

**To: Deputy Leader and Members of the Resources Board
Councillors D Wright, T Clews, Davey, N Dirveiks,
Farrow, O Phillips, McLauchlan, Simpson, Singh and
Symonds**

For the information of other Members of the Council

For general enquiries please contact Democratic Services on 01827 719221 or via email – democraticservices@northwarks.gov.

For enquiries about specific reports please contact the Officer named in the reports.

This document can be made available in large print and electronic accessible formats if requested.

RESOURCES BOARD AGENDA

27 January 2020

The Resources Board will meet in the Committee Room at The Council House, South Street, Atherstone, Warwickshire on Monday, 27 January 2020 at 7pm.

AGENDA

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests.**

- 4 **Minutes of the Resources Board held on 11 November 2019** – copy herewith, to be approved as a correct record and signed by the Chairman.

5 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members. Questions should be submitted by 9.30am two working days prior to the meeting. Participants are restricted to five minutes each. If you wish to put a question to the meeting please contact Amanda Tonks or Emma Humphreys on 01827 719221 or email democraticservices@northwarks.gov.uk.

**ITEMS FOR DISCUSSION AND DECISION
(WHITE PAPERS)**

- 6 **Cyber Security** – Report of the Director of Corporate Services

Summary

This report aims to raise awareness of cyber security and to provide information on the work done to prepare for, respond to, and recover from a potential cyber incident. It seeks approval for actions to improve the governance of cyber matters.

The Contact Officer for this report is Linda Bird (719337).

- 7 **Broadband Update Report**– Report of the Director of Corporate Services

Summary

The report provides an update on the progress made over the last few years to improve broadband coverage and speeds in the Borough. The project is now entering its final year and it is estimated that coverage will be 97.9% across the borough, compared to a target of 95% at the start of the project.

The Contact Officer for this report is Linda Bird (719327).

- 8 **Online Services Update 2019** – Report of the Director of Corporate Services

Summary

This is an annual report which gives an update on those services we deliver online, via the Internet and on the use of the Website and Social Media.

The Contact Officer for this report is Linda Bird (719327).

- 9 **General Fund Fees and Charges 2020/21** – Report of the Corporate Director – Streetscape, Corporate Director – Resources and Director of Housing

The report covers the fees and changes for 2019/20 and the proposed fees and charges for 2020/21.

The Contact Officer for this report is Nigel Lane (719371)

- 10 **General Fund Revenue Estimates 2020/21 – Services Recharged Across All Boards** – Report of the Corporate Director - Resources

Summary

This report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

The Contact Officer for this report is Nadeem Afzal (719444)

- 11 **General Fund Revenue Estimates 2020/21 – Services Remaining within the Board** – Report of the Corporate Director - Resources

Summary

This report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

The Contact Officer for this report is Nigel Lane (719371)

- 12 **General Fund Revenue Estimates 2020/21 – Summary** – Report of the Corporate Director – Resources

Summary

This report covers the revised budget for 2018/19 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

The Contact Officer for this report is Nigel Lane (719371)

- 13 **Housing Revenue Account Estimates 2020/21 and Rent Review** – Report of the Corporate Director – Resources

Summary

The report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24/

The Contact Officer for this report is Nigel Lane (719371)

- 14 **Capital Programme 2019/20 to 2022/23** – Report of the Corporate Director – Resources

Summary

This report identifies changes to the Council's 2019/20 capital programme and proposals for schemes to be included within the Council's capital programme over the next three years.

The Contact Officer for this report is Daniel Hogan (719337)

- 15 **Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2020/21** – Report of the Corporate Director – Resources

Summary

This report outlines the Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Investment Strategy for 2020/21.

The Contact Officer for this report is Daniel Hogan (719337)

- 16 **Advance Payment of Pension Contributions** – Report of the Corporate Director – Resources

Summary

This report considers the payment of pension contributions in advance and the potential risks and benefits.

The Contact Officer for this report is Sue Garner (719374).

STEVE MAXEY
Chief Executive

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE RESOURCES BOARD

11 November 2019

Present: Councillor D Wright in the Chair

Councillors T Clews, Davey, Farrow, O Phillips, McLauchlan, Simpson and Symonds.

Councillors D Humphreys, Morson, H Phillips and Smith were also in attendance.

25 **Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

26 **Minutes of the Resources Board meeting held on 3 September 2019**

The minutes of the meeting of the Board held on 3 September 2019, a copy having previously been circulated, were approved as a correct record and signed by the Chairman.

27 **Capital Programme 2019/20 Period 6 Update**

The Corporate Director – Resources updated Members on the progress of the 2019/20 Capital Programme in terms of expenditure up to the end of September 2019.

Resolved:

- a **That the progress made against the 2019/20 Capital Programme be noted; and**
- b **That the proposed revisions to the 2019/20 HRA Capital Programme, as detailed in paragraphs 4.4 and 4.5 of the report of the Corporate Director – Resources, be approved.**

28 **General Fund Budgetary Control Report 2019/20 – Period Ended 30 September 2019**

The Corporate Director – Resources reported on the revenue expenditure and income for the period from 1 April 2019 to 30 September 2019. The 2019/20 budget and the actual position for the period, compared with the estimate at that date, were given, together with an estimate of the out-turn position for services reporting to this Board.

Resolved:

That the report be noted.

29 Housing Revenue Account Budgetary Control Report 2019/2020 – Period Ended 30 September 2019

The Corporate Director – Resources reported on the total Housing Revenue Account revenue expenditure and income for the period from 1 April to 30 September 2019.

Resolved:

That the report be noted.

30 Internal Audit Half-Yearly Report 2019-20

The Corporate Director – Resources reported on the progress of the Council's Internal Audit function against the agreed plan of work for the year and provided the Board with a summary of the work completed by the Council's Counter Fraud Officer.

Resolved:

That the report be noted.

31 Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April – September 2019

The Chief Executive informed Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April to September 2019.

Resolved:

That the report be noted.

32 Treasury Management Update 2019/20

The Corporate Director – Resources reported on the Treasury Management activity for the period up to the end of September 2019.

Resolved:

That the report be noted.

33 Exclusion of the Public and Press

Resolved:

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

34 Sale of Land – Hill Top Arley

The Director of Housing asked the Board to consider selling land that it owned at Hill Top, Arley to provide for affordable housing for local residents.

Recommended:

- a That the land identified at Appendix A in the report of the Director of Housing be declared as surplus to requirements;**
- b That a commitment be sought from Platform Housing to work closely with the Council, and Local Ward Members specifically, to develop a well designed scheme which will be submitted for planning permission following a public consultation event; and**
- c That when planning approval is granted the land shown at Appendix B be sold to Platform Housing Group to develop affordable housing to meet local housing needs.**

35 Sundry Debtor Irrecoverable Debts

The Corporate Director – Resources advised Members of debts which were considered to be irrecoverable.

Resolved:

- a That the write off of balances over £1,500 totalling £21,908.22, in respect of three debtors, as outlined in paragraph 3.7 of the report of the Corporate Director – Resources be approved; and**
- b That the total amount written off in the year by the Corporate Director – Resources under delegated powers, be noted.**

CHAIRMAN

1 Summary

- 1.1 This report aims to raise awareness of cyber security and to provide information on the work done to prepare for, respond to, and recover from a potential cyber incident. It seeks approval for actions to improve the governance of cyber matters.

Recommendation to the Council

That the report is noted and that the proposals laid out in paragraph 7.2 are approved.

2 Consultation

- 2.1 The Chair, Vice-Chair and Opposition Spokesperson of Resources Board have been sent a copy of this report for comment.
- 2.2 Information relating to security assessment, such as the LGA Cyber Security Stocktake report, which is regarded as sensitive, has been put in the group rooms for information.

3 Background

- 3.1 To help understand the world of Cyber Security it is useful to know some of the terms used:-
- Cyber¹ simply means computers, information technology, information systems and networks (such as the internet).
 - A Cyber Attack is a malicious attempt to damage, disrupt or gain unauthorised access to computer systems, networks or devices using a 'cyber' means.
 - Cyber crime can be split into two types
 - A cyber dependant crime – one that can only be committed by using an ICT device or network e.g. introducing a virus or illegally assessing system (hacking).
 - A cyber enabled crime – can be committed without using ICT e.g. financial fraud but which can be made worse by the use of ICT e.g. large scale 'Phishing' emails to obtain bank detail.

¹ Cyber, Cyber Attack, Cyber Crime and Cyber Security – definition of these terms taken from the UK Cyber Lexicon, Cabinet Office, October 2019

- Cyber security is therefore the protection of everything ‘cyber’ and the information held on them from theft, damage or improper use.
- 3.2 Having and being seen to have good security, including good cyber security, is essential in establishing and maintaining trust with our resident and customers. Security breaches and information loss can have a devastating effect on an organisation’s reputation, resources and customers; which in turn can impact on its ability to operate effectively. There are specific security requirements set out in the Data Protection Act 2018 and the General Data Protection Regulation. The Information Commissioner’s Office provides guidance on meeting the requirements and there is a need to have in place appropriate technical and organisational controls and measures.
- 3.3 The need to protect council information isn’t a new concept. Important information has always been written down, copied, stored safely and protected from improper use. We have protected our computers, systems and information from physical theft, from people wanting to steal or damage our information and from simple viruses for many years. In the past these crimes needed someone to be there to physically commit them or needed a physical device such as a memory stick to make them happen.
- 3.4 The difference now is that criminals are largely anonymous and sophisticated cyber attacks can be committed remotely from anywhere in the world and triggered automatically or when someone does something such as open an infected email or click on a link to a compromised or fake website.
- 3.5 The motivation of cyber ‘criminals’ can be complex and more than just financial or material gain. Some of those involved may not see their actions as criminal e.g. a young person who accesses a system (hacking) to develop and test their skills or the activist (hacktivist) whose aim is to promote and further their specific cause. This diversity and complexity makes protection and detection more difficult, the sort of people behind cyber attacks include:
- **Online criminals** – individuals or groups good at identifying what can be monetised, for example stealing and selling sensitive data, or holding systems and information to ransom.
 - **Foreign governments** - generally interested in accessing sensitive or valuable information that may give them a strategic or political advantage.
 - **Hackers** – usually individuals with varying degrees of expertise, often acting in an untargeted way, sometimes to test their own skills or cause disruption.
 - **Activists** - Out to prove or promote a point for political or ideological reasons. May act to expose or discredit an organisation’s activities.
 - **Terrorists** - interested in spreading propaganda and disruption activities, they may have less technical capabilities, but may hire other cyber criminals.
 - **Malicious insiders** – individuals who use their access to an organisation to conduct malicious activity, such as stealing information to sell or share.
 - **Me and you (honest mistakes)** - sometimes people with the best of intentions just make a mistake, for example by emailing something sensitive to the wrong email address.

- 3.6 Online fraud is the most common crime in the country. We can't assume that as a small council we are safe and not on cyber criminals' radar. Attacks are often non-specific and wide ranging with the aim of finding a security weakness in an organisation which can be exploited as a route into others. An example of this is the Wannacry ransomware that affected the NHS, it wasn't aimed at the NHS, but its spread caused significant damage.
- 3.7 Although this report focuses on the organisational impact of cyber crime, it must be recognised that cyber crime is not victimless. Cyber bullying, identity theft, credit card fraud or the release of very personal data are all targeted at individuals or groups of people and can have very personal and sometimes devastating consequences.
- 3.8 There are a variety of tools and methods that people use to commit a cyber crime, depending on what they are trying to achieve. The broad classifications are:
- **Malware** – malicious software that includes Viruses, Trojans, Worms or Botnets. They are computer code which is designed to do damage.
 - **Ransomware** – a type of malware that locks victims out of their data or systems and only allows access if a ransom is paid.
 - **Social Engineering** – these are fundamentally con-tricks using 'cyber' methods, for example Phishing emails pretending to come from a trusted agency or organisation to extract sensitive information or fake websites.
- 3.9 Information and systems can be damaged or lost due to less sinister reasons. Staff or others with access to information may unintentionally release sensitive data in error or due to a lack of awareness of the risk or provide criminals with the means of access information through poor personal security e.g. using weak passwords.

4 **Cyber Security Management – National and regional approach**

4.1 Regardless of the level it is done at, national or local, the management of Cyber Security is done using a risk-based approach. Cyber related risk is now high on the Government's National Risk Register. Although still complex, the structures and responsibilities around cyber security and cyber crime have been reviewed and clarified.

4.2 **National**

4.2.1 The National Cyber Security Centre (NCSC) provides leadership on critical cyber issues and acts as point of contact for organisations including the public sector. It draws expertise from other security organisations including GCHQ, CERT UK and collaborates with government, industry, law and academia to carry out research and provide advice and resources. The NCSC publish a list of products and services that have been certified to help organisations protect and guard against cyber attack.

4.2.2 The NCSC also provides the Cyber Information Sharing Partnership (CiSP) which is a secure website with an online forum for collaboration on threat information and access to NCSC's advice. The council's IT staff use this service and has implemented the free software tools (Mail Check, Web Check, Protective Domain Name Service (PDNS) and Vulnerability Disclosure) provided by the NCSC to help the public sector with cyber detection and prevention.

4.3 Law enforcement

4.3.1 The key resource in cyber security reporting and management is 'Action Fraud'. This is part of the police force and is where the public and organisations such as the council should report cyber crime or fraud incidents, concerns and suspicions. <https://www.actionfraud.police.uk/>

4.3.2 When an incident is reported to Action Fraud it will involve relevant security agencies, coordinate the response to the incident and if appropriate help initiate any police investigation.

4.3.3 On a national level the National Crime Agency (NCA) leads on fighting serious and organised crime, including cyber crime, where it poses a risk to the UK. Its National Cyber Crime Unit (NCCU) is the lead body for tackling the threat from serious and organised cyber crime. The NCCU works closely with NCSC, Regional Cyber Crime Units, and Police Forces to build an effective cyber response across the UK.

4.4 Regional

4.4.1 To help share information on threats, incidents and solutions and to help people work together at a more local level most regions have set up a WARP (Warning, Advice and Reporting Point). The council is a member of the West Midlands WARP.

4.4.2 Preparing for, responding to and recovering from cyber security incidents and attacks is now being treated like any other potential risk and is being discussed by Local Resilience Forums (LFR). LRF's are made up of representatives from local public services including the emergency services, local authorities, the NHS, the Environment Agency and others. The aim of the LFR is to plan and prepare for localised incidents and emergencies. They work to identify potential risks and produce emergency plans to either prevent or mitigate the impact of any incident on their local communities. The Warwickshire LRF is developing a Multi-Agency Cyber Incident Response Plan. This includes the risk of dealing with a cyber related incident whilst also dealing with other emergencies.

4.4.3 The County Council has a role in providing advice and guidance on the cyber security and fraud. <https://www.cybersafewarwickshire.com/>

5 Cyber Security Management – The Council

- 5.1 Information Services (IS), which is part of Corporate Services Division, takes responsibility for the technical aspects of ICT and cyber security. There are numerous things we do, some of which we don't disclose for security reasons, but essentially our work supports good IT and cyber security.
- 5.2 The NCSC has produced guidance designed to help organisations protect themselves in cyberspace. A model it suggests organisation adopt is the '10 Steps to Cyber Security'. This sets cyber security in a risk management framework. It breaks down the task of defending networks, systems and information into their essential components, providing advice on how to achieve the best possible security in each of these areas. The council's current work is mapped against the model: -

10 Steps to Cyber Security²

- Risk Management
 - Cyber risk management is incorporated into the council's corporate approach to risk management.
 - Risk assessments are carried out for cyber hazards and control measures are put in place to reduce the risk as far as practical.
- Network Security
 - We have technical barriers known as firewalls that control and block unauthorised network access.
 - We have independent, external testing of our computer infrastructure, known as penetration testing.
- Education and Awareness –
 - We have online training available for staff and members on cyber security and data management.
 - We raise awareness of current threats and attempts to access information through phishing.
- Malware prevention
 - We have policies which guide people's behaviour to ensure they act safely e.g. not clicking on suspicious website links.
- Removable media controls
 - We have a policy which governs the use of memory sticks, external hard drive etc and technical controls which help restrict their use.

² <https://www.ncsc.gov.uk/collection/10-steps-to-cyber-security>

- Secure Configuration
 - We install updates to systems known as ‘patches’ to improve security.
 - We inventory our ICT devices and use standard, secure configurations.
- Manage user privileges
 - We have processes for managing system access and tight controls on accounts with access to security features or underlying data.
- Incident management
 - IS has a process for managing an ICT incident, which is incorporated into the Council’s Business Continuity plan.
 - We test our ICT disaster recovery contract annually. This provides technology, infrastructure and expertise to help us recover if ICT equipment, services and/or systems are unavailable for any reason.
- Monitoring
 - We monitor some activity on our network and retain system logs which show information such as attempts to use our applications.
- Home and mobile working
 - We have a corporate flexible working policy and IS provide the secure technology to support the Council’s approach.
 - As part of the implementation of Office 365 we have reviewed mobile security and purchased software to manage device access.

5.3 Information Services (IS) has carried out a gap analysis against these 10 steps and improvements are included in the Division’s Service Plan.

5.4 **Local Government Cyber Security Stocktake** – To help councils understand what constitutes good cyber security the LGA, working with cyber experts, devised a self-assessment questionnaire. The Council was required to complete this in 2018 and was rated as ‘Amber Amber’. There was improvement grant funding available to councils who were rated as ‘Red Amber’ or worse. Despite the Council not being in the group needing significant improvement, we did bid and got £5000 which we used for security advice and to purchase device management software.

5.4.1 The 2019 survey was voluntary, we have completed it and due to the actions taken over the last 12 months the rating has improved to ‘Amber Green’.

5.4.2 The survey has highlighted areas where we still need to improve, the majority of which can be addressed by formalising governance and policy.

5.4.3 One technical area where we were rated as Red in 2018 and 2019 is around the proactive detection of threats. Technical solutions in this area are expensive and the management of these systems, once implemented, is labour intensive. The LGA, in its feedback on the 2018 survey indicated that they were going to work with NCSC on detection solutions on behalf of the public sector. At the moment we are monitoring and managing these risks thorough some software tools and by focusing on prevention and response.

6 **Legislation, compliance and testing**

6.1 The protection our information and technical assets is covered by legislation such as the Data Protection Act 2018 and good practice defined in the Network and Information Systems (NIS) regulations 2018, which requires organisations across critical sectors, such as energy, to actively manage cyber security.

6.2 **IT Security Health Check** – This is a fundamental part of the Council’s cyber security management process. Each year the council commissions an independent test of our ICT security. These tests, known as penetration test, can only be done by an accredited (CERT UK) assessor. The report resulting from the test usually has some recommended actions to improve security. These are either done immediately or built into the Division’s Service Plan. The annual Health Check feeds into PSN compliance and Cyber Essentials accreditation.

6.3 **Public Sector Network (PSN) Compliance** - The secure transfer of certain sensitive information between Councils and Government departments is done under a security compliance regime known as the Public Sector Network (PSN) Code of Connection. This lays out technical and procedural standards which organisations who want or need to connect to the Government must meet. Each year the Council must complete a Code or Connection document and submit its Security Health Check report for assessment by security staff working for GCHQ. The Council is PSN compliant, with its most recent certification being confirmed on 16/12/2019.

6.4 **Cyber Essentials PLUS** – This is a government-backed, industry supported scheme to help organisations protect themselves against common cyber attacks. The Cyber Essentials scheme has a detailed set of requirements covering how Information Technology should be managed by an organisation. At the basic level it is a self-assessment, but the Council has been independently tested and verified by a certified cyber security company and achieved the PLUS level, four the 4th year running, in July 2019. The Council is one of the few councils that has this certification at the PLUS level.

6.5 Cyber Insurance

6.5.1 Financial Service have investigated cyber insurance as part of the insurance renewal process. The cover offered is around the specialist support needed to respond to and handle the compliance aspects of a cyber breach. A cyber insurance policy could also give cover for liability action from a 3rd party following a data breach. However, these policies often don't cover key areas such as incidents caused by a 'nation state' cyber criminal and would not cover fines levied against the Council for a data breach by the Information Commissioners Officer (ICO). Financial Service plan to review this provision at the next renewal.

7 Proposals

7.1 The Council takes cyber and information security very seriously and manages it using a risk-based approach, which is reviewed at least annually and when there is a significant incident or change affecting the hazards posed.

7.2 The following proposals aim to improve cyber security management and are based on implementing good practice as laid out in NCSC guidance and the in LGA's Cyber stocktake:

- That Resources Board oversees Cyber Security and receives an update report.
- The Chair of Resources Board acts as the lead Councillor for Cyber Security.
- That Cyber Security updates are included on the agenda of the Council's Extended Management Team (EMT) on a quarterly basis.
- Significant incidents will be reported to MT, EMT and Resources Board members.
- Information on and learning from threats, potential threats or incidents will be shared with staff and Councillors through email or meetings.
- That the Cyber Security e-learning is offered to staff and Councillors; with its completion being mandatory for new staff and as a biennial refresher course.

8 Report Implications

8.1 Finance and Value for Money Implications

8.1.1 There are no financial implications arising from this report.

8.2 Legal, Data Protection and Human Rights Implications

8.2.1 Cyber and information security is influenced and partially governed by several pieces of legislation, including the Data Protection Act 2018 and good practice defined in the Network and Information Systems (NIS) regulations 2018.

8.2.2 The Computer Misuse Act 1990 is specifically designed to legislate against computer crime and Internet fraud. The legislation was created to criminalise unauthorised access to computer systems and to deter serious criminals from using a computer in the commission of a criminal offence or seek to hinder or impair access to data stored in a computer.

8.2.3 The Human Rights Act 1998 requires public bodies to respect the private life of an individual and any information held about them. Therefore, the council must be able to justify storing or processing personal data. Actions, such as a cyber attack, which damage or make public people's data could infringe a person's human rights.

8.2.4 The Council's policies and approach to information management and cyber security management help ensure we do not break the law in these areas or infringe people's rights and expectations of privacy.

8.3 Environment, Sustainability and Health Implications

8.3.1 There are no implications, arising from this report, in this area.

8.4 Human Resources Implications

8.4.1 As part of its Recruitment and Selection Policy and Procedure, the Council has vetting and checking processes for permanent, temporary and agency staff which aim to ensure workers are suitable to do the work being asked of them.

8.4.2 Cyber security training is available to all staff and members and will be mandatory for new started and as a biennial refresher course.

8.4.3 Information Services staff attend cyber security training and awareness events as needed for their roles and responsibilities. The Director of Corporate Service and the Information Services manager have attended the LGA's Cyber Resilience Training Programme over the last 12 months.

8.5 Risk Management Implications

8.5.1 The Council takes a risk-based approach to cyber security management. However, caution and the ability to respond quickly is needed given the prevalence and complexity of cyber security threats and the speed at which they are developed to get around security control measures.

8.5.2 The need to achieve compliance with Government security standards and best practice gives some assurance of our approach and requires us to commission an annual external security test and “health check”.

8.5.3 Risk Assessments relating to various aspects of Information/Cyber Security are maintained and acted up on by Information Services. The implementation of these risk assessment helps militate against security risks.

8.6 Equalities Implications

8.6.1 There are no equalities implications arising from this report.

8.7 Safer Communities Implications

8.7.1 Good security helps us prevent computer related fraud and crime.

8.7.2 The Council is part of and working with the WARP to help ensure it understands technical risks and the measures to help prevent a cyber incident.

8.7.3 The Council works as part of the LRF and with the Police and other partners to understand cyber security threats and risks. This includes criminal activity and serious and organised crime which is, or is perpetrated through, cyber crime. A key aspect of this partnership work is to consider the vulnerability of individuals in our day to day dealings and help identify those who maybe more at risk of cyber crime.

8.8 Links to Council's Priorities

8.8.1 Information and information technology are important assets. Their protection and proper use contributes to the Council's priority to the make the best use of its resources.

8.8.2 Good, robust information, computer and cyber security helps engender trust in the Council and the services it provides.

The Contact Officer for this report is Linda Bird (719327)

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Agenda Item No 7

Resources Board

27 January 2020

Report of the Director of Corporate Services

Broadband Update Report

1 Summary

- 1.1 The report provides an update on the progress made over the last few years to improve broadband coverage and speeds in the Borough. The project is now entering its final year and it is estimated that coverage will be 97.9% across the borough, compared to a target of 95% at the start of the project.

Recommendation to the Board

That the report be noted.

2 Consultation

- 2.1 Councillors D Wright, Symonds and McLauchlan have been sent an advanced copy of this report for comment.
- 2.2 Members are emailed the Coventry, Solihull and Warwickshire (CSW) Broadband Team's monthly newsletter and the Council shares CSW's Social Media posts about new connectivity in the borough.

3 Background and Contract 1

- 3.1 Members have received reports on improving broadband since 2012 when the Government through its Broadband Delivery UK (BDUK) initiative made funding available to Councils. The BDUK programme was established to support the roll out of basic broadband (2Mb) to properties with very poor or no internet and to help support the delivery of Superfast Broadband (24Mb+) to properties. This was in recognition of the fact that Broadband provision was inequitable with rural and remote areas often having no provision, no choice of supplier or struggling to get a basic service.
- 3.2 BT was awarded the national contract to carry out BDUK work and it has provided funding into regional projects.
- 3.3 The first CSW contract, known as "Contract 1", was awarded in May 2013. It was made up of a BDUK grant of £4,070,000 and public sector match funding of £8.9m, with this Council providing a £197,868 contribution.

3.4 As a result of Contract 1 the percentage of premises in North Warwickshire able get superfast broadband increased from just 50% in 2012 to around 85% at the end of Contract 1 in July 2016. The average cost per premise for Contract 1 was £213.

4 **Contract 2: Ended June 2019**

4.1 By June 2014 the CSW project had been awarded £9.68m of BDUK grant, which was matched funded by Warwickshire County Council. An additional BDUK grant of £380k was matched by Solihull MBC to enable them to prioritise improvements in their area, some of which will have benefited North Warwickshire properties that connect to BT cabinets in Solihull. This investment phase was referred to as Contract 2 part 1.

4.2 Delivery of Contract 2 part 1 started early 2016 and involved more rural, difficult to upgrade areas. By the end of 2017 each premise connected needed, on average, a public subsidy of £549 (cost per premise), which increased to £649 (per premise) in 2018.

4.3 Cost modelling for Contract 2 part 2 suggested a high cost per premise that was viewed to be poor value. It was decided that the majority of the funding identified for Contract 2 part 2 would be added into a new contract 'Contract 3'. The remaining investment, primarily from Gainshare and savings, was remodelled by Openreach (previously BT Broadband) to deliver better value for money and rolled into the delivery of Contract 2, part 1; which became known as Contract 2.

4.4 During Contract 2 the technical solutions delivered changed with some improvements made by upgrading or adding cabinets (known as Fibre to the Cabinet - FTTC) and others requiring more costly direct connections (known as Fibre to the Premise – FTTP). In total Contract 2 delivered 249 cabinets (FTTC) and 171 (FTTP) structures across the CSW region, meaning 17800 properties were able to achieve superfast speeds from this phase of work.

4.5 Take up (the number of people signing up for Superfast Broadband services) has exceeded expectation. The higher the level of take up, the more Openreach reinvests as Gainshare. As of 19/12/2019, take-up for Contract 1 stands at 70.31% (FTTC) and 29.93% (FTTP) across the sub region. Contract 2 take up is currently running at 59.87% (FTTC) and 31.61% (FTTP). The figures for North Warwickshire are slightly lower, as can be seen in the table below, but still above the 20% level where Gainshare is accrued.

Take-up (%)	C1 (FTTC)	C1 (FTTP)	C2 (FTTC)	C2 (FTTP)	C3 (FTTC)	C3 (FTTP)
Average % Take-up for CSW region	70.31%	29.93%	59.87%	31.61%	10.19%	9.17%
Average % Take-up for North Warwickshire	67.48%	22.42%	56.95%	22.32%	No FTTC builds to date	8.14%

4.6 It was anticipated that 96.3% of premises in North Warwickshire would be able to connect to Superfast Broadband by the end of Contract 2. However, the CSW Project team had to recalculate the number of premises while preparing Contract 3. This identified an additional 2,025 premises in the Borough, many of which have not been connected to broadband infrastructure. These new premises, added to the 1,158 that we anticipated would not be connected, led to the estimate of the percentage of premises to be connected by the end of Contract 2 being revised down to 90%.

5 Current Activity - Contract 3: Started September 2018

5.1 The packages of work for Contract 3, valued at £15m, were awarded to British Telecommunications PLC (BT), now known as Openreach, after a tender exercise and rigorous evaluation which started in February 2017.

5.2 Funding for Contract 3 includes BDUK grant, European funding (ERDF) and the Local Enterprise Partnership (LEP) grant. Match funding was provided by all CSW councils, including a contribution of £200,000 from this Council.

5.3 Contract 3 includes many of the most difficult and costly to connect properties and also revisits some areas where cabinets had been upgraded but performance was considerably short of superfast speeds. It will include premises which are connected directly to a BT exchange, not an Openreach cabinet, and many of these will need more technically challenging and costly direct 'Fibre to the Premise' (FTTP) solutions. This type of connection can deliver ultrafast speeds (over 100Mb).

5.4 As we are now in the difficult to reach areas where FTTP is the only viable option, the associated costs increase significantly. It is currently estimated that it costs an average of £1,684 to upgrade each property in Contract 3, compared to £213 at the start of Contract 1.

5.5 Work on Contract 3 started in September 2018 and is now due to be complete by December 2020. The recalculation of the premise base and revised projections for the number of premises that will be connected by the end of Contract 3 has reduced the number which are unlikely to be connected to around 700, from 1200 twelve months ago.

5.6 Currently over 71,000 properties across the sub region are now able to connect to fibre networks as a direct result of the investment made through the CSW Broadband Project and the work done in Contracts 1 & 2 (completed) and Contract 3 (in progress).

5.7 The CSW Project Team's analysis of the latest data, including information from commercial providers, leads us to believe that an average of 97.9% of properties across the Borough will have been upgraded to fibre by the end of Contract 3 (Dec 2020). This is an improvement on the 96% prediction 12 months ago and the Government's initial target of 95%. A breakdown by Ward is shown in the table below.

Ward	% coverage of Ward by end of Contract 3 (31/12/2020)
Arley & Whitacre	94.4%
Atherstone Central	99.3%
Atherstone North	99.4%
Atherstone South & Mancetter	98.6%
Baddesley Ensor & Grendon	99.1%
Coleshill North	98.1%
Coleshill South	97.2%
Curdworth	94.8%
Dordon	97.7%
Fillongley	95.4%
Hartshill	99.0%
Hurley & Wood End	97.7%
Kingsbury	99.4%
Newton Regis & Warton	95.6%
Polesworth East	99.0%
Polesworth West	99.8%
Water Orton	99.6%
Average Total coverage	97.9%

5.8 It is the projects aspiration to get to 98% superfast coverage across the CSW area by the end of Contract 3. This will be achieved if premises that should be connected through commercial activities are also delivered as promised. The coverage across Warwickshire is expected to be 99%.

5.9 Pleasingly, this level of connection is much higher than anticipated when the project started. It was always acknowledged that the rurality of the borough would make it costly and difficult to upgrade and install the infrastructure to provide superfast broadband, compared with the more urban areas. Therefore, it is a real achievement that the borough is so close to the 98% target. This is largely due to continued support and match funding from all councils and the CSW Broadband Team's work to secure additional funding from BDUK and other funding sources and to stimulate take-up which has brought Gainshare funding back into the project.

- 5.10 However, we are aware that, due to the rural nature of the Borough there will still be isolated properties in the Borough which can't be connected within the available funding or where the actual speed delivered is slower than superfast. It is expected that the people in these "unconnected" premises will be frustrated and dissatisfied. The project has identified these properties and regards them still as 'Awaiting Funding'.

6 Related Projects and Funding Sources

- 6.1 **Support for businesses** – European Regional Development Funding (ERDF) grant was successfully bid for and used to support eligible businesses. Grants and match funding covered capital infrastructure, connectivity vouchers and ICT advice and support.
- 6.2 A case study was produced about a local company who received funding through these grants. Bak-Rak Ltd sells a variety of racks that can be fitted to a vehicle's towbar. Based from home in Austrey, the firm targets both domestic and international markets, primarily through online platforms such as Amazon and Ebay. Bak-Rak talked with WCC for a number of years regarding broadband connectivity, motivated by the beneficial impacts superfast broadband would have on businesses that rely heavily on e-commerce. Superfast broadband was installed and has allowed the company to respond more effectively and quickly to emerging opportunities and has boosted the resilience of the firm's online sales and communications through video conference calls and conducting online transactions securely.
- 6.3 **Rural properties** - The Project Team continues to look for future funding opportunities to help connect those most rural properties that Contract 3 is unable to fund or where there is commercial failure.
- 6.4 **Engagement** – During Contract 1 and 2 the project team worked with local Broadband Champions who volunteered to represent communities and help with communication. This worked well, and the team continues to engage with Champions.
- 6.4.1 The project then moved into small communities, without local champions and where awareness was low. The CSW Project Team contacted parish councils for help with getting information out and stimulating take up.
- 6.4.2 A direct mailing campaign is now in place for residents in properties who benefit from a Contract 3 upgrade. The aim is to make them aware that they can now get fibre broadband and to encourage them to take up a service, which will in turn bring money back into the project through Gainshare.

- 6.5 **New properties** – As explained in para 4.7 some new builds are adding to the number without broadband services. This is because some developers are failing to ensure the infrastructure is installed to make properties “internet ready”. The CSW Team have worked with District and Borough Councils on ways to require developers to provide broadband infrastructure either as a requirement of Local Plans or as a planning condition; but this will take time to get adopted and to influence development decisions.
- 6.6 The Government’s ambitions for connectivity, coverage and speeds are still to be clarified but are believed to be more ambitious than the previous government’s pledges to deliver full fibre coverage by 2033 and for the majority of the population to be covered by 5G signal by 2025.
- 6.7 We will reach a point where the cost of providing broadband, using the Openreach fibre infrastructure, will become prohibitive. The BDUK programme and the CSW Broadband Team are investigating different technologies to help bring internet service to the properties and people that will not benefit from the current Broadband project.

7 Report Implications

7.1 Finance and Value for Money Implications

- 7.1.1 None arising from this report.

7.2 Safer Communities Implications

- 7.2.1 Good, fast and pervasive broadband and mobile data coverage provides the infrastructure for CCTV which contributes towards reducing crime and disorder.

7.3 Environment, Sustainability and Health Implications

- 7.3.1 The improvement of broadband services within the Borough will help support people to live, work and learn in our rural communities.
- 7.3.2 The lack of adequate internet provision has been shown to affect people’s decisions to move into an area or may encourage businesses to relocate from the Borough, thus affecting the sustainability of local communities.
- 7.3.3 The lack of broadband provision also means people are unable to use online services, this is increasingly becoming a barrier to accessing services, including public service; resulting in them have to travel to get the services they need.

7.4 Risk Management Implications

7.4.1 Not investing in the Borough's broadband infrastructure could result in economic and structural problems for the Borough. Lack of broadband could increase the risk of businesses not investing or thriving in the area and residents may miss out on life chances and access to services.

7.5 Equalities Implications

7.5.1 Poor or no broadband service can prevent people from accessing information and services resulting in them being less well informed, having fewer opportunities and missing out on more effective ways of managing their businesses, life and finances. The impact of this lack of internet service is known as the "digital divide"

7.6 Links to Council's Priorities

7.6.1 Investment in the Broadband infrastructure contributes directly to the Council's priority of Supporting Employment and Business. Working to improve broadband access for the people and businesses of North Warwickshire through the work of the Council and specifically the Coventry, Solihull and Warwickshire BDUK Project is a Corporate Plan Target.

The Contact Officer for this report is Linda Bird (719327).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Local Broadband Plan and Match Funding Proposal	Linda Bird	Executive Board Report	6/2/2012
Broadband Provision Update	Linda Bird	Scrutiny Board Report	13/12/2013
Broadband Update Report	Linda Bird	Resources Board Report	2/6/2014
Broadband Update Report and BDUK Match Funding	Linda Bird	Executive Board Report	17/6/2014
Broadband Match Funding	Linda Bird	Executive Board Report	22/9/2014
Broadband Match Funding – Further Information	Linda Bird	Executive Board Report	24/11/2014
Broadband Match Funding - Further Information	Linda Bird	Executive Board Report	10/2/2015
Broadband Update and Match Funding	Linda Bird	Executive Board Report	21/9/2015
Broadband Update Report	Linda Bird	Resources Board Report	23/5/2016
Broadband Update Report	Linda Bird	Resources Board Report	29/1/2018
Broadband Update Report	Linda Bird	Resources Board Report	28/1/2019

Agenda Item No 8

Resources Board

27 January 2020

Report of the Director of Corporate Services

Online Services Update 2019

1 Summary

- 1.1 This is an annual report which gives an update on those services we deliver online, via the Internet and on the use of the Website and Social Media.

Recommendation to the Board

That the report is noted.

2 Report

- 2.1 This report provides the annual update on the development and use of online services such as those provided via the Council's website and directly through "self-service" over the Internet. Progress made since the 2018 update report is included within this report.

3 Background

- 3.1 There is a recognised need to transform and improve services to help meet known and future challenges. Online services, social media, technology and data analytics are tools that can help inform and deliver change.
- 3.2 Online service are no longer an optional extra or a 'nice to have' but an expectation. Our customers and citizens expect to be able to easily find, access and use council services online. People take it for granted that they can use social media to ask questions, comment and complain and they expect to get a speedy response and resolution. There is also an expectation that the council will support and collaborate with others in ways that will be of help or interest to people or organisations that 'like' or 'follow' the council.
- 3.3 The internet is not, and may never be, the best way to deliver some complex or personalised services. There are people can't use, who have never used, have no intention of using the internet. We need to be wary of excluding people, particularly those most disadvantaged, from services due to their lack of access to or skills to use the Internet. We need to encourage and help people to learn about, use and benefit from online services.
- 3.4 However, most of the population now have the resources and skills to use online services. Younger age groups live in an 'always on', mobile,

connected and social world; in August 2019 the annual research by the Office of National Statistics reported: -

- 87 % of adults used the internet daily or almost every day (up 1% since 2018).
- 99% of adults in the UK, aged 16 to 44 years, used the internet recently.
- For the first time, research identified that more than half (54%) of adults, aged 65 years and over, shopped online
- The percentage of adults who make video or voice calls over the internet has more than trebled over the past decade, to 50% in 2019.
- Just 7.5% of adults had never used the internet in 2019, down from 8.4%.

- 3.5 The most up-to-date data we have on local people's internet use comes from the 2017 'Residents Survey' in which 77% of people said they used the internet. This was lower than the national figure, at the time, but higher than we may have expected given the historic lack of broadband access and the age profile of residents.
- 3.6 There is a separate report to Resources Board on Broadband coverage. But in summary, the CSW Project Team's forecast is that 97.9% of properties across the Borough will have been upgraded to fibre broadband by the end this year. With continued take-up of broadband, mobile technologies and the changing demographic of the borough access will continue to increase.
- 3.7 The internet continues to develop and new applications and innovative uses are emerging and maturing such as automation and artificial intelligence. Many people, regardless of age, take part in activities that are considered part of the "sharing economy" for example booking accommodation or transport using Airbnb or Uber. The opportunity to apply this sort of thinking to our services will be important as we work to improve and transform what we do.
- 3.8 Another area that will impact on future online services is 5G connectivity. It will eventually give reliable access at speeds of up to 1GB and open up opportunities for 'real time' access and virtual reality applications. It will enable many of the 'internet of things' ideas to become an affordable reality. However, 5G needs a fibre infrastructure and handsets capable of 5G are unlikely to become common until 2021. The development of 5G is primarily a commercial proposition, with some government involvement, and it is unlikely to become a reality we can exploit locally in the near future.
- 3.9 We must continue to plan online services and channels around our changing customer base and increasingly for those using services 'on the go' using mobile devices and phones. Online services can be more convenient for the customer and deliver efficiencies for the Council by moving contact and services to less costly channels. Over time these efficiencies become sufficiently significant to enable savings in salary cost by reducing staffing levels or minimise additional costs if demand for services increases or a new service is introduced. Our aim is for online and the website to be the channel of choice and the first point for council information and services.

4 Update 2019

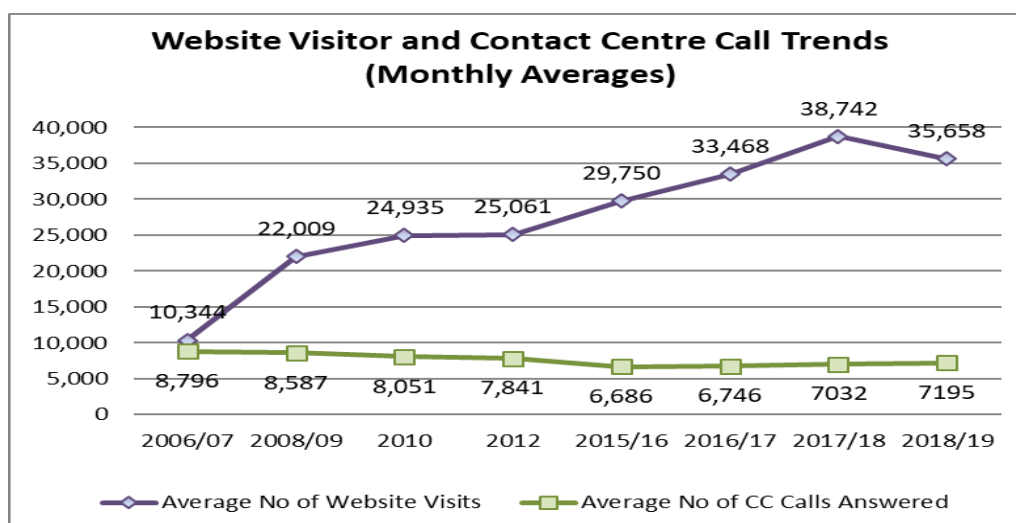
4.1 Update on the Council's Website and Online Service Forms 2019

4.1.1 The Council's website is designed to work 'responsively' and adapts to different sized screens and mobile devices. People using the site can rate and comment on pages by clicking on a 'thumbs up' or 'thumbs down' icon. The feedback is mainly positive and any negative comments are used to improve. The website is consistently ranked in the top 10, of 408 websites, in an assessment of accessibility, functionality and technical performance.

4.1.2 A priority for the website has been the development of a generic customer referral form (CRF) for those residents needing urgent support or longer-term help with money and debt. This CRF can be completed by partner organisations such as the Citizens Advice Bureau on behalf of their clients. This form has been adopted by other councils in the County and supports the Council's award-winning approach to partnership working and money advice.

4.1.3 In addition to form development and updating the website, to keep it current and relevant, each year we review at least 3 areas of the website to develop and improve the structure, content and forms. This year the focus has been on chargeable services such as bulky waste collection, the changes to green waste collection and the co-mingling of recyclable material and the redevelopment of the job application module.

4.1.4 For the first year, since we started to count visitors to the Council's website, the monthly average fell. Some of this can be accounted for by fewer calls during the mild winter of 2018/19. It may also point to a normalisation of website use, with those who want and need to use it being aware and able. In general website use reduces the demand for information and services provided over the phone or in person. The following graph below shows the trend for people to visit the website and calling the Contact Centre.



4.1.5 The change in 'channel' (e.g. telephone, website, post) used helps free up resource to do other work or deliver savings. The change in customer

behaviour away from telephone contact has enabled significant reductions in the staffing level in our Contact Centre/One Stop Shop and the incorporation of Housing Repairs calls in January 2018 resulted in a slight increase in calls but it also delivered efficiencies.

4.1.6 The Council has taken decisions to close channels when they are not well used and are disproportionately costly to maintain. The need for and cost of maintaining channels is reviewed, along with the impact of any proposed change or closure of a channel.

4.1.7 The Customer Relationship Management (CRM) system is used by the Contract Centre (CC) to log request for service via the phone, in person at the One-Stop-Shop or on social media. Contact Centre staff encourage people who phone to use the website, in future, if the information or service is available online. Table 1 shows the service forms completed by service area in the Contact Centre, the number of self-service (online) forms completed and the most frequently accessed website pages.

Table 1					
Services Completed in the CRM via Telephone & OSS	CRM Forms	Online Forms completed	Online Forms 18/19	Website (Pages Visited)	Pages 18/19
Housing Services	25009	Housing Enquiry	1450	Atherstone LC - info, timetables etc.	18195
Payment processing	15220	Replacement and New Bins	1311	Planning (incl Appl. Search)	17736
Council tax, NNDR and Recovery	11132	Customer Referral	1277	Payments and parking fines	16150
Rubbish and Recycling	8965	Contact Us	649	Coleshill Leisure Centre	15023
Benefits	5878	Missed Bin	537	Housing (incl application)	14321
Planning	3306	Registration	509	Recycling	13853
Corporate / Chief Exec/ FOI etc	3030	Problem Reporting	403	Council Tax	13492
Streetscape Services	2681	Sports Fixtures	263	Local Plan	11683
Environmental Health Services	2324	Extra Garden Waste Collections	170	Jobs	8515
Warwickshire County Council	1689	Single Preson Discount	164	Contact Us	7543

4.1.8 This information demonstrates people's willingness to use the website for finding out information for example visits to the local plan pages has increased by 60% from 2017/18. Time or situation relevant information is also popular as shown by the 'Severe weather' appearing in the top 15 during the winter of 2017/18.

4.1.9 Forms completed online save staff time and help streamline processes for customers. The information entered online is captured in the CRM and customers can create a "customer account" to see and track the services they have used.

4.1.10 We implemented a new Web Chat solution in October 2019, as our previous provider ceased trading. It is proving to be popular and is being used about 12 times a day.

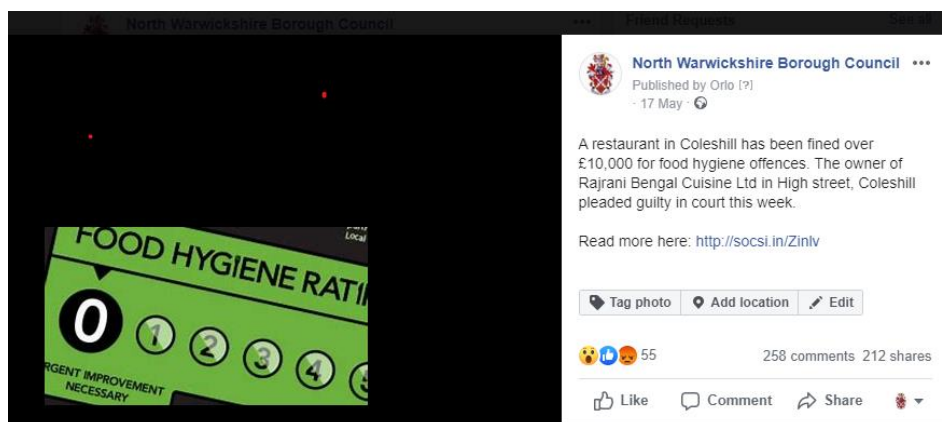
4.2 Update on the Council's use of Social Media 2019

4.2.1 The use of Twitter and Facebook is well established with Communications Staff proactively posting and sharing information and Contact Centre staff responding to service questions to the corporate accounts. Use of and engagement with these accounts is still growing and they provide an instant way for customer to raise questions and also air and share their views.

4.2.2 Table 2 shows the number of people signed up to corporate and service Social Media accounts. Some services have Facebook pages and Twitter accounts to help them to engage with their specific audiences. The corporate LinkedIn account has grown from 72 followers in 2018 to 145 and is used for job adverts and business-related information.

Table 2 as at November 2019						
Service/Team	Facebook 2018	Facebook 2019	Facebook Increase 18 - 19	Twitter 2018	Twitter 2019	Twitter Increase 18 - 19
Corporate Account	1896	2546	34%	6026	6354	5%
Coleshill Leisure Centre	1859	2100	13%	525	539	3%
Atherstone Leisure Complex	2461	2737	11%	387	393	2%
Polesworth Sports Centre	1388	1575	13%	93	108	14%
Community Development	800	1026	28%			

4.2.3 Social media is particularly important at times of service disruption, in fast changing situations and where information is of interest to particular groups or communities. The most popular posts on the corporate accounts help demonstrate this. A Facebook post about a food hygiene fine generated 258 comments and was shared 212 times, reaching over 30,000 people and clicked-on by 1826 people.



4.2.4 On Twitter different posts were ranked highest, depending on the measurement criteria used. The first tweet about Small Business Saturday

had the biggest reach and was shared by the most people. The second about HS2 had the most people clicking on it to read the detail on the website.

1. *Yes, it's back! Once more, Small Business Saturday is looking for 100 businesses from around the UK to celebrate, shout about and promote in the run up to Small Business Saturday 2019 on the 7th December #SmallBizSatUK*
2. *High Speed Two (HS2) is the new high speed railway for Britain. Cadent will be moving underground gas pipelines in the Coleshill area until 2020, to allow for the construction of the new railway.*

4.2.5 We are mindful that other social media applications are used by different demographics and interest groups. We are committed to keep the social media solutions we use under review and relevant. We have recently created a corporate Instagram account and will be exploring how best to use it.

4.2.6 During 2020 we will be focusing on developing the use of social media more strategically and engagingly in support of Council priorities.

5 Online Services Update 2019

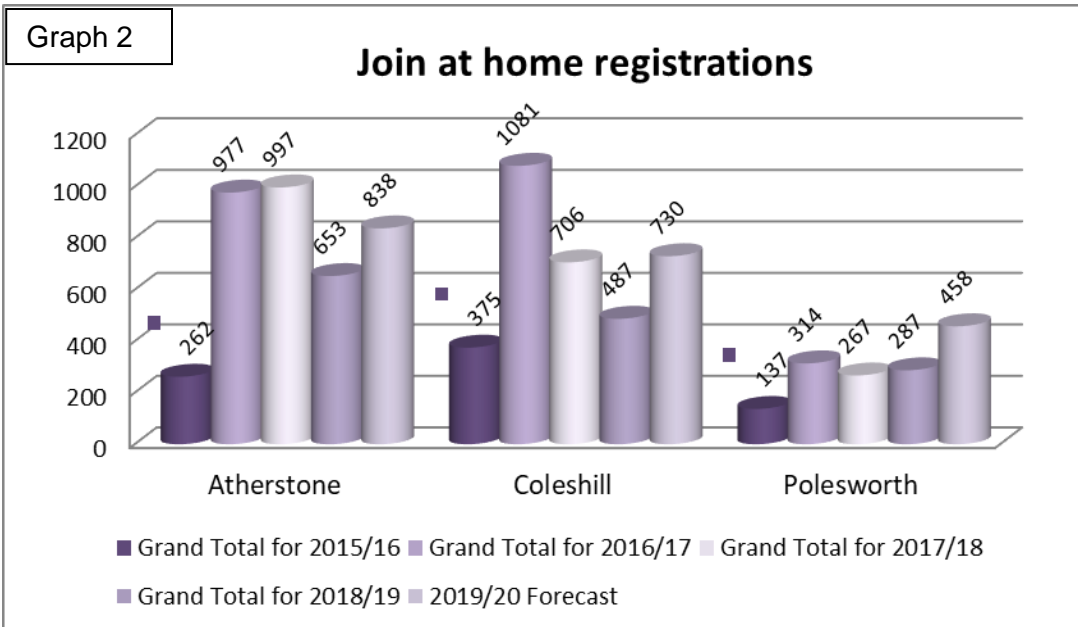
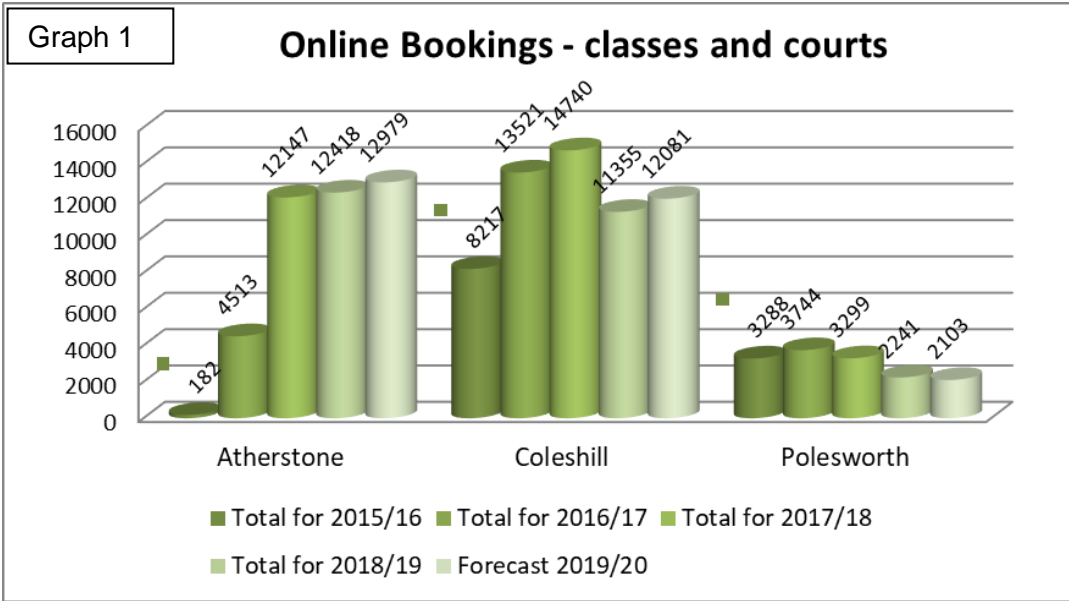
5.1 We now have a number of service specific online applications which are used by customers to self-serve. These are integral to the service and their development and improvement is built into Service Plans. Examples are:-

5.1.1 Online Planning:-

- 67% of the householder applications submitted in 2018/19 were through the Planning Portal (online), a slight increase on the 2017/18 figure and a significant improvement on the 16/17 figure of 59%.
- Planning pages are often the most used on the website. Details of listed buildings and planning decision notices are available online. Consultees and the public are able to view applications over the Internet and make comments electronically.

5.1.2 Online Leisure Booking:-

- All Leisure Centres are able to take online bookings and payments for classes and facilities. Graph 1 shows that online booking has taken off across the Centres with an increase of 170% at Atherstone Leisure Complex. Leisure staff continue to promote online booking to members.
- People can complete joining information online and manage their membership and bookings using a Member Portal. The number of people signed up to use the "Join at Home" module is shown in graph 2.



- In 2016 we introduce payment by Direct Debit to help spread the cost of membership and programmes of activity, such as swimming lessons and gymnastics courses, for customers. Direct Debit continues to be popular with 57% of payments made by DD in 2018/19 which is a 2% increase on 2017/18 figures and 10% since 2016.

5.2 Council Tax and Business Rates

5.2.1 As members will be aware the Council's Revenues and Benefits service has been working in partnership with Nuneaton and Bedworth's team for some time. During the last year the teams have been moving to a new application for Council Tax, Business rates (NDR) and Benefits processing. This has

meant significant change for the team and to the solution and services we have been able to offer customers.

5.2.2 Now that the migration to the new system is complete the team is focusing on setting up and promoting a new online service 'Open Portal'. This allows customers to log in and view their accounts for Council Tax, Benefits and NDR. They can view bills and benefit letters and well as adjusting their accounts and printing any bills they may require from home.

5.2.3 People are still able to make Benefits claims online. The Contact Centre and Benefits staff are trained to help people complete the online process.

5.3 Online Payments

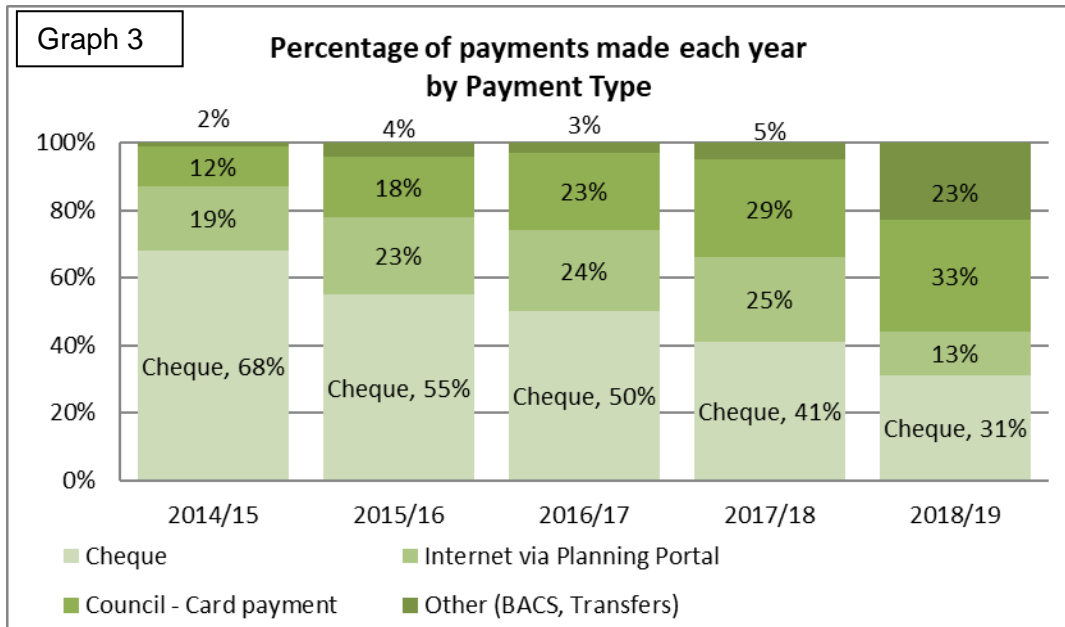
5.3.1 Improving and increasing online payments continues to be a priority. The plan to implement Contactless Payment was delayed as Revenues and Benefits staff, who administer the payments system had to focus implementing the Civica Revenues and Benefits system as part of the NBBC shared service.

5.3.2 Table 3 shows the changes by payment type, over the last 10 years, and reflects changes in people's payment habits and the proactive work we have done to enable this transition. Over the period all the figures are going in the direction we want, delivering saving and enabling staff to be more efficient, for example web payments are increasing and payment by cheque decreasing.

Table 3		Number of transactions									
Method of payment	2008/09	Oct 2012 - Sept 2013	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Increase/ Decrease from 17/18 to 18/19	10 Yr Trend - Increase/ Decrease	
Web Payments	2,200	5,350	7,775	9,622	14,194	18,709	20,985	21,943	5%	897%	
Card Payments by Phone	11,300	18,400	22,202	23,583	43,045	43,475	44,857	44,902	0%	297%	
Cash - Face to Face. Excl Leisure.	1,200	600	660	569	508	642	707	622	-12%	-48%	
BACS	280,900	247,216	261,135	275,859	285,104	302,207	328,846	330,294	0%	18%	
Cheque		6,100	6,652	6,041	5,176	4,728	4,264	3,908	-8%		
3rd Party (Post Office, Baliff)		48,600	54,723	50,570	42,954	37,059	33,552	29,498	-12%		
Bank (Direct Payments)		14,650	17,660	20,734	26,358	27,695	28,792	31,294	9%		

5.3.3 The Council has reduced the costs of collection by introducing cheaper methods of payment, for example over 75% of Council Tax and Business Ratepayers choose to pay by Direct Debit. Planned promotion of payment by this cost-effective method has enabled staff savings to be made in the areas of cash and cheque reconciliation.

5.3.4 Online payment can be used to pay for any “sundry debt”. Recent development has improved the online payment process for parking fines and the process to book and pay for a bulky waste collection. A further example of the work done to encourage people to move from costly payment methods is the significant move from payment by cheque for Planning Applications to an electronic (BACS) or online payment method as shown in Graph 3.



6 Increasing the use of Online Services 2020/21

6.1 There is a recognised need to transform and improve services to help the council meet known and future challenges. Online services, technology and information are key tools and resources to help inform and drive change.

6.2 Online services are now seen as just part of, and integral to, service development and provision, we have therefore moved away from separate, detailed online plans, such as those developed in the early 2000’s in response to the national e-government programme.

6.3 Details of the projects and initiatives to promote and develop online services are included in the relevant Division’s Service Plan and they are also summarised in the Service Plan for Corporate Services Division to ensure ensuring a link to Council and service priorities. Some specific work that is planned for 2020/21 is summarise in the following paragraphs.

6.4 Office 365

6.4.1 Although not directly associated with online services the ongoing implementation of Office 365 will provide features and functionality which will enable staff and members to work differently. For example it will help with mobile working, it will help with collaborative working within the council and with other organisations and it will provide tools that can change how we commutate with each other and with customers.

- Once all staff have Office 365 we will look at the opportunities it opens up for different ways of working.

6.5 The Customer Relationship Management System.

6.5.1 This platform enables us to provide a better and more consistent service across the various channels. A self-service form completed on the website appears as part of the customer's history to Contact Centre staff and can go direct to front line staff to deliver the service. It is helping us deliver a more informed and targeted customer experience.

- We will continue to develop the CRM focusing council priorities, frequently requested services and income collection

6.6 Trust and information security

6.6.1 For people to be willing to use online services they need to trust the organisation and the technology it is using. The Council takes information and cyber security management seriously. It has invested in software, hardware and training in order to protect the council's physical and information assets and comply with security regimes. However, the global threat from cyber-attack is recognised as an increasing risk which the council needs to be aware of and respond to. A separate report to Resources Board provides an update for members on the Council's work on Cyber Security.

- During 2020 we will run cyber security e-learning for staff and members.

6.7 Website

6.7.1 The council's website is a key part of it's online service provision. The hardware it runs on is reaching the end of it's life and impacting on the speed of the website. The design of the site was last reviewed in 2014. The Council currently hosts Nuneaton and Bedworth BC's website and discussions have started on continuing this arrangement.

- We plan to replace the hardware, upgrade the software and refresh the design of the website to increase its speed, improve usability and add functions available in the latest version of the software used.

6.8 Social Media

6.8.1 We have reviewed and increased the communications capacity and tools. We plan to work to ensure our use of social media supports Council priorities, service plan projects or promotions and information published on the website. Work to improve, align and evaluate social media activity will continue.

- We will use our Social Media management software to run more targeted communication campaigns and better evaluate their effectiveness.

6.9 Service Applications

6.9.1 A number of services have plans to review and upgrade or replace their line of business application during 2020/21. Many of these new systems or upgrades will provide better online functionality and help officers work in a more mobile and flexible way. Systems being reviewed, upgraded or replaced include:

- the Environmental Health System,
- the Council's geographic information system,
- the Council's finance and procurement system,
- the Planning system; and
- aspects of the systems used by Housing.

6.10 Information management

6.10.1 We will continue to ensure the council gathers, stores and uses customers' personal information to comply with the data protection and good practice. We also plan to look at how we can better use data to inform decisions and how we can inform and engage with citizens and customers more effectively using technology, where it helps.

- We will implement better email categorisation to help with data protection act compliance as part of the implementation of Office 365.

6.11 Channel migration and skills

6.11.1 There is extensive research on how to encourage people to move to different ways of using services. This movement is known as "channel migration". However, getting citizens and customers to make the change is not always a simple or quick process, as they need to:-

- Be skilled - to use the internet and online services.
- Have access - to use the internet when and where it's convenient.
- Understand why - convinced that there is a benefit to them.
- Secure – believe our online service are trustworthy, secure and reliable.
- Aware - that our services are available online.

6.11.2 Over the years the Council has provided services to help address these issues, remove barriers to being online and helped residents engage with the Council more easily.

- This approach will continue as it supports community partnership priorities and benefits residents e.g. to access jobs or save money.

7 Report Implications

7.1 Finance and Value for Money Implications

- 7.1.1 There are no financial implications arising directly from this report. However, it is anticipated that increasing the use of online services will deliver savings and efficiencies that will contribute to corporate financial savings targets.
- 7.1.2 In order to achieve savings and efficiencies invest to save business cases may need to be developed.

7.2 Risk Management Implications

- 7.2.1 Whilst there are operational and financial benefits to moving towards our online ambitions, there are reputational and operational risks related to managing and securing our information in an online environment. These risks are predominantly managed by Information Services, but all data users have responsibility for ensuring data transfer, its capture and use is secure and managed appropriately and complies with regulation and legislation.
- 7.2.2 Many of the security related threats and risks are global or national. We aim to reduce and control them by the demonstrating on-going compliance with Public Sector Network (PSN) connectivity compliance, aided by achieving Cyber Essentials PLUS certification. Awareness of the impact of cyber-attacks on organisations has reinforced the need to focus on cyber-attack prevention and recovery for business and reputational reasons.
- 7.2.3 One of the barriers to using online service is people being concerned about online security and not trusting organisations to keep their information safe and secure. Data Protection Act compliance helps reduce risk and hopefully improve people's perception of how trustworthy an organisation is; ideally this translates into an increased willingness to use online services.
- 7.2.4 There are local issues and reputational risks involved in how we manage the increasing use of online service and social media and the different customer expectations and styles needed to respond appropriately. The Council has a Social Media policy, guidelines on its use and has trained and supported staff to use these channels to ensure reputational risks are managed.

7.3 Environment and Sustainability Implications

- 7.3.1 Providing information and services online enables people to access them at their own convenience without having to travel to a Council building or incur additional costs such as call charges. The work on developing community hubs is an example of technology helping local communities to access services and information which is contributing towards one of the priorities of the North Warwickshire Sustainable Community Strategy 2009 – 2026.

7.4 Equalities Implications

7.4.1 The responsive nature of the website has made it easier for all people to use it on a range of devices. The website contains specific functionality to make it easily readable for people with visual impairments and can be read out to people using reader software readily available on the Internet.

7.4.2 Accessibility features in Office 365, such as speech to text conversion and vice versa can help people with physical impairments or literacy concerns. We are trialling their use and will use these features and specific software and hardware solution to help support people's preferences or needs.

7.4.3 This report recognises the need to help people who don't have access to or the ability to use the internet or access services and recognises that we need to work to ensure people aren't excluded from services, discriminated against or isolated by decisions we make on service channels and delivery.

7.5 Safer Communities

7.5.1 The Council's website and associated systems supports the work on reducing crime and disorder by providing information on Safer Communities activities and contacts. For example we actively promote cyber security information and information about Policing services is provided and people are able to report incidents of anti-social behaviour and hate crime to the Council via the Contact Centre and website.

7.6 Links to Council's Priorities

7.6.1 The on-going development of online services supports commitments made in the Council's Customer Access Strategy. The provision of services online and via the web compliments and supports other access channels and the majority of the Council's priorities.

The Contact Officer for this report is Linda Bird (719327).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Agenda Item No 9

Resources Board

27 January 2020

Report of the Chief Executive, Corporate Director - Streetscape, Corporate Director - Resources and Director of Housing **General Fund Fees and Charges 2020/21**

1 Summary

- 1.1 The report covers the fees and charges for 2019/20 and the proposed fees and charges for 2020/21.

Recommendation to the Board

That the schedule of fees and charges for 2020/21, set out in the report be accepted.

2 Introduction

- 2.1 At its meeting held in September 2019, the Executive Board agreed the budget strategy for 2020/24, which included an allowance for price increases of 2%.

3 Fees and Charges proposed for 2020/21

- 3.1 Attached at Appendix A for the Board's consideration are details of present and proposed fees and charges for the financial year 2020/21. The amounts shown have already been included in the revenue estimates for 2020/21.
- 3.2 No increases have been applied to failure to notify a change to a Council Tax single person discount and full register of electors' fees, as these charges are statutory and so not set by the Council.
- 3.3 Court summons costs, parking penalties and Borough Care charges have been kept the same as in 2019/20. The remaining fees and charges have generally been increased by 2% (rounded).

4 Report Implications

4.1 Finance and Value for Money Implications

- 4.1.1 The pricing structure contained within this report is expected to generate additional income of £310.

4.1.2 This will contribute to the achievement of income targets, which are contained within the Corporate Director - Resources report on the General Fund estimates 2020/21 presented elsewhere within the agenda for this meeting. A 1% change in income generated by services reporting to this Board would result in an increase or decrease in income of £160.

4.2 Risk Management

4.2.1 Changes to fees and charges may impact on the level of demand. However, this has been considered in proposing the revised charges.

The Contact Officer for this report is Nigel Lane (719371).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

NORTH WARWICKSHIRE BOROUGH COUNCIL
RESOURCES BOARD
FEEES AND CHARGES FROM 1 APRIL 2020

	2019/2020 TOTAL CHARGE £	2020/2021 TOTAL CHARGE £	VAT RATING
REGISTER OF ELECTORS (statutory)			
a) Paper form	10.00+ 5.00 per 1,000 names or part thereof plus postage	10.00+ 5.00 per 1,000 names or part thereof plus postage	Outside Scope
b) Charge per full register in paper form	260.00 plus postage	260.00 plus postage	"
c) Data form	20.00+ 1.50 per 1,000 names	20.00+ 1.50 per 1,000 names	"
d) Charge per full register in data form	95.00	95.00	"
e) Overseas electors-paper form	10.00+ 5.00 per 1,000 names or part thereof plus postage	10.00+ 5.00 per 1,000 names or part thereof plus postage	"
FAILURE TO NOTIFY A CHANGE TO A COUNCIL TAX SINGLE PERSON DISCOUNT (Statutory)			
	70.00	70.00	Outside Scope

NORTH WARWICKSHIRE BOROUGH COUNCIL

RESOURCES BOARD

FEES AND CHARGES FROM 1 APRIL 2020

	2019/2020 TOTAL CHARGE £	2020/2021 TOTAL CHARGE £	VAT RATING
PARKING PENALTIES			
If paid within 7 days	25.00	25.00	Outside Scope
If paid after 7 days	50.00	50.00	"
STATEMENTS OF ACCOUNT (per copy)	12.60	12.90	Outside Scope
INSPECTION AND COPYING OF BACKGROUND PAPERS UNDER SECTION 100H OF THE LOCAL GOVERNMENT ACT 1972			
a) Inspection of background papers to a part 1 report per item of business	2.90	3.00	Outside Scope
b) Photocopying of background papers to a part 1 report per copy	0.10	0.10	"
minimum charge	0.50	0.50	"
COURT COSTS			
Summons Costs (Council Tax and NDR)	100.00	100.00	Outside Scope
BOROUGH CARE			
Charges for service users (per week)	4.20	4.20	Incl VAT at Standard Rate
PROVISION OF CCTV IMAGES TO THIRD PARTIES			
Requests taking up to 1 hour of officer time	65.70	67.00	Standard
Requests taking over 1 hour of officer time	131.20	133.80	"

Agenda Item No 10

Resources Board

27 January 2020

Report of the Corporate Director - Resources

General Fund Revenue Estimates 2020/21 - Services Recharged Across All Boards

1 Summary

- 1.1 This report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

Recommendation to the Board

- a To accept the revised budget for 2019/20; and**
- b To accept or otherwise vary the Estimates of Expenditure for 2020/21, as submitted, for them to be included in the budget to be brought before the meeting of the Executive Board on 10 February 2020.**

2 Introduction

- 2.1 In consultation with other Directors, the Corporate Director – Resources has prepared an estimate of net expenditure for 2020/21 and this, together with a revised budget for 2019/20, appears in Appendices A and B. To provide a more complete picture of the spending pattern of the service, the actual figures for 2018/19 are shown.
- 2.2 At its meeting in September, the Executive Board agreed the budget strategy for 2020-2024, which required savings of £1.60 million over a four year period. This required budget savings of £800,000 in 2020/21 with additional savings of £550,000 in 2021/22 and £250,000 in 2022/23, a savings target was not included for 2023/24 at that time. Some limited growth was built into the strategy in specific areas.
- 2.3 Directors were asked to identify areas where savings could be made, either by a reduction in expenditure or through the generation of additional income.

2.4 A subjective analysis of the Board's requirement is shown below:

	Approved Budget 2019/20 £	Revised Budget 2019/20 £	Original Budget 2020/21 £
Employee Costs	8,418,780	8,449,750	8,562,280
Premises	490,020	489,750	488,810
Supplies and Services	942,560	972,500	926,120
Transport	534,240	533,090	534,890
Earmarked Reserves	-	(8,000)	(8,000)
Gross Expenditure	10,385,600	10,437,090	10,504,100
Income	(227,240)	(229,760)	(247,380)
Net controllable Expenditure	10,158,360	10,207,330	10,256,720
Recharged to Other Services	(12,105,970)	(12,154,940)	(12,178,060)
Departmental Support	21,530	21,530	21,490
Central Support Charges	1,512,210	1,512,210	1,478,920
Capital Charges	413,870	413,870	420,930
Net Expenditure	-	-	-

2.5 The Council values all of its assets using a five year rolling programme, and this can affect the level of capital charges that are made to services and can therefore significantly affect the net service cost. Therefore, changes in net service expenditure that are as a result of increases or decreases in capital charges are shown below net operating expenditure in the following pages.

3 **Comments on the 2019/20 Revised Budget**

3.1 The revised budget to be recharged across all Boards for 2019/20 is estimated to be £12,154,940; an increase of £48,970 on the approved provision. The main reasons for the increase are an increase in vehicle repairs and maintenance, fuel costs and apprentice employee costs in line with the apprenticeship programme.

3.2 In year savings from staff turnover have been reflected in the revised vacancy factor, which is contained within the Corporate Director - Resources report on the General Fund Revenue estimates 2020/21 Summary presented elsewhere within the agenda for this meeting.

4 **Comments on the 2020/21 Estimates**

4.1 The 2020/21 estimates have been prepared, taking into account the following assumptions:

- A 2% pay award from 1 April 2020;
- An increase in income to reflect the increases included in the fees and charges report elsewhere on this agenda;

- Savings of £67,210 have been incorporated into the estimates being considered and are shown in Appendix C.

4.2 The original budget to be recharged across all Boards for 2020/21 is estimated to be £12,178,060; an increase of £23,120 on the 2019/20 revised budget and an increase of £72,090 on the 2019/20 original budget. The main variations from the revised estimate are set out below.

4.3 **Employee** costs have increased by £112,530 and the main variations are as follows:

	£
The impact of the 2% budgeted pay award	126,090
Increases in national insurance, apprenticeship levy and superannuation costs due to the pay award	53,650
New post for Engineering and Parking Manager transferred to North Warwickshire Borough Council	37,620
Budgeted salary increments	3,220
Inflationary increases on Employers liability insurances	2,630
Restructures, grade changes and change in hours as a result of the Leisure and Housing Maintenance restructures and Central Services flexible retirement.	(85,560)
Reduction in Lease car lump sum allowances	(17,370)
Reduction in Training budgets	(10,000)
TOTAL	110,280

4.4 **Supplies and Services** have decreased by £46,380 mainly from the following changes:

	£
Inflationary increases in supplies and services across all budgets	15,190
Decreases in professional fees due to the Engineering and Parking Manager employed by North Warwickshire Borough Council	(35,000)
Reduction in transport repairs and maintenance costs	(21,820)
Reduction in copier rental and photocopying charges	(5,720)
Reduction in provisions	(1,000)
TOTAL	(48,350)

4.5 **Income** has increased by £17,620 due to the receipt of One Public Estate Funding to fund some of the cost of employing the Engineering and Parking Manager and inflationary increases to income from the use of the Council House and Old Bank House by Warwickshire County Council and the Police.

4.6 **Central Support and Capital Charges** have decreased overall by £26,270 due to rationalisation of office space at the depot, changes in the allocations of Internal Audit to reflect their work plan in 2020/21 and a change in the allocations of Information Services.

5 Risks to Services

5.1 The key risks to the budgetary position of the Council from services covered by this report are:

- Additional increases in pension contribution rates above those already included
- Higher than anticipated rises in utility costs (electricity, gas and water)
- Changes in legislation that effect service delivery and/or software requirements
- Above Inflation increases in vehicle fuel
- Increased insurance costs, especially those relating to vehicles
- Termination of employment costs

5.2 A risk analysis of the likelihood and impact of the risks identified above are included in Appendix D.

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6 Future Year Forecasts

6.1 In order to assist with medium-term financial planning, Members are provided with budgets for the three years following 2020/21. The table below provides a subjective summary for those services reporting to this Board:

	Forecast Budget 2021/22 £	Forecast Budget 2022/23 £	Forecast Budget 2023/24 £
Employee Costs	8,734,810	8,913,400	9,091,050
Premises	498,680	503,260	513,420
Supplies and Services	944,420	947,810	966,010
Transport	543,720	561,950	567,140
Earmarked Reserves	(8,000)	-	-
Gross expenditure	10,713,630	10,926,420	11,137,620
Income	(253,000)	(258,740)	(264,610)
Net Expenditure	10,460,630	10,667,680	10,873,010
Recharged to other Services	(12,409,670)	(12,640,520)	(12,874,610)
Departmental Support	21,910	22,330	22,750
Central Support Charges	1,506,200	1,529,580	1,557,920
Capital Charges	420,930	420,930	420,930
New Expenditure	-	-	-

6.2 The forecasts given above have used a number of assumptions, which include pay awards of 2% in 2021/22 to 2023/24, increases in contracts and general increases in supplies and services of 2% in 2021/22 and 2023/24. In total, the amount recharged to services is expected to increase by 1.90% in 2021/22, 1.86% in 2022/23 and 1.85% in 2023/24.

6.3 These forecasts are built up using current corporate and service plans. Where additional resources have already been approved, these are also included.

However these forecasts will be amended to reflect any amendments to the estimates, including decisions taken on any further corporate or service targets.

7 Report Implications

7.1 Finance and Value for Money Implications.

7.1.1 As detailed in the body of the report.

7.2 Environment and Sustainability Implications

7.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of essential services.

7.3 Risk Management Implications

7.3.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

The Contact Officer for this report is Nigel Lane (719371).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

NORTH WARWICKSHIRE BOROUGH COUNCIL

RESOURCES BOARD (RECHARGED)

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
Various	Chief Executive	195,477	197,370	197,370	211,340
Various	Corporate Director - Resources	874,445	996,010	996,010	1,020,620
Various	Corporate Director - Environment	1,540,712	1,515,320	1,515,320	1,547,660
Various	Corporate Director - Community	1,402,421	1,459,870	1,459,870	1,486,740
Various	Director of Housing	2,187,575	2,314,330	2,314,330	2,325,130
Various	Corporate Director - Streetscape	448,548	459,570	459,570	478,420
Various	Director of Leisure and Community Development	549,822	621,200	621,200	559,680
3006-3039	Building Maintenance Fund	233,233	225,310	225,310	226,380
3040-3041	Council Offices	147,241	204,890	204,890	188,030
3043	Central Telephones	15,661	17,390	17,390	17,700
3045	Recruitment	35,100	26,160	26,160	26,390
3046	Printing and Copying	68,568	74,070	74,070	68,930
3047	Training	22,620	93,610	93,610	82,840
3048	Depot and Stores	73,705	70,160	70,160	76,740
3110	Postage and Franking	63,376	68,490	68,490	69,890
3226	Central Services	260,360	277,870	277,870	278,710
3290	Information Services	710,162	757,820	757,820	765,600
3291	Procurement	71,580	73,770	73,770	75,200
3292	Staff Welfare	24,165	27,160	27,160	27,860
3300	Transport	669,411	677,990	726,960	722,860
	Net Controllable Expenditure	9,594,182	10,158,360	10,207,330	10,256,720
	Recharged to Services	(11,359,567)	(12,105,970)	(12,154,940)	(12,178,060)
	Departmental Support	20,990	21,530	21,530	21,490
	Central Support	1,396,938	1,512,210	1,512,210	1,478,920
	Capital	277,637	413,870	413,870	420,930
	Resources Board (Recharged) Total	(69,820)	-	-	-

Resources Board Summary

Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
Totals - Recharged Services	(69,820)	-	-	-
Totals - Services Remaining	3,471,887	3,296,850	3,565,780	3,204,140
Central Vacancy Factor	-	(210,000)	(130,000)	(234,000)
Resources Board Total	3,402,067	3,086,850	3,435,780	2,970,140

VARIOUS - CHIEF EXECUTIVE

This includes the Chief Executive and the Management Team Support Unit budgets.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	191,600	192,220	192,220	206,540
Supplies and Services	3,679	4,270	4,270	3,920
Transport Related Expenditure	198	880	880	880
NET CONTROLLABLE EXPENDITURE	195,477	197,370	197,370	211,340
Recharged to Services	(229,784)	(234,370)	(234,370)	(246,650)
Central Support	32,345	34,550	34,550	33,070
Capital Charges	1,962	2,450	2,450	2,240
NET EXPENDITURE	-	-	-	-

VARIOUS - CORPORATE DIRECTOR- RESOURCES

This includes the Corporate Director-Resources, Valuer, Financial Services, Human Resources and Internal Audit.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	758,692	854,660	854,660	877,380
Supplies and Services	116,345	139,500	139,500	141,390
Transport Related Expenditure	1,705	1,850	1,850	1,850
GROSS EXPENDITURE	876,742	996,010	996,010	1,020,620
GROSS INCOME	(2,297)	-	-	-
NET CONTROLLABLE EXPENDITURE	874,445	996,010	996,010	1,020,620
Recharged to Services	(1,079,040)	(1,233,250)	(1,233,250)	(1,252,500)
Central Support	195,130	206,020	206,020	200,300
Capital Charges	9,465	31,220	31,220	31,580
NET EXPENDITURE	-	-	-	-

VARIOUS - CORPORATE DIRECTOR - ENVIRONMENT

This includes the Corporate Director-Environment, Policy, Democratic Services, Legal Services, Forward Planning, Heritage and Conservation, Environmental Health and Development Control budgets.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	1,484,876	1,477,000	1,477,000	1,509,740
Supplies and Services	51,858	50,780	58,780	51,480
Transport Related Expenditure	10,414	13,860	13,860	13,290
Miscellaneous Expenditure	59	-	-	-
Earmarked Reserves	-	-	(8,000)	-
GROSS EXPENDITURE	1,547,207	1,541,640	1,541,640	1,574,510
GROSS INCOME	(6,495)	(26,320)	(26,320)	(26,850)
NET CONTROLLABLE EXPENDITURE	1,540,712	1,515,320	1,515,320	1,547,660
Recharged to Services	(1,726,588)	(1,718,690)	(1,718,690)	(1,756,050)
Central Support	165,053	178,890	178,890	182,240
Capital Charges	20,823	24,480	24,480	26,150
NET EXPENDITURE	-	-	-	-

VARIOUS - CORPORATE DIRECTOR - COMMUNITY

This includes the Revenues and Benefits and Customer Contact budgets.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	1,313,597	1,353,110	1,353,110	1,376,730
Supplies and Services	197,241	153,510	153,510	154,060
Transport Related Expenditure	2,178	4,490	4,490	4,490
Miscellaneous Expenditure	261	-	-	-
Earmarked Reserves	(33,675)	-	-	-
GROSS EXPENDITURE	1,479,602	1,511,110	1,511,110	1,535,280
GROSS INCOME	(77,181)	(51,240)	(51,240)	(48,540)
NET CONTROLLABLE EXPENDITURE	1,402,421	1,459,870	1,459,870	1,486,740
Recharged to Services	(1,695,617)	(1,782,100)	(1,782,100)	(1,790,110)
Central Support	249,282	272,230	272,230	254,570
Capital Charges	43,914	50,000	50,000	48,800
NET EXPENDITURE	-	-	-	-

VARIOUS - DIRECTOR OF HOUSING

This includes the Housing Strategy, Management and Maintenance, Private Sector Housing and Community Support budgets.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	2,102,700	2,238,760	2,238,760	2,244,130
Supplies and Services	65,733	64,500	64,500	69,090
Transport Related Expenditure	9,746	13,040	13,040	11,910
Earmarked Reserves	17,000	-	-	-
GROSS EXPENDITURE	2,195,179	2,316,300	2,316,300	2,325,130
GROSS INCOME	(7,604)	(1,970)	(1,970)	-
NET CONTROLLABLE EXPENDITURE	2,187,575	2,314,330	2,314,330	2,325,130
Recharged to Services	(2,480,743)	(2,631,220)	(2,631,220)	(2,622,050)
Central Support	259,491	277,760	277,760	257,680
Capital Charges	33,677	39,130	39,130	39,240
NET EXPENDITURE	-	-	-	-

VARIOUS - CORPORATE DIRECTOR - STREETSCAPE

This includes the Corporate Director - Streetscape, Transport, Waste Management and Streetscape and Facilities Management budgets.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	402,746	417,260	417,260	481,030
Supplies and Services	51,156	41,250	41,250	8,290
Transport Related Expenditure	926	1,060	1,060	1,290
Earmarked Reserves	(6,280)	-	-	-
GROSS EXPENDITURE	448,548	459,570	459,570	490,610
GROSS INCOME	-	-	-	(12,190)
NET CONTROLLABLE EXPENDITURE	448,548	459,570	459,570	478,420
Recharged to Services	(498,439)	(513,550)	(513,550)	(536,510)
Central Support	43,441	46,390	46,390	49,360
Capital Charges	6,450	7,590	7,590	8,730
NET EXPENDITURE	-	-	-	-

VARIOUS - DIRECTOR OF LEISURE AND COMMUNITY DEVELOPMENT

This includes the Director of Leisure and Community Development, Leisure Centres, Landscape Management and Community Development budgets.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	540,994	610,090	610,090	546,820
Supplies and Services	4,240	6,850	6,850	8,600
Transport Related Expenditure	4,425	4,260	4,260	4,260
Miscellaneous Expenditure	163	-	-	-
NET CONTROLLABLE EXPENDITURE	549,822	621,200	621,200	559,680
Recharged to Services	(628,646)	(708,610)	(708,610)	(651,110)
Central Support	70,556	77,990	77,990	77,920
Capital Charges	8,268	9,420	9,420	13,510
NET EXPENDITURE	-	-	-	-

3006 to 3039 - BUILDING MAINTENANCE FUND

Many services make a contribution into the Building Maintenance Fund each year which then enables the service to draw from the fund for any repairs and maintenance work which may be required to their buildings throughout the year.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	45,140	46,060	46,060	47,130
Premises Related Expenditure	188,563	179,090	179,090	179,090
Supplies and Services	4,350	160	160	160
Earmarked Reserves	(4,420)	-	-	-
GROSS EXPENDITURE	233,633	225,310	225,310	226,380
GROSS INCOME	(400)	-	-	-
NET CONTROLLABLE EXPENDITURE	233,233	225,310	225,310	226,380
Recharged to Services	(253,550)	(247,030)	(247,030)	(245,040)
Central Support	20,317	21,720	21,720	18,660
NET EXPENDITURE	-	-	-	-

3040 to 3041- COUNCIL OFFICES

This budget covers all operational expenditure which relates to the two civic offices in Atherstone - The Council House and Old Bank House.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	71,971	75,020	75,020	76,340
Premises Related Expenditure	198,509	253,600	253,600	247,030
Supplies and Services	22,741	21,970	21,970	22,950
Miscellaneous Expenditure	13	-	-	-
GROSS EXPENDITURE	293,234	350,590	350,590	346,320
GROSS INCOME	(145,993)	(145,700)	(145,700)	(158,290)
NET CONTROLLABLE EXPENDITURE	147,241	204,890	204,890	188,030
Recharged to Services	(315,067)	(372,770)	(372,770)	(355,610)
Central Support	91,896	98,440	98,440	98,080
Capital Charges	6,110	69,440	69,440	69,500
NET EXPENDITURE	(69,820)	-	-	-

KEY PERFORMANCE INDICATORS

Area of Council Offices (m2)	3,967	3,967	3,967	3,967
Expenditure per square metre	£79.42	£93.97	£93.97	£89.64

3043 - CENTRAL TELEPHONES

All the telephone costs and those of the fax machine are included in this cost centre.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	6,300	6,790	6,790	6,980
Supplies and Services	9,361	10,600	10,600	10,720
NET CONTROLLABLE EXPENDITURE	15,661	17,390	17,390	17,700
Recharged to Services	(24,700)	(26,130)	(26,130)	(26,460)
Central Support	585	730	730	750
Capital Charges	8,454	8,010	8,010	8,010
NET EXPENDITURE	-	-	-	-
KEY PERFORMANCE INDICATORS				
Number of phones	190	190	190	190
Expenditure per phone line	£ 130.00	£ 137.53	£ 137.53	£ 139.26

3045 - RECRUITMENT

Costs relating to the recruitment of staff are collected on a centrally held budget and then allocated to services.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	26,332	17,470	17,470	17,470
Supplies and Services	8,768	8,690	8,690	8,920
NET CONTROLLABLE EXPENDITURE	35,100	26,160	26,160	26,390
Recharged to Services	(37,387)	(28,940)	(28,940)	(29,300)
Central Support	2,287	2,780	2,780	2,910
NET EXPENDITURE	-	-	-	-

3046 - PRINTING AND STATIONERY

This cost centre covers all the printing and stationery costs of the Council which are then allocated to individual services.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	30,393	27,840	27,840	28,400
Supplies and Services	39,454	47,650	47,650	41,980
GROSS EXPENDITURE	69,847	75,490	75,490	70,380
GROSS INCOME	(1,279)	(1,420)	(1,420)	(1,450)
NET CONTROLLABLE EXPENDITURE	68,568	74,070	74,070	68,930
Recharged to Services	(80,435)	(87,890)	(87,890)	(82,530)
Central Support	9,505	11,520	11,520	11,230
Capital Charges	2,362	2,300	2,300	2,370
NET EXPENDITURE	-	-	-	-

3047 - TRAINING

All the training costs of the Council, both in-house and external, are contained within this cost centre and then allocated to individual services.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	19,538	89,250	89,250	79,250
Supplies and Services	3,082	4,360	4,360	3,590
NET CONTROLLABLE EXPENDITURE	22,620	93,610	93,610	82,840
Recharged to Services	(76,228)	(150,330)	(150,330)	(140,520)
Central Support	52,153	54,840	54,840	55,660
Capital Charges	1,455	1,880	1,880	2,020
NET EXPENDITURE	-	-	-	-

3048 - DEPOT AND STORES

The costs of providing the Sheepy Road depot and stores in Atherstone are charged here and allocated to users of the service.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	9,155	8,580	8,580	8,950
Premises Related Expenditure	55,733	56,410	56,410	62,040
Supplies and Services	8,817	5,700	5,700	5,750
GROSS EXPENDITURE	73,705	70,690	70,690	76,740
GROSS INCOME	-	(530)	(530)	-
NET CONTROLLABLE EXPENDITURE	73,705	70,160	70,160	76,740
Recharged to Services	(95,273)	(88,230)	(88,230)	(96,360)
Central Support	13,794	14,720	14,720	16,240
Capital Charges	7,774	3,350	3,350	3,380
NET EXPENDITURE	-	-	-	-
KEY PERFORMANCE INDICATORS				
Area of Depot and Stores (m2)	3,542	3,542	3,369	3,369
Expenditure per square metre	£ 26.90	£ 24.91	£ 26.19	£ 28.60

3110 - POSTAL SERVICES

Costs relating to the dispatch of post are charged to this centrally held budget before being allocated to services.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	5,280	5,600	5,600	5,740
Supplies and Services	57,972	62,950	62,950	64,210
Earmarked Reserves	124	-	-	-
GROSS EXPENDITURE	63,376	68,550	68,550	69,950
GROSS INCOME	-	(60)	(60)	(60)
NET CONTROLLABLE EXPENDITURE	63,376	68,490	68,490	69,890
Recharged to Services	(86,542)	(94,080)	(94,080)	(95,280)
Central Support	23,166	25,590	25,590	25,390
NET EXPENDITURE	-	-	-	-

3226 - CENTRAL SERVICES

The costs of the central administration function.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	256,794	271,880	271,880	272,360
Supplies and Services	3,199	5,640	5,640	6,000
Transport Related Expenditure	367	350	350	350
NET CONTROLLABLE EXPENDITURE	260,360	277,870	277,870	278,710
Recharged to Services	(321,349)	(344,870)	(344,870)	(345,880)
Central Support	52,109	57,020	57,020	56,640
Capital Charges	8,880	9,980	9,980	10,530
NET EXPENDITURE	-	-	-	-

3290 - INFORMATION SERVICES

This budget includes all the costs of providing an information technology service to all users within the Council, which are then allocated to services.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	520,653	552,590	552,590	557,740
Supplies and Services	182,424	204,610	204,610	207,240
Transport Related Expenditure	585	620	620	620
Earmarked Reserves	19,179	-	-	-
GROSS EXPENDITURE	722,841	757,820	757,820	765,600
GROSS INCOME	(12,679)	-	-	-
NET CONTROLLABLE EXPENDITURE	710,162	757,820	757,820	765,600
Recharged to Services	(870,886)	(962,600)	(962,600)	(967,510)
Central Support	48,122	57,360	57,360	54,370
Capital Charges	112,602	147,420	147,420	147,540
NET EXPENDITURE	-	-	-	-

KEY PERFORMANCE INDICATORS

Number of PCs & Devices	345	345	334	334
Expenditure per PC & Device	£ 2,524.31	£ 2,790.14	£ 2,882.04	£ 2,896.74

3291 - PROCUREMENT

The costs associated with the core procurement service, involved in corporate procurement contracts such as stationery, photocopying, telephony and agency labour.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	70,529	72,090	72,090	73,440
Supplies and Services	855	1,550	1,550	1,630
Transport Related Expenditure	196	130	130	130
NET CONTROLLABLE EXPENDITURE	71,580	73,770	73,770	75,200
Recharged to Services	(111,682)	(118,220)	(118,220)	(119,350)
Central Support	38,562	42,570	42,570	42,140
Capital Charges	1,540	1,880	1,880	2,010
NET EXPENDITURE	-	-	-	-

3292 - STAFF WELFARE

Budget provision for clothing, optician charges, occupational health fees and subsistence.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	2,632	2,450	2,450	3,150
Supplies and Services	20,179	22,710	22,710	22,710
Transport Related Expenditure	1,354	2,000	2,000	2,000
NET CONTROLLABLE EXPENDITURE	24,165	27,160	27,160	27,860
Recharged to Services	(24,923)	(28,010)	(28,010)	(28,740)
Central Support	758	850	850	880
NET EXPENDITURE	-	-	-	-

3300 to 3999 - TRANSPORT

The costs of providing and maintaining the Council's transport fleet.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	120,912	100,060	131,030	142,960
Premises Related Expenditure	325	920	650	650
Supplies and Services	90,611	85,310	107,250	85,430
Transport Related Expenditure	457,782	491,700	490,550	493,820
Miscellaneous	2,000	-	-	-
Earmarked Reserves	14,718	-	-	-
GROSS EXPENDITURE	686,348	677,990	729,480	722,860
GROSS INCOME	(16,937)	-	(2,520)	-
NET CONTROLLABLE EXPENDITURE	669,411	677,990	726,960	722,860
Recharged to Services	(722,688)	(735,080)	(784,050)	(790,500)
Departmental Support	20,990	21,530	21,530	21,490
Central Support	28,386	30,240	30,240	40,830
Capital Charges	3,901	5,320	5,320	5,320
NET EXPENDITURE	-	-	-	-

SAVINGS INCLUDED WITHIN 2020/2021

Description	2020/2021 £
Reduction in lease car lump sum allowances	17,370
Reduction in emergency cover	1,210
Reduction in bank charges	20
Reduction in advertising, promotions and publicity costs	50
Reduction in telephone costs	1,230
Reduction in hospitality costs	150
Reduction in civic gifts	100
Reduction in internet access costs	340
Reduction in corporate subscriptions	500
Reduction in essential travel allowances	250
Reduction in train travel costs	50
Reduction in copier rental and photocopying charges	5,720
Reduction in Central Services staffing costs	4,990
Reduction in professional memberships	230
Reduction in training budgets	10,000
Reduction in provisions	1,000
Democratic Services Shared Service Arrangement	24,000
Resources Recharged Total	67,210

Risk Analysis

	Likelihood	Potential impact on Budget
Additional increase in pension contribution rates	Low	Low
Higher than anticipated rises in utility costs	Medium	Low
Changes in legislation affecting service delivery and/or software requirements	Medium	Low
Above inflation increases in vehicle fuel	Medium	Medium
Increased insurance costs	Medium	Low
Termination of employment costs	Low	Medium

Agenda Item No 11

Resources Board

27 January 2020

Report of the Corporate Director - Resources

General Fund Revenue Estimates 2020/21 - Services Remaining within the Board

1 Summary

- 1.1 This report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

Recommendation to the Board

- a To accept the revised budget for 2019/20; and
- b To accept or otherwise vary the Estimates of Expenditure for 2020/21, as submitted, for them to be included in the budget to be brought before the meeting of the Executive Board on 10 February 2020.

2 Introduction

- 2.1 In consultation with other Directors, the Corporate Director - Resources has prepared an estimate of net expenditure for 2020/21 and this, together with a revised budget for 2019/20, appears in Appendices A and B. To provide a more complete picture of the spending pattern of the service the actual figures for 2018/19 are shown.
- 2.2 At its meeting in September, the Executive Board agreed the budget strategy for 2020-2024, which required savings of £1.60 million over a four year period. This required budget savings of £800,000 in 2020/21 with additional savings of £550,000 in 2021/22 and £250,000 in 2022/23, a savings target was not included for 2023/24 at that time. Some limited growth was built into the strategy in specific areas.
- 2.3 Directors were asked to identify areas where savings could be made, either by a reduction in expenditure or through the generation of additional income.

2.4 A subjective analysis of the Board's requirement is shown below:

	Approved Budget 2019/20 £	Revised Budget 2019/20 £	Original Budget 2020/21 £
Employee Costs	1,741,070	1,756,010	1,751,990
Premises	151,600	163,690	162,060
Supplies and Services	505,180	610,350	373,590
Transport	26,560	20,750	27,800
Transfer Payments	13,150,530	10,989,070	11,146,500
Members Allowances	243,580	240,870	247,450
Earmarked Reserves	(37,030)	(19,480)	(63,350)
Gross Expenditure	15,781,490	13,761,260	13,646,040
Income	(14,642,040)	(12,346,910)	(12,639,290)
Net Controllable Expenditure	1,139,450	1,414,350	1,006,750
Recharged to Other Services	(241,980)	(249,840)	(255,120)
Departmental Support	1,098,570	1,098,570	1,084,270
Central Support	1,056,950	1,058,250	1,081,030
Capital Charges	243,860	244,450	287,210
Net Expenditure	3,296,850	3,565,780	3,204,140

2.5 The Council values all of its assets using a five year rolling programme, and this can affect the level of capital charges that are made to services and can subsequently significantly affect the net service cost. Therefore, changes in net service expenditure that are as a result of increases or decreases in capital charges are shown below net operating expenditure in the following pages.

3 **Comments on the 2019/20 Revised Budget**

3.1 The revised budget for 2019/20 is estimated to be £3,565,780; an increase of £268,930 on the approved position. The main variations are given below.

3.2 **Cost of Democratic Services (£20,750)**

3.2.1 The corporate subscriptions budget of £10,310 has been moved to the Corporate and Democratic Core Budget. There are also in year savings of £9,440 relating to hire of premises costs, advertising, mayoral transport and Members basic and special responsibility allowances.

3.3 **Registration of Electors (£3,390)**

3.3.1 The reduction in spending relates to savings in salary and postage costs.

3.4 **Council Tax Collection £53,000**

3.4.1 There is a one-off reduction in legal fee income as fewer people have been taken to court. Following the conversion of the system to CIVICA there has been a slight re-profile of recovery action taken to date. Although recovery action is now progressing to increase summons, it is expected the income will be lower than the original income budget.

- 3.5 Finance Miscellaneous (£52,030)**
- 3.5.1 A number of grants have been received in year, many relating to New Burdens. Some relate to work which will be undertaken in the future, and these will be moved into earmarked reserves for future use. The balance will remain in the General Fund to offset costs currently being incurred.
- 3.6 Compensation and Pension Increases (£3,110)**
- 3.6.1 There has been a reduction in pension compensation payments, relating to employees who no longer work for the Council.
- 3.7 Corporate and Democratic Core £11,370**
- 3.7.1 The increase is mainly due to the movement of the corporate subscriptions budget as mentioned earlier.
- 3.8 Innage Park Industrial Estate (£3,560)**
- 3.8.1 The improvement relates to additional rent income of £10,380 as a result of planned rent reviews, partly offset by additional business rates on vacant units of £7,140.
- 3.9 Football Stadium £6,580**
- 3.9.1 The increase is as a result of urgent electrical, asbestos, structural and fire risk assessment inspections relating to legal and health and safety issues.
- 3.10 Homeless Persons (£4,780)**
- 3.10.1 The reduction is due to the additional use of the Homelessness grant of £7,490, partly offset by a reduction in property rent income of £2,690 as the homelessness team are taking more proactive action to prevent homelessness.
- 3.11 Rent Allowances, and Rent Rebates and Administration £260,940**
- 3.11.1 Changing to a new benefit system has been resource intensive, and has reduced work on the recovery of overpayments, leading to a loss of income. There has also been an impact with regard to the expected subsidy for Rent Rebates. In addition, there has been a redistribution of some of the administration grant to the Council Tax Support budget.
- 3.12 Council Tax Support (£24,640)**
- 3.12.1 The improvement is due to the redistribution of some of the administration grant and additional administration grant.
- 3.13 Car Parks £6,530**
- 3.13.1 Business rates have increased by £5,310 as a result of a reassessment of the rateable value of car parks. There is also a one-off reduction in income from parking penalties of £1,290 to reflect the lower number of parking penalties issued to date.

3.14 Private Sector Housing Assistance **£24,850**

3.14.1 The increase is mainly due to a one-off reduction in income of £25,000 in the revised budget, as no income is expected in 2019/20 from the HEART partnership.

3.15 Community Support **£20,860**

3.15.1 The increase is largely due to a reduction in income. This is due to a number of life line customers going into care, moving in with relatives or passing away.

4 Comments on the 2020/21 Estimates

4.1 The 2020/21 estimates have been prepared, taking into account the following assumptions:

- A 2% pay award from 1 April 2020;
- An increase in income to reflect the increases included in the fees and charges report elsewhere on this agenda;
- A reduction in benefits administration grant of 10%;
- Savings of £84,410 have been incorporated into the estimates being considered and are shown in Appendix C.

4.2 The estimated budget for 2020/21 is £3,204,140; a decrease of £92,710 on the 2019/20 approved budget, and a decrease of £361,640 on the revised 2019/20 budget. The main reasons for variations from the revised budget are set out below.

4.3 Cost of Democratic Services **£14,490**

4.3.1 This is mainly due to the reinstatement of the one-off reductions in Members basic, and special responsibility allowances, mayoral activity and hire of premises.

4.4 Election Expenses **(£84,890)**

4.4.1 The budget for Borough Elections has been taken out as elections are next due in May 2023.

4.5 Council Tax Collection **(£45,730)**

4.5.1 The reduction is due to the reinstatement of the legal fee income budget of £53,000 as recovery action is expected to improve. This has been partly offset by pay award increases of £6,890.

4.6 Finance Miscellaneous **£52,030**

4.6.1 The increase relates to the removal of the one-off additional grant income and reserves movements mentioned earlier.

- 4.7 **Compensation and Pension Increases** **(£18,020)**
- 4.7.1 The decrease is mainly due to a reduction in pensions payments to the Warwickshire County Council Pension Fund relating to the lump sum deficit contributions.
- 4.8 **Unallocated Central Support Services** **(£47,930)**
- 4.8.1 The reduction is due to a decrease in the training, software maintenance, overtime, mobile phone budgets and anticipated part year savings from emptying Old Bank House.
- 4.9 **Innage Park Industrial Estate** **(£9,470)**
- 4.9.1 The improvement relates to additional rent income of £3,610 as a result of planned rent reviews, and a lower contribution to the Building Maintenance Fund of £4,360 as a result of lower repairs and maintenance. Business rates have reduced by £1,580 as vacant units in 2019/20 that have been let out have been taken out.
- 4.10 **Football Stadium** **(£6,580)**
- 4.10.1 The one-off costs mentioned earlier have been removed.
- 4.11 **Homeless Persons** **£3,930**
- 4.11.1 Salaries have increased by £6,840 due to the pay award, partly offset by an increase in the use of the Homelessness Grant of £3,380.
- 4.12 **Rent Allowances, and Rent Rebates and Administration** **(£248,290)**
- 4.12.1 The improvement is due to the reinstatement of the income from the recovery of housing benefit overpayments and an improvement in the subsidy expected for Rent Allowances and Rent Rebates. This has been partly offset by a general reduction of 10% in the administration grant and pay award increases.
- 4.13 **Council Tax Support** **£3,260**
- 4.13.1 The increase is due to the pay award.
- 4.14 **Private Sector Housing Assistance** **(£24,290)**
- 4.14.1 Income of £25,000 from the HEART partnership has been re-introduced.
- 4.15 **CCTV** **(£17,430)**
- 4.15.1 The decrease is mainly due to discontinuing the revenue contribution towards the replacement of CCTV assets.
- 4.16 **Community Support** **£26,290**
- 4.16.1 The increase is due to a further reduction in Borough Care fee income of £18,660 due to declining customer numbers. There is an increase in equipment maintenance

costs of £3,330 to reflect the on-going maintenance of the Borough Care system, and salaries have increased by £3,750 due to the pay award.

4.17 Departmental and Central Support Services £8,480

4.17.1 Departmental costs have decreased by £14,300 due to a reduction in the allocations from Information Services, Internal Audit and Human Resources to Private Sector Housing. This has been partly offset by increases due to the pay award.

4.17.2 Central Supports have increased by £22,780 due to the pay award and to reflect the Internal Audit work plan for 2020/21.

4.18 Capital Charges £42,760

4.18.1 Notification has been received that lease payments will increase by £43,000, if the lease on phase 2 of Innage Park is renewed from April 2020. Discussion with the owners over possible renewal of the lease is in progress and the outcome of the discussions will be brought to Members for a decision on how to proceed in due course. The increase has been built into the budgets, pending a decision.

5 Income

5.1 Changes in the levels of fees and charges for services under the responsibility of this Board are covered in another report on tonight's agenda. Income on fees and charges is expected to contribute to the achievement of income targets.

6 Risks to Services

6.1 The key risks to the budgetary position of the Council from services under the control of this Board are:

- Increases in vacancies at industrial estates and shops that will impact on the level of rental income the Council receives and the amount of business rates that the Council is liable for;
- A higher level of maintenance on property assets and car parks, over and above that which is budgeted for. Some of this may be driven by changes in legislation;
- An increase in the level of Local Authority error made in processing benefit payments could lead to a loss of subsidy;
- The effect of planned Government changes in how benefits services are delivered and the structure of benefit payments;
- A fall in the level of recovery of Housing Benefit overpayments (greater than that expected) would impact on the level of expenditure borne by the Council;
- Further reductions in benefit administration grant levels;
- Above inflation increases to contracts
- Loss of County Council funding towards Customer Contact staffing
- Further increases in the pension scheme deficit contributions;
- Effect of an ageing population on demand for Community Support services.

6.2 A risk analysis of the likelihood and impact of the risks identified above are included in Appendix D.

...

7 Future Year Forecasts

- 7.1 In order to assist with medium-term financial planning, Members are provided with budget forecasts for the three years following 2020/21. The table below provides a subjective summary for those services reporting to this Board:

	Forecast Budget 2021/22 £	Forecast Budget 2022/23 £	Forecast Budget 2023/24 £
Employee Costs	1,771,350	1,806,540	1,844,370
Premises	165,530	167,800	171,410
Supplies and Services	378,010	381,940	479,240
Transport	27,750	28,230	29,110
Members Allowances	252,430	257,340	262,530
Transfer Payments	11,308,650	11,475,660	11,647,680
Earmarked Reserves	(65,330)	(67,100)	(69,150)
Gross Expenditure	13,838,390	14,050,410	14,365,190
Income	(12,752,540)	(12,887,570)	(13,036,740)
Net Controllable Expenditure	1,085,850	1,162,840	1,328,450
Recharged to Other Services	(252,150)	(259,810)	(279,900)
Departmental Support	1,102,760	1,121,330	1,142,270
Central Support	1,100,650	1,119,620	1,142,460
Capital Charges	287,460	287,720	287,990
Net Expenditure	3,324,570	3,431,700	3,621,270

- 7.2 The forecasts given above have used a number of assumptions, which include pay awards of 2% in 2021/22 to 2023/24, increases in contracts and general increases in supplies and services of 2% in 2021/22 and 2023/24. In total, net expenditure is expected to increase by 3.76% in 2021/22, 3.22% in 2022/23 and 5.52% in 2023/24.

- 7.3 These forecasts are built up using current corporate and service plans. Where additional resources have already been approved, these are also included. However, these forecasts will be amended to reflect any amendments to the estimates, including decisions taken on any further corporate or service targets.

8 Report Implications

8.1 Finance and Value for Money Implications

- 8.1.1 As detailed in the body of the report.

8.2 Environment and Sustainability Implications

- 8.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of essential services.

8.3 Risk Management Implications

- 8.3.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks,

decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

The Contact Officer for this report is Nigel Lane (719371).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

NORTH WARWICKSHIRE BOROUGH COUNCIL
RESOURCES BOARD (REMAINING)
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
3000	Cost of Democratic Services	377,920	374,990	354,240	368,730
3001	Election Expenses	4,813	90,290	90,290	5,400
3002	Registration of Electors	24,025	29,920	26,530	26,640
3003	Business Rates	(11,205)	(29,690)	(27,190)	(25,610)
3004	Council Tax Collection	100,844	63,970	116,970	71,240
3050	Finance Miscellaneous	(18,390)	-	(52,030)	-
3051	Compensation and Pension Increases	289,714	356,780	353,670	335,650
3052	Assisted Car Purchase	(715)	(320)	(320)	(280)
3054	Electricity at Work	14,463	18,920	18,920	18,920
3059	Finance Unused Land	738	720	680	700
3060	Corporate and Democratic Core	113,650	66,200	77,570	77,350
3061	Unallocated Central Support Services	(223)	111,170	111,170	63,240
3065	Coleshill Shops High Street	(69,235)	(69,610)	(69,450)	(68,240)
3067	The Pavilions, Holly Lane	(81,216)	(81,470)	(82,160)	(84,780)
3068	Carlyon Road Industrial Estate	(127,584)	(127,720)	(128,410)	(130,850)
3069	Innage Park Industrial Estate	(170,975)	(181,870)	(185,430)	(194,900)
3070	Polesworth Workspace Units	(8,361)	(8,520)	(8,760)	(8,560)
3079	Maya Bar and Restaurant	(11,005)	(10,990)	(11,190)	(12,890)
3080	Football Stadium	-	-	6,580	-
3084	Homeless Persons	67,823	72,540	67,760	71,690
3089	Public Conveniences	41,454	36,370	35,640	35,190
3094	Customer Contact	21,520	12,550	13,780	13,490
3097	Rent Allowances	(172,564)	98,710	114,930	(10,540)
3098	Housing Benefit Administration and Rent Rebates	28,505	(53,740)	190,980	68,160
3101	Council Tax Support	131,333	111,440	86,800	90,060
3102	Car Parks	54,994	44,820	51,350	50,940
3111	Broadband Delivery UK	47,917	-	-	-
5008	Private Sector Housing Assistance	32,530	15,790	40,640	16,350
5035	CCTV	11,891	(480)	1,250	(16,180)
5036	Community Support	231,886	198,680	219,540	245,830
	Net Controllable Expenditure	924,547	1,139,450	1,414,350	1,006,750
	Recharged to Services	(230,440)	(241,980)	(249,840)	(255,120)
	Departmental Support	1,044,389	1,098,570	1,098,570	1,084,270
	Central Support	944,744	1,056,950	1,058,250	1,081,030
	Capital Charges	788,647	243,860	244,450	287,210
	Resources Board (Remaining) Total	3,471,887	3,296,850	3,565,780	3,204,140

3000 - COST OF DEMOCRATIC SERVICES

This budget represents the costs of members allowances and expenses along with officer time spent providing advice and support to councillors.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	112,744	90,330	90,330	90,910
Premises Related Expenditure	320	1,030	430	1,030
Supplies and Services	26,607	28,830	17,210	17,660
Transport Related Expenditure	7,499	11,220	5,400	11,680
Members Allowances	230,750	243,580	240,870	247,450
NET CONTROLLABLE EXPENDITURE	377,920	374,990	354,240	368,730
Recharged to Services	(76,900)	(79,550)	(78,420)	(79,020)
Central Support	194,018	205,590	205,590	198,460
Capital Charges	17,655	18,520	18,520	17,880
NET EXPENDITURE	512,693	519,550	499,930	506,050

Contributes to corporate priorities :

- Responsible financial and resource management
- Creating safer communities
- Protecting our countryside and heritage
- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities
- Supporting employment and business

3001 - ELECTION EXPENSES

The Council is responsible for the proper staging of elections at a local and national level held within its area. The costs of the various elections are reimbursed by the bodies to whom they relate. Borough Council elections take place every four years with the next being due in May 2023.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	1,624	-	-	-
Supplies and Services	9,040	90,290	90,290	5,400
GROSS EXPENDITURE	10,664	90,290	90,290	5,400
GROSS INCOME	(5,851)	-	-	-
NET CONTROLLABLE EXPENDITURE	4,813	90,290	90,290	5,400
Departmental Support	13,316	13,060	13,060	12,400
Central Support	6,602	6,660	6,660	7,750
NET EXPENDITURE	24,731	110,010	110,010	25,550

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

3002 - REGISTRATION OF ELECTORS

This budget shows the cost of maintaining an up-to-date register of electors. There is a statutory duty on the Council to ensure that all proper steps are taken to maintain a register of those persons eligible to vote at elections.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	4,200	2,140	1,540	1,570
Supplies and Services	33,697	40,520	37,730	37,840
Transport Related Expenditure	14	-	-	-
Earmarked Reserves	7,500	(11,250)	(11,250)	(11,250)
GROSS EXPENDITURE	45,411	31,410	28,020	28,160
Gross Income	(21,386)	(1,490)	(1,490)	(1,520)
NET CONTROLLABLE EXPENDITURE	24,025	29,920	26,530	26,640
Departmental Support	30,053	29,620	29,620	29,440
Central Support	11,983	7,470	7,470	16,290
Capital Charges	-	3,300	3,300	3,300
NET EXPENDITURE	66,061	70,310	66,920	75,670

Contributes to corporate priorities :
- Promoting sustainable and vibrant communities

KEY PERFORMANCE INDICATORS

Number of registered electors	49,620	49,500	49,163	49,200
Cost per registered elector	£1.33	£1.42	£1.36	£1.54

3003 - BUSINESS RATES

The Borough Council collects non domestic rates from businesses in its area, and pays 50% to the government and 10% to the County Council. From the Borough share of 40%, we pay a tariff which goes to top up other LA's who don't collect enough rates. We can keep a proportion of any rates collected above a baseline funding level. The rateable value of non-domestic property is fixed in most cases by an independent valuation officer. All non-domestic property is revalued every five years. The Council is a member of the Coventry and Warwickshire Business Rate Pool.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	85,844	72,480	72,480	73,850
Supplies and Services	16,672	15,580	115,930	15,790
Earmarked Reserves	-	-	(100,350)	-
GROSS EXPENDITURE	102,516	88,060	88,060	89,640
Gross Income	(113,721)	(117,750)	(115,250)	(115,250)
NET CONTROLLABLE EXPENDITURE	(11,205)	(29,690)	(27,190)	(25,610)
Departmental Support	86,883	89,870	89,870	89,090
Central Support	21,816	23,170	23,170	24,190
Capital Charges	3,810	6,630	6,630	6,630
NET EXPENDITURE	101,304	89,980	92,480	94,300

Contributes to corporate priority :
- Responsible financial and resource management

KEY PERFORMANCE INDICATORS

Business Rate Collection Rate	99.09%	99.00%	99.00%	99.00%
Number of Business Rate properties	2,344	2,343	2,388	2,388
Cost per Business Rate property	£43.22	£38.40	£38.73	£39.49

3004 - COUNCIL TAX COLLECTION

The Council is responsible for levying and collecting the council tax from taxpayers within its area on behalf of not only itself but also Warwickshire County Council, the police authority and parish councils. The council tax is the only major source of revenue for local authorities which is determined locally. The tax is levied on the basis of the valuation of the property.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	190,801	165,890	165,890	172,780
Supplies and Services	39,990	33,080	33,080	33,460
GROSS EXPENDITURE	230,791	198,970	198,970	206,240
Gross Income	(129,947)	(135,000)	(82,000)	(135,000)
NET CONTROLLABLE EXPENDITURE	100,844	63,970	116,970	71,240
Departmental Support	187,184	196,970	196,970	202,660
Central Support	30,445	32,070	32,070	32,560
Capital Charges	7,447	13,250	13,250	13,250
NET EXPENDITURE	325,920	306,260	359,260	319,710

Contributes to corporate priority :
- Responsible financial and resource management

KEY PERFORMANCE INDICATORS

% of Council Tax Collection Rate	97.58%	98.00%	98.00%	98.00%
Number of households	28,300	28,300	28,539	28,740
Cost per household	£11.52	£10.82	£12.59	£11.12

3050 - FINANCE MISCELLANEOUS

Some items of income and expenditure do not relate to a specific service and are recorded here.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	(684)	-	-	-
Supplies and Services	5,000	-	-	-
Miscellaneous Expenditure	(1,162)	-	-	-
Earmarked Reserves	108,358	-	40,520	-
GROSS EXPENDITURE	111,512	-	40,520	-
Gross Income	(129,902)	-	(92,550)	-
NET CONTROLLABLE EXPENDITURE	(18,390)	-	(52,030)	-
Central Support	464	520	520	520
NET EXPENDITURE	(17,926)	520	(51,510)	520

3051 - COMPENSATION AND PENSION INCREASES

Additional contributions made to Warwickshire County Council in respect of the superannuation scheme.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	289,714	356,780	353,670	335,650
NET CONTROLLABLE EXPENDITURE	289,714	356,780	353,670	335,650
Recharged to Services	(58,130)	(70,670)	(70,020)	(70,440)
Central Support	938	1,030	1,030	1,070
NET EXPENDITURE	232,522	287,140	284,680	266,280

Contributes to corporate priority :
- Responsible financial and resource management

3052 - ASSISTED CAR PURCHASE

Interest on staff car loans

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	43	-	-	-
GROSS EXPENDITURE	43	-	-	-
Gross Income	(758)	(320)	(320)	(280)
NET CONTROLLABLE EXPENDITURE	(715)	(320)	(320)	(280)
Central Support	152	160	160	170
NET EXPENDITURE	(563)	(160)	(160)	(110)

3054 - ELECTRICITY AT WORK

To carry out testing of all electrical appliances in public buildings.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	3,026	-	-	-
Premises Related Expenditure	11,437	18,920	18,920	18,920
NET CONTROLLABLE EXPENDITURE	14,463	18,920	18,920	18,920
Departmental Support	4,330	4,440	4,440	4,540
Central Support	576	700	700	690
NET EXPENDITURE	19,369	24,060	24,060	24,150

Contributes to corporate priority :
- Responsible financial and resource management

3059 - FINANCE UNUSED LAND

Any unallocated income or expenditure related to unused land owned by the Council.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	34	-	-	-
Premises Related Expenditure	704	720	680	700
NET CONTROLLABLE EXPENDITURE	738	720	680	700
Central Support	370	420	420	400
NET EXPENDITURE	1,108	1,140	1,100	1,100

Contributes to corporate priority :
- Responsible financial and resource management

3060 - CORPORATE AND DEMOCRATIC CORE

Corporate management primarily relates to officer time which provides the infrastructure of the Council, therefore allowing services to be provided. More specifically these include the functions of the Chief Executive, maintaining statutory registers, providing non-service specific information and dealing with government returns. Additionally it includes preparing the statement of accounts and the management of corporate resources, along with external audit fees and bank charges.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	49,149	-	-	-
Supplies and Services	64,501	66,200	77,570	77,350
NET CONTROLLABLE EXPENDITURE	113,650	66,200	77,570	77,350
Recharged to Services	(95,410)	(91,760)	(101,400)	(105,660)
Central Support	560,162	637,300	638,600	659,070
Capital Charges	20,785	11,870	12,460	12,740
NET EXPENDITURE	599,187	623,610	627,230	643,500

Contributes to corporate priority :
- Responsible financial and resource management

3061 - UNALLOCATED CENTRAL SUPPORT SERVICES

Some central support expenditure is allocated here until recharged to services, this includes training, recruitment and staff welfare. In addition central support expenditure that relates to no specific services is recharged to this budget.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	(443)	111,170	111,170	98,240
Supplies and Services	220	-	-	(35,000)
NET CONTROLLABLE EXPENDITURE	(223)	111,170	111,170	63,240
Central Support	17,619	35,020	35,020	36,520
Capital Charges	307	(120)	(120)	-
NET EXPENDITURE	17,703	146,070	146,070	99,760

3065 - COLESHILL SHOPS HIGH STREET

This budget relates to 7 shops and 4 flats located in High Street, Coleshill. They form an integral part of a conservation and redevelopment scheme in High Street/Church Hill which was carried out some years ago.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	249	-	-	-
Premises Related Expenditure	1,490	1,540	1,790	3,410
GROSS EXPENDITURE	1,739	1,540	1,790	3,410
Gross Income	(70,974)	(71,150)	(71,240)	(71,650)
NET CONTROLLABLE EXPENDITURE	(69,235)	(69,610)	(69,450)	(68,240)
Central Support	2,659	2,770	2,770	3,710
Capital Charge	14,483	-	-	-
NET EXPENDITURE	(52,093)	(66,840)	(66,680)	(64,530)

Contributes to corporate priority :

- Responsible financial and resource management
- Supporting employment and business

KEY PERFORMANCE INDICATORS

Occupancy rate	100%	100%	100%	100%
Number of shops	7	7	7	7
Annual income per shop	-£10,139	-£10,164	-£10,177	-£10,236

3067 - THE PAVILIONS, HOLLY LANE

These 8 industrial units were constructed by the Council to provide local employment opportunities.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	310	-	-	-
Premises Related Expenditure	3,439	3,540	3,670	3,130
Supplies and Services	370	380	380	380
GROSS EXPENDITURE	4,119	3,920	4,050	3,510
Gross Income	(85,335)	(85,390)	(86,210)	(88,290)
NET CONTROLLABLE EXPENDITURE	(81,216)	(81,470)	(82,160)	(84,780)
Central Support	3,780	4,030	4,030	4,010
NET EXPENDITURE	(77,436)	(77,440)	(78,130)	(80,770)

Contributes to corporate priority :

- Responsible financial and resource management
- Supporting employment and business

KEY PERFORMANCE INDICATORS

Occupancy rate	100%	100%	100%	100%
Number of units	8	8	8	8
Annual income per unit	-£10,667	-£10,674	-£10,776	-£11,036

3068 - CARLYON ROAD INDUSTRIAL ESTATE

This budget relates to 8 small industrial units plus a further 8 plots of industrial land which are let on a long lease.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	249	-	-	-
Premises Related Expenditure	4,712	4,830	5,000	6,740
Supplies and Services	110	110	110	110
GROSS EXPENDITURE	5,071	4,940	5,110	6,850
Gross Income	(132,655)	(132,660)	(133,520)	(137,700)
NET CONTROLLABLE EXPENDITURE	(127,584)	(127,720)	(128,410)	(130,850)
Central Support	3,519	3,830	3,830	4,610
Capital Charges	26,000	-	-	-
NET EXPENDITURE	(98,065)	(123,890)	(124,580)	(126,240)

Contributes to corporate priority :

- Responsible financial and resource management
- Supporting employment and business

KEY PERFORMANCE INDICATORS

Occupancy rate	100%	100%	100%	100%
Number of units / plots	16	16	16	16
Annual income per unit / plot	-£8,291	-£8,291	-£8,345	-£8,606

3069 - INNAGE PARK, INDUSTRIAL ESTATE

This development covers 39 small industrial units plus 2 units which are used as offices.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	871	-	-	-
Premises Related Expenditure	38,389	36,180	44,260	38,610
Supplies and Services	580	580	580	580
GROSS EXPENDITURE	39,840	36,760	44,840	39,190
GROSS INCOME	(210,815)	(218,630)	(230,270)	(234,090)
NET CONTROLLABLE EXPENDITURE	(170,975)	(181,870)	(185,430)	(194,900)
Central Support	17,015	18,050	18,050	16,930
Capital Charge	154,865	121,000	121,000	164,000
NET EXPENDITURE	905	(42,820)	(46,380)	(13,970)

Contributes to corporate priority :

- Responsible financial and resource management
- Supporting employment and business

KEY PERFORMANCE INDICATORS

Occupancy rate	83%	85%	93%	93%
Number of units	41	41	41	41
Annual income per unit	-£5,142	-£5,332	-£5,616	-£5,710

3070 - POLESWORTH WORKSPACE UNITS

These small workspace units were built with European financial aid and form part of the Polesworth Project.
There are 8 units in all.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	219	-	-	-
Premises Related Expenditure	2,903	3,160	3,110	3,790
Supplies and Services	-	230	100	100
GROSS EXPENDITURE	3,122	3,390	3,210	3,890
GROSS INCOME	(11,483)	(11,910)	(11,970)	(12,450)
NET CONTROLLABLE EXPENDITURE	(8,361)	(8,520)	(8,760)	(8,560)
Central Support	2,535	2,750	2,750	3,160
Capital Charges	500	-	-	-
NET EXPENDITURE	(5,326)	(5,770)	(6,010)	(5,400)

Contributes to corporate priority :

- Responsible financial and resource management
- Supporting employment and business

KEY PERFORMANCE INDICATORS

Occupancy rate	100%	100%	100%	100%
Number of units	8	8	8	8
Annual income per unit	-£1,435	-£1,489	-£1,496	-£1,556

3079 - MAYA BAR AND RESTAURANT

A restaurant which is leased to a private operator and is situated adjacent to the Atherstone football stadium.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	62	-	-	-
Premises Related Expenditure	2,937	3,010	3,020	1,950
GROSS EXPENDITURE	2,999	3,010	3,020	1,950
GROSS INCOME	(14,004)	(14,000)	(14,210)	(14,840)
NET CONTROLLABLE EXPENDITURE	(11,005)	(10,990)	(11,190)	(12,890)
Central Support	1,376	1,600	1,600	1,230
Capital Charge	(24,500)	-	-	-
NET EXPENDITURE	(34,129)	(9,390)	(9,590)	(11,660)

Contributes to corporate priority :

- Responsible financial and resource management

3080 - FOOTBALL STADIUM

The Football Stadium is leased to RRUBA Ltd on a full repairing and maintaining lease.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Supplies and Services	-	-	6,580	-
NET CONTROLLABLE EXPENDITURE	-	-	6,580	-
Capital Charge	(150,000)	-	-	-
NET EXPENDITURE	(150,000)	-	6,580	-

Contributes to corporate priority :

- Improving leisure and wellbeing opportunities

3084 - HOMELESS PERSONS

The Council has a duty to provide a service for homeless applicants. It includes an out of hours service and extends, in some cases, to the provision of temporary accommodation.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	80,451	74,420	74,190	81,030
Premises Related Expenditure	14,637	17,830	17,690	18,120
Supplies and Services	57,527	56,590	68,580	57,020
Transport Related Expenditure	158	-	-	-
Miscellaneous Expenditure	12,203	-	-	-
Earmarked Reserves	65,213	(60,730)	31,750	(71,600)
GROSS EXPENDITURE	230,189	88,110	192,210	84,570
GROSS INCOME	(162,366)	(15,570)	(124,450)	(12,880)
NET CONTROLLABLE EXPENDITURE	67,823	72,540	67,760	71,690
Departmental Support	27,178	27,980	27,980	31,990
Central Support	6,782	7,180	7,180	7,520
Capital Charges	(4,223)	1,090	1,090	1,090
NET EXPENDITURE	97,560	108,790	104,010	112,290

Contributes to corporate priorities :

- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities

3089 - PUBLIC CONVENIENCES

The Council maintains some public conveniences situated in Atherstone.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	14,022	8,980	9,250	9,440
Premises Related Expenditure	6,952	6,420	5,530	4,890
Supplies and Services	981	1,540	1,430	1,430
Earmarked Reserves	19,532	19,500	19,500	19,500
GROSS EXPENDITURE	41,487	36,440	35,710	35,260
GROSS INCOME	(33)	(70)	(70)	(70)
NET CONTROLLABLE EXPENDITURE	41,454	36,370	35,640	35,190
Departmental Support	6,300	6,460	6,460	6,600
Central Support	2,177	2,470	2,470	2,210
Capital Charges	1,731	12,820	12,820	12,820
NET EXPENDITURE	51,662	58,120	57,390	56,820

Contributes to corporate priorities :

- Improving leisure and wellbeing opportunities

3094 - CUSTOMER CONTACT

To provide a single point of contact for the public for all Council services.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	41,398	32,520	32,520	33,190
Supplies and Services	136	340	1,430	870
GROSS EXPENDITURE	41,534	32,860	33,950	34,060
GROSS INCOME	(20,014)	(20,310)	(20,170)	(20,570)
NET CONTROLLABLE EXPENDITURE	21,520	12,550	13,780	13,490
Departmental Support	78,647	82,540	82,540	84,770
Central Support	1,833	2,150	2,150	2,380
NET EXPENDITURE	102,000	97,240	98,470	100,640

Contributes to corporate priorities :
- Promoting sustainable and vibrant communities

3097 - RENT ALLOWANCES

Rent allowances are payable to tenants in accommodation other than that provided by the Borough Council. These are largely reimbursed by the Department for Work and Pensions.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	91,469	77,810	77,810	79,430
Supplies and Services	10,778	31,570	27,360	27,450
Transfer Payments	6,762,635	7,485,720	5,741,550	5,741,550
GROSS EXPENDITURE	6,864,882	7,595,100	5,846,720	5,848,430
GROSS INCOME	(7,037,446)	(7,496,390)	(5,731,790)	(5,858,970)
NET CONTROLLABLE EXPENDITURE	(172,564)	98,710	114,930	(10,540)
Departmental Support	108,629	113,920	113,920	110,660
Central Support	6,052	6,550	6,550	6,490
Capital Charges	1,905	2,900	2,900	2,900
NET EXPENDITURE	(55,978)	222,080	238,300	109,510

Contributes to corporate priority :
- Promoting sustainable and vibrant communities

KEY PERFORMANCE INDICATORS

Number of claimants	1,341	1,500	1,196	1,150
Rent Allowance per claimant	£5,042.98	£4,990.48	£4,800.63	£4,992.65
Cost of administration per claimant	-£41.74	£148.05	£199.25	£95.23

3098 - HOUSING BENEFIT ADMINISTRATION AND RENT REBATES

This budget includes expenditure and income relating to rent rebates given to council tenants.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	78,878	66,680	66,680	68,070
Supplies and Services	13,722	67,280	57,150	57,200
Transfer Payments	5,545,962	5,664,810	5,247,520	5,404,950
GROSS EXPENDITURE	5,638,562	5,798,770	5,371,350	5,530,220
GROSS INCOME	(5,610,057)	(5,852,510)	(5,180,370)	(5,462,060)
NET CONTROLLABLE EXPENDITURE	28,505	(53,740)	190,980	68,160
Departmental Support	97,572	102,090	102,090	96,710
Central Support	6,657	7,030	7,030	6,930
Capital Charges	1,039	1,720	1,720	1,720
NET EXPENDITURE	133,773	57,100	301,820	173,520

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

KEY PERFORMANCE INDICATORS

Number of claimants	1,322	1,500	1,122	1,100
Housing benefit per claimant	£4,195.13	£3,776.54	£4,676.93	£4,913.59
Cost of administration per claimant	£101.19	£38.07	£269.00	£157.75

3101 - COUNCIL TAX SUPPORT

Local authorities were responsible for administering the council tax benefit scheme for central government until March 2013. Since April 2013, a Council Tax Support Scheme has been operating, which directly reduces the funding of the Council. Only the Administration costs of the schemes are shown here.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	168,003	149,630	149,630	152,740
Supplies and Services	15,384	8,650	8,650	8,800
GROSS EXPENDITURE	183,387	158,280	158,280	161,540
GROSS INCOME	(52,054)	(46,840)	(71,480)	(71,480)
NET CONTROLLABLE EXPENDITURE	131,333	111,440	86,800	90,060
Departmental Support	128,162	135,300	135,300	134,950
Central Support	5,862	6,380	6,380	13,450
Capital Charges	3,117	2,820	2,820	2,820
NET EXPENDITURE	268,474	255,940	231,300	241,280

Contributes to corporate priority :

- Responsible financial and resource management

KEY PERFORMANCE INDICATORS

Number of claimants	4,047	4,000	4,105	4,150
Cost of administration per claimant	£66.34	£63.99	£56.35	£58.14

3102 - CAR PARKS

The Council maintains car parks throughout the Borough. Parking is free on all car parks but some are subject to time restrictions.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	4,544	-	-	-
Premises Related Expenditure	56,289	54,190	59,320	60,490
Supplies and Services	13,746	10,140	11,010	10,250
Miscellaneous Expenditure	-	-	-	-
Earmarked Reserves	(3,302)	-	(760)	-
GROSS EXPENDITURE	71,277	64,330	69,570	70,740
GROSS INCOME	(16,283)	(19,510)	(18,220)	(19,800)
NET CONTROLLABLE EXPENDITURE	54,994	44,820	51,350	50,940
Departmental Support	34,980	36,010	36,010	42,090
Central Support	10,282	11,290	11,290	12,360
Capital Charges	(7,740)	1,330	1,330	1,330
NET EXPENDITURE	92,516	93,450	99,980	106,720

Contributes to corporate priority :

- Responsible financial and resource management

3111 - BROADBAND DELIVERY UK

A contribution from the Council towards a Coventry, Warwickshire and Solihull project to see high-speed broadband delivered to every part of the region.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenses	47	-	-	-
Supplies and Services	192,401	-	-	-
Earmarked Reserves	(144,531)	-	-	-
NET CONTROLLABLE EXPENDITURE	47,917	-	-	-
Central Support	443	-	-	-
NET EXPENDITURE	48,360	-	-	-

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

- Supporting employment and business

5008 - PRIVATE SECTOR HOUSING ASSISTANCE

The Council awards minor grants targeted at the elderly and those in need to prevent further more serious and costly deterioration of unfit privately owned properties in the Borough and for Disabled Facilities Grants. The government funds disabled facilities grants up to a limit, with the Council having to contribute the full 100% towards other private sector grants including Home Energy Grants to tackle fuel poverty.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	38,186	40,640	59,250	59,740
Supplies and Services	-	150	-	-
Earmarked Reserves	23,458	-	(14,340)	-
GROSS EXPENDITURE	61,644	40,790	44,910	59,740
GROSS INCOME	(29,114)	(25,000)	(4,270)	(43,390)
NET CONTROLLABLE EXPENDITURE	32,530	15,790	40,640	16,350
Departmental Support	68,367	75,830	75,830	43,900
Central Support	5,252	5,750	5,750	5,660
Capital Charges	699,162	-	-	-
NET EXPENDITURE	805,311	97,370	122,220	65,910

Contributes to corporate priority :

- Promoting sustainable and vibrant communities
- Creating safer communities
- Improving leisure and wellbeing opportunities

5035 - CCTV

The provision of a Closed Circuit Television scheme in Atherstone in conjunction with the Town Council and Warwickshire Police Force.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	11,331	-	-	-
Supplies and Services	17,458	16,190	18,250	16,290
Earmarked Reserves	15,450	15,450	15,450	-
GROSS EXPENDITURE	44,239	31,640	33,700	16,290
GROSS INCOME	(32,348)	(32,120)	(32,450)	(32,470)
NET CONTROLLABLE EXPENDITURE	11,891	(480)	1,250	(16,180)
Departmental Support	109,313	116,330	116,330	125,260
Central Support	9,335	9,920	9,920	1,210
Capital Charges	-	18,250	18,250	18,250
NET EXPENDITURE	130,539	144,020	145,750	128,540

Contributes to corporate priority :

- Creating safer communities

5036 - COMMUNITY SUPPORT

A 7 day, 24 hour emergency alarm and mobile warden service available to all residents aged 62 or over within the Borough, or those with a medical condition or disability. The scheme also provides some support for neighbouring authorities.

DESCRIPTION	ACTUALS 2018/2019	APPROVED BUDGET 2019/2020	REVISED BUDGET 2019/2020	ORIGINAL BUDGET 2020/2021
Employee Expenditure	538,973	491,600	491,600	495,350
Premises Related Expenditure	238	230	270	280
Supplies and Services	34,282	36,930	36,930	40,610
Transport Related Expenditure	16,351	15,340	15,350	16,120
Earmarked Reserves	(10,759)	-	-	-
GROSS EXPENDITURE	579,085	544,100	544,150	552,360
GROSS INCOME	(347,199)	(345,420)	(324,610)	(306,530)
NET CONTROLLABLE EXPENDITURE	231,886	198,680	219,540	245,830
Departmental Support	63,475	68,150	68,150	69,210
Central Support	14,040	15,090	15,090	11,480
Capital Charges	22,304	28,480	28,480	28,480
NET EXPENDITURE	331,705	310,400	331,260	355,000

Contributes to corporate priorities :

- Creating safer communities
- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities

KEY PERFORMANCE INDICATORS

Number of paying lifeline customers	1,679	1,715	1,593	1,500
Net expenditure per paying lifeline customer	£197.56	£180.99	£207.95	£236.67

SAVINGS INCLUDED WITHIN 2020/21

Description	2020/21 £
Reduction in registration of electors salary costs	600
Reduction in registration of electors postage costs	2,790
Cost of Democratic Services - Reduction in advertising, promotions and publicity	310
Reduction in corporate subscriptions	2,370
Increase in Rent Income from Industrial Units	23,390
Reduction in Public Conveniences Hire of Premises Costs	500
Reduction in overtime	4,000
Reduction in software maintenance costs	3,000
Reduction in mobile phone costs	5,000
Discontinue contribution towards replacement of CCTV assets	15,450
Empty Old Bank House (part year saving)	27,000
Resources Remaining Total	84,410

Risk Analysis

	Likelihood	Potential impact on Budget
Increase in vacancies at the industrial estates	Low	Medium
Higher level of maintenance at Council properties	Medium	Medium
Increase in the level of Local Authority error made in processing benefit payments	Low	Medium
Significant increase in workload due to an increase in non payment of Council Tax and / or Business Rates	Low	Medium
The effect of Government changes in how benefits are administered and delivered	Medium	High
A fall in the level of recovery of overpayments	Medium	Medium
Further reduction in administration grant	Medium	Low
Above inflation increases to contracts	Low	Low
Loss of County Council funding towards Customer Contact staffing	Medium	Low
Further increases in the pension scheme deficit	Medium	Low
Effect of an ageing population on demand for Community Support services	Medium	Low

Agenda Item No 12

Resources Board

27 January 2020

Report of the Corporate Director - Resources

General Fund Revenue Estimates 2020/21 – Summary

1 Summary

- 1.1 This report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

Recommendation to the Board

That the following items be recommended to the Executive Board for consideration in setting the Council Tax of the Borough Council:

- a The revised budget for 2019/20; and
- b To approve the schedule of expenditure requirements totalling £8,773,380 for 2020/21.

2 Introduction

- 2.1 This report summarises Board budgets and looks at the overall expenditure requirements of the Council. It should be noted that the Executive Board and Planning and Development Board have yet to consider their spending requirements, so these figures could alter.

3 The Council's Budget Requirement

- 3.1 The Council's budget requirements are summarised below. Details of individual Board requirements are shown in Appendices A – E.

...

	Approved Budget 2019/20	Revised Budget 2019/20	Original Estimate 2020/21
Net Service Expenditure	9,764,390	10,342,630	9,849,570
Financing Adjustment	(788,020)	(791,820)	(716,190)
Investment Interest Income	(280,000)	(350,000)	(360,000)
Revenue Contribution to Capital Expenditure	119,000	119,000	-
Net Expenditure Requirement	8,815,370	9,319,810	8,773,380

- 3.2 The financing adjustment brings together other external charges for the use of capital, offset by notional capital charges incorporated within the spending services accounts.

4 **Capital Charges**

- 4.1 In providing services, the Council makes use of a wide range of assets, including buildings, vehicles and computer systems. Each service budget is charged with an amount that represents the cost to the Council of providing that asset, in the form of depreciation.

5 **The Council's 2019/20 Estimated out-turn**

- 5.1 The Council's revised net expenditure requirement for 2019/20 amounts to £9,319,810 which is £504,440 more than the approved estimate. The major changes in Board expenditure are set out below.

- 5.2 There has been an increase in grants and fees and charges. We have received various new burdens grants, additional fees regarding street naming and numbering from new housing developments. These have been partially offset by reductions in Riding, Animal welfare and Pet Shop Licences, gambling act fees, Local land Charge fees and car Parking Penalty notices.
 (£45,500)

- 5.3 There is an increase in North Warwickshire Local Development Framework professional fees to support a range of studies, inspector's fees and hearings.
 £19,470

- 5.4 There is a one-off reduction in legal fee income as fewer people have been taken to court. Following the conversion of the system to CIVICA there has been a slight re-profile of recovery action taken to date. Although recovery action is now progressing to increase summons, it is expected the income will be lower than the original income budget.
 £53,000

- 5.5 Within the leisure centres costs have increased by £88,770. The main area is the loss of income predominantly from fewer direct debit members across all centres and loss of income from Gymnastics at Coleshill Leisure Centre due to staff turnover. This has been partially offset by improved income from birthday parties, use of facilities, club use, walking football and swimming. Other increases in cost are on utility costs and equipment maintenance and replacement.
 £88,770

- 5.6 Within the Refuse and Recycling services there have been increases in employee costs to help meet the demands of the service and to deal with office administration. The cost of the depot recharge from Warwickshire County Council has increased. In addition there has been a reduction in income due to the fall in the price of paper and card and to reflect the move to a comingled collection service from November 2019. This service and Amenity Cleaning have both seen an increase in transport costs.
 £110,390

- 5.7 Changing to a new benefit system has been resource intensive, and has reduced work on the recovery of overpayments, leading to a loss of income. There has also been an impact with regard to the expected subsidy for Rent Rebates.
- 236,300
- 5.8 A reduction in Private Sector Housing Income as no income is expected in 2019/20 from the HEART partnership.
- £25,000
- 5.9 A reduction in Borough Care income due to a number of life line customers going into care, moving in with relatives or passing away.
- £20,860
- 5.10 Vacancies have exceeded the vacancy factor included in the original budget and there has been some utility savings on council premises. However these have been more than offset by Redundancy payments and associated pension strain costs following the leisure restructure.
- £80,530
- 5.11 A decrease in the financing adjustment as prudential borrowing repayments on vehicle replacements was delayed.
- (£30,650)
- 5.12 A higher level of investment income has been generated due to increases in interest rates.
- (£43,160)

6 The Council's 2020/21 Expenditure Requirement

6.1 The Council's net expenditure requirement for 2020/21 amounts to £8,773,380, which is £41,990 less than the approved estimate for 2019/20 and £546,430 less than the revised estimate. The main variations between the 2020/21 original budget and the 2019/20 revised budget are set out below.

... 6.2 A list of savings can be found in Appendix F. The majority of savings are included within the other variance lines below.

6.3 Provision has been made for those posts that were vacant in 2019/20, the payment of annual increments, and a pay award of 2%. This has been partially offset by reversing the redundancy and pension strain costs detailed earlier and changes in the vacancy factor.

£51,970

6.4 Reductions in supplies and service budgets on Mobile phones, Old Bank House, Leisure Centres, CCTV and various central support budgets. These have been partially offset by increases on the budgets for Green Space, reinstatement of the saving on the Marketing and Market Research, Planning Control for publicity, Recycling for disposal costs as a result of the move to comingled recycling and Community Support additional maintenance of equipment.

		(£54,040)
6.5	Removal of revenue budgets for the future replacement of assets on CCTV, Refuse vehicles and Atherstone Leisure Sinking Fund.	(£42,900)
6.6	Reduction in the budget for the Local Development Framework to match the anticipated work programme.	(£57,860)
6.7	Removal of the one off budget for the Borough Elections in 2019/20	(£84,890)
6.8	Reinstatement of the income from the recovery of housing benefit overpayments and an improvement in the subsidy expected for Rent Allowances and Rent Rebates. This has been partly offset by a general reduction of 10% in the administration grant.	(£248,290)
6.9	Income has increased with an allowance for inflation and the reinstatement of income relating to one off reductions in 2019/20 for the Heart project and Council Tax Collection legal fees. These have been partially offset by the expected continuation of reduction in income on Community Support and the removal of the one off new burdens grant income received in the previous year.	(£111,260)
6.10	Notification has been received that lease payments will increase as the lease on phase 2 of Innage Park is due for renewal from April 2020. This allowance has therefore been built into the budgets. The Council is in discussion with the owners over possible renewal of the lease. Members will subsequently need to decide on how to proceed.	£43,000
6.11	A higher level of investment income is expected to be generated. In addition the contribution to the HRA has decreased as balances held have been utilised. The General Fund only retains a proportion of the increase.	(£21,790)
6.12	An increase in the financing adjustment to repay prudential borrowing on vehicle replacements.	£87,420
6.13	Removal of the general revenue contribution to capital outlay.	(£119,000)

7 Growth Items Contained Within the Estimates

7.1 Green Space Budget – Community and Environment Board

7.1.1 Works to trees are limited to high risk trees, which are considered to be dead, dying or dangerous. Even so, spending has increased, exceeding the normal budget provision. This is unlikely to change, so growth of £10,000 has been included in the Green Space Budget to cover the costs of additional reactive tree works.

8 Risks to the Council

8.1 The key risks to the overall budgetary position of the Council are highlighted below:

- A pay award of 2% has been assumed in preparing the budgets. Any settlement above or below this would affect the financial position of the Authority. A ½% variation would equate to £54,900.
- A vacancy factor has been included within the overall estimates. Should vacancies be less than expected, additional costs will be borne by the Authority.
- There are potential additional costs for the Council in carrying out its planning function. If the Council loses a planning appeal, an award of costs can be made against the Council (the appellants costs for the appeal). If the Council consistently loses appeals it will become a designated authority, which means that prospective applicants can submit their applications directly to the planning directorate. This would mean the Council would lose the accompanying planning fee. In addition, any downturn in planning applications would impact on the fee income received.
- Council expenditure on housing benefit is significant, although the majority is recouped through grant. Any reduction in performance can lead to a loss of grant and/or increase in the non recovery of overpayments. The transfer of housing benefit into the universal credit administered nationally will impact on council resources.
- A downturn in the current economic situation could have an impact on the industrial rent income that the Council can obtain. In addition, the NDR on vacant commercial properties will impact directly on the Council's costs.
- Legislation, as well as the economic situation, could also impact on other Council services such as Homelessness, with increased demand leading to additional expenditure.
- The Council is promoting recycling activities across the Borough. Reductions in income for recycling materials could add to the existing costs of the service.

- Limited budgetary provision is available for one off spending on areas such as public enquiries on planning, un-adopted roads and contaminated land issues.
- Deterioration of the Council's assets could require costly remedial action, and could also impact on the ability of some services to generate income. Income generation could also be affected more widely by the current economic position.

8.2 A risk analysis of the likelihood and impact of the risks identified above are included in Appendix G.

9 Future Years Forecasts

9.1 In order to assist with medium term financial planning, Members are provided with budget forecasts for the three years following 2019/20. The table below provides a summary:

	Original Estimate 2021/22	Original Estimate 2022/23	Original Estimate 2023/24
Net Service Expenditure	10,237,920	10,531,060	10,827,830
Financing Adjustment	(654,750)	(620,680)	(539,850)
Investment Interest Income	(380,000)	(400,000)	(420,000)
Revenue Contribution to Capital Expenditure	-	-	-
Net Expenditure Requirement	9,203,170	9,510,380	9,867,980

9.2 The forecasts given above have used a number of assumptions, which include pay awards of 2% in 2021/22 to 2023/24, increases in contracts and general increases in supplies and services of 2% in 2021/22 and 2023/24. In total, net expenditure is expected to increase by 4.90% in 2021/22, 3.34% in 2022/23 and by 3.76% in 2023/24. These figures do not include any savings. Executive Board will need to decide on the level of savings required, when taking future financing decisions.

9.3 These forecasts are built up using current corporate and service plans. Where additional resources have already been approved, these are already included. However these forecasts will be amended to reflect any amendments to the estimates, including any decisions taken on any further corporate or service targets.

10 Budget Consultation

10.1 A meeting with Non-Domestic Rate Payers is scheduled for 6th February 2020 and any comments will be reported to the Executive Board.

11 Report Implications

11.1 Finance and Value for Money Implications

11.1.1 As detailed in the body of the report.

11.2 Environment and Sustainability Implications

11.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of essential services.

11.3 Risk Management Implications

11.3.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

11.4 Equality Implications

11.4.1 To ensure equality implications are identified and how they may affect different groups in the community equality assessments should be carried out when budgets are being assessed. This will ensure any negative impact is identified and revised as appropriate.

The Contact Officer for this report is Nigel Lane (719371).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

NORTH WARWICKSHIRE BOROUGH COUNCIL
PLANNING AND DEVELOPMENT BOARD
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
4009	Planning Control	(134,268)	(106,990)	(112,400)	(83,250)
4010	Building Control	(9,773)	35,200	35,200	35,200
4012	Conservation and Built Heritage	21,357	48,500	48,500	42,100
4014	Local Land Charges	(17,423)	(24,430)	(18,420)	(19,600)
4018	Street Naming and Numbering	110	910	(5,150)	(5,440)
	Net Controllable Expenditure	(139,997)	(46,810)	(52,270)	(30,990)
	Departmental Support	91,199	106,670	106,670	108,460
	Central Support	165,985	182,610	182,610	170,790
	Capital Charges	3,890	16,390	16,390	16,390
	Planning and Development Board Total	121,077	258,860	253,400	264,650

NORTH WARWICKSHIRE BOROUGH COUNCIL
COMMUNITY AND ENVIRONMENT BOARD
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Codes	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
3072	Polesworth Sport Centre	115,454	92,880	109,510	113,560
3074	Arley Sports Centre	110,095	-	-	-
3075	Coleshill Leisure Centre	196,499	172,800	205,010	182,510
3077	Atherstone Leisure Complex	218,221	187,300	228,590	185,860
3082-3	Memorial Hall (Sports and Cultural)	122,895	124,830	123,470	110,140
4002	Public Health (Commercial Pollution Control)	225,847	225,860	228,750	240,740
4003	Public Health (Domestic Pollution Control)	61,621	59,710	59,950	24,740
5000	Domestic Refuse Collection	686,535	649,890	655,200	663,450
5001	Streetscene Grounds Maintenance	39,659	13,710	12,280	8,450
5002	Trade Refuse Collection	(57,641)	(43,600)	(45,750)	(45,880)
5003	Cesspool Emptying	(41,053)	(47,600)	(48,650)	(51,870)
5004	Recycling	811,499	807,820	903,660	912,220
5005	Animal Control	14,696	16,210	15,670	16,220
5006	Abandoned Vehicles	2,241	1,740	1,970	2,010
5010	Amenity Cleaning	512,358	524,570	533,810	545,600
5013	Unadopted Roads	8,676	7,900	7,900	7,900
5014	Drain Unblocking and Land Drainage	1,623	-	-	-
5015	Street Furniture	2,005	1,350	1,350	1,350
5016	Atherstone Market	2,004	1,720	1,800	1,840
5019	Green Space Budget	415,634	414,970	415,270	432,670
5021	Public Health (Control of Disease) Act 1984 Burials	129	-	1,890	-
5023	Consultation	967	4,650	4,650	4,650
5025	Corporate Policy	48,833	43,580	43,580	44,120
5030	Rural Regeneration	32,309	26,980	26,980	27,390
5034	Landscape	9,123	9,250	10,260	10,260
5040	Marketing and Market Research	7,713	8,760	5,060	8,760
5044	Support to Voluntary Organisations	54,722	54,620	54,620	54,620
5047	Community Fund for Local Projects	-	-	-	-
5055	Community Development Health Improvement	40,174	30,210	30,130	32,100
5056	Community Development Safer Communities	63,414	62,140	62,140	62,840
5064	Queen Elizabeth School - Artificial Grass Pitch	(5,823)	(12,890)	(12,890)	(10,080)
7361	England's Rural Heart LEADER Partnership	2,009	1,520	1,530	1,050
7365	Armed Forces Covenant Veteran Hubs Development	-	-	-	-
7700	Stronger & Safer Communities	-	-	-	-
7856	High Street Innovation Grants	-	-	-	-
	Net Controllable Expenditure	3,702,438	3,440,880	3,637,740	3,587,220
	Departmental Support	634,222	660,330	660,330	696,400
	Central Support	630,759	647,280	647,280	658,350
	Capital	1,091,821	888,160	888,160	888,760
	Net Expenditure	6,059,240	5,636,650	5,833,510	5,830,730

NORTH WARWICKSHIRE BOROUGH COUNCIL
LICENSING COMMITTEE SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
4000	Licensing Authority	(31,315)	(36,780)	(36,780)	(36,500)
4001	Licences and Registration	(9,629)	(12,810)	(7,970)	(8,120)
4008	Hackney Carriages	(17,628)	(22,110)	(22,150)	(11,290)
4019	Gambling Act Authority	(10,753)	(9,830)	(9,310)	(9,310)
	Net Controllable Expenditure	(69,325)	(81,530)	(76,210)	(65,220)
	Departmental Support	36,320	37,090	37,090	73,320
	Central Support	42,008	45,620	45,620	39,830
	Licensing Committee Total	9,003	1,180	6,500	47,930

NORTH WARWICKSHIRE BOROUGH COUNCIL

RESOURCES BOARD (RECHARGED)

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
Various	Chief Executive	195,477	197,370	197,370	211,340
Various	Corporate Director - Resources	874,445	996,010	996,010	1,020,620
Various	Corporate Director - Environment	1,540,712	1,515,320	1,515,320	1,547,660
Various	Corporate Director - Community	1,402,421	1,459,870	1,459,870	1,486,740
Various	Director of Housing	2,187,575	2,314,330	2,314,330	2,325,130
Various	Corporate Director - Streetscape	448,548	459,570	459,570	478,420
Various	Director of Leisure and Community Development	549,822	621,200	621,200	559,680
3006-3039	Building Maintenance Fund	233,233	225,310	225,310	226,380
3040-3041	Council Offices	147,241	204,890	204,890	188,030
3043	Central Telephones	15,661	17,390	17,390	17,700
3045	Recruitment	35,100	26,160	26,160	26,390
3046	Printing and Copying	68,568	74,070	74,070	68,930
3047	Training	22,620	93,610	93,610	82,840
3048	Depot and Stores	73,705	70,160	70,160	76,740
3110	Postage and Franking	63,376	68,490	68,490	69,890
3226	Central Services	260,360	277,870	277,870	278,710
3290	Information Services	710,162	757,820	757,820	765,600
3291	Procurement	71,580	73,770	73,770	75,200
3292	Staff Welfare	24,165	27,160	27,160	27,860
3300	Transport	669,411	677,990	726,960	722,860
	Net Controllable Expenditure	9,594,182	10,158,360	10,207,330	10,256,720
	Recharged to Services	(11,359,567)	(12,105,970)	(12,154,940)	(12,178,060)
	Departmental Support	20,990	21,530	21,530	21,490
	Central Support	1,396,938	1,512,210	1,512,210	1,478,920
	Capital	277,637	413,870	413,870	420,930
	Resources Board (Recharged) Total	(69,820)	-	-	-

Resources Board Summary

Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
Totals - Recharged Services	(69,820)	-	-	-
Totals - Services Remaining	3,471,887	3,296,850	3,565,780	3,204,140
Central Vacancy Factor	-	(210,000)	(130,000)	(234,000)
Growth Approved Exec Board - Development Control	-	-	15,140	-
Other - Contingencies	-	4,520	4,520	4,590
Resources Board Total	3,402,067	3,091,370	3,455,440	2,974,730

NORTH WARWICKSHIRE BOROUGH COUNCIL
RESOURCES BOARD (REMAINING)
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
3000	Cost of Democratic Services	377,920	374,990	354,240	368,730
3001	Election Expenses	4,813	90,290	90,290	5,400
3002	Registration of Electors	24,025	29,920	26,530	26,640
3003	Business Rates	(11,205)	(29,690)	(27,190)	(25,610)
3004	Council Tax Collection	100,844	63,970	116,970	71,240
3050	Finance Miscellaneous	(18,390)	-	(52,030)	-
3051	Compensation and Pension Increases	289,714	356,780	353,670	335,650
3052	Assisted Car Purchase	(715)	(320)	(320)	(280)
3054	Electricity at Work	14,463	18,920	18,920	18,920
3059	Finance Unused Land	738	720	680	700
3060	Corporate and Democratic Core	113,650	66,200	77,570	77,350
3061	Unallocated Central Support Services	(223)	111,170	111,170	63,240
3065	Coleshill Shops High Street	(69,235)	(69,610)	(69,450)	(68,240)
3067	The Pavilions, Holly Lane	(81,216)	(81,470)	(82,160)	(84,780)
3068	Carlyon Road Industrial Estate	(127,584)	(127,720)	(128,410)	(130,850)
3069	Innage Park Industrial Estate	(170,975)	(181,870)	(185,430)	(194,900)
3070	Polesworth Workspace Units	(8,361)	(8,520)	(8,760)	(8,560)
3079	Maya Bar and Restaurant	(11,005)	(10,990)	(11,190)	(12,890)
3080	Football Stadium	-	-	6,580	-
3084	Homeless Persons	67,823	72,540	67,760	71,690
3089	Public Conveniences	41,454	36,370	35,640	35,190
3094	Customer Contact	21,520	12,550	13,780	13,490
3097	Rent Allowances	(172,564)	98,710	114,930	(10,540)
3098	Housing Benefit Administration and Rent Rebates	28,505	(53,740)	190,980	68,160
3101	Council Tax Support	131,333	111,440	86,800	90,060
3102	Car Parks	54,994	44,820	51,350	50,940
3111	Broadband Delivery UK	47,917	-	-	-
5008	Private Sector Housing Assistance	32,530	15,790	40,640	16,350
5035	CCTV	11,891	(480)	1,250	(16,180)
5036	Community Support	231,886	198,680	219,540	245,830
	Net Controllable Expenditure	924,547	1,139,450	1,414,350	1,006,750
	Recharged to Services	(230,440)	(241,980)	(249,840)	(255,120)
	Departmental Support	1,044,389	1,098,570	1,098,570	1,084,270
	Central Support	944,744	1,056,950	1,058,250	1,081,030
	Capital Charges	788,647	243,860	244,450	287,210
	Resources Board (Remaining) Total	3,471,887	3,296,850	3,565,780	3,204,140

NORTH WARWICKSHIRE BOROUGH COUNCIL
EXECUTIVE BOARD SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2018/2019 £	Approved Budget 2019/2020 £	Revised Budget 2019/2020 £	Original Budget 2020/2021 £
2000	Housing Strategic Service Review	2,887	-	-	-
2001	Outreach and Access to Services	64,416	44,650	43,470	45,010
2002	Corporate Communications	65,742	54,260	53,420	50,580
2003	Community Strategy	51,854	40,110	40,110	41,610
2007	Emergency Planning	6,737	6,030	6,030	6,030
2009	North Warwickshire Local Development Framework	165,104	291,980	311,450	253,590
5050	Support to Parishes	257	-	-	-
	Net Controllable Expenditure	356,997	437,030	454,480	396,820
	Departmental Support	167,257	165,820	165,820	151,610
	Central Support	159,922	164,500	164,500	173,390
	Capital Charges	6,641	8,980	8,980	9,710
	EXECUTIVE BOARD TOTAL	690,817	776,330	793,780	731,530

SAVINGS INCLUDED WITHIN 2020/2021

Board	Description	2020/2021 £
Executive	Reduction of North Talk to 2 editions per year	5,180
Executive	Reduction in licence costs	530
Licensing	Reduction in hire of premises costs	50
C & E	Reduction in Commercial Pollution Control professional fees	680
C & E	Reduction in telephone costs	140
C & E	Reduction in poisons and traps	500
C & E	Income from Abandoned Vehicles	150
C & E	Leisure Restructure	9,960
C & E	Move to Co-mingled Recycling	8,210
C & E	Extra 2 weeks garden waste suspension	6,430
C & E	Discontinue contribution towards refuse & recycling vehicle replacements	15,000
C & E	Discontinue contribution towards pool sinking fund	12,450
Resources Recharged	Reduction in lease car lump sum allowances	17,370
Resources Recharged	Reduction in emergency cover	1,210
Resources Recharged	Reduction in bank charges	20
Resources Recharged	Reduction in advertising, promotions and publicity costs	50
Resources Recharged	Reduction in telephone costs	1,230
Resources Recharged	Reduction in hospitality costs	150
Resources Recharged	Reduction in civic gifts	100
Resources Recharged	Reduction in internet access costs	340
Resources Recharged	Reduction in corporate subscriptions	500
Resources Recharged	Reduction in essential travel allowances	250
Resources Recharged	Reduction in train travel costs	50
Resources Recharged	Reduction in copier rental and photocopying charges	5,720
Resources Recharged	Reduction in Central Services staffing costs	4,990
Resources Recharged	Reduction in professional memberships	230
Resources Recharged	Reduction in training budgets	10,000
Resources Recharged	Reduction in provisions	1,000
Resources Recharged	Democratic Services Shared Service Arrangement	24,000
Resources Remaining	Reduction in registration of electors salary costs	600
Resources Remaining	Reduction in registration of electors postage costs	2,790
Resources Remaining	Cost of Democratic Services - Reduction in advertising, promotions and publicity	310
Resources Remaining	Reduction in corporate subscriptions	2,370
Resources Remaining	Increase in Rent Income from Industrial Units	23,390
Resources Remaining	Reduction in Public Conveniences Hire of Premises Costs	500
Resources Remaining	Reduction in overtime	4,000
Resources Remaining	Reduction in software maintenance costs	3,000
Resources Remaining	Reduction in mobile phone costs	5,000
Resources Remaining	Discontinue contribution towards replacement of CCTV assets	15,450
Resources Remaining	Empty Old Bank House (part year saving)	27,000
All	Discontinue Revenue Contribution to Capital Outlay	119,000
	Overall Total	329,900

RISK ANALYSIS

	Likelihood	Potential Impact on Budget
The Emergency Planning budget may be insufficient to cover the costs of any major local emergency	Low	High
The Local Plan process is becoming more costly due to the Duty to Cooperate and also needs to be repeated more often as national guidance requires.	High	High
A need for public enquiries into planning developments and the implications of losing planning appeals, resulting in appellant costs awarded against the Council or the loss of planning income	Medium	Medium
Decline in planning applications leading to a reduction in planning income.	Low	Medium
Applications not dealt with within 26 weeks, resulting in full refund to applicant.	Low	Medium
Implications of losing planning appeals, resulting in appellant costs awarded against Council or loss of Planning Income	Medium	Medium
Increase in vacancies at the industrial estates	Low	Medium
Higher level of maintenance at Council properties	Medium	Medium
Increase in the level of Local Authority error made in processing benefit payments	Low	Medium
The effect of Government changes in how benefits are administered and delivered	Medium	High
A fall in the level of recovery of overpayments	Medium	Medium
Further reduction in administration grant	Medium	Low
Above inflation increases to contracts	Low	Low
Loss of County Council funding towards Customer Contact staffing	Medium	Low
Further increases in the pension scheme deficit, or changes affecting the current recovery strategy, which lead to additional increases in pension contribution rates	Medium	Low
Effect of an ageing population on demand for Community Support services	Medium	Low
Higher than anticipated rises in utility costs	Medium	Low
Changes in legislation affecting service delivery and/or software requirements	Medium	Low
Above inflation increases in vehicle fuel	Medium	Medium
Increased insurance costs	Medium	Low
Termination of employment costs	Low	Medium
A reduction in the income received by the council due to a downturn in the economy or changing public demand	Low	Low
Deteriorating condition of assets, particularly the Leisure Centres, affecting the generation of income	Medium	Medium
Additional Costs relating to the Refuse and Recycling services	Medium	High

1 Summary

- 1.1 The report covers the revised budget for 2019/20 and an estimate of expenditure for 2020/21, together with forward commitments for 2021/22, 2022/23 and 2023/24.

Recommendation to the Board

- a To accept the revised estimate for 2019/20;**
- b To Increase garage rents by £0.50 per week in 2020/21;**
- c To Increase rent by 2.7% in 2020/21 as required by the government;**
- d To approve the proposed fees and charges for 2020/21 as set out in Appendix D;**
- e To approve the service charges for the cleaning of communal areas, as detailed in Appendix E, from April 2020;**
- f To approve the service charges for window cleaning, as detailed in Appendix F, from April 2020; and**
- g To accept the Estimates of Expenditure for 2020/21, as submitted.**

2 Introduction

- 2.1 In consultation with other officers, the Corporate Director – Resources has prepared an estimate of net expenditure for 2020/21 and this, together with a revised budget for 2019/20, appears in Appendix A. To provide a more complete picture of the spending pattern of the service, the actual figures for 2018/19 are shown.

3 Comments on the 2019/20 Revised Budget

- 3.1 The revised budget for 2019/20 shows an expected surplus of £49,980; which is £63,860 better than the approved budget deficit of £13,880. The main variations are given below.

3.2 Provision for bad debts (£62,690)

The provision for bad debts has been reduced from 2.5% of gross rents to 2% as debts have not increased to the levels expected with the introduction of universal credit.

3.3 Repairs Fund (£6,990)

3.3.1 The decrease in central support costs is due to the housing repairs system being fully depreciated.

3.4 Management Services (£12,790)

3.4.1 The costs within Management Services have decreased due to the reductions in utility costs within the flats and communal centres budgets with the change in supplier and improvements to LED communal lighting. This has been partially offset by an increase in legal costs associated with court cases involving tenants, additional software costs associated with arrears monitoring, changes in housing management salary allocations and an increase in the recharge for treasury management.

3.5 Garage Rents £12,200

3.5.1 The reduction in rental income is due to a higher than expected level of voids.

3.6 Interest on Balances (£26,840)

3.6.1 The interest earned has increased due to a higher level of balances held.

3.7 Gross Rents £33,960

3.7.1 There has been a decrease in rental income due to a higher level of void properties including the properties being emptied in preparation for the redevelopment in Long Street and Coleshill Road in Atherstone.

4 Rent Setting

4.1 The Welfare Reform and Work Act 2016 enables the Government to set rent policy. From April 2016 social landlords were required to reduce their rents by 1% each year for four years, with 2019/20 being the last year requiring the reduction. In October 2017 the Government announced a new long term policy on social rents to allow authorities to increase rents by CPI + 1% for a period of at least 5 years. This policy will come in effect on 1 April 2020.

4.2 CPI at September 2019 was 1.7% (the month of the previous year set in the policy) plus 1%, which equates to the proposed rent increase from 1 April 2020 of 2.7%. The effect on this Authority's rent figures for 2020/21 is that the average rent increase will be £2.22 per week (2.7%), although individual rent changes will vary from increases of £1.84 to £4.17 per week.

4.3 The impact of the new rent policy has been built into the 30 year Business

...

Plan detailed in Appendix H.

5 **Comments on the 2020/21 Estimates**

5.1 The Housing Revenue Account has been prepared, taking into account the following assumptions:

- A 2% pay award from 1 April 2020;
- To adopt the government policy of CPI at September 2019 plus 1% equating to 2.7% for all rents;

5.2 The estimated balance on the Housing Revenue account at 1 April 2020 is £4,740,754, which is lower than the £4,870,620 anticipated in the original estimates. Looking in greater detail at the coming year, the budget for 2020/21 shows an expected deficit of £711,030.

5.3 The deficit relates primarily to a reduction in the assumed use of additional Right To Buy receipts for capital spending on new build schemes. This is explained further below, together with other main variations from the revised 2019/20 estimate.

5.4 **Repairs Fund** **£17,540**

5.4.1 The contribution to the Repairs Fund has been calculated with an inflationary increase of 2.5%, the assumed sale of 30 Council houses, partially offset by the addition of 20 new properties in Warton. This has been partially offset by a decrease in central support costs relating to some software cost changes and the reduction in depreciation charges.

5.5 **Management Services** **£47,300**

5.5.1 The main increase in the Management services budget relates to pay awards, increments and inflation.

5.5.2 In addition there is an increase in salary allocations of Housing Management and Internal Audit recharges. Audits are carried out on a planned, rather than an annual basis.

5.6 **Debt Management** **£215,070**

5.6.1 An additional £250,000 of borrowing will be repaid in line with the schedule of debt repayments. This is partially offset by a decrease in the interest payable on the debt outstanding, as the debt reduces.

5.7 **Revenue Funding of Capital Expenditure** **£711,830**

5.7.1 There has been a reduction in the assumed use of additional Right To Buy receipts which we can retain for capital spending on new build schemes. This reduction is required as the additional receipts can only be used to fund 30% of any scheme, with the Authority's own resources required to fund the remaining 70%. Additional revenue contributions to capital spending will be

needed in the year to fund the remaining 70% for the current programme of new build schemes. The same adjustment has also been made in 2021/22.

5.8 Garage Rents (£26,110)

5.8.1 The increase in rental income is due to a 50 pence per week rent rise.

5.9 Interest on Balances £11,790

5.9.1 The interest earned has decreased due to a lower level of balances held partially offset by a small improvement in the interest rate.

5.10 Gross Rents (£204,770)

5.10.1 There is an increase in Council house rental income to reflect the rent increase of 2.7% and the addition of 20 new build properties in Warton. This has been partially offset by the expected sale of 30 Council houses.

6 Housing Repairs Fund

6.1 The HRA makes an annual contribution to the Repairs Fund. Part of the contribution is set aside for the day to day maintenance, with the remainder used for planned maintenance work. The fund covers payments to both Housing Direct Works and outside contractors. Approximately 50% of the current workload is completed by Housing Direct Works (see Appendix B).

...

6.2 A balance is usually maintained on the Housing Repairs Fund, which is used to meet fluctuations in the timing of repair work.

7 Housing Direct Works

7.1 Estimates for Housing Direct Works (HDW) have been prepared for 2020/21, along with the revised position for 2019/20, and these are attached as Appendix C.

...

7.2 Revised Estimate 2019/20

7.2.1 Net controllable expenditure has decreased by £123,480. The main changes relate to a reduction in material costs and usage of £127,450 and a decrease in employee costs through vacancies of £31,910. This has been partially offset by a reduction in the work undertaken on the general fund and capital works of £33,240.

7.3 Estimate for 2020/21

7.3.1 The net controllable expenditure has increased by £25,970. Employee costs have increased with the reinstatement of vacant posts and the effect of the pay award. Increases in supplies and services and transport relate to inflation.

7.3.2 There has been a net decrease in departmental support costs, as the cost of office accommodation for the Housing Maintenance section has reduced.

8 Fees and Charges

- 8.1 There are only 2 increases; one increase for Allotment rents and 50 pence per week for Council owned garages in the proposed fees and charges, so that users of facilities are not discouraged. The detailed list of fees and charges is attached as Appendix D to the report.
- ...

9 Service Charges

- 9.1 There is a requirement for service charges to be paid by those tenants who actually receive specific services. NWBC make specific charges for window cleaning and cleaning costs of communal areas in blocks of flats. The current and proposed charges are attached in Appendices E and F. There is a small increase proposed for the cleaning of communal areas, to reflect the increase in expenditure anticipated. There is an increase in the window cleaning service charge to reflect an inflationary price increase allowed in contractor's contract.
- ...
- 9.2 The Council also makes a service charge to the lease holders of flats that have been sold under the Right to Buy legislation. This reflects the actual costs of management and maintenance.

10 Four Year HRA Forecast – 2020/21 to 2023/24

- 10.1 A detailed four year estimate has been developed, to cover the medium term position of the HRA. This is summarised in the table below, with some additional detail given in Appendix G.
- ...

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Management and Maintenance	5,462	5,579	5,691	5,813
Interest on borrowing	1,504	1,460	1,406	1,348
Repayment of borrowing	2,000	2,250	2,260	2,350
Capital expend funded by revenue	2,607	2,580	2,897	2,849
New Build	1,230	1,255	451	479
Total Expenditure	12,803	13,124	12,705	12,839
Income	(11,997)	(12,353)	(12,668)	(12,963)
Interest on Balances	(95)	(99)	(90)	(92)
Total Income	(12,092)	(12,452)	(12,758)	(13,055)
(Surplus)/Deficit on the year	711	672	(53)	(216)
Balance at 31 March	(4,030)	(3,358)	(3,411)	(3,627)

- 10.2 The figures show a small decrease in level of balances at the end of 2023/24, which feeds into the 30 year business plan detailed in section 11 of this report.

11 30 Year HRA Business Plan

- 11.1 As management of the housing stock is a long term requirement, a business plan has been put together for 30 years, although expenditure in particular is
- ...

difficult to predict so far in advance. This has been updated as part of the estimates process and the revised business plan is attached as Appendix H.

- 11.2 In updating the business plan, a number of assumptions have been made:
- New build will continue throughout the life of the plan;
 - Management and maintenance costs have been assumed for the new properties, together with rental income;
 - The additional receipts that the Council is able to use for new build will continue;
 - Right to Buy Sales will continue at the current level for the first 8 years then reduce to 15 dwellings per year of the plan;
 - Rents will continue to increase at CPI + 1% in 2020/21 onwards.

- 11.3 The expected position on the Housing Revenue Account at the end of the 30 years is a surplus of £78.774 million. This is after funding capital expenditure of £190 million, with £31 million of that funding set aside for new build schemes or other improvement schemes. Borrowing of £52 million will also have been repaid.

- 11.4 However the expected surplus is less than £10 million until the end of year 17.

12 Risks to the Business Plan

- 12.1 In addition to the new payments detailed above, the expected surplus on the Business Plan is dependent on adherence to the assumptions used in the forecast. Varying these would impact on the achievement of a surplus. The key risks to the budgetary position of the Housing Revenue Account include:

- The potential ongoing impact of sustaining rent income levels with the changes from Universal Credit;
- The requirement on the Council to meet statutory housing needs and support tenants to sustain their tenancies as well as manage them in moving on as secure tenancies are replaced with flexible ones;
- A change in interest rates, if funds need to be borrowed;
- A reduction in the rent levels assumed in the Business Plan, as this could impact significantly on the expected surpluses. More attractive Right to Buy conditions could encourage higher sales;
- The requirements of an ageing stock and the need to meet the Decent Homes Standard are likely to continue to increase the demand for capital works. Work to keep the Council's assets in good condition will be prioritised and accommodated within existing budgets;
- Any reduction in the performance of Housing Direct Works will put pressure on the Council to use external contractors and therefore will impact on the level of expenditure;
- Asbestos removal is an ongoing cost pressure over the next few years until the full picture of the level of asbestos contained in council houses and the cost of removal is assessed.

- 12.2 A risk analysis of the likelihood and impact of the risks identified above are included in Appendix I.

...

12.3 Assuming a minimum working balance of £750,000, the Council can continue with services at current levels over the next four years. However, the service will still need to demonstrate value for money and rent collection rates will have to remain at the current level.

13 Report Implications

13.1 Finance and Value for Money Implications

13.1.1 As above.

13.2 Environment and Sustainability Implications

13.2.1 Operating in line with the Business Plan will ensure the long term sustainability of the Housing Revenue Account.

13.3 Equality Implications

13.3.1 The impact of Universal Credit on Council tenants and income collections has previously been reported to Resources Board. Work being undertaken will help to inform the Council's understanding of the impacts from the rent restructuring changes and the increases being applied. Monitoring of the impacts will be carried out as any changes are implemented.

13.4 Risk Management Implications

13.4.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

The Contact Officer for this report is Nigel Lane (719371).

HOUSING REVENUE ACCOUNT				
Actual	DESCRIPTION	APPROVED BUDGET	REVISED BUDGET	ORIGINAL BUDGET
2018/19		2019/20	2019/20	2020/21
		£	£	£
	EXPENDITURE			
26,148	Provision for Bad Debts (2.5% 19-20 orig then 2% onwards)	288,280	225,590	229,690
	Repairs Fund			
250,671	Departmental Support Services	292,440	292,440	282,450
161,976	Central Support Services	207,310	199,950	188,990
2,740,103	Contribution to Fund	2,708,190	2,708,560	2,747,050
	Management			
554,014	General Administration	578,400	588,420	597,060
265,741	Housing Registration & Lettings	263,570	263,790	271,640
390,112	Tenancy & Estates Management	343,800	349,810	363,000
323,559	Rent Collection & Arrears	332,760	335,920	346,120
46,720.00	Tenant Participation	48,420	48,420	49,640
8,263.00	New-build properties	11,730	10,850	11,160
402,744.53	Flats & Communal Centres	368,420	336,790	342,210
5,614.00	Laundries	16,200	17,340	17,690
14,501.00	Cesspools and Management of Shops	15,390	14,560	14,680
	Debt Management			
1,568,823	Interest on Loans (as per Business Plan)	1,538,850	1,538,850	1,503,920
1,700,000	Revenue set aside (as per Business Plan)	1,750,000	1,750,000	2,000,000
(593,545)	Allowable Debt from Receipts	(744,690)	(892,240)	(890,390)
-	RTB Receipts income	(898,020)	(824,760)	-
	Capital			
3,052,613	Revenue funding of capital spending on existing stock	3,575,260	3,649,550	3,497,610
1,182,680	Revenue funding of capital spending on new build	1,206,330	1,206,330	1,230,460
12,100,737	Gross Expenditure	11,902,640	11,820,170	12,802,980
	INCOME			
42,718	Service Charges - Leaseholders	41,880	41,880	41,880
21,685	Service Charges - Window Cleaning	23,990	23,230	23,690
42,485	Service Charges - Cleaning & Caretaking	41,790	42,820	44,390
286,086	Garage Rents	287,540	275,340	301,450
99,078	Shop Rents	99,950	100,390	101,070
104,649	Interest on Balances	79,920	106,760	94,970
119,146	Pensions reserve	-	-	-
11,616,756	Gross Rents (less voids Rev 1.3% Orig onward 1%)	11,313,690	11,279,730	11,484,500
12,332,602	Gross Income	11,888,760	11,870,150	12,091,950
(231,865)	(Surplus)/Deficit for Year	13,880	(49,980)	711,030
(4,458,909)	Revenue Fund balance at start of year	(4,870,620)	(4,690,774)	(4,740,754)
(4,690,774)	Revenue Fund balance at end of year	(4,856,740)	(4,740,754)	(4,029,723)
127	Average no. of properties (other)	127	127	137
2,543	Average no. of properties (other)	2,500	2,505	2,463

Appendix B

HOUSING REPAIRS FUND

£

Balance at 1 April 2019	839,672
Contribution 2019/20	3,200,950
Expected Use of Fund - Housing Direct Works	(1,366,310)
Expected Use of Fund - Other Contractors	(1,342,250)
Expected Use of Fund - Departmental and Central Support	(492,390)
Balance at 1 April 2020	839,672
Contribution 2020/21	3,218,490
Expected Use of Fund - Housing Direct Works	(1,385,260)
Expected Use of Fund - Other Contractors	(1,361,790)
Expected Use of Fund - Departmental and Central Support	(471,440)
Balance at 1 April 2021	839,672

1500 - 1507 - HOUSING DIRECT WORKS				
DESCRIPTION	ACTUALS	APPROVED	REVISED	ORIGINAL
	2018/19	BUDGET	BUDGET	BUDGET
		2019/20	2019/20	2020/21
Employee Expenditure	719,665	764,090	732,180	754,240
Supplies & Services	383,679	436,700	309,250	310,820
Transport	73,097	80,000	82,640	85,140
Miscellaneous Expenditure	-	-	-	-
Work in Progress & Stocks	529	-	-	-
GROSS EXPENDITURE	1,176,970	1,280,790	1,124,070	1,150,200
GROSS INCOME	(3,892)	(40,800)	(7,560)	(7,720)
NET CONTROLLABLE EXPENDITURE	1,173,078	1,239,990	1,116,510	1,142,480
Departmental Support	134,203	148,010	148,010	137,330
Central Support Services	97,141	101,790	101,790	101,830
Capital Charges	-	-	-	3,620
Net Costs to Repairs Fund	1,404,422	1,489,790	1,366,310	1,385,260

NORTH WARWICKSHIRE BOROUGH COUNCIL**HOUSING****FEES AND CHARGES FROM 1 APRIL 2020**

	2019/20	2019/20		2020/21	2020/21	
	NET	NET	VAT	NET	NET	VAT
	CHARGE	CHARGE	RATING	CHARGE	CHARGE	RATING
	£	£		£	£	
COMMUNAL CENTRES						
	Voluntary	Private		Voluntary	Private	
	Groups			Groups		
Communal Centres						
Use of lounge (per 2 hours)	5.00	10.00	Exempt	5.00	10.00	Exempt
Use of kitchen	1.00	2.00	"	1.00	2.00	"
Purpose Built Community Centres						
Use of lounge (per 2 hours)	7.50	15.00	Exempt	7.50	15.00	Exempt
Use of kitchen	1.50	3.00	"	1.50	3.00	"
Multi-Purpose Centres						
Use of lounge (per 2 hours)	10.00	20.00	Exempt	10.00	20.00	Exempt
Use of kitchen	2.00	4.00	"	2.00	4.00	"
	NET	VAT	TOTAL	NET	VAT	TOTAL
	CHARGE	RATING	CHARGE	CHARGE	RATING	CHARGE
			20% VAT			20% VAT
	£		£	£		£
GUEST BEDROOMS						
Per night	1.00	Exempt	1.00	1.00	Exempt	1.00
Per week	7.00	"	7.00	7.00	"	7.00
ALLOTMENT RENT						
Waverton Avenue, Warton	3.10	Exempt	3.10	3.20	Exempt	3.20
GARAGE PLOTS						
Bracebridge Road, Lister Road & St. George's Road, Atherstone						
NWBC council house tenants	26.00	Exempt	26.00	26.00	Exempt	26.00
Others	26.25	Incl. VAT at Standard Rate	31.50	26.25	Incl. VAT at Standard Rate	31.50
COUNCIL OWNED GARAGES						
NWBC council house tenants	6.58	Exempt	6.58	7.08	Exempt	7.08
Others	6.58	Incl. VAT at	7.90	7.08	Incl. VAT at	8.50

Proposed Cleaning Service Charges for Communal Areas per week

Appendix E

Name of Scheme	Cost Per Property	Cost per week (48 wks)	Cost Per Property	Cost per week (48 wks)
	2019/20	2019/20	2020/21	2020/21
	£	£	£	£
Alder Court and Heather Atherstone	91.68	1.91	94.82	1.98
Alexandra Court, Atherstone	91.68	1.91	94.82	1.98
St Benedicts Close, Atherstone	91.68	1.91	94.82	1.98
Welcome Street, Atherstone	91.68	1.91	94.82	1.98
Arden Forest Estate, Ridge Lane	91.68	1.91	94.82	1.98
Church Road/Long Street,Dordon	91.68	1.91	94.82	1.98
Chancery Court, Chapel End	91.68	1.91	94.82	1.98
Gramer Court, Mancetter	91.68	1.91	94.82	1.98
Monument View/Sycamore Ave Polesworth	91.68	1.91	94.82	1.98
Abbey Green Court, Polesworth	91.68	1.91	94.82	1.98
Jubilee Court, Kingsbury	91.68	1.91	94.82	1.98
Drayton Court, Hartshill	91.68	1.91	94.82	1.98
Eastlang Road, Fillongley	91.68	1.91	94.82	1.98
Hudson/Wall Avenue, Coleshill	91.68	1.91	94.82	1.98
Digby Road & Clinton Road, Coleshill	91.68	1.91	94.82	1.98
George Road, Water Orton	91.68	1.91	94.82	1.98
Church Hill Coleshill	91.68	1.91	94.82	1.98

Proposed Window Cleaning Charges per week from April 2020

Appendix F

Name of Scheme	Cost Per Property	Cost per Week (48)	Cost Per Property	Cost per Week (48)
	2019/20 £	2019/20 £	2020/21 £	2020/21 £
Alder Court and Heather Atherstone	39.00	0.81	39.78	0.83
Alexandra Court, Atherstone	27.27	0.57	27.82	0.58
Coleshill Road Atherstone	45.00	0.94	45.90	0.96
Long Street Atherstone	47.50	0.99	48.45	1.01
St Benedicts Close, Atherstone	32.50	0.68	33.15	0.69
Welcome Street, Atherstone	53.33	1.11	54.40	1.13
Arden Forest Estate, Ridge Lane	31.25	0.65	31.88	0.66
Church Road, Dordon	56.47	1.18	57.50	1.20
Long Street, Dordon	54.00	1.13	55.08	1.15
St Leonards Close, Dordon	38.82	0.81	39.60	0.83
Chancery Court, Chapel End	46.15	0.96	47.08	0.98
Gramer Court, Mancetter	36.67	0.76	37.40	0.78
Joseph Cadman Court	45.00	0.94	45.90	0.96
Monument View/Sycamore Ave Polesworth	52.94	1.10	54.00	1.13
Abbey Green Court, Polesworth	35.00	0.73	35.70	0.74
Jubilee Court, Kingsbury	42.55	0.89	43.40	0.90
Oldbury View, Hartshill	57.00	1.19	58.14	1.21
Drayton Court, Hartshill	35.71	0.74	36.43	0.76
Eastlang Road, Fillongley	47.78	1.00	48.73	1.02
Hudson/Wall Avenue, Coleshill	57.78	1.20	58.93	1.23
Digby Road, Coleshill	58.33	1.22	59.50	1.24
Clinton Road, Coleshill	66.67	1.39	68.00	1.42
Delves Crescent, Wood End	55.00	1.15	56.10	1.17
George Road, Water Orton	60.00	1.25	61.20	1.28
Church Hill Coleshill	60.00	1.25	61.20	1.28

HOUSING REVENUE ACCOUNT				
DESCRIPTION	ORIGINAL BUDGET 2020/21 £	ORIGINAL BUDGET 2021/22 £	ORIGINAL BUDGET 2022/23 £	ORIGINAL BUDGET 2023/24 £
EXPENDITURE				
Provision for Bad Debts	229,690	236,780	242,530	248,410
Repairs Fund				
Departmental Support Services	282,450	287,990	293,520	299,250
Central Support Services	188,990	192,800	195,710	199,610
Contribution to Fund	2,747,050	2,812,870	2,874,940	2,924,170
Management				
General Administration	597,060	604,630	617,800	644,980
Housing Register & Lettings	271,640	276,850	281,950	287,290
Tenancy & Estate Management	363,000	369,900	376,300	383,490
Rent Collection & Arrears	346,120	352,470	358,870	365,710
	-	-	-	-
Tenant Participation	49,640	50,600	51,230	52,220
New-build properties	11,160	11,480	11,800	12,140
Flats & Communal Centres	342,210	349,120	353,510	360,660
Laundries	17,690	18,050	18,410	18,780
Cesspools and Management of Shops	14,680	15,000	15,310	15,640
Debt Management				
Interest on Loans (as per Business Plan)	1,503,920	1,459,610	1,405,570	1,347,650
Revenue set aside (as per Business Plan)	2,000,000	2,250,000	2,260,000	2,350,000
Allowable Debt from Receipts	(890,390)	(888,460)	(886,540)	(884,620)
RTB Receipts income	-	-	(829,590)	(826,790)
Capital				
Capital Spend (as per Business Plan)	3,497,610	3,468,930	3,783,990	3,734,060
Capital Spend - New Build and Reserve	1,230,460	1,255,070	1,280,170	1,305,770
Gross Expenditure	12,802,980	13,123,690	12,705,480	12,838,420
INCOME				
Service Charges - Leaseholders	41,880	41,880	41,880	41,880
Service Charges - Window Cleaning	23,690	24,170	24,650	25,140
Service Charges - Cleaning & Caretaking	44,390	45,280	46,190	47,110
Garage Rents	301,450	301,450	327,560	327,560
Shop Rents	101,070	101,070	101,070	101,070
Interest on Balances	94,970	99,050	90,250	91,870
Gross Rents (less voids @ 1.3% in 19-20 rev then 1% onwards)	11,484,500	11,839,240	12,126,510	12,420,360
Gross Income	12,091,950	12,452,140	12,758,110	13,054,990
(Surplus)/Deficit for Year	711,030	671,550	(52,630)	(216,570)
Revenue Fund balance at start of year	(4,740,754)	(4,029,723)	(3,358,173)	(3,410,803)
Revenue Fund balance at end of year	(4,029,723)	(3,358,173)	(3,410,803)	(3,627,373)
Average no. of properties (other)	137	152	162	172
Average no. of properties (other)	2,463	2,433	2,403	2,373

APPENDIX H

HRA 30 Year Business Plan - 2019/20 to 2048/49

30 year total	SELF FINANCING Operating Account	HRA	2019/20 to 2023/24 £000	2024/25 to 2028/29 £000	2029/30 to 2033/34 £000	2034/35 to 2038/39 £000	2039/40 to 2043/44 £000	2044/45 to 2048/49 £000
-522,703	Gross income		-61,746	-69,984	-79,783	-90,766	-103,175	-117,249
	Expenditure							
85,211	Management (incl DME)		10,253	11,534	13,052	14,765	16,706	18,901
129,491	Maintenance		16,500	18,144	20,153	22,365	24,812	27,517
10,048	Bad debt provision		1,184	1,342	1,530	1,745	1,986	2,261
224,750	Operating expenditure		27,937	31,020	34,735	38,875	43,504	48,679
-297,953	Net Cost of Services		-33,809	-38,964	-45,048	-51,891	-59,671	-68,570
18,853	Interest payments		7,257	5,688	3,287	1,750	871	0
-12,370	Interest received		-484	-580	-317	-1,437	-3,364	-6,188
-291,470	Net operating expenditure		-27,036	-33,856	-42,078	-51,578	-62,164	-74,758
50,239	Revenue set aside (debt repayment)		10,610	13,400	16,229	0	10,000	0
167,148	Direct revenue financing (RCCO fund cap Prog)		17,489	22,181	25,888	29,311	34,108	38,170
-74,083	In year (surplus)/deficit		1,063	1,725	39	-22,267	-18,056	-36,588
	HRA reserve b/fwd (-ve = Surplus)		-4,691	-3,628	-1,902	-1,863	-24,130	-42,186
	HRA reserve c/fwd (-ve = Surplus)		-3,628	-1,902	-1,863	-24,130	-42,186	-78,774
	CAPITAL PROGRAMME							
158,153	Expenditure (Cap spend with Inflation)		18,135	20,452	23,785	27,349	31,894	36,538
31,445	New Build		6,278	6,931	4,991	4,718	4,423	4,104
0	Financed by...							
13,546	Allowable debt from receipts		4,442	2,779	1,653	1,605	1,557	1,509
8,917	RTB receipts and other resources		2,494	2,423	1,234	1,151	652	963
167,135	Direct revenue financing		17,476	22,181	25,888	29,311	34,108	38,170
189,598	Total financing		24,413	27,383	28,776	32,067	36,317	40,642

Risk Analysis

	Likelihood	Potential impact on Budget
Change in interest rates	Low	Medium
Reduction in rent levels	Medium	High
Increase in capital expenditure	Medium	Medium
An increase in the demand for repairs	Medium	Medium
Reduction in Housing Direct Works performance	Medium	Medium
Asbestos removal	Medium	Medium

Agenda Item No 14

Resources Board

27 January 2020

**Report of the Corporate Director
- Resources**

**Capital Programme 2019/20 to
2022/23**

1 Summary

- 1.1 This report identifies changes to the Council's 2019/20 capital programme and proposals for schemes to be included within the Council's capital programme over the next three years.

Recommendation to the Board

- a To support the changes to the 2019/20 revised capital programme;**
- b To support the schemes shown in Appendix A, previously approved within the Council's three-year capital programme, including any 2022/23 additions relating to previously approved schemes;**
- c To support the growth bid included in the 2020/21 capital programme;**
- d To note the schemes which will not be included within the capital programme, shown in Appendix B; and**
- e To support the proposed vehicle replacement schedule, shown in Appendix C.**

2 Introduction

- 2.1 The Council has a shortfall of capital resources when compared against potential capital schemes. As a result, schemes considered to be non essential were not included in the three year capital programme for 2019/20 to 2021/22 approved last February. There is still a shortfall as expected resources have remained at a similar level, so the same approach will be required for setting the capital programme for 2020/21 to 2022/23.

3 2019/20 Revised Capital Programme

3.1 The table below summarises the overall change in the 2019/20 revised capital programme with the main movements explained below:

	2019/20 Approved	Additions/ (Reductions)	2019/20 Revised
HRA (Housing)	9,184,110	(804,720)	8,379,390
General Fund (Housing)	199,700	0	199,700
General Fund (Other Services)	1,486,120	(521,170)	964,950
Total	10,869,930	(1,325,890)	9,544,040

3.2 The revised budget for the HRA housing programme has been amended to reflect the timing of work associated with the demolition and rebuild of flats at Long Street and Coleshill Road, Atherstone and Trinity Close, Warton. The tender process is now complete, with demolition work expected to begin late in March and rebuild work in 2020/21. Budget provision of £736,100 has been moved into 2020/21 for this.

3.3 There are also timing changes within the HRA vehicle replacement programme. This has resulted in £68,620 being moved into 2020/21.

3.4 Within the General Fund programme, some provision has been left in the Atherstone Leisure Complex budget to cover new lighting to the pool halls and leaks to the roof, with the remaining budget of £210,000 being pushed back into 2020/21. The budget provision of £195,000 for the replacement of the roof cladding at Innage Park has also been delayed until 2020/21.

3.5 Part of the upgrade of the Payment Management System has continued to be delayed, as the functionality currently available in the Call Secure Solution from Capita doesn't meet the needs of the Council. A sum of £18,000 is to be moved to 2020/21 in relation to this.

3.6 Changes in the timings of Leisure Services and Borough Care Scheme vehicle replacements requires £88,120 to be moved into 2020/21, whilst the in cab system has also been delayed, resulting in further slippage of £10,050.

4 Updating the Approved Capital Programme

4.1 A number of schemes relating to this Board were included in the 2019/20 to 2021/22 approved capital programme and these are detailed in Appendix A, including any 2022/23 allocations. The timing of schemes has been reviewed and updated where required.

...

4.2 The remaining schemes relating to this Board, which are considered non essential at this time and have been excluded from the proposed programme, are shown in Appendix B.

5 **Growth Bid Included in the Approved Capital Programme**

5.1 Notification has been received that the current Environmental Health System will be unsupported by Civica beyond 2020. Due to the risks associated with continuing to use an unsupported system, a new system will be required in 2020/21, at an expected cost of £85,000.

6 **Vehicle Replacement Schedule**

6.1 Appendix C identifies vehicles that require replacement over the 3 year capital programme covered in this report.

6.2 The replacement schedule will be reviewed on a regular basis to ensure that it is still relevant and the actual lifespan of the vehicles will be carefully reviewed and monitored so that vehicles are only replaced when it becomes essential or there is a clear economic benefit.

7 **Report Implications**

7.1 **Finance and Value for Money Implications**

7.1.1 In terms of the overall capital programme, the bids for schemes included in Appendix A of this report will be collated into an overall programme which will be submitted to the Executive Board for final approval in February.

7.1.2 Due to the surplus of schemes to the capital resources available, Members of this Board should be aware that if schemes not currently approved are to be moved into the recommended capital programme, they may only do so if another approved scheme is reduced or deleted, or additional resources are obtained.

7.2 **Environment and Sustainability Implications**

7.2.1 Capital investment is required if the Council is to maintain and enhance both its assets and the quality and consistency of its services to the community.

7.3 **Risk Management Implications**

7.3.1 The risks associated with the failure to undertake the proposed schemes are taken into account in assessing whether the schemes are essential or non essential.

7.4 **Equality Implications**

7.4.1 Public authorities are required to have due regard to the aims of the general equality duty when making decisions and when setting policies. Under the

general duties public authorities, in the exercise of their functions, must have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations within the protected characteristics. In the case of the capital programme the Council is required to ensure that as far as it is reasonably practicable, it has taken appropriate steps to ensure compliance with the provisions of the Equality Act. Failure to do so could result in limiting access to services provided from our buildings and facilities by disabled people and the potential for legal challenges being taken against the Council.

7.5 Links to Council’s Priorities

7.5.1 The capital projects proposed for inclusion will contribute to providing easier access to Council services, particularly through the internet and working with our tenants to maintain and improve our housing stock and providing affordable housing in the right places.

The Contact Officer for this report is Daniel Hogan (719337).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

1) HRA Approved 3 Year Capital Programme 2020/21 to 2022/23
Appendix A

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Total
		2020/21	2021/22	2022/23	3 Year Programme
Electrics	A scheduled programme to replace consumer units and to bring wiring in Council properties up to date.	402,370	414,440	426,870	1,243,680
Staffing	Housing officers who deliver the capital programme to Council properties.	275,540	280,930	286,320	842,790
Kitchens and Bathrooms	Replacement programme to ensure these facilities meet the Decent Homes Standard.	402,370	414,440	426,870	1,243,680
Heating	To replace heating systems which are at the end of their component life time, can't be repaired or to provide for controllable systems to meet the Decent Homes Standard.	247,610	255,040	262,690	765,340
Windows and Doors	Programmes of window and door replacements to address older installations that are not energy efficient and those that are defective.	247,610	255,040	262,690	765,340
Energy Saving Measures	External Wall Insulation and Loft Insulation programmes to ensure properties meet the necessary levels for energy usage.	92,850	95,640	98,510	287,000
Adaptations	Undertake adaptations to properties to improve accessibility in accordance with recommendations from social care assessors.	185,710	191,280	197,020	574,010
Roofing	To replace roofs (flat or pitched) which do not meet the Decent Homes Standard and cannot be repaired to extend their use.	402,370	414,440	426,870	1,243,680
Improvement works for blocks of flats - external and common areas	In 2019 we started a rolling priority programme of remedial works to blocks of flats. The works will deal with blocks of flats that require extensive structural repairs.	711,900	733,240	755,270	2,200,410
Replacement of DLO Vehicles	Replacement as per the vehicle replacement schedule.	88,420	-	214,010	302,430
Replacement of Housing Inspectors Vehicles	Replacement as per the vehicle replacement schedule.	38,490	-	-	38,490
Multi Trade Contract	To cover a range of capital works including remedial work following fire risk assessments and schemes for garages and sheltered scheme communal rooms as well as external works and structural works.	402,370	414,440	426,870	1,243,680
New Build Schemes	Funding to progress new schemes.	-	1,255,000	1,280,100	2,535,100
New Build - Atherstone	Demolition and rebuild of flats at Coleshill Road and Long Street, Atherstone.	1,217,800	-	-	1,217,800
New Build - Trinity Close, Warton	Demolition and rebuild of houses at Trinity Close, Warton.	278,000	-	-	278,000
New Build - Hatters Arms Development, Warton	Building of properties at Hatters Arms Development, Warton.	848,000	-	-	848,000
TOTAL HRA EXPENDITURE		5,841,410	4,723,930	5,064,090	15,629,430

2) General Fund Approved 3 Year Capital Programme 2020/21 to 2022/23

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Total
		2020/21	2021/22	2022/23	3 Year Programme
Decent Homes Grants and Works (Private Sector)	Assistance with repairs and replacements targeted at vulnerable households on a means tested basis to prevent deterioration and associated health effects.	25,000	25,000	25,000	75,000
Borough Care Lifelines	To provide new lifelines and replace units that are beyond repair and/or are obsolete.	23,000	23,000	23,000	69,000
Computer hardware and software, purchase and replacement	To continue to provide PC's that meet the requirements of the increasingly complex software that is used to deliver Council services and back office functions. This budget includes the renewal of the Microsoft Software licenses.	40,000	30,000	30,000	100,000
Replacement of scanner/plotter	Replacement of the existing separate scanner and plotter with a single solution.	-	10,000	-	10,000
Replacement Financial Management System (FMS)	A new Financial Management system will be required, as it will not be fit for purpose in the near future and support for the existing system will be withdrawn in a few years time.	300,000	-	-	300,000
ICT Infrastructure Development	To further develop the network and hardware structures to ensure that the Council's aspirations of home and mobile working and self service delivery are possible.	20,000	20,000	20,000	60,000
Network Infrastructure	Replacement of the existing network infrastructure.	40,000	-	-	40,000
Telephone System	Replacement of the existing telephone system.	-	20,000	-	20,000
Server Virtualisation	Replacement of the existing virtual server.	50,000	-	-	50,000
Operating System Upgrade	Primarily used at two levels; the day to day use of the recovery of lost data or damaged systems that need to be rolled back to a previous state. The major use is in the event of fire or theft where the backups we hold would be used to restore systems.	-	25,000	-	25,000
Payment Management System	Upgrade to Payment Management System to meet new encryption standards and introduce contactless payments.	18,000	10,000	-	28,000
Replacement Environmental Health System	The current system will be unsupported by Civica after 2020. A new system is required in 2020/21 to enable Environmental Health to work more efficiently and potentially improve customer satisfaction.	85,000	-	-	85,000
Uninterruptable Power Supply	A large 'battery' which ensures power to all systems. This supply is unaffected by power cuts etc.	-	-	10,000	10,000
Atherstone Leisure Complex - Replacement Roof	The leisure complex has a single ply flat roof covering virtually all of the facility that has an estimated life span of around 10 years and may need replacing in 2020/21.	210,000	-	-	210,000

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Total
		2020/21	2021/22	2022/23	3 Year Programme
The Pavilions - Cladding/roof works	Replacement of the roof cladding.	105,000	-	-	105,000
Innage Park Phase 2 - Cladding/roof works	Replacement of the roof cladding.	195,000	-	-	195,000
Maya Restaurant (Bear and Ragged Staff)	To replace the roof covering the building.	120,000	-	-	120,000
Refurbishment of Council Owned Buildings	To carry out necessary improvements to all council owned property.	-	45,000	-	45,000
Electrical upgrade at Old Bank House	The electrical system at OBH is almost 30 years old and will be in need of updating to comply with current legislation.	150,000	-	-	150,000
Materials Recycling Facility	The Council is now a full partner in a project to develop a local authority owned and operated MRF. The Facility is to provide guaranteed capacity to process all recyclable material collected by the partner authorities over a 20 year period.	1,124,000	920,000	-	2,044,000
Replacement of Pool Vehicles	Replacement as per the vehicle replacement schedule.	-	20,000	28,000	48,000
Replacement of Refuse Vehicles	Replacement as per the vehicle replacement schedule.	565,050	-	1,429,620	1,994,670
Replacement of Street Cleaning Vehicles	Replacement as per the vehicle replacement schedule.	93,000	51,740	11,280	156,020
Replacement of Horticulture Vehicles	Replacement as per the vehicle replacement schedule.	122,010	6,760	166,770	295,540
Replacement of Leisure Services Vehicles	Replacement as per the vehicle replacement schedule.	15,720	-	-	15,720
Replacement of Borough Care Scheme Vehicles	Replacement as per the vehicle replacement schedule.	75,670	-	-	75,670
Capital Salaries - Management	General Fund staffing.	17,970	18,300	18,630	54,900
TOTAL GENERAL FUND EXPENDITURE		3,394,420	1,224,800	1,762,300	6,381,520
TOTAL PROGRAMME		9,235,830	5,948,730	6,826,390	22,010,950

1) Schemes Not Included in the 3 Year Capital Programme 2020/21 to 2022/23

Appendix B

Fund	Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Total
			2020/21	2021/22	2022/23	10 Year Programme
HRA	Replacement Housing/Rents	The current system (IBS) will be more than 10 years old and it is Council practice to review and assess systems to ensure they still meet user needs.	-	-	100,000	100,000
GF	Electronic Document and Record Management System (EDRMS) - Development and Corporate roll-out	To review and assess system to ensure it still meets user needs and replace if required.	-	70,000	-	70,000
GF	Web Development (Internet, Intranet and Extranets)	To review and assess systems to ensure they still meet user needs and replace if required.	-	-	50,000	50,000
GF	Maya Restaurant - Resurface Car Park	The car park at the facility is looking shabby and there is an increased risk of injury or accident as the condition of the car park surface diminishes.	50,000	-	-	50,000
GF	Carlyon Road - Resurface Car Park	The streetscape in the area of the industrial units will start to look shabby and there is an increased risk of injury or accident as the condition of the car park surface diminishes.	250,000	-	-	250,000
GF	Innage Park Phase 1 - Resurface forecourt	The streetscape in the area of the industrial units will start to look shabby and there is an increased risk of injury or accident as the condition of the forecourt surface diminishes.	80,000	-	-	80,000
Total			380,000	70,000	150,000	600,000

<u>Registration</u>	<u>Vehicle type</u>	<u>Purchase Date</u>	<u>Expected Life</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Pool Vehicle						
KT65 CZZ	Ford Ranger	05/03/2008	7 Years			£28,000
RX11 FVA	Land Rover Breakdown Vehicle	16/05/2011	10 years		£20,000	
Refuse Vehicles						
BG63 WZL	Mercedes Econic 26T split body refuse freighter	20/01/2014	7 Years	£185,000		
BG63 WZM	Mercedes Econic 26T split body refuse freighter	30/12/2013	7 Years	£185,000		
BG63 WZN	Mercedes Econic 26T split body refuse freighter	20/01/2014	7 Years	£185,000		
BJ65 JFG	Mercedes Econic 26T refuse vehicle	02/12/2015	7 Years			£196,270
BK65 ECZ	Mercedes Econic 26T refuse vehicle	02/12/2015	7 Years			£196,270
BT65 UTH	Mercedes Econic 26T refuse vehicle	02/12/2015	7 Years			£196,270
BJ65 JFV	Mercedes Econic 26T refuse vehicle	02/12/2015	7 Years			£196,270
BP65 FGA	Mercedes Econic 26T refuse vehicle	02/12/2015	7 Years			£196,270
BP65 FHL	Mercedes Econic 26T refuse vehicle	02/12/2015	7 Years			£196,270
FM65 UNW	DAF 12T Narrow RCV	15/01/2016	7 Years			£142,000
CA65 UYM	FUSO 7.5T Canter Refuse Vehicle	03/02/2016	7 Years			£110,000
Street Cleansing						
KU13 UET	Ford Transit 260	04/03/2013	7 Years		£28,000	
FH63 GRK	Ford Transit 350	22/01/2014	7 Years		£23,740	
LG65 GGF	CX201 Compact Sweeper	25/02/2016	5 Years	£93,000		
KM59 XZW	Ford Fiesta Van	21/01/2010	7 Years			£11,280
HDW Vehicles						
KV08 KWK	Ford Transit 260	01/04/2008	7 Years	£18,460		
KV08 KWM	Ford Transit Dropside	01/04/2008	7 Years	£25,750		
KV08 KWA	Ford Transit Dropside	01/04/2008	7 Years	£25,750		
KN11 NCC	Ford Transit	31/05/2011	7 Years	£18,460		
KX65 WXM	Ford Transit 270	01/09/2015	7 Years			£18,180
KX65 WXP	Ford Transit 270	01/09/2015	7 Years			£18,180
KX65 WXT	Ford Transit 270	01/09/2015	7 Years			£18,180
EA65 MBO	Ford Transit Custom 2.2T	17/11/2015	7 Years			£18,210
EK65 XTR	Ford Transit Custom 2.2T	17/11/2015	7 Years			£18,210
EK65 ZSN	Ford Transit Custom 2.2T	17/11/2015	7 Years			£18,210
EA65 LZE	Ford Transit Custom 2.2T	17/11/2015	7 Years			£18,210
EK65 ZSE	Ford Transit Custom 2.2T	17/11/2015	7 Years			£18,210
EK65 XTS	Ford Transit Custom 2.2T	17/11/2015	7 Years			£18,210
EK65 ZPX	Ford Transit Custom 2.2T	17/11/2015	7 Years			£18,210
KP16 RCZ	Ford Transit 350	29/03/2016	7 Years			£32,000
Housing Inspectors Vehicles						
KX58 WZV	Connect SWB 220	05/09/2008	7 Years	£12,730		
KM59 XZY	Fiesta Van	21/01/2010	7 Years	£12,880		
KW08 TVJ	Fiesta Van	30/06/2008	7 Years	£12,880		

<u>Registration</u>	<u>Vehicle type</u>	<u>Purchase Date</u>	<u>Expected Life</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Horticulture Vehicles						
EA65 MEV	Transit H2 2.2T	17/11/2015	7 Years			£22,050
EK65 ZNZ	Transit H2 2.2T	17/11/2015	7 Years			£22,050
EA65 LZJ	Transit H2 2.2T	17/11/2015	7 Years			£22,050
Unregistered (Mower)	Kubota GZD21 Zero Turn	03/08/2015	5 Years	£12,720		
KS57 PNO	Ford Fiesta Van	14/02/2008	7 Years	£10,560		
BX66 OXA	Kubota Mower	01/03/2018	5 Years			£24,100
FH63 GWP	Ford Transit 350	22/01/2014	7 Years	£23,050		
BX65 VYL	Kubota Tractor	22/09/2015	7 Years			£25,460
EK65 XTE	Transit H2 2.2T	17/11/2015	7 Years			£22,050
EK65 ZPU	Transit H2 2.2T	17/11/2015	7 Years			£22,050
WX65 CDV	Ransome Highway Mower	01/02/2016	5 Years	£34,560		
WX65 CDY	Ransome Highway Mower	01/02/2016	5 Years	£34,560		
Trailers			1 Year	£6,560	£6,760	£6,960
Leisure Vehicles						
KR09 AUN	Ford Transit 260	03/07/2009	7 Years	£15,720		
Community Support Scheme						
KS57 POH	Ford Fiesta Van	14/02/2008	7 Years	£10,810		
KS57 PMY	Ford Fiesta Van	14/02/2008	7 Years	£10,810		
KS57 PMX	Ford Fiesta Van	14/02/2008	7 Years	£10,810		
KS57 PKX	Ford Fiesta Van	14/02/2008	7 Years	£10,810		
KS57 POJ	Ford Fiesta Van	22/01/2008	7 Years	£10,810		
KS57 PNZ	Ford Fiesta Van	22/01/2008	7 Years	£10,810		
KS57 PMO	Ford Fiesta Van	22/01/2008	7 Years	£10,810		
HRA Total				£126,910	£0	£214,010
General Fund				£861,400	£78,500	£1,635,670
Grand Total				£988,310	£78,500	£1,849,680

Agenda Item No 15

Resources Board

27 January 2020

Report of the
Corporate Director - Resources

Treasury Management Strategy
Statement, Minimum Revenue
Provision Policy Statement and
Annual Investment Strategy for
2020/21

1 Summary

- 1.1 This report outlines the Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Investment Strategy for 2020/21.

Recommendation to the Council

That the proposed strategies for 2020/21 be approved.

2 Introduction and Background

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that the Council adopts the following form of words to define the policies and objectives of its treasury management activities:
- “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.2 ‘Investments’ in the definition above covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations. All investments require an appropriate investment management and risk management framework under the CIPFA code.
- 2.3 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities focus on their risk implications for the organisation, and any financial instruments entered into in order to manage these risks.
- 2.4 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is

therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management. These principles will be applied across all investment activities, including any more commercially based investments.

3 Statutory requirements

- 3.1 The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code, the Ministry of Housing, Communities and Local Government (MHCLG) Minimum Revenue Provision Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

4 CIPFA requirements

- 4.1 The CIPFA Code of Practice on Treasury Management (2017 revision) was adopted by this Council on 29 January 2018. The primary requirements of the Code are as follows:

- 4.1.1 The organisation will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of the Council's treasury management activities;
- Suitable treasury management practices (TMP's), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMP's will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- 4.1.2 The Resources Board will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

- 4.1.3 This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Resources Board, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4.1.4 This organisation nominates the Full Council to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

4.2 The current version of the Treasury Management Policy Statement is attached at Appendix A.

5 Treasury Management Strategy for 2020/21

5.1 The suggested strategy for 2020/21 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Link Asset Services.

5.2 The strategy covers:

- treasury indicators which will limit the treasury risk and activities of the Council
- the current treasury position
- the borrowing requirement
- status under 'Market in Financial Instruments Directive II' (MIFID II)
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- the MRP strategy.

6 Balanced Budget Requirement

6.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:-

- Increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- Any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

7 Treasury Limits for 2020/21 to 2022/23

- 7.1 It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The Authorised Limit represents the legislative limit specified in the Act.
- 7.2 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council Tax and Council rent levels is “acceptable”.
- 7.3 The Authorised Limit covers the capital plans to be considered for inclusion, incorporating financing by both external borrowing and other forms of liability, such as credit arrangements. It also includes an assessment of potential risks and allows some headroom for additional short term borrowing in the event that this is needed, for example, if the timing of capital income or expenditure changed.
- 7.4 The operational boundary focuses on the expected treasury management activity during the year, and reflects the levels of debt included within the estimates.
- 7.5 The Authorised Limit and the Operational Boundary are to be set, on a rolling basis, for the forthcoming year and two successive financial years. Details of the Authorised Limit and the Operational Boundary can be found in Appendix B of this report.

8 Current Portfolio Position

- 8.1 The Council’s treasury portfolio position at 31/12/2019 comprised:

	Principal £m	Average Rate %
Fixed Rate Funding	23.000	1.00
Variable Rate Funding	6.000	1.06*
Short Term Funding	10.000	0.73*
Total Net Investments	39.000	0.98

* - Please note that these rates are variable and the figures quoted are reflective of a point in time. These rates will fluctuate dependent on prevailing economic and market conditions.

9 Borrowing Requirement

- 9.1 The Council’s Borrowing Requirement or Capital Financing Requirement (CFR) is expected to be £61,967,498 at 1 April 2020.

10 Prudential and Treasury Indicators for 2020/21 to 2022/23

10.1 Treasury Indicators, as shown in Appendix B, are relevant for the purpose of setting an integrated treasury management strategy. Other prudential and capital indicators will be reported to Executive Board before submission to full Council.

11 Status under Market in Financial Instruments Directive II (MIFID II)

11.1 Following the introduction of the Market in Financial Instruments Directive II on 3 January 2018, which reclassified all local authority investors as retail investors, the Council opted up to a return to professional status, having met the criteria specified by the Financial Conduct Authority.

12 Prospects for Interest Rates

12.1 The Council has appointed Link Asset Services as a treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. Their forecast for long term interest rates is shown below:

	March 2020	June 2020	Sept 2020	Dec 2020	March 2021	June 2021	Sept 2021
Bank Rate	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%
5yr PWLB Rate	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%
10yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%
25yr PWLB Rate	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%
50yr PWLB Rate	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%

12.2 There has been no interest rate rise since August 2018. Recent economic data indicates that UK GDP quarterly growth averaged only 0.2% in 2019, roughly half the average over the previous 3 years. The November Bank of England Monetary Policy Report included a forecast for growth of 1.6% in 2020. The Bank Rate is not expected to change in 2020, although this is based on an assumption that the UK will not leave the EU in a no deal scenario, at the end of January.

12.3 The level of inflation fell in the final months of 2019, from 2.1% in July to 1.3% in December, below the target level of 2%. This was due to reductions in the prices of gas and electricity, following the October change to the energy price cap. The Monetary Policy Report forecasts that CPI is expected to fall to around 1.25% by the end of quarter 1 as utility bills reduce, but to recover to the target level of 2% by the final quarter of 2021.

13 Borrowing rates

- 13.1 The Council has a borrowing or Capital Financing Requirement of £61.967 million. Of this, £48.308 million relates to the HRA refinancing and the remainder is wholly internal borrowing. Because we have a number of capital and revenue reserves which have not yet been used, we have temporarily used these to finance our capital spending rather than the Council borrowing externally. These reserves amounted to £25.777 million at the beginning of 2019/20.
- 13.2 Over the next three years, investment rates are expected to be below long term borrowing rates and so value for money considerations indicate that value is best obtained by continuing to use internal reserves. However, this policy should be regularly monitored to take advantage of changes in the economic forecast. The Corporate Director of Resources will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions at the next available opportunity.

14 Policy on Borrowing in Advance of Need

- 14.1 The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra funds borrowed. Any decision to borrow in advance will be within the forward Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.
- 14.2 In determining whether borrowing will be undertaken in advance of need the Council will;
- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
 - ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
 - evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
 - consider the merits and demerits of alternative forms of funding
 - consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
 - Consider the impact of borrowing in advance of temporarily increasing investment cash balances (until required to finance capital expenditure) and the consequent increase in exposure to counterparty risk and the level of such risks given the controls in place to minimise them.

15 Annual Investment Strategy

- 15.1 The Council's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

15.2 In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

15.3 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

15.4 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

15.5 Investment instruments identified for use in the financial year are listed in Appendix C under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices and are shown at Appendix F.

15.6 In the event that this Council undertakes to enter any commercial investment, for example investment in property, it will ensure that the investments will be proportional to the level of resources that are available to the Council. Owing to the greater level of risk to the Council of undertaking a commercial investment, any such investment will be subject to enhanced decision making and scrutiny. All potential investments will be assessed individually, with due diligence carried out, and external expertise utilised where needed. Investment limits will not be set, as each opportunity will be reported to Members for a decision.

16 **Creditworthiness Policy**

16.1 This Council uses the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard and Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

- 16.2 The Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
- 16.3 Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 16.4 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.
- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 16.5 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

17 **Country limits**

- 17.1 The Council has determined that it will only use approved counterparties from a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix D. This list will be added to or deducted from by officers should ratings change in accordance with this policy.
- 17.2 Officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts.

18 **Interest Rate Outlook**

- 18.1 In August 2018, the Bank of England raised interest rates to 0.75% from the previous level of 0.5%. This is the most recent interest rate change. There are differing opinions on the exact timing of any future rate changes as economic forecasting remains difficult with many external influences weighing on the UK. Link Asset Services have estimated that there may be a rise to 1.00% in the first quarter of 2021.

18.2 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts, money market funds and short-dated deposits in order to benefit from compounding of interest.

19 End of Year Investment Report

19.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

20 Policy on the use of Treasury Management Consultants

20.1 The Council uses Link Asset Services as its external advisers. The Council recognises that responsibility for treasury management decisions remains with the Council and it will make decisions after taking into account advice or information given from Link, but the Council will not solely rely on this advice. It recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and are subject to regular review.

21 Scheme of Delegation

21.1 Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy.

21.2 Resources Board

- Scrutiny/Approval/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Receiving and reviewing regular monitoring reports and acting on recommendations.

22 Role of the Section 151 Officer

22.1 The treasury management role of the Section 151 Officer includes:-

- Recommending clauses, treasury management policy / practices for approval, and reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers.

23 **Minimum Revenue Provision**

23.1 The Council's Minimum Revenue Provision Policy Statement for 2020/21 is shown at Appendix E.

24 **Report Implications**

24.1 **Finance and Value for Money Implications**

24.1.1 There are no financial implications arising directly from this report. An Annual Report on Treasury Management, including investment activity will be presented to the Resources Board and Full Council by 30 September each year.

24.2 **Environment and Sustainability Implications**

24.2.1 Having appropriate financial controls through the Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Investment Strategy contributes towards the sustainable provision of services.

24.3 **Risk Management Implications**

24.3.1 The stringent controls in place for the treasury management function all help to minimise any risk. Establishing the credit quality of counter-parties reduces the risk of investments. Further risks have been identified for non-specified investments and are shown in Appendix C. In making any investment decision, whether it is an overnight investment or for a period of longer than one year, the risk attached is always taken into account.

24.4 **Links to Council's Priorities**

24.4.1 Making best use of our resources through achieving a balanced budget and developing our workforce.

The Contact Officer for this report is Daniel Hogan (719337).

Treasury Management Policy Statement 2020-21

- 1.1 The Council defines the policies and objectives of its treasury management as the management of the Council's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 1.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best practice in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management. It is important, therefore, that the Council's investment framework should seek to safeguard the Council's funds rather than to maximise returns. Due consideration must, therefore, be given to:
- Security: the creditworthiness of the counterparty;
 - Liquidity: how readily available to cash is; the term of the investment;
 - Yield or the rate of return on the investment.

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment. Security and liquidity will take priority over yield, but the highest yield possible may be sought once security and liquidity have been assured.

- 1.4 The Council will receive reports on its treasury management policies, practices and activities including an annual strategy and plan in advance of the year, an annual report after its close, and an update report at other intervals, so that Members are informed of activities at each Board cycle. These reports will be in the format prescribed in the Council's Treasury Management Practices (TMP).
- 1.5 The Council delegates responsibility for the implementation of its treasury management policies and practices to the Resources Board, and for the execution and administration of treasury management decisions to the Corporate Director (Resources), who will act in accordance with the Council's statement and TMP's and if he/she is a CIPFA member, CIPFA's "Standard of Professional Practice on Treasury Management".

January 2020

APPENDIX B

Treasury Indicators

Treasury Indicator	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Authorised Limit for External Debt	84,277	81,438	78,076	77,586
Operational Boundary	61,967	59,281	55,528	54,639
Upper Limit for Fixed Interest Rate Exposure	64,000	62,000	60,000	58,000
Upper Limit for Variable Rate Exposure	32,000	31,000	30,000	29,000
Upper Limit for Total Principal Sum Invested for over 364 days (per maturity date)	50%	50%	50%	50%

Maturity Structure of New Fixed Rate Borrowing	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

LOCAL GOVERNMENT INVESTMENTS (England)**SPECIFIED INVESTMENTS**

All investments listed below must be sterling-denominated, with maturities up to a maximum of 1 year.

Investment	Repayable/ Redeemable within 12 months?	Security / 'High' Credit Rating criteria	Circumstance of use	Maximum period
Money Market Funds (MMF) - Including USDBFs <i>These funds do not have any maturity date- structured as Open Ended Investment Companies (OEICs)</i>	Yes	Yes AAA rated	In-house	the period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements
Debt Management Agency Deposit Facility¹	Yes	N/A	In-house	365 days
Term Deposits- Local Authorities	Yes	N/A	In-house	365 days
Term Deposits- Banks and Building Societies	Yes	See Strategy	In-house	365 days
Banks nationalised by high credit rated countries (sovereign rating)	Yes	Sovereign rating	In-house	365 days
Government guarantee on ALL deposits by high credit rated countries (sovereign rating)	Yes	Sovereign rating	In-house	365 days
UK government support to the banking sector (implicit guarantee)	Yes	UK sovereign rating	In-house	365 days

Monitoring of credit ratings : All credit ratings will be monitored **weekly or more frequently if needed.**

Forward Deposits: Forward deposits may be made. However, the forward period plus the deal period should not exceed one year in aggregate.

Support: Banks eligible for support under the UK bail-out package and which have debt guaranteed by the Government are eligible for a continuing guarantee when debts mature and are refinanced. The banks which have used this explicit guarantee are:
Bank of Scotland; Barclays; Clydesdale; Coventry Building Society; Investec Bank; Nationwide Building Society; Rothschild Continuation Finance plc; Standard Life Bank; Royal Bank of Scotland; Tesco Personal Finance plc; West Bromwich Building Society; Yorkshire Building Society.

LOCAL GOVERNMENT INVESTMENT (England)

NON-SPECIFIED INVESTMENTS - A maximum of 50% may be held in non-specified investments

Maturities in excess of 1 year Investment	(A) Why use it? (B) Associated risks?	Repayable/ Redeemable within 12 months?	Security / Minimum credit rating **	Circumstance of use	Max % of overall investments	Maximum maturity of investment
Term deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A) (i) Certainty of rate of return over period invested. (ii) No movement in capital value of deposit despite changes in interest rate environment. (B) (i) Illiquid : as a general rule, cannot be traded or repaid prior to maturity. (ii) Return will be lower if interest rates rise after making the investment. (iii) Credit risk : potential for greater deterioration in credit quality over longer period	No	Period and amount will be dependent on credit ratings, as shown on authorised list	In-house		<i>Suggested limit : 5 years</i>
Callable deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A) (i) Enhanced income ~ Potentially higher return than using a term deposit with similar maturity. (B) (i) Illiquid – only borrower has the right to pay back deposit; the lender does not have a similar call. (ii) period over which investment will actually be held is not known at the outset. (iii) Interest rate risk : borrower will not pay back deposit if interest rates rise after deposit is made.	No	Period and amount will be dependent on credit ratings, as shown on authorised list	To be used in-house after consultation/ advice from Link		<i>Suggested limit : 5 years</i>
Term deposits- local authorities	Going concern	No	N/A	In house		<i>Suggested limit : 5 years</i>

Property Funds	(A) (i) Enhanced income ~ Potentially higher return than using a term deposit with similar maturity (average 5% yield since 1970). (ii) Reduces Portfolio Risk through a diversified portfolio (B) (i) Illiquid – Property is an illiquid asset class and it is not always possible to sell units immediately. (ii) High Cost of Dealing (iii) high market risk as the property value and performance will fluctuate based on condition of Real Estate market.	No	N/A	To be used in-house after consultation/ advice from Link		<i>Suggested limit : 10 years</i>
UK Gilt Government	A) Enhanced income – potentially higher return than using a term deposit with similar maturity B) Interest rate risk. However, if held to maturity, both principal and interest will be paid. Price will move throughout the life of the gilt		AAA	To be used in-house after consultation/advice from Link		<i>Suggested limit 10 years</i>
Bonds issued by a financial institution guaranteed by the UK Government	A) Enhanced income – potentially higher return than using a term deposit with similar maturity B) Interest rate risk. However, if held to maturity, both principal and interest will be paid. Price will move throughout the life of the bond		AAA	To be used in-house after consultation/advice from Link		<i>Suggested limit 10 years</i>
Bond Funds Gilt Funds (Collective Investment Schemes structured as Open Ended Investment Companies)	A) Enhanced income – potentially higher return than using a term deposit with similar maturity B) Interest rate risk. However, if held to maturity, both principal and interest will be paid. Price will move throughout the life of the bond		AAA	To be used in-house after consultation/advice from Link		<i>Suggested limit 10 years</i>
Sovereign Bonds (i.e. other than the UK Government)	A) Enhanced income – potentially higher return than using a term deposit with similar maturity B) Interest rate risk. However, if held to maturity, both principal and interest will be paid. Price will move throughout the life of the bond		AAA	To be used in-house after consultation/advice from Link		<i>Suggested limit 10 years</i>

Bonds issued by Multilateral Development Banks	<p>(A) (i) Excellent credit quality. (ii) relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity)</p> <p>(B) (i) 'Market or interest rate risk' : Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen</p>	<p>No</p>	<p>AAA or government guaranteed</p>	<p>Buy and hold to maturity : to be used in-house after consultation/ advice from Link</p>	<p><i>Suggested limit 10 years</i></p>
Sub- Regional Materials Recycling Facility	<p>(A) Enhanced income - Investment opportunity to provide good returns.</p> <p>(B) (i) Limited market if there is a wish to sell shares. (ii) Commercial risks have been taken into account in the business case modelling.</p>		<p>N/A</p>	<p>6 local authorities are in partnership to develop a wholly local authority owned/operated Materials Recycling Facility.</p>	<p><i>Limit 25 years</i></p>

*

Treasury Management Strategy Statement 2020/21

Approved Countries for Investment

AAA

Australia
Canada
Denmark
Germany
Netherlands
Singapore
Sweden
Switzerland
United States of America (AA+ with S&P)

AA+

Finland

AA

France
United Arab Emirates
United Kingdom

AA-

Belgium (AA with S&P)
Qatar

Minimum Revenue Provision Policy Statement 2020/21

The Council implemented the new MRP Guidance in 2008/09, and have assessed their Minimum Revenue Provision since then in accordance with the main recommendations contained within the Guidance issued by the Secretary of State under section 21 (1A) of the Local Government Act 2003. In particular, the council are satisfied that the guidelines for their annual amount of MRP set out within this Policy Statement will result in their making the requisite prudent provision that is required by the Guidance.

The MRP for the financial year 2008/09, and thereafter, will continue to be charged at the rate of 4%, in accordance with the recommendations and intent of Option 1¹ and the discretion available under the Guidance.

In subsequent financial years, further amounts of new capital expenditure may continue to be charged at the rate of 4%, and added to the above mentioned base CFR amount, up to an amount equivalent to the Council's annual SCER allocation. The expenditures ranking for this method of charge will be assessed on a cumulative basis, where appropriate, rather than confined to individual financial years. To the extent that expenditures cannot be treated in this manner, they will be subject to MRP principles outlined in Option 3².

Also, application of this provision will be on a discretionary basis, in that any utilisation of the continuing 4% option is entirely discretionary, and may if necessary be "stored up" until a later financial year.

The Council will treat all expenditures as not ranking for MRP until the year after the scheme or asset to which they relate is completed and/or brought into use, rather than confine this approach solely to expenditures treated for MRP purposes under Option 3.

What is meant by this is that it is considered both proper and prudent to adopt the uncompleted scheme aspect as recommended under the heading of Option 3 for all expenditures, in recognition of the fact that there is essentially no difference in MRP charging terms between any new capital expenditures.

In cases where new capital expenditure is incurred in relation to an existing asset or similar, MRP will be spread over a period which reflects the life/beneficial use of the associated asset or item.

These periods are determined for MRP purposes only, and the Council may account for depreciation of assets under SORP over different periods, after having had regard to the different conditions that may apply to these for accounting purposes.

The spreading of the MRP charge under the estimated life period approach will be carried out in an aggregate manner, as details of individual schemes, whilst required for supporting information purposes in the year for which MRP liability is first being assessed, have no beneficial purpose thereafter. Schemes/expenditures will accordingly be grouped within differing life periods where such apply.

¹ Option 1 – for debt which is supported by the Government. This is subject to a 4% charge per annum.

² Option 3 – provision to repay borrowing is made over the estimated life of the asset.

The Council also determines that available resources for financing capital expenditure, such as capital receipts, will be applied to new capital expenditure in a manner that is considered appropriate in any financial year. For example, it will not be considered imprudent to apply such resources in the first instance to expenditures that have a shorter estimated lifespan, as the process for allocating either actual resources, or treatment under the various options, can only operate on a selective basis, as envisaged by the Guidance.

When adopting this aspect of the recommendations contained within Option 3, the Council may, where applicable, treat any new capital expenditures/schemes which are both commenced and finalized within the financial year as having been financed from any associated grants, s.106 monies, or similarly earmarked funds. This is however entirely at their discretion. In cases where expenditure is incurred on only part of a scheme which is not completed by the year end, any grant or similar financing resources will either be allocated to other new expenditures under delegated powers, or carried forward for MRP purposes, as necessary or appropriate.

Final decisions regarding the manner in which such resources are deemed to be allocated to schemes will be taken under delegated powers.

Estimated life periods will also be taken under delegated powers. In the case of new capital expenditure in respect of land, it is considered that the recommended life period of 50 years contained within the Guidance does not adequately reflect a realistic life period, which is considered to be at least as great as would be the case if a building were to be placed upon it. The Council are aware when approving this that the Guidance recommends only that the life period should bear some relation to that over which the asset is estimated to provide a service.

To the extent that expenditures are not on the creation of an asset, and are of a type that are subject to estimated life periods that are referred to in the Guidance, these periods will generally be adopted by the Council. However, in the case of long term debtors arising from loans or other types of capital expenditure made by the Council which will be repaid under separate arrangements (such as long term investments), the Authority will give separate consideration as to whether a Minimum Revenue Provision will be made. The Council are satisfied that a prudent provision can be achieved after exclusion of these capital expenditures from the MRP requirements.

In view of the variety of different types of capital expenditure incurred by the Authority, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefits that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure, and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.

Counter Party Limits

Group Limit	Up to 30% of total investments
Other Limits	Up to 50% of total investments may be invested for a period of more than 1 year
	Up to 100% of total investments may be invested with UK institutions
	Up to 50% of total investments may be invested in non UK institutions
	Up to 100% of total investments may be invested for a period of up to 1 year
	Up to 20% of the investment portfolio in any one country outside the UK
Ultra-Short Dated Bond Funds	As the funds are spread over a large number of institutions, these do not form part of any group limit.
Cash Funds	As the funds are spread over a large number of institutions, these do not form part of any group limit.
Property Funds	As the funds are spread over a range of properties, these do not form part of any group limit.

Individual Investment Limits

Fitch Ratings	Investment Duration	Investment Limit
AAA – Money Market Fund (MMF)	12 months and over	£5,000,000
AAA – Cash Fund (USDBF)	12 months and over	£3,000,000
AAA – Property Fund	12 months and over	£2,000,000
AAA – Supranational Bank	12 months and over	£2,500,000
AAA – Supranational Bank	Less than 12 months	£3,000,000
AA+	12 months and over	£2,000,000
AA+	Less than 12 months	£2,500,000
AA	12 months and over	£1,750,000
AA	Less than 12 months	£2,250,000
AA-	12 months and over	£1,500,000
AA-	Less than 12 months	£2,000,000
A+	6 to 12 months	£1,500,000
A+	Less than 6 months	£1,750,000
A	6 to 12 months	£1,000,000
A	Less than 6 months	£1,500,000
A-	6 to 12 months	£750,000
A-	Less than 6 months	£1,250,000
Nationalised/Part-Nationalised	12 months and over	£1,750,000
Nationalised/Part-Nationalised	Less than 12 Months	£2,250,000

Commercial Investments – These will be assessed on an individual basis.

Agenda Item No 16

Resources Board

27 January 2020

Report of the Corporate Director Resources

Advanced Payment of Pension Contributions

1 Summary

- 1.1 This report considers the payment of pension contributions in advance and the potential risks and benefits.

Recommendation to the Board

To approve the payment of both the percentage of pay and monetary elements of the pension contribution payments on 1 April 2020.

3 Introduction

- 3.1 A full valuation of the Pension Fund is carried out every 3 years, which sets the contribution rates to be paid by individual employers within the Pension Fund for a 3 year period. The 2016 valuation set the rates for 2017/18, 2018/19 and 2019/20, which for this Council were 20% of the pay bill and a cash sum in each year. These payments are made on a monthly basis.
- 3.2 The 2019 valuation has now been completed, which will set the rates for 2020/21, 2021/22 and 2022/23. As we are in a period of very low interest rates and hence low returns on our investments, consideration has been given to the potential discount North Warwickshire could receive if we paid the full amount of pension contributions up front for the three year period.

4 Financial Cost of Pension Contributions

- 4.1 The actuary's valuation has indicated that North Warwickshire's contributions to the Pension Fund are estimated to be £5.573 million split across the years as follows:

Estimated Payments to the Pension Fund 2020/21 to 2022/23				
	Current Service Cost		Past Service Cost	Total Cost
	% of pay	£'000	£'000	£'000
2020/21	20.1%	1,594	206	1,800
2021/22	20.1%	1,645	213	1,858
2022/23	20.1%	1,696	219	1,915
Total		4,935	638	5,573

4.2 Without any change in approach, each year's contribution will be paid on a monthly basis in line with agreed payroll dates. Over each year, the Council is expected to make payments in line with the figures set out in the Total Cost column. However the actual amount may vary depending on the actual number of employees and total deductions each month.

5 Options for change

5.1 There are two alternative ways of paying this money to the Pension Fund:

Option 1 - To pay the monetary elements (Past Service Cost) of the contribution rates for 1 April 2020 to 31 March 2023 in full in April 2020; or

Option 2 - To pay both the percentage of pay and monetary elements of the contribution rates (Total Cost) for the period for 1 April 2020 to 31 March 2023 in full in April 2020.

5.2 Making these payments in advance of their due date will enable the Pension Fund to invest the money and achieve investment returns earlier. Therefore, a lower payment will be required to reach the same 'end' position, giving the Council a discount on the projected contributions. The earlier the upfront payment is made, the bigger the discount will be. This is the basis of the financial benefit to North Warwickshire from the changed approach.

5.3 An estimate of the lump sum payments that would be required if North Warwickshire chose to pay in full either the monetary elements or the full contributions, are shown below:

Option 1 – the lump sum payment required on 1 April 2020 to pay the monetary elements of the Employer's contribution rate for each of the 3 years is £604,000. This represents a cash saving of £34,000 due to the advance payment.

Option 2 - the lump sum payment required on 1 April 2020 to pay the total contribution for each of the 3 years is £5,276,000. This represents a cash saving of £297,000 due to the advanced payment.

6 Risks for the Council

6.1 There are a number of risks for the Council to consider:

- Liquidity of cash - there is a risk that the prepayment will affect the cash flow of the Council negatively. This is considered to be a very low risk, as the Council holds a good level of cash and liquid investments that could be called back quickly if required. In addition the prepayment will reduce every month, as the income that would have been used to make the monthly payments is received.
- Rising interest rates – if interest rates rise, they could give greater returns than achieved through the pension discount. The current low interest rate environment minimises this risk, particularly as this is expected to continue for the foreseeable future.
- Counterparty risk – that the Pension Fund does not achieve the anticipated returns. This would only be an issue if this Council could have earned greater returns through its own investments. The Pension Fund has much greater investment power, which gives investment opportunities not available to this Council, so this is not considered a great risk. In addition this Council would need to be able to access significantly improved investment rates before the prepayment loses value.

7 Impact on the Treasury Management Strategy

- 7.1 The Treasury Management Strategy sets out how it will use its spare resources. As the payment to the Pension Fund would be the early payment of an existing liability it falls outside the scope of the Treasury Management Strategy itself. The impact on the strategy is that it would reduce the level of cash available for investment but will not impact on decisions about how the available cash is used.

8 Further Issue for Consideration

- 8.1 As the prepayment is based on an estimate of the contributions needed, actual fluctuations in the Council's payroll will change the level required. This could mean that the Pension Fund has received either too high or too low a contribution.
- 8.2 A contribution to the Pension Fund that is higher than required from the ongoing payroll will benefit the Council over the longer period, as it would reduce contribution rates needed in future valuation periods. An insufficient contribution would require some form of top up to the Fund, to prevent an increase in the Council's deficit position.

9 Report Implications

9.1 Finance and Value for Money Implications

9.1.1 Option 2, which involves the full payment of both percentage of pay and cash elements at 1 April 2020, gives the greater financial benefit to the Council. Although the benefit is given in cash terms, modelling of cash flow gains and losses indicates that there would need to be a significant rise in interest rates, to 4%, to remove the benefit of prepayment.

9.2 Risk Management Implications

9.2.1 Risks have been considered in the body of the report, and are assessed as low risks.

9.3 Links to Council's Priorities

9.4.1 This contributes towards responsible financial management.

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date