

2020/21 Revenue Budget Resolution

Conservative Recommendations to County Council

The County Council is recommended to plan its budget framework for 2020/21 on the following basis:

1. Financial Direction of Travel

- 1.1. We plan our budgets over the medium term. This allows for a more focussed and planned approach to prioritisation. It provides a degree of certainty and a sure-footed direction of travel where services can focus on delivery knowing the financial environment within which they will be required to operate.
- 1.2. 2020/21 is the first year of our 2020-25 Medium Term Financial Strategy. It provides, over a rolling five-year period a financial strategy that will underpin the delivery of the outcomes and objectives we have set out in our Council Plan 2025. A key challenge in setting this year's budget is the lack of a multi-year settlement from central government, which is expected to arrive in 2020/21. This will provide greater certainty about our medium-term financial outlook, as will policy decisions about the Fair Funding Review, business rates and funding for adult social care.
- 1.3. We will remain robust, ambitious and prudent in setting both next year's budget and our Medium Term Financial Strategy, with a focus on outcomes and social value. Given that current economic uncertainties remain we will continue to look for efficiencies to drive better value for money for our taxpayers. We will invest our resources to ensure Warwickshire's communities and individuals are supported to be safe, healthy and independent and Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure.
- 1.4. We will redouble our efforts to bring inward investment and private and public sector businesses into the County for the benefit of employment and prosperity of our residents and the future of their children.
- 1.5. To ensure the finances of the Council are robust and sustainable we will:
 - Directly invest £8.4 million in our children's social care services, providing resources to meet costs arising from: the higher numbers of Looked After

Children; the limited options to tackle the foster care / placement mix; and additional support for those moving from care to independent living;

- Invest a further £3.8 million into our Children's Transformation Fund to bring forward initiatives to reduce demand for children's social care over the medium term and improve the school readiness of children across Warwickshire. We require a report on the intended benefits of the programme across the three themes of early help, children in care and care leavers and cultural change aligned to the outcomes and objectives of the Council Plan 2025 to be brought to Cabinet in April;
- Invest £14.4 million to protect our elderly citizens and vulnerable adults to fund additional demand and manage winter pressures whilst continuing to make progress on our vision of greater integration between health and social care;
- Invest £1.6 million to continue to support children and young people with disabilities placements and to ensure they can access appropriate support within their communities;
- Invest £2.0 million in home to school transport to ensure we continue to provide services in line with our policy whilst being able to respond to the increasing demands on the service;
- Invest £0.5 million to support victims of domestic abuse;
- Invest £0.3 million in the Waste Management service to meet the increased demand as a result of housing growth; and
- Invest £0.3 million to maintain the Fire and Rescue Service control room in Warwickshire, enabling the control room to take a leading role in supporting the Service's wider transformation programme.

1.6. We are beginning to see real positive impacts from our time-limited investment over recent years. We will therefore continue our investment in school improvement, skills for employment and flood risk management on a permanent basis.

1.7. We intend to continue and extend the approach adopted last year to investing our short-term resources to support the priorities of the Council Plan 2025 and to invest in Warwickshire's future. We will create four additional Investment Funds to help drive forward the Council's objectives, amplify the impact of capital investments, ensure investments are supported by robust business cases and realise benefits and help address long-term issues such as climate change. In doing this we are determined to make the best use of the funding we have available. With evidence-based decision-making we are looking to make step changes towards the delivery of our service objectives whilst ensuring any allocations do not cause difficulties with sustainability over the medium term. We will put in place rigorous prioritisation and evaluation processes before funding allocations are confirmed. Allocations to

individual projects will require business cases that are evaluated against criteria that will be agreed by Cabinet in March 2020.

- 1.8. Our Investment Funds will initially contain £20m revenue funding which may be topped up during the five-year period as our finances allow. We are proposing indicative allocations to each Fund. These indicative allocations are deliberately flexible and may be varied as bids emerge and are prioritised, subject to Cabinet consideration and approval.
- 1.9. Our Investment Funds and the key projects that we expect to see come forward for approvals as part of the first tranche of allocations are:
 - Sustaining Prevention Fund
An indicative allocation of £7 million to pump prime up-front investment in demand management and early intervention initiatives prior to financial benefits accruing. We expect proposals to be brought forward to expand our investment in homelessness projects across the county in the near future and to pilot initiatives to support vulnerable people at risk as a result of drugs and alcohol misuse, gambling, mental health and male suicide.
 - Climate Change Fund
An indicative allocation of £4 million to invest in coordinating and pump priming work across the revenue and capital budget to implement the priorities flowing from the Climate Change Task and Finish Groups and Council Plan 2025 that protect our residents and the County's environment for future generations. An initial priority will be putting in place the organisational infrastructure needed to develop and manage the programme of work.
 - Commercial Fund
An indicative allocation of £4 million to deliver commercial investment in outcomes for Warwickshire arising from the commercial strategy. Projects are likely to include work to scope the potential creation of a property company to enhance the delivery of Council Plan 2025 priorities and provide for effective use of our land assets by delivering housing, smallholdings, business support and other property infrastructure in line with our priorities.
 - Place Shaping and Capital Investment Feasibility Fund
An indicative allocation of £5 million to support strategic investment in Warwickshire's economy and improving quality of life for residents and communities. Projects we expect to be brought forward for consideration include the development of a 'place-shaping plan' for the county of Warwickshire, investment in 5G, the rationalisation of the County's estate, including the fire estate, to meet the changing demographics and needs of our communities and the cost-effective delivery of services.

- 1.10. In addition to the Investment Funds we intend to use our remaining short-term resource capacity to invest in Warwickshire's future, so that the economy is vibrant and we can use the proceeds from that to ensure our most vulnerable citizens are safe and that children and young people across the county have the opportunity to thrive and fulfil their potential. We will invest:
- £3.7 million over three years to increase state-funded specialist education provision in Warwickshire to deliver better use of resources by education young people with special educational needs and disabilities in-county;
 - £0.3 million over two years to continue the joint investment in the homelessness project with Rugby Borough Council;
 - £0.6 million to manage the Council's engagement with and response to the independent inquiry into child sexual abuse; and
 - £0.6m over two years to restructure the Fire Protection team to meet the increasing demand for statutory inspections with a view to rolling out a wider offer to local businesses in future which should make the activity sustainable over the medium term.
- 1.11. We will continue to be responsible and commit ourselves to targeting resources that will support our vision to make Warwickshire the best it can be, sustainable now and for the future. As well as identifying where we want to invest in services, we have also focussed on identifying where services to residents can be broadly maintained albeit delivered in a more cost-effective way in the future. We will re-focus our transformation funds to look at ways to be more efficient and effective in maximising outcomes from local and national taxpayers' money. As invest-to save funds we expect the investments to have targets for financial return and pay-back periods and deliver budget reductions in future years that we can reinvest in services. We expect these investments to include the transformation of the Fire and Rescue Service through organisational development, investment in estates and digital transformation.
- 1.12. We will deliver £6.2 million of budget reductions in 2020/21, increasing to £33.3 million by 2025, through better procurement, improvements in efficiency, increased income and delivering reductions in demand. We are all consumers of the services the County Council provides. We also represent and will deliver value for money for the tax payers of Warwickshire.
- 1.13. We do acknowledge the need for an increase in local tax. We will use the opportunity provided by the government to levy a 2% council tax to provide additional ring-fenced resources to fund adult social care services. In addition, we require an increase of 1.99% on the council tax for all other services too. In total, this 3.99% council tax increase is equivalent of an increase of £1.10 per week for a Band D dwelling.

2. Adult Social Care

- 2.1. Adult social care is our highest spending service. In December 2019 the Government announced that local authorities would be able to levy an additional 2% on top of their normal council tax increase each year, with this additional funding to be ring-fenced for use in adult social care.
- 2.2. We intend to take the additional 2% levy for adult social care in 2020/21 and will increase the resources available to deliver adult social care by at least the amount raised from the levy. We know that, both locally and nationally, this is a top priority for citizens. We expect the Service to manage within the funding allocated in this resolution, including the additional funding provided by the Government through the Better Care Fund to meet demographic, statutory and inflationary pressures. We expect the Service to continue to work with partners to manage the extent of any emerging demand-led spending pressure, thereby reducing the level of savings needed.
- 2.3. We believe this approach provides the flexibility needed by the Service to manage its resources in the most effective way. Our focus is the transformation of adult social care pathways, the way we deploy social workers and the enhancement of information and advice to enable people to shape their own solutions. This decision will protect Warwickshire adult services at a time of long-life expectancies.

3. Dedicated Schools Grant

- 3.1. We continue to expect the cost of funding schools and relevant pupil-related services to be contained within the level of the Dedicated Schools Grant (DSG). Our policy remains that we do not intend to subsidise the DSG from our own resources. We will continue to allocate resources to schools and other educational settings in accordance with the National Funding Formula for schools and early years.
- 3.2. We recognise that meeting our policy aspirations in relation to high needs services and support can only be achieved over the medium term; given the nationally growing demand for services and the lack of capacity in the system. We have applied to the Secretary of State to transfer 0.5% (£1.748m) of DSG funding for schools to support high needs services in 2020/21 and we are investing in building capacity locally, for example through the acquisition of the Pears Centre in Exhall. But, with the Government now requiring all schools and early years services to be provided within the level of DSG allocated we recognise more needs to be done to ensure the budget for these services is robust and sustainable.

- 3.3. We require that a report is brought to Cabinet by July 2020 for approval that sets out how the DSG will be brought back into balance following consultation with partners across the sector.
- 3.4. Whilst this plan is developed and implemented, or the Government brings forward proposals for funding DSG deficits at a national level, we will ensure the Authority's overall financial resilience is maintained. We will set aside sufficient funding in reserves to create an equal and opposite position to offset the projected deficit until a sustainable solution is in place.

4. Revenue Allocations

- 4.1. To reflect the significant pressures on communities and the increasing demand for services we are responsible for, whilst ensuring we continue to develop so we can deliver the public services expected for the future, we are making allocations totalling £50.016 million.
- 4.2. We will provide £11.678 million for the estimated cost of pay and price inflation in 2020/21, allocated between Services as shown in **Appendix A**. In making this allocation it is acknowledged that the allocation to Services for inflation is an approximate cost, recognising that some costs will increase above the standard rate and some below. Once the overall allocation has been agreed, a Service will have the opportunity to allocate the funding provided to reflect where inflation will impact at a local level.
- 4.3. In addition to meeting the estimated cost of inflation we will also provide £38.338 million to meet additional spending need, of which £16.915 million is time-limited. Details of the allocations and how we expect the funding to be used are also detailed in **Appendix A** for permanent allocations and **Appendix B** for time-limited allocations.
- 4.4. We expect Services to manage all other issues from within existing financial resource levels and support their planned use of £0.997 million of service reserves to provide capacity to invest in service change and to allow space to effectively implement service redesign/reprioritisation.

5. Funding Sources

- 5.1. Over recent years we have taken the decisions necessary so we can continue to provide services to the residents and communities of Warwickshire whilst continuing to innovate and invest in ensuring our services are fit for the future. We are financially resilient and hold reserves to manage financial risk and promote financial sustainability. However, we recognise the need to control the amount of scarce resources held in reserves and refine our approach to managing reserves to maintain a proportionate, sustainable, flexible and risk-based approach.
- 5.2. Our approach to the effective use of reserves is set out in **Appendix C**. It provides for increased transparency and accountability around reserves and ensures the framework is in place to align decision-making around the use of reserves with the Council Plan. We will continue to consider the advice and recommendations of our Strategic Resources for Director (s151 Officer) bi-annually as part of budget setting and after closing our accounts. We will look to utilise our reserves prudently whilst also recognising that this is taxpayers' money and we will look to use our balance sheet strength to drive the Council's investment needs to deliver infrastructure and service investment needs for our residents.
- 5.3. We will provide sufficient resources to ensure the level of General Reserves is at least consistent with that stated by the Strategic Director for Resources as the minimum level of general reserves given the financial risks facing the authority. We will release £20 million now to deliver our investment proposals over the period of the 2020-25 Medium Term Financial Strategy and will undertake a further review at the end of each financial year to identify where there is scope to release further resources to support our investment proposals.
- 5.4. Our plan for budget reductions will generate £6.209 million in 2020/21 and a further £27.103 million over the period of the 2020-25 Medium Term Financial Strategy. Approval is given to the plans for the delivery of these savings detailed in **Appendix D**. If during 2020/21 any of the budget reductions do not materialise to the degree shown, the Assistant Director in conjunction with their Strategic Director and Portfolio Holder should identify alternative proposals to ensure the required levels of reduced spend are delivered and report this as part of quarterly monitoring.
- 5.5. Just under a third of the Authority's spending each year is on staffing. The proposals to deliver budget reductions will require, in some areas, a reduction in the number of posts. Policies and processes are in place to enable us to effectively redeploy people. However, it has to be recognised, some redundancies will be necessary, resulting in a need to fund redundancy costs. Within these budget proposals we will retain £9.1

million Redundancy Fund for realigning services, or more specifically to fund the up-front costs of redundancy. All allocations from the Fund must be made in accordance with the protocol issued by the Strategic Director for Resources.

- 5.6. Included within the roll-forward budgets are a number of other grants we receive from the Government for specific purposes. Any variations to the levels of funding received will be matched by an equivalent adjustment in the budget for the respective service.
- 5.7. We will use business rates funding of £71.199 million to support the overall budget of the County Council. In the event of business rates funding being above or below this level the variation will be managed by an adjustment to the Business Rates Volatility Reserve during 2020/21.
- 5.8. We will use the £0.104 million surplus from the collection of council tax to support the budget on a one-off basis.
- 5.9. **The council tax will increase by 3.99%.** With the other funding resources identified, this will fund the proposals contained within this resolution.

6. Medium Term Financial Strategy

- 6.1. Since 2011, we have adopted a stepped approach to the development of our medium-term financial plans and have a track record of delivering savings. This has served us well as we have steered the Authority through some undoubtedly challenging financial times. Looking forward we will be operating in an environment of uncertainty over funding as it strives to deliver on the objectives and outcomes as set out in the Council Plan 2025. We recognise that changes to the system of local government finance as a result of the increasing moves towards self-sufficiency and means our financial planning processes will need to change as the level of income from local taxation will become increasingly variable and unpredictable. Technological developments, changing national and international economic relationships, the opportunities for commercial investment and the long-term challenge of climate change also mean our plans need to be flexible and adapt to change at pace whilst retaining a focus on our longer-term goals and ambitions.
- 6.2. With this in mind, we intend to move to a rolling five-year MTFS where we can demonstrate that the finances of the authority are allocated in accordance with the priorities of the organisation and that the underpinning finances remain robust and

our service delivery sustainable for the benefit of the residents and businesses of Warwickshire.

- 6.3. Our Council Plan 2025 sets out our ambitions and the new operating model provides the framework. We ask Corporate Board to develop commissioning strategies, action plans, key business measures and performance management requirements aligned and consistent with the available resources of the authority.
- 6.4. The indicative future spending allocations and planned reductions we have set out deliver a balanced MTFs over the period of the 2025 Council Plan with a 1.99% annual increase in the council tax in future years. We accept that without this level of increase in council tax, or if future spending needs exceeds the indicative levels, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable.
- 6.5. We therefore expect the focus of change to be on invest-to-save projects that will release the resources needed to invest in our ambitions. Investment decisions should be based on a more commercial approach, aligned with the recently approved commercial strategy. This work should drive the options for further budget reductions over the period of the MTFs.
- 6.6. The MTFs should demonstrate how we will work with partners in Health, other local authorities, Police and other public agencies to deliver services. We require services to focus on the preventative agenda to manage demand downwards, so we can secure even more value for money.
- 6.7. We expect the MTFs to reflect on and respond to the Council's key strategic risks of:
 - The challenges to service delivery of Government policies, new legislation, austerity and demographic pressure;
 - The continuing pressure on adults' social care services, health and special educational needs and disability provision;
 - The safeguarding of children and vulnerable adults;
 - The maintenance of the security of our systems and data;
 - The inability to secure economic growth in Warwickshire;
 - The ability to keep our communities safe from harm;
 - The transformation programme being able to deliver the extent of change required to meet high priority targets and deliver strategic priorities; and
 - Our readiness to take advantage of the Spending Review opportunities for the benefit of Warwickshire.
- 6.8. We recognise this means significant challenges for the organisation, including the changing way in which people want to access services. Our proposals recognise that

this will take time and investment and a broad engagement with all those affected, both inside and outside the organisation.

7. Strategic Director for Resources: Statement

7.1. The following statement from the Strategic Director for Resources is noted:

“The 2003 Local Government Act places specific responsibilities on me, as “Chief Financial Officer”, to report on the robustness of the budget and the adequacy of proposed financial reserves when the authority is considering its budget requirement. The Council is required to have regard to this report when it sets the budget. There are a range of other safeguards that I must also consider to prevent the Local Authority from over committing itself financially, including:

- *the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992);*
- *the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs (section 151 of the Local Government Act 1972).*

The uncertainties of the economic environment, the fact we are awaiting a multi-year Spending Review settlement, the scale of the expenditure reductions required and the growing demands on services, mean that there are significant risks facing the Authority in delivering a balanced budget. In fulfilling the various responsibilities placed on me as Chief Financial Officer, I have set out below, what I see as the key risks associated with the proposed budget and how they can be managed, so that Members are clear on the risks associated with these budget proposals when making their budget decision.

Risk 1 – Delivery of the Planned Budget Reductions

The planned budget reductions need to be fully implemented to ensure the Council’s 2020/21 budget remains balanced and sustainable into the future. To mitigate this risk:

- *Key policy changes associated with major savings proposals have been identified;*
- *Assistant Directors, Strategic Directors, the Chief Executive and Portfolio Holders have been charged with ensuring that processes are in place to ensure that the planned budget reductions are delivered to the required timetable;*
- *If the planned budget reductions are not delivered, Assistant Directors, Strategic Directors, the Chief Executive and Portfolio Holders are required to identify alternative ways of balancing the Service and/or Directorate budgets; and*

- *Monitoring of the delivery of the planned budget reductions will be extended to include the monitoring of project delivery milestones to ensure decisions are taken in a timely manner and implementation timescales are met.*

Risk 2 – Uncertainty of the National Funding Position

There is uncertainty around the national funding position for local government as a result of the lack of a three-year Comprehensive Spending Review, wider economic uncertainty given the EU exit and international trade disputes. This means we need to have a higher level of general reserves, and may face more significant revenue pressures until the multi-year spending review which we expect to receive later this year.

Risk 3 – Dedicated Schools Grant Deficits

There is a financial risk to the Authority as a result of the new provisions that local authorities will not be permitted to fund any part of the DSG deficit from sources without the authorisation of the Secretary of State, if the outcome does not come with the extra funding required to resource any deficit. This has been mitigated by an equal and opposite provision in reserves to offset the projected deficit, but this does not provide a long-term solution or remove the need to identify options for bringing spending into line with the level of DSG received.

Risk 4 – Business Rates Retention Scheme and Local Government Funding Reform

The changes to the funding of Local Authorities, making us more dependent on the level of business rates collected locally, is likely to result in volatility to the Council's funding to a greater extent than in previous years. This places greater importance on the need to maintain reserves to manage any volatility. There is also greater uncertainty with the pending Fair Funding review of local government and how this may affect the resources available to the Council.

Risk 5 – Pensions

Given the range of possible changes to the Local Government Pension Scheme, this remains a key risk for the Council, in terms of possible costs arising from any new scheme and the financial consequences of large numbers of staff leaving the scheme.

Risk 6 - Treasury Management

The level of interest receipts and return on Treasury Management activities and borrowing costs are subject to market rates. Members are advised of this risk each year and this is mitigated by application of the Council's annual Treasury Management Strategy. However, actual interest returns/costs are determined by a variety of factors largely outside the Council's control.

Risk 7 – Repayment of Overspends

Arrangements will need to be put in place as part of the financial outturn report to Cabinet and this budget resolution to stabilise the financial position of those services overspending. If overspends occur in future years, services will need to deliver additional budget reductions to repay overspends as well as delivering the planned budget reductions in 2020/21. The flexibility to manage this through reserves is reduced as a result of the use of reserves proposed in this resolution.

Risk 8 – Impact on the Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) outlines the significant additional financial challenge to the authority in future years. The indicative future spending allocations and planned reductions deliver a balanced MTFS over the period of the 2025 Council Plan with a 1.99% annual increase in the council tax in future years. Without this level of increase in council tax, or if future spending needs exceeds the indicative levels, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable. Given this challenge Members are advised it is important that decisions taken in agreeing the 2020/21 budget do not increase this financial risk. The commitment of Members to meet the financial challenges ahead and take the decisions needed to ensure the finances of the authority remain robust into the future is welcomed.

The budget information used in preparing this budget resolution has undergone extensive scrutiny by:

- Assistant Directors and their staff;
- Staff within the Finance Service; and
- Corporate Board

In addition to this I have worked closely with members in preparing this budget resolution. In overall terms I am of the view that this revenue budget has been prepared on realistic assumptions in an uncertain environment and that as such it represents a robust, albeit challenging, budget.

I have also undertaken a risk analysis of the adequacy of financial reserves, taking account of the financial risks above. This highlighted the need to retain a minimum of £21.2 million in general reserves in 2020/21. This resolution makes provision for this level of reserves. I am therefore of the view that this budget does provide for an adequate level of reserves.”

8. Summary of Service Estimates

- 8.1. Approval be given to the individual service net revenue estimates shown below, which will be finalised for the service estimates to be presented to Cabinet in March of:

	Base Budget	Additional Investment	Funding Sources	Total
	£	£	£	£
Education Services	107,894,949	5,567,000	(279,000)	113,182,949
Environment Services	25,159,550	960,000	(200,000)	25,919,550
Fire and Rescue Service	20,054,288	1,078,000	-	21,132,288
Strategic Commissioning - Communities	19,606,907	2,189,000	-	21,795,907
Adult Social Care	144,055,813	14,350,000	(400,000)	158,005,813
Children and Families	51,151,035	8,376,000	(194,000)	59,333,035
Strategic Commissioner - People	31,846,719	2,088,000	-	33,934,719
Business and Customer Services	17,908,021	373,000	(1,140,000)	17,141,021
Commissioning Support Unit	3,679,997	79,000	(405,000)	3,353,997
Enabling Services	20,824,847	3,477,000	(774,000)	23,527,847
Finance	4,343,199	103,000	-	4,446,199
Governance and Policy	1,870,114	360,000	(40,000)	2,190,114
Other Services - spending	44,768,853	11,016,000	(2,777,000)	53,007,853
Other Services - schools and funding	(79,525,280)	-	(142,928,000)	(222,453,280)
	413,639,012	50,016,000	(149,137,000)	314,518,012
<u>Contributions to/(from) reserves:</u>				
- Service Reserves	(977,000)	-	-	(977,000)
- General Reserves	-	-	181,944	181,944
Budget Requirement	412,662,012	50,016,000	(148,955,056)	313,722,956

9. Council Tax Requirement

- 9.1. Approval is given to a council tax requirement and a Band D Council Tax for the County Council for the year ending 31 March 2021 as follows:

	£
Budget Requirement	313,722,955.70
Less Council Tax Surplus on Collection	(104,311.83)
Council Tax Requirement for the year ended 31 March 2021	313,618,643.87
Divided by aggregate Council Tax Base for the County Area	210,642.06
Basic Amount of Council Tax (Band D)	1,488.87

10. Council Tax

- 10.1. The council tax for 2020/21 is increasing by 3.99%. Therefore, approval is given to Council Tax amounts for each category of property as follows:

	£
Band A	992.5800
Band B	1,158.0100
Band C	1,323.4400
Band D	1,488.8700
Band E	1,819.7300
Band F	2,150.5900
Band G	2,481.4500
Band H	2,977.7400

11. Precepts

- 11.1. The Chief Executive is authorised to issue the 2020/21 precepts on the Warwickshire billing authorities, as follows:

	£
North Warwickshire Borough Council	31,318,291.12
Nuneaton and Bedworth Borough Council	57,197,025.47
Rugby Borough Council	57,671,736.78
Stratford-on-Avon District Council	84,276,161.25
Warwick District Council	83,155,429.25

12. Budget Management

- 12.1. The Chief Executive is directly responsible for the implementation of the budget.
- 12.2. Cabinet will continue to receive quarterly reports on service performance, financial performance and progress on the delivery of the savings plans.
- 12.3. The Chief Executive and Strategic Director for Resources are authorised to vire revenue budgets between Services where such virements are as a direct consequence of the specific spending allocations, delivery of the planned net

reductions and funding strategies contained in this resolution and the accompanying capital budget resolution.

- 12.4. The Chief Executive and Strategic Director for Resources, in consultation with the Leader, are authorised to reverse allocations made as part of this budget process where the investment does not progress.
- 12.5. The Chief Executive and Strategic Director for Resources are authorised to draw down from reserves and vire money between reserves where these adjustments are as a direct consequence of the specific spending allocations, delivery of the planned budget reductions (including where there are revenue savings from using the receipt from the sale of assets to repay debt and savings from the pro-active management of the authority's cash balances and the transfer of functions between Services) and funding strategies contained in this resolution and the accompanying capital budget resolution.
- 12.6. The Chief Executive and Strategic Director for Resources are authorised to make the necessary budget adjustments to fund the new responsibilities given to the County Council during the year, or where responsibility for services transfers out, up to the level of Government funding provided/withdrawn.
- 12.7. The Chief Executive is instructed to remind the Strategic Directors, the Chief Fire Officer and Assistant Directors that budgets must not be overspent and that effective budget management arrangements should be the cornerstone of Services' work to secure value for money.
- 12.8. Services, and also schools, are encouraged to take a medium term view of spending commitments and ensure a prudent approach is adopted in entering into initiatives which create commitments in future years and developing clear strategies for the utilisation of service reserves.
- 12.9. All member bodies, Members and officers are instructed to comply with the prescriptive legal duties placed upon the Council. The Chief Executive, Strategic Directors, Chief Fire Officer and Assistant Directors are instructed to ensure that the implementation of policies complies with legal requirements.
- 12.10. That authority is given for all necessary tenders to be obtained and contracts to be completed to give effect to this budget, subject to compliance with Contract Standing Orders, Financial Regulations and the key decision regime.

13. Pay Policy

- 13.1. Section 38 of the Localism Act 2011 requires us, as a local authority to prepare and approve an annual pay policy statement by 31 March, immediately preceding the year to which it relates.
- 13.2. The pay policy statement must set out the authority's policies for the financial year relating to the remuneration of chief officers (which, in the case of the County Council, includes the Chief Executive, Strategic Directors and Assistant Directors) and the remuneration of employees who are not chief officers.
- 13.3. Our pay policy statement that meets these statutory requirements is set out in **Appendix E** and the County Council agrees the application of these remuneration policies for the financial year 2020/21. It also sets out our proposed approach to the payment of exit payments in Section 9.

2020-25 Proposed Permanent Allocations

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Education Services					
Inflation - An allocation to meet the cost of inflation across the Service.	621	630	643	655	669
Home to school transport - An allocation to meet the demand for home to school transport for pupils and students; thereby ensuring that eligible children have a seat to get to and from school.	2,037	1,517	1,288	1,453	1,400
Direct payments for children with disabilities - An allocation to continue to support the children and young people with disabilities who already receive a direct payment and to reflect the continuing growth in overall numbers. The increase will enable children and young people to access the appropriate support within their own community; promoting learning, inclusion, social opportunities, independence and skills for life.	316	0	0	0	0
Placements for children with disabilities - An allocation to continue to support current placements and to meet the expected demand for future placements. This will ensure looked after children are in appropriate specialist places to meet their need.	1,311	0	0	0	0
School improvement - An allocation to fund the service on a permanent basis and so ensure system leadership and school to school support continues.	248	0	0	0	0
Total Education Services	4,533	2,147	1,931	2,108	2,069
Environment Services					
Inflation - An allocation to meet the cost of inflation across the Service, including the cost of highways maintenance contract inflation above the level of general provision for service inflation.	760	768	778	788	798
Flood risk management - An allocation to continue to meet the demand for input to planning applications now the time limited funding allocated by Council has finished.	200	0	0	0	0
Total Environment Services	960	768	778	788	798

2020-25 Proposed Permanent Allocations

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Fire and Rescue					
Inflation - An allocation to meet the cost of inflation across the Service.	403	408	416	424	433
Staffing Capacity - An allocation to increase the senior management staffing capacity in the service as a result of the service redesign	75	0	0	0	0
Non-delivery of control room savings - An allocation to reflect the decision to not proceed with the collaboration with West Midlands on control room operations which means the planned savings cannot be delivered. Instead control room staffing will be maintained and Fire Control will take on a key role in supporting the Service's wider transformation programme.	300	0	0	0	0
Total Fire and Rescue	778	408	416	424	433
Strategic Commissioning for Communities					
Inflation - An allocation to meet the cost of inflation across the Service, including the cost of waste management contract inflation above the level of general provision for service inflation.	928	714	733	662	671
Waste management - An allocation to address the increased waste management costs being incurred as a result of housing and population growth within the county and as set out in the District and Borough Council Local Plans.	300	300	300	300	300
Skills for employment - An allocation to continue the skills for employment scheme on a permanent basis as part of the delivery of the Council's new Careers Strategy. The allocation will help our schools provide enhanced careers and employability support to their pupils and enable increased employer engagements by young people to help make them make more informed careers decisions.	250	0	0	0	0
Total Strategic Commissioning for Communities	1,478	1,014	1,033	962	971

2020-25 Proposed Permanent Allocations

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Adult Social Care					
Inflation - An allocation to meet the cost of inflation across the Service, including the increased cost of care provider inflation to an average of 3% through the period of the MTFs and the impact of the National Living Wage on contract costs.	5,567	4,942	5,116	5,185	5,249
Care demand for adults - An allocation to meet the cost of increase in demand for adult social care due to population growth, the increased length of support and intensity of care need as a result of increased life expectancy and the estimated reduction in people who can fund their own care over time.	3,149	3,354	3,680	4,000	4,000
Liberty Protection Safeguards - An allocation to meet the estimated cost of implementing the new legislative requirements around Liberty Protection Standards from 1 October 2020.	250	250	0	0	0
Total Adult Social Care	8,966	8,546	8,796	9,185	9,249
Children and Families					
Inflation - An allocation to meet the cost of inflation across the Service, including the cost of waste management contract inflation above the level of general provision for service inflation.	1,126	1,101	1,123	1,146	1,169
Mother and baby placements - An allocation to meet the cost of fostering placements for mothers and babies aligning the budget provision with current levels of spend.	129	0	0	0	0
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.	351	336	357	360	360
S17 children - An allocation to meet the costs associated with support for parents and children to remain together at home, providing support for families who are destitute.	53	0	0	0	0
Looked after children's transport - An allocation to meet the increased transport costs as a result of growth in the number of children looked after.	186	0	0	0	0

2020-25 Proposed Permanent Allocations

Purpose of the Allocation by Service	Allocation 2020/21 £'000	Indicative Additional Future Allocation			
		2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Children and Families continued					
Children leaving care supported accommodation - An allocation to fund the increased cost of supported accommodation for those aged 16 plus, particularly care leavers.	402	0	0	0	0
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.	5,606	301	314	320	326
Priority families - An indicative allocation to continue to fund Family Support Workers and data officers which provides early help provision and payment by results. The need for this allocation will be reviewed once there is clarity about the level of any future Government funding.	0	712	0	0	0
Family intervention service - An allocation to place the Family Intervention Service on a sustainable financial footing helping to increase early help/prevention.	221	0	0	0	0
Family group conferencing - An allocation to place the Family Group Conferencing team on a sustainable financial footing to continue their work to reduce the need for Council involvement with families and enable families to establish their own plan of support.	152	0	0	0	0
Children and Families capacity - An allocation to increase the staffing capacity in the service as part of the Council restructuring	150	0	0	0	0
Total Children and Families	8,376	2,450	1,794	1,826	1,855
Strategic Commissioning for People					
Inflation - An allocation to meet the cost of inflation across the Service.	646	666	679	693	707
Domestic abuse strategy - An allocation to meet the cost of new arrangements to support victims of domestic abuse in line with expected national standards.	500	0	0	0	0
Public health capacity - An allocation to increase the staffing capacity in the public health service as part of the Council restructuring	192	0	0	0	0
Total Strategic Commissioning for People	1,338	666	679	693	707

2020-25 Proposed Permanent Allocations

Purpose of the Allocation by Service	Allocation 2020/21 £'000	Indicative Additional Future Allocation			
		2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Business and Customer Support					
Inflation - An allocation to meet the cost of inflation across the Service.	373	373	381	388	396
Total Business and Customer Support	373	373	381	388	396
Commissioning Support Unit					
Inflation - An allocation to meet the cost of inflation across the Service.	79	61	62	63	65
Total Commissioning Support Unit	79	61	62	63	65
Enabling Services					
Inflation - An allocation to meet the cost of inflation across the Service.	481	473	483	492	502
Buildings insurance - An allocation to meet the cost of buildings insurance ensuring the protection of the Council's assets.	295	0	0	0	0
Licence and cloud costs - An allocation to meet the additional licence and cloud costs as a result of the new approach to the delivery of ICT, including as a result of the move from Google to Microsoft.	1,589	240	300	0	0
Devices - An allocation to meet the additional costs of moving to a three-year rolling lease for laptops and mobiles.	193	0	0	0	0
Total Enabling Services	2,558	713	783	492	502
Finance Service					
Inflation - An allocation to meet the cost of inflation across the Service.	103	95	97	99	101
Total Finance Service	103	95	97	99	101

2020-25 Proposed Permanent Allocations

Purpose of the Allocation by Service	Allocation 2020/21 £'000	Indicative Additional Future Allocation			
		2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Governance and Policy					
Inflation - An allocation to meet the cost of inflation across the Service.	67	62	63	64	65
Policy capacity - An allocation to increase the staffing capacity to support policy development and communications service as part of the Council restructuring	293	0	0	0	0
Total Governance and Policy	360	62	63	64	65
Corporate Services					
Inflation - An allocation to meet the cost of inflation across the Service.	524	708	835	974	1,116
Capital financing costs - An allocation to meet the interest and principal costs of new borrowing required to finance the capital programme. It will provide capacity to ensure the resources are available to deliver of the ambitions of the capital strategy.	0	0	3,233	1,109	1,122
Contingency - A provision for future, currently unknown and unquantified, spending need, including future pay costs. The provision will mitigate future potential costs as part of ensuring the Council's services are sustainable over the medium term.	2,675	4,000	4,000	4,000	4,000
Total Corporate Services	3,199	4,708	8,068	6,083	6,238
Total Annual Permanent Spending Allocations	33,101	22,011	24,881	23,175	23,449
Total Cumulative Permanent Spending Allocations	33,101	55,112	79,993	103,168	126,617

Time-limited Investment Proposals

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation				
	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Education Services						
Specialist Provision in Nuneaton and Bedworth (Pears) - A time-limited allocation to increase state-funded specialist education provision in Warwickshire to meet population growth. This provides for short-term funding for the Dedicated Schools Grant place funding lag. Together with the allocation below for the property costs, the project will result in the better use of resources by educating young people with SEND in provision in-County.	1,034	1,252	740	0	0	3,026
Total Allocation - Education Services	1,034	1,252	740	0	0	3,026
Fire and Rescue						
Fire Protection - A two-year allocation to restructure Fire Protection team in anticipation of the conclusion of the Hackitt review and meet the increasing level of demand for statutory inspections. Once the team is fully developed they will be in a position to roll out a wider offer to local businesses which should generate income and make the activity sustainable.	300	300	0	0	0	600
Total Allocation - Fire and Rescue	300	300	0	0	0	600

Time-limited Investment Proposals

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation				
	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Strategic Commissioning for Communities						
LEP Growth Hub - A two-year allocation to continue to provide funding as Warwickshire County Council's investment in the Coventry and Warwickshire wide Growth Hub. The allocation supports a simplified, co-ordinated and coherent approach to business support across the Coventry & Warwickshire area, making it easier and more likely that businesses will access support to help them grow.	128	128	0	0	0	256
HS2 - A two-year allocation to continue work to mitigate the impacts of HS2 on Warwickshire residents and communities.	133	133	0	0	0	266
City of Culture - A three-year allocation to continue investment on the City of Culture to deliver economic benefits to Warwickshire's communities and businesses.	250	250	250	0	0	750
Cycle-racing - A two-year allocation to continue to provide funding to support the cycling events for a further two years	200	200	0	0	0	400
Total Allocation - Strategic Commissioning for Communities	711	711	250	0	0	1,672

Time-limited Investment Proposals

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation				
	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care						
Winter Pressures - A one-off allocation to the service to meet the terms of the grant allocation. Detailed spending plans will need to be agreed with the Clinical Commissioning Groups.	2,235	0	0	0	0	2,235
Improved Better Care Fund - A one-off allocation to the service to meet the terms of the grant allocation. Detailed spending plans will need to be agreed with the Clinical Commissioning Groups.	3,149	0	0	0	0	3,149
Total Allocation - Adult Social Care	5,384	0	0	0	0	5,384
Strategic Commissioning for People						
Homelessness - A two-year allocation to continue the three-year joint investment project with Rugby Borough Council	150	150	0	0	0	300
Independent Inquiry into Child Sexual Abuse - A one-off allocation to deal with legal costs beyond those already in the budget; to employ staff on fixed term contracts to manage the response to the inquiry (or backfill those who have to do this) and to put in place any measures where we identify gaps in provision.	600	0	0	0	0	600
Total Allocation - Strategic Commissioning for People	750	150	0	0	0	900

Time-limited Investment Proposals

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation				
	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Enabling Services						
Old Shire Hall - A two-year allocation to provide a provision for a subsidy to the facility as it transfers to a commercial operating basis.	200	200	0	0	0	400
Specialist Provision in Nuneaton and Bedworth (Pears) - A one-off allocation to provide for the operational costs of running the property until it transfers to service providers/school.	719	0	0	0	0	719
Total Allocation - Enabling Services	919	200	0	0	0	1,119
Corporate Services						
Children's Transformation Programme - A one-off allocation to extend the programme of investment in children's social care. A report on the Children's Transformation programme outlining how the funding is to be used, the expected benefits from the delivery of the programme and the governance arrangements will be brought to Cabinet in April. This will include the proposed use of funding leveraged from the Department for Education and the balance of any reserve set aside for children's transformation in previous years.	3,817	0	0	0	0	3,817

Time-limited Investment Proposals

Purpose of the Allocation by Service	Allocation	Indicative Additional Future Allocation				
	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Services (continued)						
Commercial Fund - A fund to deliver commercial investment in outcomes for Warwickshire arising from the commercial strategy. A report outlining how investments will be prioritised and the governance arrangements will be brought to Cabinet in March. The funding is shown allocated across the five years of the MTFs, but the phasing between years will be flexible depending on the strength of investment proposals coming forward for consideration.	800	800	800	800	800	4,000
Place Shaping and Capital Investment Feasibility Fund - A fund to support capital feasibility work, investment in place and to improve delivery. A report outlining how investments will be prioritised and the governance arrangements will be brought to Cabinet in March. The funding is shown allocated across the five years of the MTFs, but the phasing between years will be flexible depending on the strength of investment proposals coming forward for consideration.	1,000	1,000	1,000	1,000	1,000	5,000
Total Allocation - Corporate Services	7,817	4,000	4,000	4,000	4,000	23,817
Total Time-Limited Allocations	16,915	6,613	4,990	4,000	4,000	36,518

Reserves Strategy 2020-25

Introduction



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

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

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



Rob Powell
Strategic Director for
Resources

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

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

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

Section 1: The Purpose of our Reserves Strategy

What are Reserves?

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

What is a Reserves Strategy?

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

1. Our strategic intent – what we are seeking to achieve through holding reserves;
2. Our programme – the level of reserves we hold and our plans for their use over the period of the 2020-25 Medium Term Financial Strategy (MTFS); and
3. Our framework – the way we will determine the level of reserves we need, manage those reserves and plan for their use in line with best practice and statutory requirements.

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

Why do we need a Reserves Strategy?

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

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

How does it fit with our other strategies?

The reserves strategy is part of a suite of supporting strategies that supplement the 2020-25 Council Plan and MTFS. All the supporting strategies are aligned to the Council Plan and MTFS and provide an additional level of granularity that help create a bridge between the high-level over-arching plan and operational delivery. As such it forms part of a collective accountability framework for the management of the Authority's financial resources.

Maintaining the current high standards of financial management across the organisation is critical to the successful delivery of the 2020-25 Council Plan and MTFS. Any weakening of financial management has a direct impact on the level of reserves needed to offset the risk of services overspending and/or the non-delivery of savings targets. The central role in the management of the Authority's reserves lies with Strategic Directors, both individually and collectively, with support and advice from Finance.

Section 3: Our Reserves

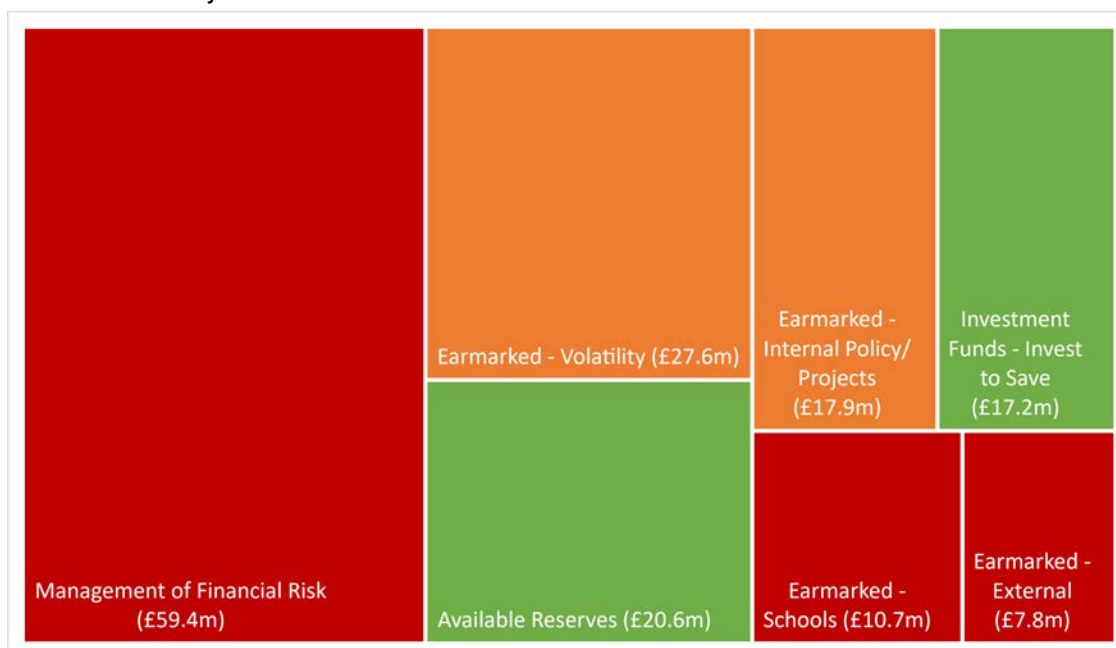
Our drivers for holding reserves are to:

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

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

Our reserves are forecast to be £161.2 million at the end of 2019/20. We are holding the £161.2m for the following reasons:

- a) £87.0 million to manage financial risk, including volatility;
- b) £35.1 million for investment in projects to drive forward the delivery of the Council’s objectives;
- c) £18.5 million to meet externally set funding conditions; and
- d) £20.6 million available for investing to pump-prime the delivery of the Council’s key objectives



Key	
Not available for use	
To be reviewed on an annual basis	
Available for investment	

Section 4: Our Reserves Framework

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

Guiding principles for managing and using Reserves

Our guiding principles for managing and using reserves are:

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

Year-end review of reserves

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

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

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

Management of Financial Risk - Corporate

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

Management of Financial Risk - Directorate

- To manage in-year financial variations e.g. fluctuations in demand, financial risks associated with the delivery of the savings plan and to manage any overspend
- Maximum of 5% of the Directorate net revenue budget
- Held at Directorate level with the Strategic Director accountable
- Decisions and proposals reported to Cabinet as part of the outturn report each year with any use replenished as part of setting the Directorate's financial planning for the following financial year

Volatility

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

Earmarked

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

Investment Funds

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

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Education Services					
Home to school transport eligibility - Risk assessment and review of eligibility within the home to school transport policy. The first year of this new approach has demonstrated avoided costs, mainly due to reassessment of single-occupancy taxis to multi-occupancy taxis.	(209)	(151)	0	0	0
Education transport route optimisation - Using route optimisation software to map the most efficient way to transport groups of learners to school will reduce home to school transport costs.	(58)	(42)	0	0	0
Review of provision of passenger transport assistants - Reduced cost of passenger assistants as a result of their withdrawal from routes except for cases where a learner has an Education and Health Care Plan.	(12)	(8)	0	0	0
Special Educational Needs transport savings - Learners grouped into fewer multi-occupancy vehicles travelling a shorter distance to school will deliver savings. The impact will be avoided SEN transport costs (comparative to placements in independent specialist provision).	0	(94)	(220)	(137)	(42)
Total Reductions - Education Services	(279)	(295)	(220)	(137)	(42)

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Environment Services					
Capitalisation of flood prevention works - Contributions to flood prevention schemes to be funded from capital resources as they are about infrastructure investments that are capital in nature and this aligns with the capital funding received from partner organisations as matched funding.	(200)	0	0	0	0
Drainage maintenance review - The use of new technology to move the gulley cleansing programme onto a 'risk based' approach with the expectation that the technological approach will reduce the need for cleansing by being able to target activity more effectively.	0	0	(100)	0	0
Expansion of traded services re County Fleet Management (CFM) and Archaeology - Improving efficiencies and increasing income from external contracts, new future external contracts and MOT sales to public.	0	(100)	(100)	0	0
Total Reductions - Environment Services	(200)	(100)	(200)	0	0

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Strategic Commissioning for Communities					
Countywide integrated waste collection and disposal service - The development of a joint service delivery model for waste management across the county, linked to the new national waste strategy for England expected to be published in 2020/21. A joint model is expected to be more efficient, and changes in collection schedules should reduce residual waste.	0	0	(1,000)	(800)	0
Increased income from new services in the business centres portfolio - The introduction of conferencing facilities at Eliot Park Business Centre, and the introduction of virtual office space so that businesses can use the mail/phone/meeting space functions at the Business Centres but not physically rent a unit. A greater range of facilities and options at business centres, that would be beneficial to local businesses and wider partners.	0	0	(100)	0	0
Further changes to parking permits schemes and on-street parking arrangements - A review of arrangements for residents and visitors parking permits and on-street parking arrangements in line with our local transport policy, the challenge of climate change and to ensure parking is not used as a competitive tool between Warwickshire towns.	0	0	(463)	0	(1,057)
Implementation of business parking permits - The introduction of two business parking permits per organisation in areas where there are already on-street parking permits in residential permit scheme zones.	0	(445)	0	0	0
Review of staffing as a result of further service redesign and reviews - A restructuring of teams across Communities (Strategy & Commissioning) will create a flatter and more agile service areas, and enable us to focus our resources better on key priority areas and exploit opportunities to lever in external funding.	0	0	0	(285)	0
Total Reductions - Strategic Commissioning for Communities	0	(445)	(1,563)	(1,085)	(1,057)

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Adult Social Care					
Commissioning approach for younger adults - Redesign the commissioning approach for younger adults to ensure a more efficient arrangement and an improved brokerage function.	0	(200)	(300)	0	0
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.	0	(200)	(500)	(500)	(500)
Integrated commissioning and delivery arrangements with NHS partners - Arrangements will form part of the Coventry and Warwickshire Integrated Health and Care Partnership and associated System Plan.	0	0	0	0	(667)
Suppressing demand in older people services - Implementing multiple activities that are already in projects across adult social care. These include an improved early intervention and prevention offer, further refinement of the in-house Reablement offer and further development of Assistive Technology.	(250)	(250)	(500)	(500)	(540)
Prevention and self-care - Develop and implement a prevention and self care strategy and invest in programmes, projects and services that reduce people's reliance on paid care and support.	0	0	0	(167)	(167)
Business support and direct payments - Reduced cost of business support as part of the wider organisation review of support functions and the introduction of the new payments system.	(150)	(300)	0	0	0
Total Reductions - Adult Social Care	(400)	(950)	(1,300)	(1,167)	(1,874)

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Children and Families					
House project - Further investment and expansion of the House Project countywide to provide accommodation for care leavers.	0	0	0	(200)	0
Development of effective local provision of children's placements - Facilitate the market to develop local provision that more effectively meets needs through the improved efficiency and effectiveness of the Placement Hub.	0	0	0	(500)	(500)
Integrated commissioning and delivery arrangements with NHS partners - Arrangements will form part of the Coventry and Warwickshire Integrated Health and Care Partnership and associated System Plan.	0	0	0	0	(667)
Restorative practice and early help - Through restorative practice and an improved early help offer the impact will be to reduce demand on children's social care.	0	0	(250)	(250)	(500)
Prevention and self-care - Develop and implement a prevention and self care strategy and invest in programmes, projects and services that reduce people's reliance on paid care and support.	0	0	0	(167)	(167)
Business support - Reduced cost of business support as part of the wider organisation review of support functions	(194)	0	0	0	0
Customer Support - Reduced cost of customer support as part of the wider organisation review of support functions.	0	(30)	0	0	0
Total Reductions - Children and Families	(194)	(30)	(250)	(1,117)	(1,834)

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Strategic Commissioning for People					
Integrated commissioning and delivery arrangements with NHS partners - Arrangements will form part of the Coventry and Warwickshire Integrated Health and Care Partnership and associated System Plan.	0	0	0	0	(666)
Third party funding for commissioning and delivery - Increased income as a result of securing third party funding for commissioning and service delivery activity.	0	0	(100)	0	0
Prevention and self-care - Develop and implement a prevention and self care strategy and invest in programmes, projects and services that reduce people's reliance on paid care and support.	0	0	0	(166)	(166)
Total Reductions - Strategic Commissioning for People	0	0	(100)	(166)	(832)
Business and Customer Support					
Business support - Service wide restructure of business support, including delayering of the entire model and reductions in levels of agency spend.	(880)	0	0	0	0
Customer support - Review and rationalisation of the organisation's approach to customer support.	(260)	(300)	(210)	0	0
Printing and stationery - Future reductions in spend on printing and stationery predicated on other work, such as the digital mail room, being completed.	0	0	(657)	0	0
Total Reductions - Business and Customer Support	(1,140)	(300)	(867)	0	0

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Commissioning Support Unit					
Project and programme management - Organisation-wide restructure of programme and project support.	(395)	0	0	0	0
Business intelligence - Future reductions in the cost of delivering business intelligence across the organisation following the introduction of new technology and refinement of information requirements.	0	0	(640)	0	0
Procurement - Service restructure of procurement as part of the organisation-wide service redesign.	(10)	0	0	0	0
Total Reductions - Commissioning Support Unit	(405)	0	(640)	0	0
Enabling Services					
Digital and ICT service redesign - Service restructure as part of the organisation-wide service redesign.	0	(900)	0	0	0
Applications rationalisation - Rationalisation of the ICT applications used to deliver the Council's activities to provide economies of scale and the delivery of enhanced support.	(250)	0	0	0	0
Device savings - Reduction in the cost of lap-tops, mobiles and other devices and part of the delivery of the ICT Strategy.	(524)	0	0	0	0
ICT and Enabling Services - Additional savings including cloud migration and disaster recovery savings.	0	(1,000)	0	0	0
Total Reductions - Enabling Services	(774)	(1,900)	0	0	0

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Governance and Policy					
Legal Services additional surplus - Additional surplus from external trading with other local authorities and public sector bodies	(30)	(30)	(40)	(50)	(50)
Electronic record keeping - Reduced storage requirements as a result of the move to electronic record keeping.	(10)	(10)	(10)	(10)	(10)
Paper free meetings - Reduction in the cost of printing as a result of moving to paper free meetings	0	0	(10)	0	0
Total Reductions - Governance and Policy	(40)	(40)	(60)	(60)	(60)
Corporate Services					
Treasury management investment returns - A target to increase returns on investment by 10 basis points based on a more pro-active approach to treasury management. <i>(Delivery will be the responsibility of the Assistant Director - Finance.)</i>	0	(175)	(175)	0	0
Reinvestment of capital receipts - Material receipts are forecast from the sale of strategic sites. Reinvestment of the capital receipts will reduce the Council's need to borrow for capital investment in the future. If the land is sold and the capital receipts are used as per this savings proposal, the funding will not be available to invest in the delivery of the capital strategy. <i>(Delivery will be the responsibility of the Assistant Director - Governance and Policy.)</i>	(2,523)	(460)	(733)	(914)	(914)
Contract Management - Reduction in the cost of contracted services and third party spend through improved contract management at all stages of the procurement process. <i>(Delivery will be the responsibility of the Assistant Director - Commissioning Support Unit.)</i>	(500)	(1,250)	(1,500)	(1,650)	(1,650)

2020-25 Budget Balancing Plan

What the change entails	Reduction	Indicative Additional Future Reduction			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Corporate Services (continued)					
Senior Management Restructure - Reduction in the total cost of senior management across the organisation as part of the move to the new operating model. <i>(Delivery will be the responsibility of the Assistant Director - Finance.)</i>	(69)	0	0	0	0
Optimism bias - Provision for a 10% optimism bias for the benefits from the transformation programme. This is included to mitigate the risk to the sustainability of the MTFS. Any provision not required as the level of savings are confirmed will be released back into the MTFS for allocation in future years. <i>(Delivery will be the responsibility of the Strategic Director for Resources.)</i>	315	378	301	165	165
Total Reductions - Corporate Services	(2,777)	(1,507)	(2,107)	(2,399)	(2,399)
Total Annual Reductions	(6,209)	(5,567)	(7,307)	(6,131)	(8,098)
Total Cumulative Reductions	(6,209)	(11,776)	(19,083)	(25,214)	(33,312)

Warwickshire County Council – Pay Policy Statement 2020/21

1 Statutory Requirement

- 1.1 Section 38 of the Localism Act 2011 requires that local authorities must prepare and approve an annual pay policy statement, applicable to all staff except those employed in schools, by 31 March immediately preceding the year to which it relates.
- 1.2 The pay policy statement must set out the authority's policies for the financial year relating to:
- The remuneration of its Chief Officers (which for the purposes of this Act and in the case of the County Council, includes the Chief Executive, Strategic Directors, Assistant Directors and the Chief Fire Officer);
 - The remuneration of its lowest paid employees; and
 - The relationship between:
 - the remuneration of its chief officers; and
 - the remuneration of its employees who are not chief officers.
- 1.3 The pay policy statement must state:
- The definition of "lowest paid employees" adopted by the authority for the purposes of the statement; and
 - The authority's reasons for adopting that definition.
- 1.4 The statement must include the authority's policies relating to:
- The level and elements of remuneration for each chief officer;
 - Remuneration of chief officers on recruitment;
 - Increases and additions to remuneration for each chief officer;
 - The use of performance-related pay for chief officers;
 - The use of bonuses for chief officers;
 - The approach to the payment of chief officers on their ceasing to hold office under or be employed by the authority; and
 - The publication of and access to information relating to the remuneration of chief officers.
- 1.5 A pay policy statement may also set out the Authority's policies relating to the other terms and conditions applying to the authority's chief officers.
- 1.6 The following paragraphs seek to meet these statutory requirements by setting out County Council policy in the above prescribed areas, having firstly summarised the background to pay issues within this Authority.

2 Remuneration Policies

- 2.1 In seeking endorsement of the pay policies summarised below, the wider picture of job reductions and reductions in benefits and allowances needs to be taken into account.
- 2.2 The savings proposals contained within the Council's One Organisation Plan 2017- 20 involved an anticipated reduction of 317 posts. Further staffing reductions may result as the Council determines its Council Plan for 2020 and beyond.
- 2.3 The Council operates the National Living Wage for all staff regardless of age.
- 2.4 The County Council's policy in respect of the vast majority of its employees is to pay staff in accordance with pay frameworks and terms and conditions agreed by the national negotiating bodies representing local authorities and recognised trade unions. Review of Pay and Conditions and any discretionary pay awards to Hay graded staff are agreed by the Staff and Pensions Committee which has delegated authority for all issues relating to remuneration of staff.
- 2.5 For the majority of its employees the Council's policy is to implement the pay framework and terms and conditions, unless locally agreed otherwise, prescribed by the National Joint Council for Local Government Services ('NJC'). For Hay graded staff pay awards ordinarily follow the NJC national recommended award.
- 2.6 The Council's policy is to evaluate posts in accordance with the job evaluation scheme agreed by the NJC and then to incorporate these posts into the relevant pay bands accordingly within the salary spine.
- 2.7 It is the Council's policy to pay a temporary and reviewable 'market supplement' to salary levels within the NJC pay framework where there is clear and demonstrable evidence that the salary level otherwise attached to the post creates substantial recruitment, retention or 'market uncompetitiveness' difficulties.
- 2.8 Other groups of employees are paid in accordance with salaries or salary scales agreed by the relevant national negotiating bodies. These groups include uniformed fire and rescue staff, youth workers, craft workers and those falling within the ambit of the Soulbury Committee or School Teachers' Pay and Conditions agreements.
- 2.9 For all groups of staff paid in accordance with pay frameworks agreed by the national negotiating bodies, the Council's policy is to implement such salary increases as are agreed by those bodies without further local negotiation. Staff and Pensions Committee will consider pay and remuneration which falls outside of the recognised national frameworks and recommendations.
- 2.10 The only exception to the Council's policy of determining remuneration in accordance with national pay agreements, relates to senior professional or managerial employees whose posts are either at Tier 4A or are evaluated at more than 760 points under the NJC job evaluation scheme (see paragraph 2.6 above) and that meet the requirements of the Hay Grading scheme.

(The relationship between posts covered by the NJC pay framework and this group of employees was supported by the Staff & Pensions Committee on 27 May 2010).

- 2.11 The policy of the Council is to pay this group of employees, which includes the Chief Executive, Strategic Directors, Assistant Directors and Tier 3 management roles, within a framework of locally determined incremental salary grades (known as 'Management Bands'), or in the case of the Chief Fire Officer a 'spot' salary payment. Each post is evaluated using a proprietary job evaluation scheme devised by Hay Management Consultants and used widely in the public and private sectors both in the UK and abroad.
- 2.12 Any pay awards to the salary levels attached to each Management Band are reviewed in line with the outcome NJC agreements and where applicable they are applied with effect from the 1st January each year. Currently, the pay framework for Management Band staff covers a salary range from £42,219 to £189,500.
- 2.13 The above policies apply save in cases where the operation of the Transfer of Undertakings (Protection of Employment) Regulations, or other statutory provision, dictate otherwise.
- 2.14 Where a person is appointed under a 'contract for service', rather than as an employee, the Council's Contract Standing Orders are followed to ensure that maximum value for money is secured.
- 2.15 **The County Council will apply the remuneration policies set out above for the financial year 2020/21.**

3 Relationship between the highest and lowest paid employees

- 3.1 The policy of the Council to pay employees in accordance with the NJC pay framework means that its 'lowest paid employees' are paid an annual salary of £17,364 p.a., or on a pro-rata basis if they work for less than 37 hours per week. This definition does not include those working as apprentices undergoing a recognised national training scheme, those on work experience or those on other placements related to training, which are not established posts within the Council. The reason for excluding those individuals from the definition of 'lowest paid employees' is that the primary aim of their engagement is training and as such, they are not considered to be carrying out the full range of duties when compared to employees in established posts.
- 3.2 This means that the 'salary ratios' between the Council's lowest paid staff and its Chief Executive and Strategic Directors are 1:10.6 and 1:8.4 respectively.
- 3.3 The salary differentials between the highest and lowest paid staff in the County Council, and local government in general, are very much less than in similar sized private sector businesses.
- 3.4 The salary ratios between the Council's median salary level (£26,999 pa) and that of the Chief Executive and Strategic Directors are 1:6.8 and 1:5.4 respectively.

4 Specific policy and practice: The level and elements of remuneration for each chief officer

- 4.1 The Chief Executive is paid on a four-point incremental scale (£174,500 – £189,500). Progression within the scale is determined by a performance management framework. No other salary payments are made to the Chief Executive.
- 4.2 The Chief Fire Officer is paid a 'spot' salary of £128,689 pa based on Hay evaluation. No other salary payments are made to the Chief Fire Officer. A car is provided for this role.
- 4.3 Each of the Strategic Directors are paid on the same five-point incremental scale under Hay, currently £132,038 - £146,464 as agreed in December 2015 and in accordance with independent advice from Hay Management Consultants and increased annually thereafter. (See paragraphs 2.5 and 2.11 above). No other salary payments are made to the Strategic Directors.
- 4.4 Assistant Directors are paid on a ten-point incremental scale (£85,719 - £116,555). Progression within the scale is determined by a performance management framework.
- 4.5 Subject to the approval of the Chief Executive or Strategic Directors for Assistant Directors and Chief Fire Officer; Chief Executive for Strategic Directors; Staff and Pensions Committee for the Chief Executive, a temporary honoraria payment may be made where a Chief Officer undertakes duties outside the scope of their normal job.
- 4.6 It is not the Council's policy to increase the pension benefits of the Chief Officers.
- 4.7 It is not the Council's policy to provide benefits in kind to Chief Officers other than a car to the Chief Fire Officer which is necessary for their role.
- 4.8 The maximum car mileage allowance paid to Chief Officers is that prescribed for 'casual users'.
- 4.9 Details of the salary scales attached to the roles of the Chief Officers are accessible on the Council's website.
- 4.10 The appointment of all employees is made in accordance with the Council's Officer Employment Standing Orders.

5 Specific policy and practice: Remuneration of Chief Officers on recruitment

- 5.1 Where recruitment is to a new post or the duties of the post have changed significantly, the post is re-evaluated and placed on the appropriate Management Band salary scale. Otherwise, the recruitment is to the existing salary scale.

- 5.2 Appointments will be to a relevant point on the scale recognising skills, experience and market consideration.
- 5.3 Where a new salary package exceeds £100,000 this will require specific approval by the Council in advance of adoption.

6 Specific policy and practice: Increases and additions to remuneration for each Chief Officer

- 6.1 The salary scale attached to a post currently occupied would only increase in the event that the duties attached to the post changed significantly and this resulted in a fresh job evaluation suggesting that the post should be on a higher Management Band.
- 6.2 Any increases to the salary levels attached to Management Band salary scales are made in accordance with paragraph 2.12 above.

7 Specific policy and practice: The use of performance-related pay for chief officers

- 7.1 The performance progression of staff, in positions within Tiers 0-3 of the organisational structure, will be managed by the performance management framework. For all other staff this is managed via the appraisal process. Pay progression for all positions below Tier 3 level is to be through incremental pay scales and is on an annual basis, save that progression to the final two points of the scale for Hay positions below Tier 3 is subject to service in the post being certified as fully satisfactory by their line manager.

8 Specific policy and practice: The use of bonuses for chief officers

- 8.1 It is not the Council's policy to make bonus payments to the Chief Officers.

9 Specific policy and practice: The approach to the payment of chief officers on their ceasing to hold office under or be employed by the authority

- 9.1 The Council's policies in respect of the payment of the Chief Officer ceasing to hold office are the same as for its other employees, as follows:
- In the case of an employee whose employment is terminated on grounds of redundancy or efficiency, any redundancy or severance payment should be based upon actual earnings;
 - In the case of an employee whose employment is terminated on grounds of redundancy and who is aged 54 or less or is aged 55 or over and is unable to immediately access accrued pension benefits, a severance payment based on applying a multiplier of 1.75 to the statutory redundancy payment formula, should be made; and

- In the case of an employee whose employment is terminated on grounds of redundancy and who is aged 55 or over and is able to immediately access accrued pension benefits, a severance payment based on applying a multiplier of 1.75 to the statutory redundancy payment formula, should be made for the first £26,539 of the employee's salary. Thereafter, the following multiplier should be used at the following ages:
 - 55 - 1.65
 - 56 - 1.55
 - 57 - 1.45
 - 58 - 1.35
 - 59 - 1.25
 - 60 - 1.15
 - 61 - 1.05
 - 62 - 0.95
 - 63 - 0.85
 - 64 - 0.75
 - 65 - 0.65
 - 66 - 0.55
 - 67 - 0.45
 - 68 - 0.35
 - 69 - 0.25
 - 70 - 0.15

9.2 In the case of an employee whose employment is terminated on grounds of efficiency, Strategic Directors (or where the employee is a Strategic Director, the Chief Executive; or where the employee is the Chief Executive, the Staff & Pensions Committee) have discretion to make severance payments up to the levels described above.

9.3 Regulation 31 of the LGPSR 2013 allows a scheme employer to award to a) an active member or b) a member who was an active member who was dismissed by way of redundancy or business efficiency additional pension in total not more than £6,500. It is the County Council's Policy that the award of additional pension should only be applied in exceptional circumstances where this is necessary to address a situation where there would otherwise be a significant risk of harm to the County Council's services or objectives.

9.4 The County Council will no longer apply the abatement rule save in exceptional circumstances where it determines that to not abate the pension in payment could lead to a serious lack of confidence in the public service.

9.5 Where an employee has to give up work in order to care for a chronically ill spouse or partner the Council's policy is to give consideration to waiving the actuarial reduction that would otherwise attach to the early payment of pension benefits.

9.6 Other discretions are exercised in accordance with the Council's scheme of delegation on a case by case basis.

9.7 Where it is within its power to do so the Council will dis-apply any applicable legal restriction in relation to the payment of exit payments under the relevant programme where the Chief Executive is satisfied that the savings which the relevant exit contributes to need to be made to ensure the delivery of the service within budget and that the payment concerned will be recouped within two years or in exceptional circumstances, with the approval of the relevant Portfolio Holder, within three years.

10 Specific policy and practice: The publication of and access to information relating to the remuneration of chief officers

10.1 The Council's policy is to provide information on the remuneration of the Chief Executive, Strategic Directors and Assistant Directors on its website (www.warwickshire.gov.uk) in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency and as required by s.7 of the Accounts and Audit (England) Regulations 2011.

11 Specific policy and practice: The Council's policy relating to the other terms and conditions applying to chief officers

11.1 Except in respect of pay and pay related arrangements (see paragraphs 2.10 and 2.13 above), and car allowances, the terms and conditions that apply to the Chief Executive, Strategic Directors and Assistant Directors are those agreed by the Joint Negotiating Committee for Chief Officers of Local Authorities.