillor Peter Butlin noted that the government’s paper on waste management was awaited.

Resolved

That Cabinet

1. authorises the undertaking of a procurement exercise for the treatment and/or disposal of municipal residual waste as set out in this report.

2. authorises the Strategic Director for Communities, in consultation with the Portfolio Holder for the Environment, Climate and Culture, to award the contract and to enter into any legal

agreements necessary to implement the contract on terms and conditions acceptable to the Strategic Director for Resources.

7. Procurement and Contract Management Strategy 2021-2026

Councillor Peter Butlin (Deputy Leader of the Council) introduced the strategy, which had been validated by external experts and provided the Council with a framework for its third party spend over the next five years. The strategy was structured around three value pillars, detailed in the report: commercial value, customer value and social Value. The associated Supplier Statement supported suppliers to understand what the Council was seeking in a supplier, giving them confidence in how to prepare to do business with the Council.

Resolved

That Cabinet

1. approves the Procurement and Contract Management Strategy 2021 to 2026 attached at Appendix 1 to the report.

2. approves the associated Procurement and Contract Management Supplier Statement 2021 to 2026 attached at Appendix 2 to the report.

8. Reports Containing Exempt or Confidential Information

Resolved:

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

9. Exempt Minutes of the 13 October 2022 Meeting of Cabinet

The exempt minutes of the Cabinet meeting held on 13 October 2022 were agreed as an accurate record.

The meeting rose at 2.43pm

……………………………
Chair

Agenda Item 2

Cabinet

15 December 2022

2023/24 Budget and 2023-28 Medium Term Financial Strategy – Background Information and Options

Recommendations

Cabinet is recommended to:

(1) Develop its draft 2023/24 Budget and 2023-28 Medium Term Financial Strategy proposals, taking into account the information and advice presented in this report; and

(2) Authorise Corporate Board to begin any preparatory work necessary to deliver the budget proposals, prior to the final full Council decision on the budget on 7 February 2023.

1. Introduction and Background

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

1.2. At its meeting of 14 July 2022, Cabinet considered a report entitled "A Financial Framework for the 2023/24 MTFS Refresh". The report outlined the emerging financial position within which the 2023/24 budget and 2023-28 MTFS would be developed and approved the approach and framework within which the necessary work would be undertaken.

1.3. his report is the next step in the process of setting the 2023/24 budget and the framework for the 2023-28 MTFS. It makes available the latest financial information that will underpin the 2023/24 budget and MTFS and the views of Corporate Board on that information in an approach that will enable the Council to respond effectively to current circumstances while maintaining a longer-term focus on the Council's financial sustainability. The report sets out the process that will lead to the agreement of the budget and the setting of the 2023/24 Council Tax in February 2023.

1.4. The information presented in this report is structured over the following areas:
- the financial context within which the budget and MTFS will be agreed (section 2);
- the budget strategy recommended by Corporate Board (section 3);
- the proposed permanent and time-limited revenue funding allocations (section 4);
- the sustainability of spend funded from the Dedicated Schools Grant for providing support for pupils with Special Educational Needs and Disabilities and the consequent impact on the MTFS (section 5);
- the resultant proposals for balancing the revenue budget and MTFS (section 6);
- the level of the Authority's reserves and the scope for the effective use of those reserves to support the delivery of the MTFS (section 7);
- the summary revenue budget position and any remaining flexibility (sections 8);
- the proposed capital strategy and resultant capital programme (section 9);
- the residual financial risks and uncertainties (section 10); and
- the requirements on the organisation to deliver a balanced budget in 2023/24 (section 11).

1.5. The report will then go on to consider the timetable and next steps between now and when the final decision on the 2023/24 budget is made on 7 February 2023.

2. Context

2.1. The context for the 2023/24 MTFS refresh is no longer dominated by Covid but by fundamental financial uncertainties arising from the current, significant inflationary pressures (labour, supplies and services) arising from a number of factors, not least the war in Ukraine and shortages of labour. A prolonged recession is expected with consequent impacts on both the cost of services the Council delivers and rising demand for services as households and communities struggle with the impacts of inflation and the rising cost of living.

2.2. The Comprehensive Spending Review, announced in October 2021, set out the Government's approach to reducing the level of additional borrowing at the same time as meeting ongoing need to invest in recovery to achieve the growth required to repay the deficit arising from the cost of supporting the

Country through the Pandemic. Since that time economic instability has further increased as a result of the on-going war in Ukraine, EU Exit, the global wide impacts of Covid on the flows of goods and services and political turbulence at a national level. Added to this there are significant uncertainties around Government policy in terms of the delayed Fair Funding review for local government, funding reforms for both business rates and Council Tax, the future of the major reforms to the funding of adult social care, the Government's Net Zero strategy and planning reform, as well as the roll out and resourcing of the Government's proposals around levelling up.

2.3. The uncertainty about the delayed adult social care reforms, and associated funding, is especially material; initial work on the reforms suggested a potentially material and unaffordable financial risk to the Council arising from the Fair Cost of Care exercise and changes to the care cap and means test, reflecting the findings of numerous national studies.

2.4. At a national level there is a negative economic and fiscal outlook. The Office of Budget Responsibility (OBR) judges that the UK economy is in recession and predicts the size of the UK economy will shrink by 1.4% in 2023; that inflation will be 7.4% next year; and that unemployment will rise from 3.6% to 4.9% in 2024. At the same time the recent Autumn Statement has signalled further, significant real reductions in public expenditure from 2025/26 onwards.

2.5. This means at a local level our economic situation remains hugely challenging with the continuing inflationary risk, shortages in the labour market and the demand for services rising more quickly than our resources. Non-pay inflation is currently c12%, the pay award for this year was 6% (against a 4% provision in the budget) and the MTFS approved in February 2022 was based on a 3% increase in resources. The direct and indirect impacts of these factors on the County Council, as well as our partners, remain unknown and highly volatile.

2.6. In this context, the County Council needs to achieve a balance of ambition, prudence and robustness in setting this MTFS. There are clear differences between ensuring that there is a robust base budget and having sufficient reserves. Reserves can only be spent once and therefore continuing the more commercial approach to time-limited investment to help deliver financial benefits and release resources that can be reinvested for the benefit of those who live in, work in and visit Warwickshire remains important.

2.7. The Autumn Statement 2022 (AS22) included a number of announcements that provide updates to the resource forecast used as the basis of the July Cabinet report. These are:

- core Council Tax referendum limits will increase from 2% a year to 3% a year;

- the option to levy an additional adult social care precept increased to 2% a year over the medium term from the current 1% for 2023/24 and 2024/25 only;
- the introduction of the Adult Social Care Cap, originally due for October 2023, will be delayed for 2 years; however, the funding remains for the next two years (see next bullet);
- a £2.5bn funding increase for the social care sector in 2023/24 and £4.2bn in 2024/25, which includes:
    - £0.3bn in 2023/24 increasing to £0.5bn in 2024/25, which will be distributed through the Better Care Fund to help get people out of hospital faster into care settings;
    - £1.3bn in 2023/24 increasing to £1.9bn in 2024/25, which will be distributed to local authorities for adults and children's social care (this is the repurposed reform grant funding);
    - £0.4bn in 2023/24 and £0.68bn in 2024/25, which will be distributed through a grant ringfenced for adult social care to support local authorities to continue to move paying a more sustainable rate for care;
    - an estimated £0.7bn in 2023/24 increasing to £1.3bn in 2024/25 from the additional adult social care precept;
    - reduced funding of £0.2bn which offsets the grant provided to offset the National Insurance Increase that has now been cancelled.
- the schools' budget will receive £2.3bn of additional funding in each of 2023/24 and 2024/25;
- there will be an additional £1.0bn funding to enable further extension to the Household Support Fund for the full 2023/24 financial year, worth an estimated £8m for Warwickshire
- all other departments will have their spending review settlements maintained in full to 2024/25, with no cash cuts, but will only see a 1% increase for the three years from 2025/26; and
- capital spending will be maintained over the medium term at current levels in cash terms.

2.8. Table 1 below sets out our base revenue resource forecasts through to 2027/28. By 2027/28 the Council is estimated to have £602.232m revenue resource available to support the budget, based on a starting assumption of Council Tax increases remaining at the level assumed in the MTFS approved in February 2022 (that is a 2% annual increase in Council Tax and taking the 1% adult social care levy in 2023/24 and 2024/25). This approach has been adopted because it recognises that setting the Council Tax is a political decision.

2.9. The Council does have the option of taking a further 1% core Council Tax in each of the five years of the MTFS (3%) plus a further 1% on the adult social care levy in 2023/24 and 2024/25, increasing to 2% for the last three years of the MTFS. Taking the maximum 5% Council Tax increases each year would increase the resources available by a further £56.204m over the period of the MTFS. Taking a 1% lower Council Tax than the core assumption each year would reduce the available resources by £20.861m. The report comes back to the issue of Council Tax increases when considering Corporate Board's recommended budget strategy in Section 3 and when considering the options for balancing the budget in Section 6.

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

- a 2% annual increase in the main element of the Council Tax;
- taking a 1% additional adult social care levy in 2023/24 and 2024/25;
- the Better Care Fund, the Improved Better Care Fund, Public Health Grant and other longstanding government grants continue to be received at their current, levels over the medium term;
- the Council's share of the additional £1.5bn additional grant announced in SR21 is reduced by the top-slice of funding originally given to compensate authorities for the increase in National Insurance and an allowance for the impact of future formula changes; and
- the Council's share of the increased social care funding is estimated using the same formula as used to allocate the additional social care funding this year.

Table 1: Revenue Resource Forecasts 2023-28					
	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Council Tax (2% annual increase plus adult social care levy of 1% in 2023/24 and 2024/25)	358.573	375.791	390.950	406.731	423.161
Business rates	78.373	79.941	81.540	83.171	84.833
Better Care Fund, iBCF and other social care grants	43.366	43.366	43.366	43.366	43.366
Public Health Grant	24.083	24.083	24.083	24.083	24.083
Share of £1.5bn additional government grant	8.108	6.908	6.908	6.908	6.908
Other Government Grants	8.432	7.233	7.233	7.233	7.233
New social care grant (AS22)	2.976	2.976	2.976	2.976	2.976
Repurposed Social Care Reform Grant (AS22)	9.672	9.672	9.672	9.672	9.672
Total Base Resource Level	**533.583**	**549.970**	**566.728**	**584.140**	**602.232**

2.11. These resource forecasts represent an increase in resources of £14.291m in 2023/24, reducing to £13.143m by 2027/28, from those in the July report. The decrease across the MTFS period is the result of lower assumptions about taxbase growth flowing from the expected downturn in the housing market over the next two years. The taxbase assumption in July was for a 2% increase in the taxbase across each year of the MTFS. Based on the latest data from the Valuation Office Agency on housing numbers published in November, this assumption has been revised downwards to 1.45% for 2023/24 and 1.75% in 2024/25 before reverting back to a 2% annual increase.

2.12. There are no further changes to the figures summarised in the table anticipated at this stage, although they will be subject to confirmation as part of the provisional 2023/24 Local Government Finance Settlement (due on 21 December) and the final taxbase figures will be provided by the District/Borough Councils by the end of January 2023.

2.13. The level of volatility and uncertainty when developing budget proposals is significantly higher than it has been in recent years. In particular, the Local Government Finance Settlement is not expected until December 21, which will set out how some of the funding announced in the Autumn Statement is to be distributed between Councils and provide more information to support officers' recommended assumptions. Inflationary pressures remain high and volatile. Consequently, there is an on-going risk that some assumptions or estimates may need to change between now and the Council's budget meeting in February 2023.

2.14. The scenario used for the model of resource forecasting used for the MTFS is for a one-year gradual recovery from the recession through to the end of 2024. However, the high level of uncertainty means we need to recognise that plans may need to be adapted for a range of potential resource scenarios. Appendix A therefore also includes the resource implications of two alternative scenarios are broadly based on:

- Best Case – minimal recession, maintaining current levels of activity and the allocation of the additional Government funding on formulae that benefit the County Council; and
- Worst Case – medium term recession with only a gradual recovery by the end of the MTFS period with the allocation of the additional Government funding on formulae that do not benefit the County Council and future reductions in grants as part of an overall strategy to reduce the deficit in the public finances.

3. Corporate Board's Proposed Budget Strategy

3.1. It is within this context that the budget for 2023/24, as the first year of a 5-year rolling MTFS, will align the resources of the Authority to the objectives and ambitions set out in the Council Plan.

3.2. Warwickshire remains a financially resilient authority, with a robust approach to the Council's financial sustainability. Our strong financial position is driven by:

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

3.3. Our strong position meant we were able to respond to the uncertainty and financial commitments created by Covid-19 and have managed the impact of high levels of inflation in 2022/23 allowing us to continue to look forward to the future with confidence. The decisions taken to address the short-term challenges we faced have not undermined our financial sustainability over the medium term. However, difficult decisions and choices will still need to be made as part of agreeing the 2023/24 budget and 2023-28 MTFS refresh. The guiding principle remains to balance the MTFS without oversteering, maintaining flexibility to invest/transform and deal with future pressures.

3.4. Corporate Board's approach in preparing this report has been to present Members with options for delivering a sustainable MTFS within the levels of future Council Tax in agreed in February 2022. Reflecting this, Corporate Board's strategic approach to the budget has been to:

- present options, based on sound assumptions, which enable Members to agree a financial plan that shows how income can equal expenditure over the short and medium term, providing for a balanced budget and avoiding unidentified savings;
- remain robust, ambitious and prudent, given current and persistent economic uncertainties, ensuring the Authority can maintain sufficient reserves to manage financial risk/shocks;
- integrate the budget and MTFS with the Council Plan through the integrated planning approach which has been adopted to ensure the direction set out in the Council Plan translates into a sustainable financial strategy;
- as far as possible maintain the capacity to invest by retaining the capital and revenue investment funds, continuing to push outcome-focussed activity in specific and limited areas;
- deliver on the key strategic principles approved by Cabinet in July 2022:

  - provide for the step change in costs, recognising the inflationary uplift is not a temporary phenomenon, with prices only expected to revert to increasing by 2% over the medium term;
  - sustainably tackle the major financial/demand challenges we face, particularly Special Educational Needs and Disabilities (SEND), support for children and families, including children with disability, and home to school transport;
  - set a very high bar for new permanent allocations, which has meant that some of the 'choice' options that would have come forward from services for Members' consideration in previous years are not being brought forward at this time, including:
    - reflecting clear signals about national priorities, not providing offset funding for Government decisions to remove grant funding;
    - not funding potential legislative changes;
- operate with a clear expectation that existing levels of planned budget reductions will be delivered; and
- be flexible to the changing economic and political environment to both seize opportunities and deal with pressures, ensuring there is reasonable flexibility in future years to handle most plausible scenarios, whilst recognising it is impossible to guarantee this in such a volatile and uncertain external environment.

3.5. There remains a significant degree of uncertainty about the level of resources estimated for next year and over the medium-term. It is estimated that next year 67% of our core funding (excluding Dedicated Schools Grant) will come from Council Tax and therefore the decisions around the level of increase in Council Tax (including the adult social care levy) are central to the Council remaining financially resilient and sustainable. AS22 confirmed the Government/OBR anticipates over 95% of all local authorities raising the maximum core Council Tax of 3% plus an additional 2% adult social care levy for each of the next five years. With inflation forecast to be 7.4% next year and in line with the MTFS approved in February 2022, the starting point for the options in this report is a 3% Council Tax increase in 2023/24 and 2024/25 (2% core plus 1% adult social care levy) and 2% thereafter.

3.6. Taking some or all of the increased flexibility in levying Council Tax would place the Authority in the strongest possible financial position, ensure sustainable services over the medium term, avoid any difficult decisions about budget reductions and increase investment in the priorities and areas of focus set out in the Council Plan. Balancing this is the adverse impact on taxpayers of Tax increases, particularly whilst inflation is very high and many households are struggling with the acute cost of living pressures, the Government's assumption that local authorities will take the maximum Council Tax and then reflecting authorities differing ability to generate income from Council Tax in the allocation of Government grants and the risk of the continued emergence of further uncertainties and inflationary pressures. Therefore, in considering their Council Tax strategy, Members should note that not taking the maximum Council Tax increase is a more risky strategy, given that any permitted increase not taken cannot be caught-up in future years, while deciding how much of the extra flexibility to utilise is a decision that can be reviewed each year as part of the MTFS refresh, depending on the financial position of the Authority at that time.

3.7. Table 2 below shows the additional income that would be generated or lost by varying the level of Council Tax. Appendix A includes a table of the impact of each 0.5% variation in the Council Tax for Members to use as a ready reckoner when considering the level of Council Tax.

Table 2: Resource Impact of Changing the Increase in the Council Tax					
	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Council Tax (2% annual increase plus adult social care levy of 1% in 2023/24 and 2024/25)	358.573	375.791	390.950	406.731	423.161
Potential additional resources from taking the maximum 5% annual increase	+6.893	+14.608	+27.082	+40.925	+56.204
Potential additional resources from an extra 1% annual increase	+3.436	+7.214	+11.425	+15.949	+20.861
Potential loss of resources from a reduction of 1% in the annual increase	-3.479	-7.267	-11.316	-15.650	-20.280
Potential loss of resources from a 0% annual increase	-10.437	-21.561	-29.637	-38.194	-47.251

4. Proposed Revenue Funding Allocations

4.1. In developing these proposals Corporate Board has been guided by the following priorities for the 2023/24 budget to:

- ensure the budget proposals deliver the long-term financial sustainability of services;
- provide the funding needed to meet the step change in the cost of services as a result of the current high levels of inflation;
- continue to drive forward the implementation of the Council's change agenda to ensure our core services, infrastructure and resources can be used flexibly and effectively to meet future challenges and deliver for residents, businesses and communities; and
- deliver investment in projects and programmes that will support the ambitions and objectives set out in the Council Plan.

Inflationary Costs

4.2. The MTFS approved in February 2022 provided for an annual general inflationary uplift to ensure budgets remain sustainable in real terms of a 2% increase in pay, prices and contract costs partly offset by assuming an equivalent increase in all fees and charges. This provision was in line with the medium-term target rate set by the Government for the Bank of England.

4.3. However, as the economy has reopened and with the continuing international economic instability and national political uncertainty there has been increased inflationary pressure across all sectors. The forecasts for inflation, as set out in AS22, are for an average of 9.1% this year, 7.4% next year before settling back to nearer the long-term trend of around 2% by the end of the 2024 calendar year. Forecasts in the early years of the 5-year cycle at this level are significantly above the 2% assumed in the MTFS. It is the view of Corporate Board that it is not possible for all Services to generate sufficient additional efficiencies to absorb the increased inflationary cost across the two financial years, while many areas also seeing increased demand. Positive action by Services has managed the impact of inflation in 2022/23. Nevertheless, for some Services to remain sustainable there is a need to provide funding for excess inflationary costs from both 2022/23 and 2023/24. All other Services will be asked to manage the inflationary impact across the service within the 2% general provision. There is a material risk about the Council's ability to continue to absorb cost increases that are higher than resources year-on-year and could lead to additional budget pressures in future years. This risk will be managed in 2023/24 through reserves (see Section 7).

4.4. Services have included, within their savings proposals, options for contract management savings, reductions in third party spend and the delivery of small-scale efficiencies to absorb the impact of inflation on their budgets. Therefore, in making this inflation provision it is acknowledged that the allocation to Services for inflation is an approximate cost. It is important to recognise that some costs will increase above the standard inflation rate, and some below, and that once the overall allocation has been agreed a Service should retain the opportunity to allocate the funding provided to reflect where inflation will impact at a local level.

4.5. There are areas of the Authority's activity where it is known the provision for general price inflation will be insufficient. There are five service areas where contractual commitments above this level are known to exist. These are:

- street lighting energy;
- highways maintenance contract;
- waste contracts;
- home to school transport for both SEND and mainstream pupils; and

- provider costs in adult social care which are also particularly impacted by the 9.7% increase in the National Living Wage from April 2023.

Combined with the provision for a 2% general inflationary impact the total provision for price inflation in 2023/24 in the MTFS is £14.759m, bringing the total indicative inflation provision for price inflation over the period of the MTFS to £49.090m.

4.6. In addition to price inflation the MTFS also needs to include a sustainable provision for pay inflation. The effect of inflation and labour shortages on average earnings and on wages and salaries has been significant. There is a growing demand that public sector pay should be maintained in real terms, with a risk of the delivery of services being impacted by industrial disputes, and also that if pay does not maintain broad parity with the private sector and other public sector bodies who do not have statutory duties to balance their books their ability to offer more generous salaries will further impact on turnover and recruitment difficulties. The flat rate pay award of £1,925 per full time employee, with the firefighters pay award yet to be settled requires an additional £0.709m to be set aside to be able to fully resource this cost on an on-going basis. Given the pressures on recruitment and retention, the level of pay settlements being agreed for other public sector bodies as well as the advice from West Midlands Employers, it is the view of Corporate Board that a provision for pay inflation of 4% in 2023/24 and 2024/25 should be made, before reverting back to the general 2% annual uplift to ensure the MTFS remains robust and sustainable. However, pay levels for the Authority's workforce are dependent on the outcome of a number of different national pay negotiation arrangements and therefore Corporate Board recommend that this provision is held centrally in the first instance. This will ensure any unused provision can be redirected to support the delivery of the MTFS in future years. The impact of this increase in the provision for pay inflation is £7.344m in 2023/24 and a total indicative provision over the MTFS period of £27.993m.

Other Permanent Revenue Budget Adjustments

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

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

- right-sizing budgets to correct for current structural overspends, primarily in relation to supported accommodation for children leaving care, support for children with disabilities and home to school transport;
- allocations to meet the continued growth in demand for services as a result of both demographic change and housing growth, with the main areas of demand growth:

    - the adult population requiring care as well as increases in the complexity of need;
    - placements and support for children with disabilities;
    - the increased cost of waste management as a result of housing growth;
    - the provision of home to school transport, particularly in relation to children with SEND; and
    - the impact of the need for additional capacity in support services as a result of the growth in demand;
- allocations to meet the conditions of the additional ring-fenced social care grants announced in AS22 and the impact of the National Living Wage on provider costs;
- investment in the staffing capacity in Children and Families on an invest-to-save basis to reduce the demand for more expensive placements in the future;
- allocations to increase capacity in services following service reviews including SEND assessment and review, transport delivery and the attendance service;
- additional activity required as a result of legislative/statutory and other externally driven changes including audit and the preparation of the statement of accounts, insurance and the coroner's service; and
- investment to maintain the core operational infrastructure of the Authority.

4.9. As well as those areas where additional allocations are required there are a number of investments brought forward for consideration, totalling £0.328m, most of which are the full year effect of allocations approved in February 2022 but where there is a choice for Members as to whether to support them.

4.10. In addition to the specific allocations Corporate Board are also strongly recommending an allocation is set aside as a provision of £1.000m in 2023/24 and then £7.000m for the remaining four years of the MTFS for future currently unknown and unquantified spending need, such as further increases in the National Living Wage and extra pay and price inflation. In 2023/24 the level of permanent pressures (including inflationary pressures but excluding additional ring-fenced Government grants) requiring funding is £16.527m above the provision in the MTFS approved in February 2022. Maintaining such a provision will mitigate the need to identify further options for balancing the budget as new spending requirements are identified over the period of the MTFS and provide further resilience in a highly uncertain context. Without this provision the Council's general risk reserve may need to increase which further ties up resources and reduces flexibility. Any of these provisions not required can be released in future years.

4.11. The additional permanent spending allocations identified total £30.484m for 2023/24 and a further £63.239m for indicative allocations over the remainder of the MTFS period, bringing the total permanent allocations proposed to £93.723m. **Appendix B** provides brief details of the proposed permanent budget allocations recommended for approval. All allocations beyond 2023/24 are indicative at this stage and will be subject to review as part of the rolling MTFS.

Time-Limited Revenue Allocations

4.12. Time-limited investment in key projects provides the opportunity for the Council to be ambitious in its plans whilst not risking its overall financial sustainability, as well as pump priming the investment in change needed to deliver budget reductions. There are also a number of one-off costs the Council needs to fund to ensure the continued effective delivery of services.

4.13. Corporate Board have identified six areas where additional time-limited allocations are required to meet known spending pressures to ensure Services' financial positions at the end of the MTFS period are sustainable.

4.14. The six areas where additional time-limited allocations are required are:

- an allocation to meet the impact of inflation on wholesale utility costs on the assumption costs will fall back to the underlying trend over the medium term;
- the up-front investment needed to deliver budget reductions included in the MTFS;
- the provision of temporary capacity to fund the on-going impact of Covid-19 on demand for services including waste disposal costs and business support;
- investment required to meet the action plans resulting from the recent Fire and Rescue inspection and other external/independent reviews;
- the resource to fund temporary structural overspends in services whilst capital investment to reduce costs to a sustainable level is delivered; and
- the need to fund a range of costs that will impact on the Authority as a result of past decisions and previously agreed approaches such as the resourcing of the DSG deficit, funding winter pressures in adult social care and the maintenance of the core IT infrastructure of the Authority.

4.15. Corporate Board also recommend maintaining funding for the key investments of the SEND Change and Inclusion Plan and Digital Roadmap and that these time-limited transformation programmes are funded by a £5.000m allocation from the Available for Use Reserve.

4.16. Corporate Board are recommending that the time limited allocations of £12.175m in 2023/24 plus the £5.000m increase in the transformation funds and a further £9.263m over the remainder of the MTFS period are funded, a total of £26.438m.

4.17. As well as those areas where additional allocations are required there are a number of investments brought forward for consideration, totalling £0.964m, where there is a choice for Members as to whether to support them.

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

Future Government Grants

4.19. Spending announcements made as part of AS22 included a number of areas where some, or all, of the resulting activity will be delivered by and through local authorities. At this point we do not know how much of this funding the County Council will receive.

4.20. However, given the tightness of the Authority's overall financial position, Corporate Board is recommending that a clear position about how any additional funding received will be managed is set out in advance.

4.21. The proposed approach is:

- there is no presumption that new grant funding will be automatically allocated to services;
- as far as possible any grants received should fund activity we are already planning to do, that has been funded through the MTFS or through allocations from the Investment Funds; and
- if additional spending has to be incurred to deliver new activity, the priority is to direct resources at activities that drive progress in the Delivery Plans or deliver future MTFS savings.

Summary Spending Need

4.22. Bringing all these elements together indicates that the Authority has a spending need of £572.533m to be financed in 2023/24, increasing to £673.577m by 2027/28. A breakdown of this is shown in Table 3 below. The increased spending need shown here is greater than the increase in resources over the MTFS period shown in Table 1.

Table 3: Summary of 2023-28 Spending Need		
	Allocation	Cumulative Indicative Allocations in Future Years

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Base Budget	502.771	502.771	502.771	502.771	502.771
Inflation	22.103	38.132	50.584	63.796	77.083
Additional Permanent Spending Need	30.484	43.981	62.651	79.152	93.723
Additional Time-Limited Spending Need	12.175	8.330	0.933	-	-
Allocation to Transformation Funds	5.000	-	-	-	-
Total Spending Need	**572.533**	**593.214**	**616.939**	**645.719**	**673.577**

5. Sustainability of Spend Funded from the Dedicated Schools Grant

5.1. At the same time as the Local Government Finance Settlement is announced the Department for Education are expected to also announce details of the Dedicated Schools Grant (DSG) for 2022/23 to provide funding for services to schools and pupils. A full report seeking approval for the allocation of the DSG will be brought to Cabinet for consideration in January 2023 and any decisions made will need to be included as part of the budget resolution to be agreed by Council in February 2023.

5.2. The Chancellor’s Autumn Statement 2022 increased the schools’ budget by £2.3bn for 2023/24. However, until the details of the DSG Settlement are announced we will not know how much of this additional funding is allocated to the various elements of the DSG – schools, early years, high needs and central costs. Therefore, for this report no changes to the figures included in the MTFS report in July 2022. Any updated figures that impact on the MTFS will be included in the January 2023 MTFS Update report to Cabinet.

5.3. In the absence of more up-to-date figures the underlying strategic position has not changed. There continues to be a structural deficit in the High Needs DSG, and it is essential the work of the Special Educational Needs (SEND) and Inclusion Change Programme continues to bring about the required change to delivering statutory duties within allocated resources. The impact of the SEND forecast deficit on the overall financial sustainability of the Council’s finances is integral to the Council’s budget proposals.

5.4. It remains the professional advice of the Strategic Director for Resources, supported by Corporate Board, that to ensure the Authority remains financially sustainable funding should be set aside to make good the deficit and that this position remains unchanged even if the Government extends the current statutory override beyond March 2024. The figures presented in this report meet this requirement, subject to the impact of the DSG funding announcement and the updated forecast deficit reported at Quarter 3.

6. Options for Balancing the Budget

6.1. As we progressed through the Pandemic it became clear that the negative financial impact of Covid-19 would extend into 2022/23 and beyond. The impact would be felt in terms of the demand for services and, more critically, growing inflationary risk. The national and international economic and political instability has meant that inflationary risk is now much more significant. The result has been the need to identify significant levels of additional savings proposals that could balance the budget on top of those already included in the February 2022 MTFS.

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

6.3. Proposals totalling £73.275m have been identified as being deliverable over the next five years. The cumulative impact of these on an annual basis are summarised in Table 4 below, with further detail shown in **Appendix D.**

Table 4: Summary of Proposals for Balancing the Books 2023-28						
	2023/24 £m	Extra in 2024/25 £m	Extra in 2025/26 £m	Extra in 2026/27 £m	Extra in 2027/28 £m	Share of Total Saving
Better procurement	2.510	2.752	1.810	2.090	-	13%
Demand management	5.614	6.312	6.138	4.916	3.959	37%
Income generation	3.109	3.945	1.586	1.144	0.874	14%
Further rightsizing of budgets	2.910	0.241	0.655	1.473	0.396	8%
Service delivery redesign	1.883	3.020	5.076	5.595	1.518	23%
Service reductions	0.345	1.359	2.045	-	-	5%
In-year Savings Options	**16.371**	**17.629**	**17.310**	**15.218**	**6.747**	**100%**
Cumulative Savings Options	**16.371**	**34.000**	**51.310**	**66.528**	**73.275**	

6.4. The detailed work on these proposals will continue in the run-up to February with Corporate Board focussed on the pace of delivery to ensure any capacity is released at the earliest opportunity and that there is no overlap/duplication, which is good practice to ensure the robustness of the overall proposals. Any changes identified as a result of this work will be reported to Cabinet in January 2023 in the 2023/24 Budget and MTFS Update report.

6.5. Almost 40% of the budget reductions are to be delivered through demand management. The maintenance of timely delivery, an on-going focus on the transformation of services, investment in digital/automation opportunities and the impact of community powered Warwickshire initiatives are essential if the required financial benefits of more effective demand management are to be achieved. This will need to be the focus of Members and Corporate Board's attention moving forward. The utilisation of performance information, to monitor trends and identify any areas of concern at the earliest opportunity, will be critical.

6.6. These options include a level of service reductions, and it is recognised that the list includes some difficult decisions. The Council has delivered £114.5m of savings since 2014 and has to find up to another £73.3m by the end of 2027/28 in a context of high inflation and demand pressures, which means there are few straightforward options left. Corporate Board will continue to work to identify further transformation and digital/automation opportunities, to identify opportunities for additional income generation as part of taking forward outcome-driven investments, including those driving economic growth, in the run-up to the February 2023 budget and throughout 2023/24 with the aim of providing, where possible, additional options and flexibility should circumstances change. However, in order to present Members with options that would deliver a sustainable and balanced MTFS it is necessary to recognise the savings may be needed unless alternatives can be identified.

7. Flexibility in the Budget – Reserves

7.1. The Authority has a robust reserves position, with reserves in the latest monitoring report to Cabinet forecast to be £212.697m at the end of 2022/23. As part of the MTFS agreed in February 2022 Council reconfirmed its reserves strategy with the objective of ensuring we are using all our resources effectively, providing increased transparency and accountability around reserves and ensuring the framework is in place to align decision-making around the use of reserves with the Council Plan.

7.2. The primary purpose for holding reserves is to manage financial risk and promote financial sustainability whilst recognising that there is a need to control the amount of scarce resources held in reserves to ensure we are using taxpayers' money to deliver services to residents and communities. Therefore, as required by the strategy over the last few months a targeted review of reserves has been undertaken.

7.3. The outcomes from the review are that it is recommended that £8.835m of specific project/volatility reserves can be closed and the resources released to the Available for Use Reserve and therefore available to Members to support the delivery of the MTFS and to invest in the delivery of the Council Plan. This brings the total amount in the Available for Use Reserve forecast to be available to support the MTFS to £44.085m.

7.4. Releasing reserves at this level is not without financial risk over the short and medium term. In particular, it assumes that only £0.553m of this reserve is needed to fund any overspend in 2022/23. If, as we prepare the Quarter 3 forecasts, the level of forecast overspend increases the level of the Available for Use Reserve may decrease. Also, using all of the reserve to support the 2023/24 budget means there will be no flexibility in future years to use reserves to support the delivery of the MTFS.

7.5. The proposals in this report are that the reserves released should be set aside to support the timing differences between spending need and the delivery of savings over the MTFS period and to fund any time-limited allocations. Using the available resource to support the MTFS allows the organisation time and capacity to make the 'right' savings that support the delivery of the Council Plan.

7.6. There are no proposals to change the Reserves Strategy for 2023/24. An update of the strategy to reflect the reserves position forecast as at the end of Quarter 3 will be included as part of the 2023/24 Budget and MTFS Update report to Cabinet in January 2023.

8. Summary Revenue Position

8.1. This section of the report brings all the elements of the budget and MTFS outlined above together to provide a summary position which provides clarity of the decisions needed to ensure the 2023/24 budget is balanced and 2023-28 MTFS is sustainable and robust.

8.2. Table 5 shows that, with a 3% Council Tax increase in 2023/24 and 2024/25, and 2% thereafter, and the use of at least £32.756m of reserves, the Authority is estimated to have a balanced budget for 2023/24 and for the period of the MTFS providing all the savings proposals are approved and delivered at the level and pace set out in Appendix D. The remaining level of headroom available to Members is £1.930m.

8.3. If Members wish to increase investment in any service on a permanent basis or reject any of the budget reductions they do not want to see implemented then there are a number of flexibilities available:

- to remove some of the "Choice" spending proposals shown in Appendix B;
- to increase the budget reductions shown in Appendix D and/or identify new opportunities for budget reductions; or
- take advantage of the additional flexibility offered in the Autumn Statement to increase the Council Tax up to a maximum of 5% per annum; or
- to use any non-ringfenced additional funding announced, above the estimates used in this report, from the Local Government Finance Settlement and the taxbase information from the Districts/Boroughs.

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

Table 5: Summary Revenue Budget Position 2023-28

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Spending to be Financed *(Table 3)*	572.533	593.214	616.939	645.719	673.577
Less:					
• Reserves used of fund one-off spending	(12.175)	(8.330)	(0.933)	-	-
• Reserves redirected to increase Transformation Funds	(5.000)	-	-	-	-
• Options for Balancing the Books *(Table 4)*	(16.371)	(34.000)	(51.310)	(66.528)	(73.275)
Total Spend to be Resourced	**538.987**	**550.884**	**564.696**	**579.191**	**600.302**
On-going resources available *(Table 1)*	(533.583)	(549.970)	(566.728)	(584.140)	(602.232)
(Surplus)/Shortfall	**5.404**	**0.914**	**(2.032)**	**(4.949)**	**(1.930)**

8.5. The headroom of £1.930m provides a degree of flexibility in the allocations/budget reductions Members ultimately decide to take forward. However, any use of this flexibility in the first two years will increase the level of reserves needed to balance the MTFS.

8.6. To arrive at the headroom of £1.930m impact of the budget options set out in this report requires the use of £32.756m reserves. This is within the £44.085m of reserves identified as being available to support the MTFS. The reserves figures, and the consequent impact on the resources available for will be updated in the January 2023 report when the Quarter 3 budget monitoring forecast is available.

8.7. The high degree of uncertainty about both the level of resources that would be available to the Authority and the level of additional spending needed to manage the cost of services at a time of high inflation has been highlighted throughout the report. It is likely that the extent of any variations between the position set out in this report and the final information (in the January 2023 report) will be greater than would normally be expected this year. Members are asked to note this heightened uncertainty and the level of flexibility to respond to emerging issues that this requires when considering the development of their budget resolutions. One of the most material of these uncertainties is the level of Government grant the Authority will receive for adult social care relative to the additional spending need to maintain the market. The assumption in the report is the additional spending need can be met from the additional Government grant but, if this proves not to be the case, then the pressure to take some of the additional flexibility around the adult social care levy may increase.

9. Capital Strategy

9.1. Each year Council is required to approve a capital strategy as part of its budget proposals. Much of the content is specified, however the strategy is an important document in setting out the Council's ambition to ensure capital and revenue spending on the asset portfolio is directed efficiently and effectively.

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

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

9.3. Work is still on-going to finalise these draft documents to reflect the latest CIPFA policy requirements and Warwickshire Recovery and Investment Fund (WRIF) and Warwickshire Property and Development Group (WPDG). The updated business plans for WRIF and WPDG are due to be reported to Cabinet in January 2023 for approval. An update of the capital strategy will be brought to Cabinet in January 2023 along with the accompanying Technical Annex and draft capital programme once these have been updated for Quarter 3 monitoring the refreshed WRIF and WPDG business plans.

10. The Need for a Balanced Budget

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

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

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

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

10.5. It is important that the Authority complies with its obligations under the Equalities Act 2010 - the Public Sector Equality Duty (PSED) - to promote equality and to reduce discrimination in relation to any of the nine ‘protected characteristics’ (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). The Council must have ‘due regard’ to the PSED when taking any decisions on service changes whilst recognising that local authorities have a legal duty to set a balanced budget. Similarly, if proposals are likely to have adverse impacts on customers, public consultation should be undertaken before any final decisions are made and consideration given to the outcomes of those consultations. This may mean that some proposals are not implemented, and alternative solutions may need to be sought. Legal challenges to local authority budget setting processes have tended to turn on whether the authority has complied with these duties. Equality Impact Assessments for the savings options will be made available to Members ahead of full Council in February alongside the January 2023/24 Budget and MTFS Update report.

10.6. Using the information contained in this report, Cabinet is asked to develop their 2023/24 Budget resolutions for recommendation to Council on 7 February 2023.

11. Timescales and Next Steps

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

- a 5-year Revenue Plan to balance annual funding and expenditure;
- a Capital Strategy and Capital Investment Programme to optimise the way in which we generate, manage and allocate the capital funds at our disposal;
- a Reserves Strategy and an associated programme of reserves reviews to make sure the money we hold is effectively managed to meet the financial risks and uncertainties; and
- Treasury Management and Investment Strategies that govern how, and to what extent, we can use our cash reserves and balance sheet strength to invest in the Council’s priorities and plans.

11.2. Draft strategies will form part of January's Cabinet agenda, alongside the 2023/24 Budget Update report, and will come to Council for approval alongside the budget. The January Cabinet report will also reflect:

- the latest position on the spending need to maintain the adult social care market and how this relates to the level of grant funding allocated to Warwickshire in the 2023/24 Local Government Finance Settlement; and
- the transfer of the home to school transport service from Education Services to Environment Services.

11.3. The timetable for agreeing the 2023/24 budget and 2023-28 MTFS is set out in Table 6.

Table 6: Timetable for Agreeing the 2023/24 Budget and 2023-28 MTFS	
15 December 2022	Report to Cabinet from Corporate Board on the budget options
21 December 2022	Provisional 2023/24 Local Government Finance Settlement
27 January 2023	Report to Cabinet outlining the final information to be used in setting the budget
By 30 January 2023	Cabinet release Conservative Group 2023/24 budget resolution(s)
31 January 2023	Statutory deadline for receipt of Council Tax and business rates information from the districts/boroughs
Week beginning 30 January 2023	Opposition Groups release any amendments/alternatives to the Conservative proposals
3 February 2023	Comparison of budget resolutions released
7 February 2023	Council agrees the 2023/24 budget and Council Tax

12. Financial Implications

12.1. There are no direct financial implications for the Authority arising from this report. The report is part of a series of reports that will culminate in Council agreeing the 2023/24 budget and Council Tax at their meeting on 7 February 2023.

13. Environmental Implications

13.1. 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.

14. Background Papers

14.1. None

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

Appendix A

Resource Scenarios and Underlying Assumptions

Assumption	Best Case			Most Likely			Worst Case		
	Description	Variation from "Most-Likely" Scenario		Description	Resources		Description	Variation from "Most-Likely" Scenario	
		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m
Council tax taxbase	Average of 2% each year (in line with MTFS from February 2022)	1.931	4.556	1.45% growth in 2023/24, 1.75% in 2024/25, thereafter 2%	358.573	423.161	1% growth in 2023/24 and 2024/25, thereafter 1.5%	(3.534)	(14.441)
Council tax - flexibility	Increase council tax to maximum allowed of 4.99% every year	6.952	56.041	Keep MTFS assumption from February 2022 of 2.99% in 2023/24 and 2024/25 and revert to 1.99% each year thereafter	n/a	n/a	Increase 1% below the MTFS assumptions each year	(3.479)	(20.221)
Deficit on council tax collection	Deficit can be managed from within the Local Taxation Volatility Reserve, no resources to release to support the MTFS	0.000	0.000	Deficit can be managed from within the Local Taxation Volatility Reserve, no resources to release to support the MTFS	0.000	0.000	Deficit can be managed from within the Local Taxation Volatility Reserve, no resources to release to support the MTFS	0.000	0.000
Business rates income	1% annual growth in the taxbase, Local Tax Volatility Reserve used to fund any deficits, 6% inflationary uplift in 2023/24, 2% annual uplift thereafter	0.784	3.998	Flat taxbase, Local Tax Volatility Reserve used to fund any deficits, 6% inflationary uplift in 2023/24, 2% annual uplift thereafter	78.373	84.833	5% reduction in the taxbase for 2 years, Local Tax Volatility Reserve used to fund any deficits, 6% inflationary uplift in 2023/24, 2% annual uplift thereafter	(3.919)	(7.641)

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Resource Scenarios and Underlying Assumptions

Assumption	Best Case			Most Likely			Worst Case		
	Description	Variation from "Most-Likely" Scenario		Description	Resources		Description	Variation from "Most-Likely" Scenario	
		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m
Better Care Fund, iBCF funding and other social care grants	All social care grants continue for MTFS period, 2% annual increase	0.867	4.514	All social care grants continue for MTFS period, cash limited to 2022/23 level plus growth in BCF funding in the Autumn Statement	43.366	43.366	1% annual reduction	(0.434)	(2.125)
Public Health grant	2% annual increase in line with the medium term expectations around inflation	0.482	2.507	Cash flat to the level of the 2022/23 grant for 5 years	24.083	24.083	1% annual reduction	(0.241)	(1.180)
Share of £1.5bn grant announced in SR21	Reduced National Insurance adjustment and no equalisation adjustment	0.381	1.581	Cash flat to the level of the 2022/23 grant for 5 years less £1.455m for the reversal of the National Insurance compensation grant and 12.5% equalisation adjustment from 2024/25	8.108	6.908	Increased National Insurance adjustment and double equalisation adjustment	(0.405)	(1.605)

Appendix A

Resource Scenarios and Underlying Assumptions

Assumption	Best Case			Most Likely			Worst Case		
	Description	Variation from "Most-Likely" Scenario		Description	Resources		Description	Variation from "Most-Likely" Scenario	
		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m
New Social Care Grant	Grant allocation formula with no equalisation and uplift from 2024/25 included	0.744	3.375	Cash flat grant for 5 years allocated in line with the existing social care grant. 2024/25 uplift held back until 2024/25 Local Government Finance Settlement	2.976	2.976	Grant allocation formula with more extensive equalisation and no uplift in future years	(0.828)	(0.828)
Repurposed Reform Grant	Grant allocation formula with no equalisation and uplift from 2024/25 included	2.418	7.998	Cash flat grant for 5 years allocated in line with the existing social care grant. 2024/25 uplift held back until 2024/25 Local Government Finance Settlement	9.672	9.672	Grant allocation formula with more extensive equalisation. 2024/25 uplift held back until 2024/25 Local Government Finance Settlement	(2.691)	(2.691)
New Homes Bonus	2023/24 grant reflects gain for one year only. Funding continues at this level across MTFS period as Fair Funding Review not implemented	0.000	1.199	2023/24 grant reflects gain for one year only. Funding stops after 2023/24 as per Government plans previously announced.	1.199	0.000	2023/24 grant reflects gain for one year only. Funding stops after 2023/24 as per Government plans previously announced.	0.000	0.000

Appendix A

Resource Scenarios and Underlying Assumptions

Assumption	Best Case			Most Likely			Worst Case		
	Description	Variation from "Most-Likely" Scenario		Description	Resources		Description	Variation from "Most-Likely" Scenario	
		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m		2023/24 £m	2027/28 £m
Other Government Grants	Cash flat to the level of the 2022/23 grant for 5 years except for a £0.127m reduction in the contribution from the Dedicated Schools Grant to the Council's overheads offsetting the additional investment in the Admissions Service.	0.000	0.000	Cash flat to the level of the 2022/23 grant for 5 years except for a £0.127m reduction in the contribution from the Dedicated Schools Grant to the Council's overheads offsetting the additional investment in the Admissions Service.	7.233	7.233	1% annual reduction	(0.071)	(0.346)
Total		14.559	85.769		533.583	602.232		(15.602)	(51.078)

Council Tax Ready Reckoner

The table below shows the impact of each 0.5% variation in council tax in 2023/24 and the comparison to the 2.99% assumed in the MTFS approved in February 2022.

The impact will be broadly the same in whichever year a variation from the MTFS assumptions is taken across the five years. However there will be a multiplier effect if variations are taken across multiple years.

In the last column the figures in brackets mean less resources to spend and/or additional savings to be identified.

Council Tax Increase	Council Tax £/Band D	Change in Council Tax from 2022/23 £/Band D	Council Tax Income £m	Difference to MTFS £m
0.00%	1,590.93	0.00	348.135	(10.438)
0.50%	1,598.85	7.92	349.868	(8.705)
1.00%	1,606.77	15.84	351.601	(6.972)
1.50%	1,614.78	23.85	353.354	(5.219)
2.00%	1,622.70	31.77	355.087	(3.486)
2.50%	1,630.62	39.69	356.820	(1.753)
2.99%	**1,638.63**	**47.70**	**358.573**	
3.50%	1,646.55	55.62	360.306	1.733
4.00%	1,654.56	63.63	362.059	3.486
4.50%	1,662.48	71.55	363.792	5.219
4.99%	1,670.40	79.47	365.525	6.952

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Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Forecast of Future Allocations 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Environment Services						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	357	365	372	379	387
Street lighting energy inflation - An allocation to fund the extra cost of energy inflation.	Unavoidable	1,853	-	-	-	-
Highways maintenance contract inflation - An allocation to meet the impact of inflation on the highways maintenance contract from April 2023.	Unavoidable	1,200	-	-	-	-
Forestry - An allocation to fund the full year effect of the allocation approved in February 2022 to provide for an increase in capacity in the Forestry Team to meet the increase in demand and provide resilience to support emerging climate change initiatives (tree planting schemes).	Choice	90	-	-	-	-
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.	Unavoidable	75	-	-	-	-
Domestic homicide reviews - An allocation to meet the statutory requirement to undertake increased numbers of domestic homicide reviews.	Unavoidable	25	-	-	-	-
SEND transport administration - An allocation to cover the additional management and supervision resources required to deliver the SEND and Home to School Transport teams.	Unavoidable	214	-	-	-	-
Environment Services Sub-total		**3,814**	**365**	**372**	**379**	**387**

Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type		Forecast of Future Allocations			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Fire and Rescue						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	71	72	74	75	77
Fire Specific ICT Maintenance - An allocation to deliver the required upgrades to the ICT specific systems.	Unavoidable	70	-	-	-	-
Fire and Rescue sub-total		**141**	**72**	**74**	**75**	**77**
Strategic Commissioner for Communities						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	414	422	431	440	448
Waste management inflation - An allocation to fund the extra cost of inflation on the waste disposal costs faced by the Authority.	Unavoidable	200	-	-	-	-
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.	Unavoidable	300	300	300	-	-
Strategic Commissioner for Communities sub-total		**914**	**722**	**731**	**440**	**448**
Communities Directorate		**4,869**	**1,159**	**1,177**	**894**	**912**

Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type		Forecast of Future Allocations			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Children and Families						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	1,066	1,086	1,108	1,130	1,153
Child allowances - An allocation to meet the costs of increased demand for Special Guardianship Orders, Residential Orders and Child Arrangements Orders to support children to leave or avoid care through allowances for extended family members caring for children.	Unavoidable	264	128	187	193	147
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.	Unavoidable	700	108	114	120	84
Staffing - An allocation to fund a step change in the Service's staffing capacity required to deliver the Sustainability Plan that will see investment in staffing to improve outcomes for young people with the added financial benefit of reducing the costs of care and in particular placement costs.	Unavoidable	3,346	-	-	-	-
Children's placements (exc. children with disabilities) - An allocation to meet the impact of fostering/placements framework contracts and changes to the placement mix on costs.	Unavoidable	-	585	624	666	710
Children and Families sub-total		**5,376**	**1,907**	**2,033**	**2,109**	**2,094**

Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Forecast of Future Allocations 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Education Service						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	502	512	522	532	543
SEND home to school transport inflation - An allocation to meet the additional permanent cost due to inflation over and above corporate inflation provision.	Unavoidable	1,829	-	-	-	-
Mainstream education transport inflation - An allocation to meet the additional permanent cost due to inflation over and above corporate inflation provision.	Unavoidable	1,438	-	-	-	-
SEND home to school transport demand - An allocation to meet the demand for home to school transport for pupils and students.	Unavoidable	2,165	658	660	706	756
Mainstream education transport demand - An allocation to meet the demand for home to school transport for pupils and students.	Unavoidable	2,441	185	101	62	-
SEND service review - An allocation to meet the cost of changes to SEND Assessment and Review Service following SEND Ofsted inspection and implementation of the SEND functional operating model.	Unavoidable	669	-	-	-	-
Attendance service - An allocation to offset the loss of traded income and increase in Education Attendance Case workers to meet increased demand.	Unavoidable	335	54	-	-	-
Education sub-total		**9,379**	**1,409**	**1,283**	**1,300**	**1,299**

Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type		Forecast of Future Allocations			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Social Care and Support						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	3,145	3,208	3,272	3,337	3,404
Provider inflation - An allocation to meet the additional cost of provider inflation above the corporate general provision.	Unavoidable	1,712	1,707	1,700	1,693	1,799
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.	Unavoidable	4,000	4,000	3,800	3,800	4,000
Children with disabilities care demand - An allocation to continue to support current placements, to meet the expected demand for future placements and to reflect increases in unit costs.	Unavoidable	1,752	323	354	378	450
Children with disabilities direct payments - An allocation to meet the growing demand to support the children and young people with disabilities who already receive a direct payment.	Unavoidable	76	33	35	38	-
Social Care and Support sub-total		**10,685**	**9,271**	**9,161**	**9,246**	**9,653**
Strategic Commissioner for People						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	549	560	571	582	594
Public health contract management - An allocation to meet the on-going cost of the new system for the management of public health contracts.	Unavoidable	60	-	-	-	-
Mental health interventions for school children framework - An allocation to replace DSG funding that is no longer available to fund the framework.	Unavoidable	150	-	-	-	-
Strategic Commissioner for People sub-total		**759**	**560**	**571**	**582**	**594**
People Directorate		**26,199**	**13,147**	**13,048**	**13,237**	**13,640**

Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type		Forecast of Future Allocations			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Business and Customer Support						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	49	50	51	52	52
Business and Customer Support sub-total		**49**	**50**	**51**	**52**	**52**
Commissioning Support Unit						
Climate change programme – An allocation to fund the full year effect of the allocation approved in February 2022 to provide for an increase in capacity in the organisation to drive forward the development and implementation of the Council's ambition to reach net zero carbon emissions by 2030.	Choice	100	-	-	-	-
Consultation and engagement - An allocation to fund the full year effect of the allocation approved in February 2022 to enhance the current consultation and engagement offer, including the Voice of Warwickshire.	Choice	60	-	-	-	-
Commissioning Support Unit sub-total		**160**	**0**	**0**	**0**	**0**
Enabling Services						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	250	255	260	265	270
Data and analytics platform - An allocation to meet the operating cost of implementing the data & analytics platform.	Unavoidable	100	28	32	4	63
Enabling Services support costs - An allocation to enable the provision of the additional ICT support needed as a result of the headcount increase in Children and Families.	Unavoidable	15	-	-	-	-
Your HR licence cost - An allocation to met the increased cost of licences when the current licence expires in March 2023.	Unavoidable	100	-	-	-	-
Enabling Services sub-total		**465**	**283**	**292**	**269**	**333**

Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type		Forecast of Future Allocations			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Finance						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	34	34	35	36	36
Education Finance - An allocation to offset the reduced net surplus for Schools Finance traded team due to academisation and limitations on price rises with schools compared to inflation pressures.	Unavoidable	56	-	-	-	-
Financial systems licence costs - An allocation to meet the increased licence costs from the move to a supported cloud solution for the Council's financial systems.	Unavoidable	98	-	-	-	-
Finance sub-total		**188**	**34**	**35**	**36**	**36**
Governance and Policy						
Graduate scheme - An allocation to extend the graduate scheme to provide capacity and capability across all priority outcomes.	Choice	53	-	-	-	-
Governance and Policy sub-total		**53**	**0**	**0**	**0**	**0**
Resources Directorate		**915**	**367**	**378**	**357**	**421**

Permanent Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Forecast of Future Allocations 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Corporate Services						
Price inflation - An allocation to meet the cost of net price inflation across the Service.	Unavoidable	90	92	94	96	98
Coroner - An allocation to meet the increase in post mortem and area coroner costs (shared with Coventry) and to resource the phased transfer of staff into the Council from Warwickshire Police to align service provision with national norm.	Unavoidable	50	95	75	50	-
Audit Fees - An allocation to meet the 150% increase in fees based on the outcome of the national procurement of audit services.	Unavoidable	216	-	-	-	-
Better Care Fund - An allocation to match the increased ring-fenced Better Care Fund grant pending agreement with Health as to how the funding will be used.	Unavoidable	2,232	-	-	-	-
Repurposed Reform Grant - An allocation to match the Repurposed Reform Grant held corporately pending agreement with Health as to how the funding will be used.	Unavoidable	9,672	-	-	-	-
DSG deficit offset funding - An allocation to ensure that the Authority's overall financial position is sustainable over the medium term by setting aside sufficient resources to fund the structural deficit in the DSG High Needs budget.	Unavoidable	-	-	3,394	-	-
Capital financing costs - An allocation to meet the additional capital financing costs of the Authority based on planned borrowing requirement of the capital programme.	Unavoidable	-	-	1,724	3,754	1,361
Provision for pay inflation - A provision for the cost of pay uplift for all Services pending final decisions on any pay award for 2021/22 and beyond.	Unavoidable	7,344	7,666	4,232	4,325	4,426
Provision for future indicative spending pressures - A provision for future unknown and unquantified spending need to mitigate future potential costs.	Unavoidable	1,000	7,000	7,000	7,000	7,000
Corporate Services sub-total		**20,604**	**14,853**	**16,519**	**15,225**	**12,885**
Corporate Services		**20,604**	**14,853**	**16,519**	**15,225**	**12,885**
Total Annual Additional Permanent Allocations		**52,587**	**29,526**	**31,122**	**29,713**	**27,858**
Total Cumulative Additional Permanent Allocations		**52,587**	**82,113**	**113,235**	**142,948**	**170,806**

Time Limited Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Indicative Allocation in Future Years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Fire and Rescue						
Implementation of the HMICFRS Action Plan - The second year of 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.	Unavoidable	775	-	-	-	-
WFRS Training - Purchase of most costly external provision due to delays in the capital investment to develop in-house training facilities.	Unavoidable	100	-	-	-	-
Fire and Rescue sub-total		**875**	**0**	**0**	**0**	**0**
Environment Services						
Gypsy and Traveller sites - Maintenance cost while capital project to improve the sites is completed.	Unavoidable	100	70	30	-	-
Environment Services sub-total		**100**	**70**	**30**	**0**	**0**
Strategic Commissioner for Communities						
Waste management - Years two and three of a time-limited allocation to reflect the increased domestic waste generated due to the shift to hybrid/homeworking following the pandemic.	Unavoidable	700	450	-	-	-
HS2 - Remaining three years of a four year allocation to continue work to mitigate the impacts of HS2 on Warwickshire residents and communities, maximising contributions from HS2.	Choice	103	103	103	-	-
Strategic Commissioner for Communities sub-total		**803**	**553**	**103**	**0**	**0**
Communities Directorate		**1,778**	**623**	**133**	**0**	**0**

Time Limited Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Indicative Allocation in Future Years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Social Care and Support						
Winter pressures - A provision, at the level the grant funding, to support adult social care activities over the winter period.	Unavoidable	2,300	0	0	0	0
Social Care and Support sub-total		**2,300**	**0**	**0**	**0**	**0**
Education						
Outdoor Education Capacity Building - Extension of the current two-year allocation due to finish in 2023/24 by one year to support the development, implementation and embedding of the Outdoor Education and Learning Strategy.	Choice	50	50	-	-	-
Synergy Maintenance delivery team - Second year of a two year allocation to support the ongoing delivery of education management information system for a further two financial years.	Unavoidable	151	-	-	-	-
SENDAR - An allocation to fund the cost of approved mediators and tribunals where the Council's decisions regarding children and young people with SEND are challenged. There is a project already underway to address this issue but the impact will not be felt until 2024.	Unavoidable	231	-	-	-	-
Education sub-total		**432**	**50**	**0**	**0**	**0**
People Directorate		**2,732**	**50**	**0**	**0**	**0**

Time Limited Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Indicative Allocation in Future Years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Business and Customer Support						
Complaints management - Second year of 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.	Unavoidable	74	-	-	-	-
Customer Service Centre - Second year of a two year allocation to increase capacity to meet increased demand as a result of the pandemic.	Unavoidable	77	-	-	-	-
Business support capacity - Second year of 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 support. The spending need is time limited reflecting that some of the demand is covid-related and may not be required over the longer term.	Unavoidable	625	-	-	-	-
Food Strategy - The food strategy is currently in development and is due to be considered by Corporate Board and then Cabinet in the new year. This is therefore in as a holding allocation at this stage pending the development work being completed.	Choice	120	-	-	-	-
Customer and Partnership FOM - Funding to allow for a further 18 month delay in the delivery of the Customer and Partnership FOM where demand and activity has yet to settle down post Covid.	Choice	290	145	-	-	-
Resource to support corporate and adult social care projects - Projects that require capacity outside of business-as-usual activity include the new contact centre telephony system, the replacement customer records management system, automation to enable future savings, adults and children's transformation programmes as well as council's response to the cost-of-living crisis.	Unavoidable	169	169	-	-	-
Business and Customer Support sub-total		**1,355**	**314**	**0**	**0**	**0**

Time Limited Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Indicative Allocation in Future Years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Commissioning Support Unit						
Paper storage - Second year of 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.	Invest-to-save	50	-	-	-	-
Vehicle management strategic approach - Years 2 and 3 of 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.	Invest-to-save	56	56	-	-	-
Commissioning Support Unit sub-total		**106**	**56**	**0**	**0**	**0**
Enabling Services						
Recruitment - Years 2 and 3 of a three year allocation to provide increase in capacity to manage the complexity and growth in demand for recruitment support.	Unavoidable	141	141	-	-	-
Utilities - Additional pressure due to wholesale utility cost. Allocations are time-limited based on the assumption that gas, electricity and water prices will fall back to the underlying trend over the medium term.	Unavoidable	802	1,054	800	-	-
Enabling Services sub-total		**943**	**1,195**	**800**	**0**	**0**
Finance						
Invest to save for redesign - Years 2 and 3 of 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.	Invest-to-save	100	100	-	-	-
Finance sub-total		**100**	**100**	**0**	**0**	**0**
Resources Directorate		**2,504**	**1,665**	**800**	**0**	**0**

Time Limited Revenue Allocations 2023/24 to 2027/28

Description	Type	2023/24 £'000	Indicative Allocation in Future Years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Corporate Services						
DSG deficit offset funding - Years 2 and 3 of 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.	Unavoidable	4,855	5,992	-	-	-
Admissions Service - One year allocation to offset the loss of the contribution from the DSG to the Council's overheads as a result of the need to provide additional temporary capacity to support the transformation of the Admissions Service.	Unavoidable	266	-	-	-	-
Coroner - Final year of a time-limited allocation to fund additional post mortem costs due to all post mortems remaining high risk (and higher cost) due to pandemic.	Unavoidable	40	-	-	-	-
Corporate Services sub-total		**5,161**	**5,992**	**0**	**0**	**0**
Corporate Services		**5,161**	**5,992**	**0**	**0**	**0**
Total Annual Time Limited Allocations		**12,175**	**8,330**	**933**	**0**	**0**
Total Cumulative Time Limited Allocations						**21,438**

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Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Environment Services						
Vacancy factor - Application of a 2% vacancy factor/turnover allowance where not already applied.	Right-sizing	(326)	-	-	-	-
Traded income - An expansion of traded income including improving efficiencies and increasing income from external contracts, new external contracts and MOT sales to public, enforcement income from network management, ecology surveys and the forestry service.	Income generation	(285)	(80)	(80)	(40)	-
Network Management - Additional enforcement income by carrying out more inspections and a 'coring' programme. Cost of additional staff and equipment paid for from income with an additional return of £100k to £400k per year.	Income generation	(400)	-	-	-	-
County highways reduced cyclical maintenance - Reductions in gulley cleaning, jetting and grass cutting	Service reduction	(150)	-	-	-	-
Trading standards - Delivery of efficiencies in trading standards community safety provision.	Service reduction	(45)	-	-	-	-
Winter gritting reductions - Reductions in winter maintenance budgets based on removal of some gritting routes on minor roads. Reducing network coverage from 48% down to 35%.	Service reduction	(150)	-	-	-	-
Winter gritting service - Review of the operation of the winter gritting service to reduce expenditure through more efficient delivery of services. This saving does not change the network coverage of the service.	Service redesign	-	(250)	-	-	-
Reduced or stopping bus subsidies - Moving to a mostly commercial network supported by a new policy and governance process.	Service reduction	-	(1,000)	-	-	-
Environment Services sub-total		**(1,356)**	**(1,330)**	**(80)**	**(40)**	**0**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24	Options for further reductions in future years			
			2024/25	2025/26	2026/27	2027/28
		£'000	£'000	£'000	£'000	£'000
Fire and Rescue						
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	Better Procurement	(50)	(71)	-	-	-
Service review - Implementation of the proposals from an external review of the Fire and Rescue Service with the objective of starting to bring the spend of the service down to nearer the mean cost of similar services.	Service redesign	-	-	(300)	(300)	(300)
Fleet transport savings - Revenue savings from purchase of Fire transport vehicles, ending lease agreements.	Service redesign	-	-	(60)	-	-
Fire Training - Income generation from taking advantage of commercial training opportunities linked to completion of new training facilities.	Income Generation	-	-	(50)	(50)	(50)
Fire and Rescue sub-total		**(50)**	**(71)**	**(410)**	**(350)**	**(350)**
Strategic Commissioning for Communities						
Vacancy factor - Application of a 2% vacancy factor/turnover allowance where not already applied.	Right-sizing	(165)				
Country parks income review - Apply commercial approach to Country Parks income streams.	Income generation	(45)	(25)	(25)	(50)	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	Better procurement	(90)	(59)	-	-	-
Income from S106 - Ensure S106 contributions are efficiently and effectively generated and collected.	Right-sizing	(25)	-	-	-	-
Further service redesign - A restructuring of teams across Communities (Strategy & Commissioning) enabling resources to be better focussed on key priority areas and to exploit opportunities to lever in external funding.	Service redesign	(285)	-	-	-	-
Road safety advice - Maximising income opportunities from the provision of road safety advice.	Income generation	(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.	Service redesign	(334)	-	-	-	-
Parking Income - Increased income from Pay and Display charges and resident parking permits as well as additional third party procurement savings.	Income generation	(342)	(80)	-	-	-

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24	Options for further reductions in future years			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Reduction in Transport Development Fund - Reduction in activity based on the capacity in the capital programme and the earlier capitalisation of design costs on priority schemes.	Right-sizing	(200)	-	-	-	-
Inward Investment - Reduction in the cost of promoting inward investment in Warwickshire.	Service redesign	(50)	-	-	-	-
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 and additional income from Holly Walk.	Income generation	-	(50)	(75)	-	-
HS2 - Removal of non-funded activity.	Right-sizing	-	(48)	-	-	-
Waste strategy - Estimated reduction in cost as a result of the implementation of the Government's resource and waste strategy.	Service redesign	-	-	(1,000)	(2,000)	-
Strategic Commissioning for Communities sub-total		**(1,636)**	**(262)**	**(1,100)**	**(2,050)**	**0**
Communities Directorate		**(3,042)**	**(1,663)**	**(1,590)**	**(2,440)**	**(350)**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Children and Families						
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	Better procurement	(118)	(52)	-	-	-
New ways of working - Expected reductions in staff travel, room hire, client travel and expenses from new ways of working post-Covid.	Service redesign	(92)	-	-	-	-
Right-size Children's and Families budgets - Remove contingency budget for Early Help and replace boarding school budget with existing budget in Children's Services.	Right-sizing	(264)	-	-	-	-
Reduce spend on Residential Care - Reduce the cost of care/services including the increased use of WCC homes, boarding schools and residential schools.	Better procurement	(1,400)	(1,900)	(1,500)	(1,790)	-
Internal foster care - Reduce the cost of care/services by not applying inflation to internal foster care allowances and some commissioned services.	Better procurement	(100)	-	(100)	(100)	-
Legal Services - Reduce the cost of legal services through risk-based decision-making as to when legal advice is sought.	Service redesign	(100)	-	-	-	-
Training - Reduction in the cost and amount of training we commission externally.	Better procurement	(100)	-	-	-	-
Youth and Community Centres - Increase income from third party use of centres.	Income generation	(50)	-	-	(20)	-
Section 17 payments - Reduce section 17 payments and seek alternative funding routes.	Service redesign	(30)	-	-	-	-
Grant income - Increase in the level of grant income and its more effective use to support the core activity of the service and contribute to the service overheads.	Income generation	(560)	(100)	(100)	-	-
Custody - Reduce the custody budget to better align with activity levels.	Right-sizing	(100)	-	-	-	-
External foster care - Reduce the cost of care/services by reducing spend on external foster care through increasing number of WCC foster carers.	Better procurement	-	(200)	-	(200)	-
House project - Reduce the cost of 16 plus supported accommodation through the expansion of the House project.	Service redesign	-	(100)	-	(100)	-
Third-party contributions - Maximise contributions from other agencies for care packages for children in care.	Income generation	-	(250)	(300)	(200)	-

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Reduction in staff costs - Reduction in staffing costs flowing from the successful implementation of the Sustainability Plan	Service redesign	-	-	(502)	(580)	(674)
Redesign of the Children & Family Centres - Redesigning and reducing the number of centres so that including youth and community centres and the RISE commissioned children's centres there will be 12 centres across the county.	Service redesign	-	-	-	(900)	-
Children and Families sub-total		**(2,914)**	**(2,602)**	**(2,502)**	**(3,890)**	**(674)**
Education						
Vacancy factor - Application of a 2% vacancy factor/turnover allowance where not already applied.	Right-sizing	(98)	-	-	-	-
NEETs contract - An efficiency through the more effective contracting of the service to support those not in employment, education of training.	Better procurement	(35)	(10)	(10)	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	Better procurement	(74)	(34)	-	-	-
Traded income - Increase traded income from Governor and Attendance service as well as review and modernise music services.	Income generation	(15)	(5)	-	-	-
Early Years - Reduce core budget spend by re-allocating early years activity to Early Years DSG where permitted within the 5% permitted centrally retained element.	Right-sizing	(50)	(30)	-	-	-
SEND Home to school transport - A 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.	Service redesign	-	(1,024)	(546)	-	-
School Crossing Patrol Service - Withdrawal of Council funding supporting the service.	Service reduction	-	(199)	-	-	-
Home to school transport - Applying the learning from the SEND transport project to make efficiencies in home to school mainstream operations.	Service redesign	-	-	(500)	-	(116)
Education sub-total		**(272)**	**(1,302)**	**(1,056)**	**0**	**(116)**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Social Care and Support						
Vacancy factor - Application of a 2% vacancy factor/turnover allowance where not already applied.	Right-sizing	(471)	-	-	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	Better Procurement	(255)	(204)	-	-	-
Housing with support for older people - Further develop the housing with support offer to reduce reliance on residential provision for all ages; including consideration of capital investment to secure revenue savings.	Demand Management	(500)	(500)	-	-	-
Management of cost of adults service provision - Management of the budgeted cost increases of externally commissioned care.	Demand Management	(1,499)	(2,000)	(2,064)	-	-
Prevention and self-care - Develop and implement a prevention and self care strategy and invest in programmes, projects and services that reduce people's reliance on paid care and support.	Demand Management	(334)	(167)	-	-	-
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.	Demand Management	(1,000)	(1,539)	(935)	-	-
Integrated commissioning with Health - Efficiencies through joint working and 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.	Service redesign	(200)	(200)	(267)	-	-
Reprofiling adult social care demand - Rephasing the demand and cost pressures for adults social care based on expected growth as informed by national and local data.	Demand Management	(2,181)	(1,356)	(2,389)	(4,416)	(3,507)
Increase in client income - Increase in income as a result of taking into account expected growth of adult social care services.	Income Generation	(300)	(250)	(400)	(500)	(800)
Reduce cost of support for children with disabilities - Implementing the service change and transformation activities services supporting children with disabilities.	Demand Management	-	(750)	(750)	(500)	-
Reprofiling children with disabilities care demand - Rephasing the demand and cost pressures for support for children with disabilities based on expected growth as informed by national and local data.	Demand Management	-	-	-	-	(452)
Social Care and Support sub-total		**(6,740)**	**(6,966)**	**(6,805)**	**(5,416)**	**(4,759)**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'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.	Right-sizing	(163)	(73)	(50)	(335)	-
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.	Right-sizing	(50)	-	-	-	-
Management of Strategic Commissioning for People costs - Rationalise budgets across a range of areas including staffing, travel and conference budgets, central recharges and contributions.	Right-sizing	(338)	(75)	-	-	-
Community meals service - Review subsidy of non-statutory community meals for residents.	Service reduction	-	(160)	-	-	-
Housing related support - Further decommissioning of the housing related support service offer.	Service reduction	-	-	(2,000)	-	-
Co-production - saving once co-production framework embedded.	Right-sizing	-	-	-	(40)	-
Strategic Commissioning for People sub-total		**(551)**	**(308)**	**(2,050)**	**(375)**	**0**
People Directorate		**(10,477)**	**(11,178)**	**(12,413)**	**(9,681)**	**(5,549)**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Business and Customer Support						
Vacancy factor - Application of a 2% vacancy factor/turnover allowance where not already applied and the rationalisation of PA support.	Right-sizing	(196)	-	(58)	-	-
Community development - Efficiencies in the delivery of the internal community development function.	Service redesign	(20)	-	-	-	-
Customer support service redesign - Review and rationalisation of the organisation's approach to customer support.	Service redesign	(94)	-	-	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	Better procurement	(23)	(23)	(23)	-	-
Reduced use of printing and stationery - Future reductions in spend on printing and stationery predicated on digitisation work.	Demand management	(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.	Service redesign	(50)	-	-	-	-
Registration Service - Increase registration revenue through the optimisation of service delivery locations.	Income generation	(13)	(28)	(20)	-	-
Customer journey - As the customer experience programme beds down, the requirements to improve customer journey in isolation diminishes, enabling a redesign of the service offer.	Service redesign	(50)	(50)	(49)	(51)	-
Business and customer process efficiencies - Efficiencies through ongoing service redesign and automation.	Service redesign	-	(31)	(250)	-	(196)
Rationalisation of the Library Service - The rationalisation of the service would include increasing the number of community libraries and closing libraries on a Sunday.	Service redesign	-	(67)	(45)	-	-
Heritage and Culture Charitable Trust - Redesign heritage and culture services culminating in the transfer of the service to a charitable trust.	Service redesign	-	-	-	(196)	-
Business and Customer Support sub-total		**(546)**	**(199)**	**(445)**	**(247)**	**(196)**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Commissioning Support Unit						
Vacancy factor - Application of a 2% vacancy factor/turnover allowance where not already applied.	Right-sizing	(114)	-	-	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money and management of the budgeted cost increases of externally purchased services.	Better procurement	(47)	(26)	(19)	-	-
Staffing restructure - Changes in staffing structure to reduce the cost of the Commissioning Support Unit.	Service redesign	(73)	-	-	-	-
Commercial approach to contracting - Securing rebates due to the Council through commercial contracting.	Better procurement	-	(148)	(148)	-	-
Commissioning Support Unit sub-total		**(234)**	**(174)**	**(167)**	**0**	**0**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Enabling Services						
Vacancy factor - Application of a 2% vacancy factor/turnover allowance where not already applied.	Right-sizing	(187)	-	-	-	-
Enabling Services delivery review - Review of expenditure on staffing, expenses and projects in Enabling Services.	Service redesign	(40)	(50)	(150)	-	-
Facilities management - Facilities management and maintenance cost savings linked to asset rationalisation	Service redesign	(50)	(433)	(249)	(517)	(100)
ICT Service delivery review - Review past ICT budget growth and focus on efficiencies through development projects.	Service redesign	(144)	(125)	(54)	(108)	(107)
Property service delivery review - Ensure effective mix of staff and agency use, drive efficiencies in facilities management resource spend and maintenance budget.	Service redesign	(95)	(32)	(90)	-	-
Devices - continue to review the most cost effective device to meet the organisational and staff need at the end of the lease, subject to options appraisal and due diligence.	Better procurement	(150)	-	-	-	-
ICT applications migration and rationalisation - Migrating 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.	Service redesign	-	(120)	(50)	-	-
Pro-active use of apprenticeships - Closer integration of apprentices into service workforce structures.	Service redesign	-	-	(165)	-	-
Enabling Services sub-total		**(666)**	**(760)**	**(758)**	**(625)**	**(207)**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Finance						
Finance process efficiencies - Efficiencies through ongoing service redesign, automation, AI and self-service.	Service redesign	(75)	(75)	(25)	(125)	(25)
Savings on third party spend - Review of services purchased from third parties to ensure value for money.	Better procurement	(21)	(16)	(10)	-	-
Procurement cards - Rebates from extended use of procurement cards.	Income generation	(25)	(25)	-	-	-
Finance sub-total		**(121)**	**(116)**	**(35)**	**(125)**	**(25)**
Governance and Policy						
Vacancy factor - Application of a vacancy factor/turnover allowance where not already applied.	Right-sizing	(208)	(45)	(45)	-	-
Electronic record keeping - Reduced storage requirements as a result of the move to electronic record keeping.	Service redesign	(5)	(5)	(10)	-	-
Savings on third party spend - Review of services purchased from third parties to ensure value for money and management of the budgeted cost increases of externally purchased services.	Better procurement	(47)	(9)	-	-	-
Legal services trading income - Additional surplus from external trading with other local authorities and public sector bodies.	Income generation	(40)	(40)	(40)	(40)	-
Paper free meetings - Reduction in the cost of printing as a result of moving to paper free meetings.	Service redesign	(5)	(5)	-	-	-
Consultancy - Reduction in commissioning budget held for external consultancy and external support.	Right-sizing	(20)	-	-	(4)	-
Governance and Policy sub-total		**(325)**	**(104)**	**(95)**	**(44)**	**0**
Resources Directorate		**(1,892)**	**(1,353)**	**(1,500)**	**(1,041)**	**(428)**

Options for Budget Reductions 2023/24 to 2027/28

Description	Type	2023/24 £'000	Options for further reductions in future years 2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Corporate Services						
Savings on third party spend - Review of services purchased from third parties and the increased take-up of early invoice payment. *(Delivery will be the responsibility of the AD - Finance).*	Service redesign	(3)	(3)	(202)	(100)	-
Insurance - Savings arising as a result of a higher level of self insurance. *(Delivery will be the responsibility of the AD - Finance).*	Service redesign	(25)	(173)	(334)	(464)	-
Treasury management returns - 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 AD - Finance.)*	Income Generation	(242)	(121)	-	-	-
Warwickshire Property and Development Group - Forecast income stream from the successful delivery of the company business plan.	Income Generation	(126)	(2,856)	(433)	-	-
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 AD - Governance and Policy).*	Income Generation	(64)	(32)	(136)	(48)	(24)
Pre-pay pension contribution - Use the Council's strong balance sheet to benefit from the discount for the early payment of the pension contributions. *(Delivery will be the responsibility of the AD - Finance).*	Income generation	(500)	-	-	-	-
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 AD - Enabling Services.)*	Service redesign	-	(250)	(200)	(350)	-
Capital financing costs - Reduction in the Authority's borrowing costs as a result of reducing the investment capacity in the capital programme by £25m across the MTFS period.	Income Generation	-	-	(502)	(1,094)	(396)
Corporate Services sub-total		**(960)**	**(3,435)**	**(1,807)**	**(2,056)**	**(420)**
Corporate Services		**(960)**	**(3,435)**	**(1,807)**	**(2,056)**	**(420)**
Annual Budget Reductions Total		**(16,371)**	**(17,629)**	**(17,310)**	**(15,218)**	**(6,747)**
Cumulative Budget Reductions Total		**(16,371)**	**(34,000)**	**(51,310)**	**(66,528)**	**(73,275)**

Cabinet

15 December 2022

Electric Vehicle (EV) Charging Points - Task and Finish Group Findings

Recommendations

That Cabinet considers for approval the recommendations set out in the Task and Finish Group's report attached at Appendix 1.

1. Executive Summary

1.1 In February 2022, the Communities Overview and Scrutiny Committee (OSC) agreed 'to monitor the rollout of electric charging points'. A member Task & Finish group (TFG) was established to look at the various aspects of this in relation to the local authority and what it can do in terms of installing EV charging points.

1.2 The TFG held monthly meetings between May-July 2022 and raised varying concerns with charging point placements and types. The work of Transport Planning was acknowledged despite the pressures of demand being recognised. The TFG has produced a report of its work contained at Appendix 1 which contains eight recommendations for consideration by Cabinet.

1.3 Recommendations focus on ensuring equality of EV charging points cross-county and what can be done to help increase the number of charging points in Warwickshire.

1.4 The recommendations of the TFG were considered by the Communities Overview and Scrutiny Committee at its meeting on 9th November 2022. The Committee supported the recommendations and made the additional request that the Committee receive an annual briefing note on the EV rollout progress.

2. Financial Implications

2.1 The TFG report contains a section on the funding of electric vehicle charging infrastructure (section 4.3). This recognises that the installation of new infrastructure is reliant on securing funding from various national and local sources. The report also goes on to identify in the same section the various sources of external funding that are available to Local Authorities. These external funding opportunities will continue to be pursued, in collaboration with partners where appropriate, to progress the charging infrastructure requirements for Warwickshire. Encouragement and influence for private sector contributions in money or in delivery (such as at supermarkets, shopping centres and restaurants) will also be pursued.

2.2 A bid to central government's Local Electric Vehicle Infrastructure (LEVI) fund is currently being developed by Transport Planning so that it can be submitted when the fund opens for bids (date to be confirmed but expected to be 2023). It is expected that the bid would include costs associated with the next phase of rollout of electric vehicle charging infrastructure alongside the revenue costs for an officer to deliver this rollout.

2.3 The opportunity to secure other external funding to enhance the staffing resource available to work on EV charging infrastructure and its roll out will also be explored as and when such funding opportunities become available. Funding additional capacity in this way means that the recommendations of the TFG would result in no additional costs to the County Council as funding for the Charging Points will come from existing budgets, central government grants or provided by privately run charge point partners e.g. BP Pulse or Char.gy.

3. Environmental Implications

3.1 Supporting the roll out of EV charging infrastructure will help the transition from ICE (internal combustion engines (petrol/diesel ones) to EV, with consequent benefits in terms of CO^2 reduction and improvements to air quality.

3.2 The recommendations are in line with the Council Plan 2025 by improving air quality in 'built up areas', 'provide charging points for electric vehicles' (page 30) and support 'the use of electric vehicles and move Warwickshire towards sustainable transport choices' (page 41). They also align with the Council's Sustainable Futures Strategy which is currently the subject of wider engagement and is due to be considered for approval by Cabinet in Spring 2023.

4. Supporting Information

4.1 Following the conclusion of its work, the TFG the group were encouraged by the progress that was being made to develop an EV charging network in the County. Some concern was raised around ensuring that publicly funded charge point provision is delivered in an equitable way across the County and that rural communities must be considered. Opportunities to provide charging facilities for those without private off-street parking were considered a priority, alongside ensuring the public is better informed about the EV charging opportunities that are being installed in their community. It was also acknowledged that the Transport Planning team would be able to do more with more funding for their work. This is covered by recommendations five, six and seven.

4.2 The Task and Finish Group considered that the main focus of the Council's work should remain on the continued expansion of charge point infrastructure. By making the charging network more accessible and comprehensive and by providing infrastructure ahead of demand, more drivers are likely to make the decision to switch to electric. This is covered by recommendations two, four, and eight.

4.3 The TFG were keen for elected members and members of the public to keep informed on the progress of EV charging points rollout cross-county. This is covered by recommendations one and three.

4.3 The report at Appendix 1 contains the detailed findings of the TFG. The recommendations of the TFG which have been endorsed by the Communities Overview and Scrutiny Committee, are presented to Cabinet for its consideration are set out below;

1. Elected members to be updated on a quarterly basis as to the progress of EV charging infrastructure installation, relative performance of Warwickshire on a national basis and information on usage at existing charging hubs.

2. Officers should continue to seek funding opportunities to enable the delivery of EV charging infrastructure in Warwickshire.

3. Officers to work with the County Council communications team to provide more information to the public about the available EV charging network in Warwickshire.

4. The Nuneaton & Bedworth area to be prioritised for EV charging points until the same level of accessibility (in terms of charge points per 100,000 population) as other boroughs and districts is achieved.

5. Officers based in County Highways to further monitor trials elsewhere and consider how a gully solution could be implemented in Warwickshire to enable residents without off-street parking to charge via their domestic electricity supply.

6. The Council writes to the Secretary of State for Levelling Up, Housing and Communities to ask him to consider a change to the Town and Country Planning (General Permitted Development) (England) Order 2015 to permit the installation of a charging point to be one metre instead of two metres from the highway boundary.

7. Staff resourcing for the commissioning and delivery of EV charging infrastructure by the County to be reviewed and when funding permits, increase to enable the County Council to develop and deliver the required number of charge points to meet the forecast demand.

8. Review and if appropriate seek to alter the Traffic Regulation Orders that apply to parking spaces adjacent to charging points in on-street locations to ensure access to charging points is not unduly restricted by petrol/diesel vehicles.

5. Timescales associated with the decision and next steps

5.1 The recommendations approved by Cabinet will be implemented by officers with progress tracked and monitored and reported back to the Communities Overview and Scrutiny Committee as may be requested by it.

Appendices

1. Report of the Electric Vehicle Charging Point Task and Finish Group
2. Minutes of the Communities OSC 9th November 2022

Background Papers

None

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

Local Member(s): n/a
Other members: Members of the Communities OSC and Task and Finish Group

APPENDIX 1

Warwickshire County Council

Cabinet

Electric Vehicle Charging Strategy & Infrastructure Delivery in Warwickshire

Task and Finish Group Report

Working for Warwickshire

CONTENTS

1.0 Executive Summary

The Electric Vehicle (EV) charging network Task and Finish Group was set up in 2022 to review the strategy, delivery and resources required to deliver a comprehensive public EV charging network in Warwickshire.

The Task and Finish Group has gathered and reviewed a range of information to support their work and has reached the following key conclusions:

- Despite initial reservations, the group were encouraged by the progress that was being made to develop an EV charging network in the County.
- There is a need to ensure that publicly funded charge point provision is delivered in an equitable way across the County, including considering the needs of rural communities.
- Opportunities to provide charging facilities for those without private off-street parking should be prioritised, including consideration of gully type solutions
- There is a need for the public to be better informed about the EV charging opportunities that are being installed in their community.

The Task and Finish Group agreed the main focus should be on the continuation of improving the provision of EV chargers. By making the charging network more accessible and comprehensive and providing infrastructure ahead of demand more drivers will make the decision to switch to electric, away from petrol and diesel vehicles. A number of key actions were presented to the group and these were agreed as actions to take forward.

These actions have informed the recommendations set out below put forward by the group.

1. Elected members to be updated on a quarterly basis as to the progress of EV charging infrastructure installation, relative performance of Warwickshire on a national basis and information on usage at existing charging hubs. This will be via email updates for them to share with residents if desired.
2. Officers should continue to seek funding opportunities to enable the delivery of EV charging infrastructure in Warwickshire.
3. Officers to work with the County Council communications team to provide more information to the public about the available EV charging network in Warwickshire.
4. The Nuneaton & Bedworth area to be prioritised for EV charging points until the same level of accessibility (in terms of charge points per 100,000 population) as other boroughs and districts is achieved.
5. Officers based in County Highways to further monitor trials elsewhere and consider how a gully solution could be implemented in Warwickshire to

enable residents without off-street parking to charge via their domestic electricity supply.

6. The Council writes to Secretary of State for Levelling Up, Housing and Communities to ask him to consider a change in the required planning permission for charging points to be one metre instead of two metres from the highway boundary.

7. Staff resourcing for the commissioning and delivery of EV charging infrastructure by the County to be reviewed and, subject to funding, increased to enable the County Council to develop and deliver the required number of charge points to meet the forecast demand.

8. Review and, if appropriate, seek to alter the Traffic Regulation Orders that apply to parking spaces adjacent to charging points in on-street locations to allocate as 'EV only' bays to ensure access to charging points is not unduly restricted by petrol/diesel vehicles. It was proposed that an incremental approach to the designation of 'EV only' bays would be adopted, with a review and changes happening on an annual basis.

2.0 Introduction

2.1 Purpose of Review

In February 2022 the Communities Overview and Scrutiny Committee resolved to establish a Task and Finish Group to review the strategy, current and future delivery and future resourcing of EV Charge points in Warwickshire. Members of the Committee were particularly concerned about access to charge points and the perception that Warwickshire was performing below the national average in terms of the number of public charge points in Warwickshire.

The sale of new petrol/diesel vehicles in the UK will be prohibited from 2030, this will be conducive to increasing public demand for EV and plug in hybrid vehicles and the associated recharging infrastructure to enable the transition away from petrol and diesel vehicles. It is essential therefore, that the scale of the required delivery of charge points in Warwickshire is recognised and resourced adequately.

The perceived lack of EV charging points can make the choice to switch to an EV challenging. Increasing the availability and visibility of EV charge points across the county has benefit for individuals and wider society. At an individual level, more charge points in the right locations will help give drivers the confidence to switch to an EV, help to reduce a range anxiety and concerns over how vehicles can be recharged. Wider benefits include significantly improved local air quality and the associated societal health benefits.

At a national level, approximately 70% of EV charging is carried out at home. However, for many residents who reside in dwellings without access to private off street parking, the ability to install a private charging point can be challenging. This national picture is reflected in Warwickshire and can act as a barrier to switching to an EV. The provision of a variety of charging types and different locations will provide people with the opportunity to easily recharge their vehicle at a time and place that is convenient to them.

In 2022, the Government published ‘Taking Charge’ the national Electric Vehicle Infrastructure Strategy. Whilst this looks at access and availability of EV charge points broadly, there is a particular focus on those who do not have access to off-street parking in terms of the need to provide convenient and affordable charging solutions in on-street residential areas. The strategy anticipates that at a national level, around 300,000 chargers are available as a minimum by 2030, with charge points installed ahead of demand, inspiring confidence in drivers who are yet to switch to EV.

Work undertaken by the County Council to develop a strategy for EV charging infrastructure in Warwickshire has identified the number and type of chargers required to meet forecast demand and support the transition away from petrol/diesel vehicles. The forecasts are set out in section 3.2 below.

The forecast increase in charging points is expected to be delivered via a combination of both private (e.g. supermarkets, shopping centres, restaurants etc) and public led interventions. In 2020, EV's comprised less than **1%** of the vehicle fleet, this is anticipated to increase to **15%** in 2025 and **41%** in 2030 (against a background rate of growth in the number of vehicles registered in Warwickshire).

The delivery of public charge points (e.g in Local Authority owned car parks and on -street locations) is the responsibility of Local Authorities. Importantly, whilst central funding is available, this funding is currently available on a competitive basis and there is no revenue support to help fund required local authority staff resources.

2.2 Members and Contributors

The members of the task and finish group were:

- Councillor Adrian Warwick (Chair)
- Councillor Will Roberts (Vice-Chair)
- Councillor Richard Baxter-Payne
- Councillor Bill Gifford
- Councillor John Holland
- Councillor Jan Matecki
- Councillor Tim Sinclair
- Councillor Caroline Philipps (substitute for one meeting).

The Group has been supported by the following officers from Warwickshire County Council:

- Isabelle Moorhouse - Democratic Services Officer
- Margaret Smith – Lead Commissioner, Transport Planning
- Victoria Mumford – Principle Transport Planner
- Benjamin Hill - Contract & Policy Engineer (County Highways)

2.3 Evidence

The Group held a number of information gathering sessions and engaged with a range of expert officers from Warwickshire County Council. The following publications were used as sources of evidence:

- Transport Planning documents (May 2022)
- UK Government's: Taking charge: the electric vehicle infrastructure strategy (published March 2022)
- Energy Saving Trust's 'OxGul-e' (published December 2021)
- Transport Planning's proposed strategy for EV charging points (July 2022)

- EV charging in Warwickshire (report produced by Cenex, 2020)
- Schedule 2, Part 2, Class D of The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended)

The Group also gathered information by engaging with:

- Officers engaged with Oxfordshire County Council to gather information regarding their pilot Gull-ee trial and reported this information to the group;
- Char.gy, supplier of charge points that utilise the electricity supply to lamp posts.

2.4 Dates and Timescales

26/05/22	-	Scoping Meeting and current position
30/06/22	-	Evidence Gathering (charging solutions)
20/07/22	-	Final recommendations
09/11/22	-	Report to Communities OSC
15/12/22	-	Report to Cabinet

3.0 Overview

3.1 Policy context

There is recognition of the importance of increasing the number of public EV charging points available to enable people to make the switch to an EV, away from petrol and diesel vehicles. This is of particular importance for residents who do not have access to private off street parking and charging facilities. The shift to EV also supports the reduction of local CO_2 emissions/air pollution at tailpipe, thereby improving local air quality and contributing towards net zero.

The following publications set out the key local and national policy context for EV recharging.

Warwickshire Local Transport Plan 2011-2026
The Warwickshire Local Transport Plan (LTP) contains a series of policies and strategies that set out how Warwickshire's transport network will be maintained. The EV strategy as contained within the LTP will be updated to reflect the current position as part of the wider Warwickshire LTP review and update.

Government's 'Taking Charge' the electric vehicle infrastructure strategy

The Government published a Taking Charge in 2022, which sets out the ambition to make EV re-charging easier and more convenient for all, with a focus on those who do not have access to off-street parking in terms of the need to provide convenient and affordable charging solutions in on-street residential areas. The strategy anticipates that at a national level, around 300,000 chargers are available as a minimum by 2030, with charge points installed ahead of demand, inspiring confidence in drivers who are yet to switch to EV.

National Planning Policy

National planning policy sets out the current criteria that need to be met to enable the installation of private off street charging spaces and design (NPPF paragraphs 107 and 112 respectively).

3.2 Baseline position & forecast number of chargers in Warwickshire

In 2020, the baseline position in terms of EV charging provision in Warwickshire was relatively low, with a total of 101 charge points across the County.

Local Authority	7kW (fast)	22kW (faster)	50kW+ (rapid)	Total
Rugby	**12**	**4**	**1**	**17**
North Warwickshire	8	6	5	19
Nuneaton and Bedworth	12	4	4	20
Stratford-on-Avon	**40**	**4**	**6**	**50**
Warwick	40	14	13	67
Total sockets	112	32	29	173
Total Chargepoints	**56**	**16**	**29**	**101**

A significant piece of work was undertaken to assess the anticipated demand for charging infrastructure to support EV transition, this work accounted for both the projected increase in EV fleet and assumed that around 70% of charging will be undertaken by people charging at home. Based on this work, it is anticipated that to meet the local forecast level of demand in Warwickshire, the total number of charge points required by 2025 and 2030 will be;

- **by 2025** - an additional 968 standard charging (7kw) sockets (484 twin headed charging points) and 291 fast charging (22kw) sockets (145 twin headed points);
- **by 2030** (inclusive of 2025 target) - 2,758 standard charging (7kw) sockets (1379 points) and 532 fast charging (22kw) sockets (266 points).

The forecast increase in charging points is expected to be delivered via a combination of both private (e.g. supermarkets, shopping centres, restaurants etc) and public led interventions. The Council itself does not have any influence on private rollouts.

3.3 Current activity to support EV charging

The main focus of the EV installation programme of work to date has been on developing a core network of charging hubs across the county, helping to increase the 'visibility' of charging opportunities and giving people who live, work and visit Warwickshire the confidence to transition away from petrol/diesel vehicles.

The County Council was successful in securing approximately £1m of funding (from a combination of successful bids to central government and the Coventry and Warwickshire Local Enterprise Partnership and private sector contributions) to deliver 26 new charging hubs across the county in 2021/22. These new charging points have formed the spine of the EV charging network across Warwickshire and are located in a range of on and off-street locations in the main towns and smaller market towns.

Hub	**Number of charging hubs installed**	**Number of charge points**
Town Centre Hubs predominately in off-street car parks	16 hubs	106
Market Town Hubs Mix of off and on street locations	7 hubs	44
Residential Hubs predominantly on-street locations	3 hubs	20
total	**26 hubs**	**170**

3.4 A national perspective on progress

The combined public and private charge point installations has had a significant positive impact. Warwickshire's position compared to the English average (as expressed as charge points per 100,000 population) has moved from below to above the England average over the period 2020-2022, with an average of 51.6 charging devices per 100,000 population across the County.

When compared to other neighbouring authorities, Warwickshire has more charging points per 100,000 population (51.6) than Oxfordshire (47.5), Worcestershire (28.3), Leicestershire (33.5) and Staffordshire (29.9).

	April 2022		Jan 2021		Jan 2020	
	No of devices	per 100,000 popn	No of devices	per 100,000 popn	No of devices	per 100,000 popn
England	**25,884**	**45.8**	**17,459**	**31.0**	**13,719**	**24.5**
Warwickshire	**301**	**51.6**	**153**	**26.5**	**116**	**20.3**
N Warks	40	61.1	13	19.9	10	15.4
N&B	29	22.2	16	12.3	13	10.1
Rugby	61	55.1	21	19.3	4	3.7
Stratford	91	68.7	62	47.7	57	44.7
Warwick	80	55.2	41	28.5	32	22.5
Coventry	499	131.5	260	70.0	170	46.3
Solihull	127	58.4	82	37.9	56	26.1
Worcestershire	169	28.3	124	20.8	103	17.4
Leicestershire	239	33.5	145	20.5	112	16.0
Staffordshire	264	29.9	177	20.1	113	12.9
Oxfordshire	331	47.5	256	37.0	212	30.8
Gloucestershire	226	35.3	184	28.9	157	24.8

3.5 Ongoing and future work

Other work to further the development of new EV charging infrastructure includes:

Strategy development
- Further development of the EV charging infrastructure strategy.

Expanding on-street charging opportunities
- Exploring options for residents with no private off street parking - Residents without off street parking can find if difficult to charge their vehicle. The Council is looking at solutions to make it easier for this group of residents to recharge. Options include;
  - a small trial in two residential areas in Stratford Old Town and North Leamington to further explore how electricity supplied to lamp columns can be utilised to provide overnight charging points for residents. It is anticipated that this trial will commence in December 2022.

- Enabling residents to access their domestic electricity supply via the introduction of gully system from the house to kerbside.

Identifying and Prioritising Need
- Development of a prioritisation tool that can be used to prioritise funding to areas most in need of charging infrastructure (based on areas with a high proportion of households without access to private off-street parking).

Expansion into rural areas
- Development of a rural charging point delivery plan, working with local parish councils as a mechanism for delivery.

Designation of EV only parking bays
- Reviewing the Traffic Regulation Orders to help facilitate better access to the charge points.

Collaboration and partnership working
- On-going collaboration with other Local Authorities and the Energy Savings Trust to ensure Warwickshire remains at the forefront of this area of work.

Procurement
- Procuring a supplier in advance of the next phase of delivery (subject to funding).

  There is no guaranteed capital funding for the expansion of the EV network in Warwickshire and this can make it challenging to develop a coherent delivery programme. Further funding bids will be submitted to government, but the competitive nature of the bidding process means funding is not guaranteed. In addition, government currently require a minimum of 40% of costs to be provided by the Council or the charge point supplier.

  In addition to funding, there are also other challenges that should be considered;
  - Opposition from local residents and businesses regarding the installation of charge points.
  - The available capacity in the grid can mean installation in a specific location is not possible (or grid reinforcement costs make the scheme unviable).
  - Footway/highway space restraints
  - Internal resource availability to develop the wider programme of delivery.
  - Traffic Regulation Orders to restrict (or otherwise) parking spaces can be a source of public dissatisfaction.

4.0 Findings

4.1 Overview of findings

The findings of the group confirmed that the provision of public EV infrastructure has a significant role in the County's overall transport strategy and meeting wider objectives - enabling more people to make the switch to EV brings benefits in terms of carbon reduction and improvements to air quality and noise pollution. It is recognised that the County Council has made a positive start in terms of delivering the required number of charging points across Warwickshire but there is a significant number of charge points that will need to be delivered by 2025/30 to meet the expected growth in demand.

4.2 Warwickshire's EV charging network

The EV charging network in Warwickshire is at an embryonic stage. The County Council has made a significant impact, via the recent installation of 26 charging hubs, on the visibility of a charging network and this, combined with private sector installations (e.g supermarkets, cafes, shopping centres) has helped form the basis of a relatively strong network.

There is a clear need to continue with the delivery of charge points, with the key points being;

- EV charging points should be installed ahead of demand, inspiring confidence in drivers who haven't switched to EV.
- Include a mix of suppliers to keep the market competitive and give choice to EV users
- A faster roll out of charge points is needed to meet the forecast demand
- A mix of charging solutions is required

Given the geographical and demographic nature of Warwickshire, a mix of charging types and locations is required. All charge points installed to date have been 7kw standard chargers, there is a clear need to establish a mix of charging solutions, depending on the location in which they are deployed (e.g slow overnight chargers in residential streets). The approach presented and endorsed at the TFG is set out in the table below.

Charging location type	Charger type	Possible funding stream & responsibility	Challenges and opportunities
Residential Street Hubs On -Street chargers in residential area using lamp columns Stand alone charging units	 Standard (5.7KW) Standard – up to 22kw	ORCS WCC	**PILOT Scheme about to commence, delivering charging points in 5 streets.** - Provides convenient access to charging for residents. - Tariffs likely to be closer to domestic rates. - Improved control over installation costs. - Slower charging rate – designed for overnight/long stay parking, not a rapid top up. - TROs difficult to apply/enforce in streets where parking restrictions are absent/TRO challenges from residents - Parking issues - Grid capacity and upgrade costs for stand alone chargers – flexibility required over location
Town centre hubs. Located in off - street car parks	Standard and fast (up to 22KW)	ORCS District and Borough Councils	**WCC have led the delivery of 26 charging hubs to date, the majority of which are located in off street car parks** - Convenient for users - Limited stay ensures turnover and easier access. - Use enforced by parking attendants, where available. - Suggest D& B responsibility as land owner and car park operator installation. WCC to work with D&B's to ensure aligned delivery. - Loss of revenue from parking if chargers aren't utilised.
Market town charging hubs	Standard and fast (up to 22KW)	Off street car parks and limited on street provision WCC and Districts and Borough Councils	- Provides a broader geographical coverage of EV charging points. - Residents and visitors. - Can be challenging to find suitable on street location that local residents are happy with. - Identified locations can be very expensive in terms of required grid upgrades – flexibility required. - TRO requirements and flexibility required.

Rural charging hubs	Standard and fast (up to 22KW) Possibly some provision of 50KW chargers	WCC to lead strategy work if appropriate. Delivery mechanism with parish councils and community groups to be established.	- Provides broader geographical coverage of EV charging points across Warwickshire - Convenient access for residents and visitors - Funding constraints
Private Charging			
On - street residential charging	Gully system to enable homeowners to charge using their domestic electricity supply	Homeowners to fund the installation of home charging point and all other necessary equipment. Homeowner to fund any required legal agreements and on going maintenance	-Enables the resident without private off street parking to access domestic electricity supply. - cannot guarantee parking outside the home to access home charger. - current planning regulations do not permit every household to install a domestic charger. The application of this technology will require the installation of a gully, or similar, across the footway. This is likely to have legal and maintenance implications that County Highways need to consider and conclude how it could be taken forward. Advice from Energy Savings Trust is for Warwickshire to take a 'watch and wait' approach at this stage.
Private destination e.g supermarket, shopping centre, 'petrol' station forecourt, tourist attraction	Range of standard and rapid should be provided, depending on destination type.	Private sector to fund. Central government funding removed.	Very limited influence from public sector over what is provided and where. WCC will monitor provision to influence where further public intervention is made.

4.3 Funding Electric Vehicle Charging Infrastructure

The Task and Finish Group considered what capital and revenue sources of funding are available. The delivery of EV infrastructure does not have a dedicated internal budget allocation and therefore the installation of new infrastructure is reliant on securing funding from various national and local sources.

In addition, the entirety of the EV charging programme to date (strategy development and scheme delivery) has been undertaken by the Transport Planning team. Delivery of a significantly expanded programme of installations will prove challenging using current resources and the Task and Finish Group considered how responsibilities could be divided between commissioning and delivery teams, alongside the resource implications.

Commissioning	Delivery
Responsible for: - Developing the EV infrastructure strategy - Assessing the future demand for EV charging infrastructure to meet the predicted uptake in EVs - Submission of bids for funding - Procuring an EV supplier to install, operate and maintain an initial rollout of charging hubs and provide the necessary match funding - Managing the EV supplier contract Responding to public and member queries regarding EV charging infrastructure (strategy side)	Responsible for: - Reviewing public charging needs to identify sites for new charging hubs - Working with the appointed chargepoint supplier to oversee the delivery of chargepoints - Liaising with District and Borough contacts on the implementation of charging infrastructure in their off-street car parks - Responding to public and member queries regarding EV charging infrastructure (delivery side) - Working alongside colleagues in County Highways to support the rollout of charging infrastructure using lamp columns and scoping out a solution for gully charging.
Resourcing implication: 1 FTE (met from within Transport & Highways group existing budget)	Resourcing implication: 1 FTE (new post with associated funding required and subject to identification of funding)

The Task and Finish group heard from officers that future EV chargepoint delivery in Warwickshire would likely require a mix of funding from government competitive funding sources combined with a significant contribution (currently 40%) from the private sector. In some cases, the charge point operator may be willing to fund installations in their entirety, but this is on a case-by-case basis and may lead to inequality in provision across the county.

The main sources of funding currently available to local authorities for EV charging infrastructure are;

The On Street Residential Chargepoint Scheme (ORCS)

The Office for Zero Emission Vehicles (OZEV) announced the continuation of the ORCS scheme to help increase the availability of plug-in vehicle charging infrastructure for residents who do not have access to off-street parking. The funding includes £20 million for 2022/23 and local authorities are invited to submit applications to receive this funding. Local authorities can receive a grant to part-fund up to a maximum of 60% of capital costs relating to the procurement and installation of residential electric vehicle chargepoint infrastructure. No statement has been issued regarding the continuation of this fund post April 2023.

Local Electric Vehicle Infrastructure (LEVI)

OZEV recently announced the launch of the LEVI fund, which has initially launched as a pilot fund, This fund aims to further support the roll-out of electric vehicle charging infrastructure via large-scale, ambitious and commercially sustainable projects that use significant private sector investment.

Details have not yet been confirmed, but it is expected that the full fund will launch for applications during 2023. There is likely to be a revenue funding stream, but it is unclear as to how this will be distributed to local authorities.

Private Sector Investment

Even if government funding is secured, a proportion of the installation costs will have to be met by the private sector. In some cases there may be the opportunity to work with the contracted supplier to levy greater funding.

It is anticipated that solutions that enable residents without off street parking to charge via their domestic electricity supply would be funded by the resident. In some cases government funding may be available to support a small pilot scheme in the future.

Potential impact on Future funding for Local Highways and Integrated Transport Block Funding

Central government has announced changes to the DfT's local transport capital funding currently allocated by formula. From 2024/25, a proportion of the LA annual highways maintenance budget will be granted or withheld depending on an authority's performance against a number of metrics. The metrics are due to be developed this year, but the intention is for EV charging to be one of the metrics (alongside LTP development, bus and active travel infrastructure). The new approach aims to support and incentivise local authorities to bring about the step change needed to decarbonise transport. It is therefore essential that momentum on EV charge point delivery is maintained.

5.0 Conclusion & Recommendations

The Task and Finish Group engaged with officers from Warwickshire County Council and representatives from an EV charge point supplier. Despite initial reservations, the group were encouraged by the progress that was being made to develop an EV charging network in the County. Some concern was raised around ensuring that publicly funded charge point provision is delivered in an equitable way across the County and that rural communities must be considered. Opportunities to provide charging facilities for those without private off-street parking were considered a priority, alongside ensuring the public is better informed about the EV charging opportunities that are being installed in their community.

The Task and Finish Group agreed the main focus should remain on the continued expansion of charge point infrastructure. By making the charging network more accessible and comprehensive and providing infrastructure ahead of demand, more drivers will make the decision to switch to electric. A number of key actions were presented to the group and these were endorsed as actions to take forward. These actions have informed the recommendations put forward by the group.

Action	Key Deliverables
Develop improved communication strategy around progress on EV charge point delivery	• Regular (quarterly) member briefing paper giving headline updates. • Social media updates on a frequent basis • Liaise with media team to develop wider comms strategy • Encourage elected members to keep constituents updated.
Improved branding	• Develop a strong 'Park & Charge Warwickshire' brand that can be applied in a number of contexts.
Procurement	• Carry out a comprehensive exercise to procure at least 2 delivery partners to deliver EV charging hubs in a range of locations. It is likely that contracts entered into will be for a period of 7+ years.
Staff resourcing	• To adequately resource the sustained delivery of EV charge points in Warwickshire.
Securing funding for delivery	• To develop funding bids for submission for available funding from central government or more locally
District & Borough liaison	• To continue to work closely with District and Borough councils in Warwickshire to help enable delivery of further off-street hubs. • Via the wider procurement exercise, offer Warwickshire Councils (including Parish and Town councils) the ability to utilise our delivery contract.
Pilot and wider monitoring including new charging solutions	• To monitor the success of pilot charging points (initially this will include lamp column based points) and monitor usage of hubs to help inform future delivery in terms of charger type and location. • Liaise with other authorities to monitor the successes and challenges associated with alternative charging solutions.

The members of the group unanimously agreed on the recommendations set out below:

1. Elected members to be updated on a quarterly basis as to the progress of EV charging infrastructure installation, relative performance of Warwickshire on a national basis and information on usage at existing charging hubs.
2. Officers should continue to seek funding opportunities to enable the delivery of EV charging infrastructure in Warwickshire.
3. Officers to work with the County Council communications team to provide more information to the public about the available EV charging network in Warwickshire.
4. The Nuneaton & Bedworth area to be prioritised for EV charging points until the same level of accessibility (in terms of charge points per 100,000 population) as other boroughs and districts is achieved.
5. Officers based in County Highways to further monitor trials elsewhere and consider how a gully solution could be implemented in Warwickshire to enable residents without off-street parking to charge via their domestic electricity supply.
6. The Council writes to the Secretary of State for Levelling Up, Housing and Communities to ask him to consider a change to the Town and Country Planning (General Permitted Development) (England) Order 2015 to permit the installation of a charging point to be one metre instead of two metres from the highway boundary.
7. Staff resourcing for the commissioning and delivery of EV charging infrastructure by the County to be reviewed and when funding permits, increase to enable the County Council to develop and deliver the required number of charge points to meet the forecast demand.
8. Review and if appropriate seek to alter the Traffic Regulation Orders that apply to parking spaces adjacent to charging points in on-street locations to ensure access to charging points is not unduly restricted by petrol/diesel vehicles.

Communities Overview and Scrutiny Committee

9 November 2022

5. EV Charging Points - Task and Finish Group Findings
Councillor Sinclair (who sat on the TFG) informed the committee that:

- In February's Communities OSC they committee voted to monitor the roll-out of the charging points in a TFG
- Monthly meetings were held between May-July 2022 and a range of concerns were considered across several subjects
- The TFG made eight recommendations that focused on ensuring equality of EV charging points cross-county and how to increase the amount of charging points
- In 2020 1% of vehicles were EVs, in 2030 this is expected to increase to 41%, 70% of charging points were predicted to be in private residencies so the Council needed to make up the rest
- A comprehensive network needed to be set up before this to encourage drivers to switch to EVs
- The eight recommendations are;
  - That elected members are updated regularly on a quarterly basis of the roll-out.
  - That officers should continue to seek funding opportunities to support that (a bid was planned for the Local Electric Vehicle Infrastructure Fund)
  - Officers provide more information of the EV network to the public
  - Nuneaton and Bedworth are prioritised with EV points as they were behind on a charge points per 100,000 residents
  - Officers would monitor trials elsewhere e.g. the gully solution for charging with on-street parking
  - Members write to central government to ask for a change in the required planning act so that charging points could be closer to the highway's boundary
  - Increase staff resourcing when funding permitted (the suggestion was a three-year fixed contract for an engineer to take on this work)
  - Look into traffic regulation orders (TROs) that allow EV only parking

In response to Councillor D Humphreys, Councillor Tim Sinclair stated that residents with EVs and on-street parking would be able to charge their cars from lampposts or the new gully system that was being investigated. The gully system allows a cable to be plugged into the house and go into the pavement to the car. The chargers themselves will be and will need to be a mixture of ultra-fast charging and trickle charging (charging overnight). These would need to be in different locations too. Following a supplementary from Councillor D Humphreys, Margaret Smith (Lead Commissioner - Transport Planning) noted that there were grants for landlords who owned a carpark to put EV charging infrastructure in. One thing that was being looked at was EV charging points in supermarkets so someone doing the weekly shop with an EV could charge their car at the same time. EV owners only needed to charge their cars once a week.

In response to Councillor Chilvers, Councillor Sinclair noted that they briefly spoke on EV charging points in supermarkets and WCC has a limited influence over getting supermarkets to implement EV charging points in their carparks. He concurred with the issue that his residents had with EV charging points being broken.
Margaret Smith stated that there were national issues with one of the providers (BP Pulse) but there were KPIs (key performance indicators) within their contract. These stated that their charging points must be working for a high percentage of the time and if they are not then WCC get compensation. Working charging points would make residents less anxious over switching to EVs.

In response to Councillor D Humphreys, Margaret Smith stated that the 41% statistic came from a report that WCC commissioned Cenex to do on EV charging points in Warwickshire. This was predicted because central government are going to ban the production of new petrol and diesel cars. It was unknown how long it would take for petrol stations to phase out so increasing the amount of charging points would ease this transition.

In response to Councillor Sinclair, Margaret Smith agreed that BP Pulse will be spoken to about ensuring their charging points work.

Councillor Baxter-Payne noted that the debate being had in the meeting was like the meetings the TFG had. He supported recommendations five and eight as five would help residents who lived in terraced housing and a common issue, he noticed was non-EVs parking in EV charging point bays.

Councillor Redford suggested that the OSC receive an update on the rollout of EVs in future. The Chair suggested that this be a briefing note and be received after a year as one of the recommendations was for members to receive quarterly updates.

In response to the Chair, Margaret Smith stated that the TFG agreed that the TROs for EV-only bays would be rolled out incrementally. For example, a row of bays would not be all made to be EV-only. The situation would be monitored where necessary as there were concerns over this from both sides.

The Chair thanked the TFG for their work.

Vote
The Communities OSC voted unanimously for the recommendations in the report.

Resolved
That Communities Overview and Scrutiny Committee support the recommendations set out in in paragraph 5 of the Task and Finish Group’s report attached at Appendix 1.

Agenda Item 4

Cabinet

15 December 2022

Education Capital Programme 2022/23

Recommendations

That Cabinet:

1. Approve the addition to the capital programme of £1.028m funded from the Department for Education grant to deliver the scheme at The Queen Elizabeth Academy, Atherstone; and

2. Authorise the Strategic Director for People, in consultation with the Portfolio Holder for Finance and Property, to make the necessary funding arrangements for this scheme.

1. Executive Summary

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

1.2 The proposal within this report looks to increase the number of pupils admitted at a school in the North of Warwickshire. Further information relating to how the Council plans for and anticipates the growth in demand for school places, is laid out in the Education Sufficiency Strategy and Annual Sufficiency Update.

1.3 All proposed education capital projects are considered against independently published third-party data to benchmark the cost to the Council of providing school places and ensuring effective allocation of resources.

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

1.5 Capital projects are currently experiencing significant increases in construction cost inflation and supply chain issues. This level of fluctuation will also be influenced by stage of the project. The scheme outlined in this report has now received planning permission and a tender sum agreed with the preferred contractor; therefore, there can be more certainty around the costs.

2. Financial Implications

2.1 The total estimated cost of the proposal in this report is £1.028 million. The spend will be funded from the Basic Need capital grant funding from the Department for Education.

2.2 The Basic Need capital grant balance for 2022/23 has been allocated to projects within the Capital Programme. The Department for Education have confirmed the Council will receive further Basic Need capital grant allocations of **£40.850 million** in 2023/24 and **£21.366 million** in 2024/25.

2.3 The proposal in this report will be funded by drawing down on future years' remaining confirmed funding as shown in the table below. The figures do not include the reduction in funding that would occur if further funding is allocated to the Oakley School capital project due to be presented to Council on 13th December. The remaining basic need grant with the inclusion of additional funding for Oakley School would be £33.948m.

	Total Education Capital Funds £m	Proposed Use £m	Remaining Basic Need Grant £m
Balance of Unallocated Education Capital Funds (as at 2024/25)	39.287	1.028	38.259

2.4 In order to mitigate against a shortfall in available resources in any given year, regular monitoring of the profile of expenditure on Basic Need funded projects is undertaken to ensure alignment between the timing of the expenditure being incurred over multiple years and receipt of the grant. Current monitoring indicates that no shortfall is expected.

2.5 If the current market conditions continue, some projects within the current Education Capital Programme, where we haven't already costed in excess inflation, could see a further increase in costs over the next 6 to 12 months. It is difficult to predict what the exact increases might be, but Consumer Price Index (CPI) for the construction sector currently is running at 25-30%. The size of any increases will be largely dependent on when original estimates were drawn up, the level of contingency originally provisioned for and what mitigations are realistically possible for a project.

2.6 It should be appreciated that costing accuracy typically increases as a project proceeds through its development through to delivery. Projects that are at the stage of Strategic Business Case development have about a 40% costing confidence evolving through the outline business case (60%); detailed business case (planning) 85% and to the point where a Contractor is under contract (97%).

2.7 As part of project assurance, the Council will work with cost consultants to scrutinise and challenge contractor costs where needed. There is also ongoing work within projects to value engineer certain elements of a project where feasible. Options such as splitting out different parts of a project to different contractors and putting in early orders on materials where possible to prevent further price increases are also considered.

3. Proposals for addition to the 2022/2023 Education Capital Programme

The Queen Elizabeth Academy, Atherstone

3.1 In May 2022, Cabinet approved delivery of a project at The Queen Elizabeth Academy to provide a new two storey modular classroom block containing 7 general teaching classrooms and ancillary space to facilitate a 1 form entry expansion (150 places) increasing the school's PAN from 120 to 150 with an education capital resources allocation of £2.265 million.

3.2 The block is of modular construction, pre fabricated design. This option has been chosen as it provided the best value for money, the shortest construction time, and the option that had been discussed in detail with planners and the Education and Skills Funding Agency.

3.3 Original estimates were collated in December 2021. In the 12 months since the original quote was obtained there has been an unanticipated inflationary impact on capital projects. Obtaining planning approval for the scheme has also taken longer than anticipated consequently delaying the programme. Planning approval has now been secured subject to highways and safety zone conditions.

3.4 Following a procurement process and review of all prices submitted, a tender sum of £3.100 million was the most competitive price that could meet the requirements of the project and deliver the works by September 2023. The price of works which will begin in Q1 2023 has increased by £1.1m from £2m due to rising inflation, 40-year high cost of materials, supply chain issues affecting the market and additional site constraints not fully clear at the time of the original submission.

3.5 The inclusion of a 5% contingency and 1% for WCC clerks of works increases the total construction budget to £3.293 million, with a £1.028 million shortfall on the current allocated budget of £2.265 million. The total cost of the project remains within the DfE benchmark cost for secondary school expansion.

3.7 There are additional costs (temporary accommodation and hard play space) that are required to meet the additional pupil places and maintain the operation of the academy during construction. The Trust will be providing the funding to meet these additional costs totalling circa £0.275 million.

3.8 It is proposed to allocate further Education capital resources to this project. With large scale strategic development planned for North Warwickshire, the

Local Authority will look to secure S106 funds from developments in North Warwickshire in order to reduce the pressure on Basic Need Funding

3.8 Cabinet are asked to agree the proposal to allocate £1.028 million funded as follows to the existing project:

Education Capital Resources	£1.028 million

4 Environmental Implications

4.1 Where feasible, modern methods of construction to achieve efficiencies and benefits particularly in terms of time, cost, and the environment.

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

4.3 Larger scale projects will follow design objectives to ensure revenue costs are reduced and sustainable schemes are delivered within the financial envelope. This will be done incorporating design features to minimise heating and cooling demands, the careful selection of building materials, air tightness, and the inclusion of renewable energy features where economically feasible.

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

Appendices

None

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Portfolio Holder for Education, Portfolio Holder for Finance and Property	Cllr Kaur, Cllr Butlin	cllrkaur@warwickshire.gov.uk , cllrbutlin@warwickshire.gov.uk

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

Local Member(s): Cllr Singh
Other Member(s): Cllr Dahmash

General Exception Procedure Notice Pursuant to Standing Order 17 and reg 10(1) and 10(3) of The Local Authorities (Executive Arrangement) (Meetings and Access to Information) (England) Regulations 2012

Directorate:

People

Confidential or Exempt [*please state category of exempt information]*

NA

Decision Taker: Member Body or Officer *[if officer please give name and title]*

Cabinet

Proposed Date for Decision/ Time Period

15th December 2022

Summary of Matter

In May 2022, Cabinet approved delivery of a project at The Queen Elizabeth Academy to provide a new two storey modular classroom block containing 7 general teaching classrooms and ancillary space to facilitate a 1 form entry expansion (150 places) increasing the school's PAN from 120 to 150 with an education capital resources allocation of £2.265 million.

Original estimates were collated in December 2021. In the 12 months since the original quote there has been an unanticipated inflationary impact on capital projects. A protracted time period for obtaining planning permission has delayed the programme. Planning approval has now been given. Total construction budget has increased to £3.293 million, with a £1.028 million shortfall on the current allocated budget of £2.265 million. The total cost of the project remains within the DfE benchmark cost for secondary school expansion.

Allocation of additional funding required to ensure contract can be secured and construction can start January 2023 in readiness for September 2023

Proposed Decision

That Cabinet:

1. Approves the addition to the capital programme of £1.028m funded from the Department for Education grant to deliver the scheme at The Queen Elizabeth Academy, Atherstone.

2. Authorises, subject to Council's agreement to the required addition to the capital programme, the Strategic Director for People, in consultation with the Portfolio Holder for Finance and Property, to make the necessary funding arrangements for this scheme.

If the proposed decision is made, would it be contrary to or not wholly in accordance with the policy framework or budget? No – funds within Basic Need Allocation

List of documents/reports provided

Education Capital Programme Report (to be published for 15th December 2022 Cabinet Meeting)

List of Background Papers

None

Is consultation proposed Yes/ No *[if yes, say who and how]*

No

Members of the public wishing to make comments on this matter should write to:

Monitoring Officer **Warwickshire County Council** **Shire Hall** **Warwick** **CV34 4RL** monitoringofficer@warwickshire.gov.uk	
Comments should be made by	**14 December 2022**

Office Use only

Directorate Contact *[please give name and number]*

Emma Basden-Smith – 01926 742058

To be completed by Member Services

Copy Notice served	**Date**
Councillor Adrian Warwick, Chair of Resources, Fire & Rescue Overview & Scrutiny Committee	**07/12/2022**
Copy Notice published on website and available at the offices of the Council	**07/12/2022**

Cabinet

15 December 2022

Approval to Procure Contracts for Temporary Resources (Agency and Interim Staff) Services

Recommendations

That Cabinet:

(1) authorises the Strategic Director for Resources in consultation with the Portfolio Holder to commence a procurement for recruiting agency and interim staff (‘temporary resources’) for all Council services as set out in this report.

(2) authorises the Strategic Director for Resources to enter into all relevant contracts for the provision of temporary resources on terms and conditions acceptable to him.

1. Executive Summary

1.1 The Council uses temporary resources to support its permanent workforce, most of which are supplied using the current corporate contract (‘the Contract’) with Pertemps Recruitment Partnerships (‘Pertemps’). This is a 4-year contract which will end on 30 November 2023.

1.2 As a ‘managed services’ contract with a single supplier, it provides the Council with favourable pricing terms due to economies of scale (‘volume discounts’), as well as the efficiencies arising from use of a single corporate contract. A managed service arrangement allows the Council to specify its requirements for individual temporary staff to the supplier who then sources appropriate candidates for the Council to consider.

1.3 The Council requires a new contract to be procured for temporary resources to begin on 1 December 2023. The aim of the procurement will be to seek a new supplier that can support and build on the successes of the current corporate contract, ensure continuity of service, and achieve value for money.

1.4 A detailed options appraisal has been undertaken with a recommendation that the Council’s requirements would be most effectively achieved with the procurement of a refreshed temporary resources managed services corporate contract with a maximum term of seven (7) years on the Council’s terms and conditions.

1.5 It is recognised that there will be instances whereby the corporate supplier and its supply chain will be unable to fulfil some requisitions for temporary staff. There are also specific challenges relating to the temporary recruitment of specialist and technical roles including, but not limited to, the limited supply pool of interim managers, large (heavy) goods drivers, engineers, auditors, and social workers due to local and national external supply market conditions. For these roles, experience suggests that a more bespoke approach would be more beneficial to the Council.

1.6 It is also recommended that a dynamic purchasing system ('DPS') for temporary staff is procured by the Council to add resilience and greater accessibility to the market for hiring managers should the need arise. The DPS would complement the new corporate contract and would form a compliant, innovative, and complete temporary resources solution that encourages dynamic participation and commercial competition from an open market. The DPS would also have a seven (7) year term, which can be accessible to other public sector bodies, with a rebate mechanism that could potentially generate a small revenue for the Council.

2. Supporting Information

2.1 The ongoing provision of new corporate contracts for the supply of temporary resources is recommended because it enables the Council:

2.1.1 To support its staffing levels, such as adding to or reducing the workforce to meet fluctuating demand for human resource in response to areas of growth, demand cycles, technology implementations, projects, and staff absence.

2.1.2 To access temporary resource at pace to respond to emergency and unprecedented demands on services.

2.1.3 To access the right people at the right time with specific or specialist knowledge, skills and behaviours of a type and number unavailable within the permanent workforce.

2.1.4 To access agency suppliers that protect the Council against potential employment rights issues subject to the right terms and conditions being in place.

2.1.5 To outsource the end-to-end temporary recruitment process and workers arrive with the Council 'ready to work' having undergone the necessary pre-employment checks.

2.1.6 To meet ongoing challenges recruiting to fixed term and permanent roles, which is an ongoing workforce issue for the Council. It is noted that the incumbent supplier offers a 'temp to perm' route for services, which has proven effective in recruiting permanent staff.

2.2 A range of options were considered for the re-commissioning of the corporate contract for temporary resources. This included the use of existing national and regional framework agreements. However, for the reasons set out below in paragraph 2.3, a bespoke procurement process is the preferred option.

2.3 A bespoke procurement process will enable the Council to engage with an open marketplace on terms and conditions that balance risk and opportunity in a proportionate approach. It would allow the Council to approach its requirements holistically to best meet the needs as an authority, whilst maximising the benefits that can be gained by maintaining or increasing consolidation of spend under a corporate contract and using economies of scale.

This approach will also remove the indirect costs passed on by the supplier due to any framework charges. It would also allow the Council to increase the duration of the contract to 7 years to maximise commercial interest in the tendering opportunity among an open and unrestricted supply market, which increases the likelihood of the Council achieving favoured market rates and value for money.

2.4 In addition, the procurement of a Dynamic Purchasing System (DPS) for agency and interim recruitment is also recommended and would function alongside the new corporate contract as it would enable the Council:

2.4.1 To create a comprehensive temporary resources solution enabling services to compliantly balance business need with value for money.
2.4.2 The flexibility and scope of the DPS as a route to market for specialist roles that are difficult to recruit to and need a more bespoke approach.
2.4.3 To have call-off contracts awarded under the DPS formed using the Council's own terms and conditions, mitigating risk and creating efficiencies.
2.4.4 To build effective relationships with participants and improve our understanding and visibility of this supply market.
2.4.5 An opportunity to enhance and standardise management information, thus providing better data insights.

3. Financial Implications

3.1 Funding for temporary resources derives from existing staffing budgets, therefore, the delivery of the corporate contract and DPS will be made from existing resources.

3.2 Over the 3-year period 2019/20 to 2021/22, the Council spent an average of £11.2 million per annum via the existing contract, inclusive of salaries, national insurance, pensions and agency services fees. It is estimated that the value for the proposed new corporate contract should be set at £110 million over the term of the contract based on forecasts for annual inflation (including agency services fees and pay increases), national insurance rises and increases in Council demand over the full 7-year contract term.

3.3 The terms of the contract will be based on the successful applicant being the Council's preferred supplier. The Council will not be under any obligation to guarantee volume commitments or pay fixed fees to the supplier, with payments to the supplier being based only on the Council's actual usage of the contract.

3.4 A volume rebate structure of at least 1.75% of the total annual contract spend will be payable to the Council by the new supplier. This maintains the financial rebate mechanism within the existing corporate contract.

3.5 The contract value for the temporary resources DPS considers both the Council's sole anticipated spend alongside the potential spend of external public sector bodies. It is expected that the Council may spend an average of £3.5 million per annum (£24.5 million over a 7-year term) via the DPS based on the Council's average spend outside of the corporate contract in the 3-year period from 19/20 to 21/22. This includes the cost of salaries, national insurances, pensions and agency services fees alongside potential for inflationary rises over time and increases in usage by the Council.

3.6 External use of the DPS is an opportunity for income generation (through a rebate mechanism) and it is necessary to take this into account when determining the overall contract value in accordance with Public Contract Regulations. Any income generation from the DPS could also contribute towards MTFS savings and support the Council's commercial approach to contracting.

3.7 Whilst the procurement of the DPS would not create any fixed financial commitments or liabilities for the Council, the published contract value for the DPS over 7-years would be up to £100 million to maximise the potential scope for external use.

3.8 It is proposed that the overall rebate structure for the DPS for internal use will be the same as the new corporate contract as set out in 3.4.

4. Environmental Implications

4.1 None.

5. Timescales associated with the decision and next steps

5.1 Following Cabinet approval, a procurement process will be commenced. The proposed solutions and supporting contractual agreements need to be in place by 1 December 2023.

Appendices

None

Background Papers

None

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

The Chair and Party Spokes of the Resources and FRS Overview and Scrutiny Committee

Local Member(s): N/A – County-wide matter
Other members:

Cabinet

15 December 2022

Tender to Establish a Replacement Bus Services Dynamic Purchasing System

Recommendations

That Cabinet

1. Authorise the Strategic Director for Communities, in consultation with the Portfolio Holder for Transport and Planning, to commence an appropriate procurement exercise to establish a replacement Dynamic Purchasing System (DPS) for bus transport contracts; and

2. Authorise the Strategic Director for Communities to enter into all necessary contracts and agreements, to establish the DPS for the provision of bus transport on terms and conditions acceptable to the Strategic Director of Resources, with subsequent call-off contracts for specific routes awarded under the DPS in line with Contract Standing Orders.

1. Executive Summary

1.1 Warwickshire County Council currently spends circa £13.5 million a year on bus service provision (including local bus services and home to school transport). This spend is on an on-going basis throughout the year with overall management of the budget held by Communities Group.

1.2 In order to provide these services lawfully, a DPS was set up in 2015. A DPS is a procurement legislation compliant electronic open marketplace system that suppliers can join at any time and which is designed to give us access to a pool of pre-qualified suppliers quickly and efficiently as need arises.

1.2 The current DPS expires on 31/3/23 and approval for a replacement is sought to ensure continuity of service.

2. Background

2.1 The current DPS was established in 2015 to replace and overcome the limitations associated with a traditional framework. Under a traditional framework, the supplier list is fixed for the duration of the framework term which can mean that choice is limited if a market is volatile and for example, suppliers leave the market. In addition the opportunity to tender for inclusion on a framework is open for a much shorter period limiting those who can participate. Under a DPS, suppliers can join at any time helping to ensure a dynamic and available supply chain and permanent competition throughout its lifecycle, and a DPS benefits from the advantage of having a longer lifecycle than a traditional framework which is capped at four years. The longer lifecycle enables the authority to award longer contracts.

2.2 The current DPS has functioned well creating a competitive market for bus tenders to procure and deliver subsidised public transport and statutory home to school transport services.

2.3 There are sixty-nine operators on the current DPS. Of those sixty-nine operators, forty-three operators are currently operating live contracts across public transport, home to school transport and adult social care transport service areas. To achieve synergy, contracts operate across multiple service areas (public transport, home to school transport and adult social care transport) wherever possible.

2.4 The contract will be procured in a manner that will allow Coventry City Council, Solihull MBC and certain other Public Bodies to access the contract, providing compliant routes to market on a collaborative basis. Furthermore, the creation of the DPS will be inclusive for all the communities of Warwickshire, taking into account their diverse needs in terms of equality and accessibility.

3. Proposal

3.1 A DPS allows new operators to join, using a simplified process, throughout its lifetime and become eligible to tender for services. This increased competition is intended to support a functioning competitive market to ensure the Council achieves value and improve efficiency of procurement.

3.2 The DPS gives no guarantee of volume of work or the value that Suppliers may be awarded under it. These variables are determined under the tenders as and when they occur and are called off against the DPS.

3.3 Although the existing DPS can in theory continue indefinitely, it is good practice to review and replace periodically. Procuring a replacement DPS will allow Warwickshire County Council to revise and improve the associated terms and conditions where considered appropriate, and ensure the DPS continues to operate efficiently and effectively. In this refresh the Council will introduce more rigorous performance clauses and also address the provisions for annual increases given the current economic position and inflation

4. Financial Implications

4.1 Existing annual contract values for the bus service provision, including local bus and home to school transport, are circa £13.5 million.

4.2 The current Bus DPS has an automatic RPI increase built in that is awarded on the anniversary of each contract with the written consent of the Council. Due to the exceptional circumstances around the current rate of inflation and the negative impact on budgets this approach is no longer sustainable. The replacement DPS proposes a variable capped index (which will adjust in line with inflation index but will not exceed a set value) which will maintain a balanced commercial relationship between Warwickshire County Council and the contractors.

5. Environmental Implications

5.1 The contract will align with the Council's approach to sustainability and the environment – Warwickshire County Council's draft Sustainable Futures Strategy is currently out to consultation and can be found here: https://democracy.warwickshire.gov.uk/documents/s27108/Appendix%201%20for%20Sustainable%20futures%20strategy.pdf

5.2 Warwickshire currently lets tenders for local and school buses that need to meet a minimum emissions Euro standard. School Buses must meet a minimum Euro 4 standard, whilst Local Buses should meet a minimum of Euro 6. However, due to limited supply of Euro 6 vehicles, we reserve the right to accept bids for Euro 5 vehicles.

5.3 We are looking to increase this requirement over the term of the DPS. We hope to increase all School Buses to Euro 5 by 2027 and for all Local Buses to be a minimum of Euro 6 by 2025.

5.4 We are also looking for operators to submit alternative bids for cleaner vehicles using alternative energies such as electric or hydrogen to support decarbonisation targets.

5.5 We will be encouraging operators to look at their sustainability strategies within the term of the DPS to promote the use of zero emission vehicles using funding sources from DfT such as ZEBRA (zero emission bus regional areas).

6. Timescales associated with the decision and next steps

6.1 Proposed procurement timeline

October - December 2022	Pre procurement ITT exercise
December 2022	Cabinet approval requested
January 2023	Procurement commences
February 2023	Assessment of operator applications
April 2023	New DPS available from 1/4/23

Appendices

None

Background Papers

None

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

Local Member(s): None – county wide procurement activity
Other members: Councillor Clarke, Chilvers, D'Arcy and Fradgley (The Chair and Party Spokespersons of the Communities Overview and Scrutiny Committee.)

Agenda Item 8

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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