

Agenda Item No 7

Licensing Committee

25 January 2022

Report of the Chief Executive

**Gambling Act 2005 – Review of
Gambling Licensing Statement of
Principles**

1 Summary

- 1.1 The report asks the Committee to consider recommending to Council that the final draft statement of Principles made under the Gambling Act 2005 be adopted as Council Policy as no representations had been received at the end of the Consultation period.

Recommendation to the Board

That the final draft Gambling Licensing Statement of Principles (Appendix A) be sent to Council with a recommendation that it be adopted as Council Policy.

2 Consultation

- 2.1 Consultation has taken place with the relevant stakeholders. No comments had been received at the end of the Consultation Period.

3 Report

- 3.1 Section 349 of the Gambling Act 2005 (the Act) requires all licensing authorities to prepare and publish a statement of principles that they propose to apply in exercising their functions under the Act.
- 3.2 The Licensing Authority must prepare a further Statement of Policy lasting for a maximum of three years. The Council must also keep the Policy under review during that three years and, if necessary revise the statement and publish the revisions. In practice, the Statement of Policy prepared for each three-year period will itself be a revision of the Policy already in force incorporating any necessary updates including any matters highlighted during the consultation.
- 3.3 This authority published its first policy statement in January 2007. This was reviewed and further policies published in January 2010, 2013, 2016 and January 2019. It is proposed, subject to Members' approval, to publish this policy following the Council meeting on 23 February 2022, coming into effect at that time.

3.4 This policy has been reviewed in conjunction with the other Warwickshire District and Borough Councils and Coventry City Council who will all be adopting similar policies at approximately the same time. The new policy does not differ from the previous one to any material extent, only minor updating having been carried out.

3.5 The draft policy is attached (Appendix A) and Members are asked to consider recommending approval by Council as Council Policy.

4 **Report Implications**

4.1 **Finance and Value for Money Implications**

4.1.1 There are no finance or value for money implications contained in the report.

4.2 **Safer Communities Implications**

4.2.1 Having an effective gambling policy will assist the Council in meeting the licensing objectives of the Gambling Act 2005, namely: -

- a) Preventing gambling from being a course of crime or disorder, being associated with crime or disorder, or being used to support crime.
- b) Ensuring that gambling is conducted in a fair and open way.
- c) Protecting children and other vulnerable persons from being harmed or exploited by gambling.

4.3 **Legal, Data Protection and Human Rights Implications**

4.3.1 As indicated in the body of the report, the Council has a duty under the Gambling Act to prepare a Statement of Licensing Policy every three years and keep the policy under revision. The Council must therefore now adopt a further policy under the Act. The Act states that the Council may not delegate the function of preparing the Policy and, therefore, the final decision must be made by Full Council.

4.3.1 When exercising its functions under the Act in relation to licensing of premises used for gambling, the Council must do so in accordance with its Statement of Policy, along with the other principles set down in the Act.

4.4 **Environment, Sustainability and Health Implications**

4.4.1 There are no adverse environmental implications in the report. The policy will help maintain the quality of the environments by setting out the Council's expectations or licence holders in terms of promoting the licensing objectives.

4.5 Health, Wellbeing and Leisure Implications

4.5.1 Proper regulation of gambling advances leisure opportunities whilst protecting health and wellbeing.

4.6 Human Resources Implications

4.6.1 There are no human resource implications contained with the report.

4.7 Risk Management Implications

4.7.1 There is a risk that if the Council does not adopt this policy it is more likely that it could face legal challenges over its decisions.

4.8 Equalities Implications

4.8.1 There are no negative impacts or opportunity for any known group.

4.9 Links to Council's Priorities

- 4.9.1 - Enhancing community involvement and access to services.
- Protecting and improving our environment.
- Working with our partners to tackle crime, the fear of crim and anti-social behaviour.

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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

Gambling Act 2005

Gambling Policy Statement of Principles 2022 - 2025

IMPORTANT NOTE

In producing this statement, the Licensing Authority is aware that the Government may amend the gambling Act 2005, subordinate legislation and statutory guidance. Any such amendments made in the future will only be incorporated into subsequent policy statements and not this document. Readers are advised to check on the Gambling Commission website to ensure they have the latest information.

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GAMBLING ACT 2005
GAMBLING POLICY
STATEMENT OF PRINCIPLES

1. Introduction

1.1 North Warwickshire Borough Council, as the Licensing Authority (referred to in this Statement as the Authority), makes this Statement of Principles in pursuance of its powers and duties under Section 349 of the Gambling Act 2005 (referred to in this Statement as “the Act”) and sets out the Authority’s approach in dealing with its responsibilities under the Act.

1.2 North Warwickshire Borough is a largely rural area surrounded by large urban areas such as Birmingham, Coventry and Nuneaton, with a population of around 65,000 people. There are four main centres of population – the towns of Atherstone and Coleshill and the large villages of Polesworth and Kingsbury and smaller settlements in nineteen parishes.

1.3 List of Consultees

The Authority has consulted the following on the content of this Statement of Principles: -

- Responsible Authorities;
- Holders of existing licences, permits and registrations;
- Councillors and Parish Councils;
- Representatives of businesses;
- Representatives of persons carrying on gambling businesses in North Warwickshire;
- Local bodies representing consumers and tourism;
- Local bodies representing vulnerable persons;
- Departments within the Council with an interest in the licensing of gambling;

1.4 In preparing this statement, the Authority has had regard to the provisions of the Act, the Guidance issued by the Gambling Commission, Regulations made by the Secretary of State and responses to its consultations.

2. Gambling Act 2005

2.1 The Act specifies licensing objectives which are central to the regulatory regime, these are: -

- **preventing gambling from being a source of crime and disorder, being associated with crime or disorder, or being used to support crime;**
- **ensuring that gambling is conducted in a fair and open way; and;**
- **protecting children and other vulnerable persons from being harmed or exploited by gambling;**

2.2 In carrying out the licensing function under the Act the Authority will aim to permit the use of premises for gambling as long as it is considered to be: -

- in accordance with any relevant Codes of Practice issued by the Gambling Commission;
- in accordance with any relevant Guidance issued by the Gambling Commission;
- in accordance with this Statement of Principles; and
- reasonably consistent with the licensing objectives;

2.3 The Act provides for 3 categories of licence: -

- operating licences;
- personal licences; and
- premises licences;

2.4 The Authority will be responsible for issuing premises licences. The Gambling Commission will be responsible for issuing operating and personal licences.

2.5 This statement will come into force on 31st January 2022 and will have effect until 30th January 2025 being kept under review and revised or amended as required following consultation.

3. Authorised Activities

3.1 'Gambling' is defined in the Act as either gaming, betting, or taking part in a lottery: -

- gaming means playing a game of chance for a prize;
- betting means making or accepting a bet on the outcome of a race, competition, or any other event, the likelihood of anything occurring or not occurring; or whether anything is true or not;
- a lottery is where persons are required to pay in order to take part in an arrangement, during the course of which one or more prizes are allocated by a process which relies wholly on chance;

3.2 The main functions of the Authority are to: -

- licence premises for gambling activities;
- grant permits for gambling and gaming machines in clubs;
- regulate gaming and gaming machines in alcohol licensed premises;
- grant permits to family entertainment centres for the use of certain lower stake gaming machines;
- grant permits for prize gaming;
- consider notices given for the temporary use of premises for gaming;
- receive occasional use notices for betting at tracks; and
- register small societies lotteries;

3.3 Spread Betting is a form of betting in which the bettor wins or loses money according to the margin by which the value of a particular outcome varies from the spread of expected values quoted by the bookmaker and is regulated by the Financial Services Authority.

Remote Gambling is dealt with by the Gambling Commission and is defined by the Gambling Act 2005 as gambling in which persons participate by the use of remote communication: -

- the internet;
- telephone;
- television;
- radio;
- any other kind of electronic or other technology for facilitating communication;

The National Lottery is regulated by Gambling Commission.

4. General Statement of Principles

- 4.1 The Authority recognises the wide variety of premises which will require a licence or a permit. These include casinos, betting shops, bingo halls, pubs, clubs, amusement arcades and racing tracks.
- 4.2 In carrying out its licensing functions the Authority will have regard to guidance issued by the Gambling Commission.
- 4.3 The Authority will not seek to use the Act to resolve matters more readily dealt with under other legislation. This statement of principles will avoid duplication with other regulatory regimes wherever possible. In considering applications, and taking enforcement action, under the Gambling Act the Authority will have regard to the provisions of the Human Rights Act.
- 4.4 To ensure the licensing objectives are met the Authority will establish a close working relationship with the police, the Gambling Commission and other responsible authorities.
- 4.5 Premises licences granted must be reasonably consistent with the licensing objectives. With regard to these objectives, this Authority has considered the Gambling Commission's Guidance to local authorities. However, the overriding principle is that each application and the circumstances prevailing at each premises will be considered on their own individual merits. The Authority cannot take into account any moral objections to gambling.
- 4.6 In its Guidance to Local Authorities the Gambling Commission suggest that Authorities should adopt a "Local Area Profile". A Local Area Profile is created by gathering information about a locality and any particular areas of concern within that locality. Where evidence is submitted to the Authority which identifies any areas of concern it is intended to produce a Local Area Profile separate to this Statement. Once adopted, the Local Area Profile would assist the Authority and Operators in identifying specific local risks within the District.

5. Preventing gambling from being a source of crime and disorder; being associated with crime and disorder or being used to support crime

- 5.1 The Gambling Commission will play a leading role in preventing gambling from being a source of crime and will maintain rigorous licensing procedures that aim to prevent criminals from providing facilities for gambling or being associated with providing such facilities.
- 5.2 When applying to the Authority for a premises licence the applicant will have to hold an operating licence from the Commission before a licence can be issued so the Authority will not be concerned with the suitability of the applicant. Where concerns about a person's suitability arise, the Authority will bring those concerns to the

attention of the Commission. The Authority will have to be satisfied that the premises will not adversely affect the licensing objective and is compliant with the Commissions Guidance, codes of practice and this gambling policy.

- 5.3 The Authority will expect the applicant to have a good understanding of the local area in which they either operate or intend to operate. The applicant will have to provide evidence that they meet the criteria set out in the policy and demonstrate that in operating the premises they will be reasonably consistent with the objective. Operators need to be aware of how the operation of their premises may impact on this objective. The Authority will expect the applicants to provide details as to their crime prevention measures and any risk assessments that they have carried out.
- 5.4 To prevent gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime, the Authority will apply the following criteria and take into account the following considerations, where relevant, in determining applications and reviews.

Criteria

Whether the premises make or will make a contribution to the levels of crime and disorder and whether the applicant has demonstrated that he has, or intends to, implement sufficient controls to prevent the premises being a source of, and/or associated with crime or disorder, or being used to support crime, if the application is granted.

Considerations:

- Where an area is known for high levels of crime the Authority will consider carefully whether gambling premises are suitable to be located there, and whether additional conditions may be necessary, such as the provision of CCTV, minimum levels of staffing and licensed door supervisors;
- Whether there is a history of crime or disorder associated with the premises or its use by those involved in crime to associate or dispose of the proceeds of crime;
- Whether the layout, lighting and fitting out of the premises have been designed so as to minimise conflict and opportunities for crime and disorder;
- Whether sufficient management measures are proposed or are in place to prevent the premises being a source of, or associated with crime or disorder, or used to support crime either as a place of association or to avoid being apprehended;
- The Authority will also consider the location of the premises in the context of this licensing objective. If an application is received in relation to premises that are in an area noted for particular problems with organised crime or a premises that have previously been a focus for antisocial behaviour, the Authority will expect applicants to demonstrate that they have sufficient measures in place to prevent or deter people involved from using their premises and will also consider conditions being put on the licence to promote this licensing objective;
- Whilst issues of nuisance are not included specifically in the gambling objectives and cannot be addressed via the Gambling Act, the Authority may consider, when making decisions on the applications for premises licences,

that extreme instances of public nuisance and/or persistent public nuisance may constitute disorder and/or crime for the purposes of this objective;

6. Ensure Gambling is conducted in a fair and open way

- 6.1 Generally the Commission would not expect Authorities to become concerned with ensuring that gambling is conducted in a fair and open way as this will be a matter for either the management of the gambling business, and therefore subject to the operating licence, or will be in relation to the suitability and actions of an individual and therefore subject to the personal licence.
- 6.2 In relation to the licensing of tracks the Authority's role will be different from other premises in that track operators will not necessarily have an operating licence. In those circumstances the premises licence may need to contain conditions to ensure that the environment in which betting takes place is suitable.

Criteria

Whether the premises will operate measures that will ensure that the gambling activity is conducted in a fair and open way.

Considerations: -

- Whether the layout, lighting and fitting out of the premises have been designed so as to ensure gambling is conducted in a fair and open way;
- Whether sufficient management measures are proposed or are in place to ensure that gambling is conducted in a fair and open way;
- Whether the management and operation of the premises is open and transparent;
- Whether the operators of the premises have been or will be fully cooperative with enforcement agencies;
- Whether the Commission's Codes of Practice have been complied with;

7. Protecting children and other vulnerable persons from being harmed or exploited by gambling

- 7.1 The Gambling Commission's Guidance states that one of the aims of this objective means preventing children from taking part in gambling (as well as restricting advertising so that gambling products are not aimed at or are, particularly attractive to children).
- 7.2 The Act and Gambling Commission Guidance does not define the term "vulnerable". For regulatory purposes and the Commission states that it assumes "vulnerable" persons" includes:
- people who gamble more than they want to;
 - people who are gambling beyond their means; and
 - people who may not be able to make informed or balanced decisions about gambling due to a mental impairment, alcohol or drugs;

This is the definition the Authority will use in its consideration of applications.

- 7.3 This Authority will pay particular attention to any codes of practice, which the Gambling Commission issues in relation to specific premises. It will consider this licensing objective on a case-by-case basis, and where necessary add conditions to promote this objective.
- 7.4 To protect children and other vulnerable persons from being harmed or exploited by gambling, the Authority will apply the following criteria and take into account the following considerations, where relevant, in determining applications and reviews.

Criteria

Whether there are appropriate measures in place to protect children and other vulnerable persons from being harmed or exploited by gambling.

Considerations:

- Whether the operator has a specific training programme for staff to ensure that they are able to identify children and vulnerable people and take appropriate action to promote this objective to exclude them from the premises or parts of the premises;
- If the premises is an adult only environment, whether the operator has taken effective measures to implement an appropriate proof of age scheme to ensure that no one under the age of 18 is admitted to the premises or restricted areas;
- Whether there is provision for self-barring schemes and provision of information leaflets/helpline numbers for organisations such as GamCare;
- Whether the layout, lighting and fitting out of the premises have been designed so as to not attract children and other vulnerable persons who might be harmed or exploited by gambling;
- Whether sufficient management measures are proposed or are in place to protect children and other vulnerable persons from being harmed or exploited by gambling;
- Whether any promotional material associated with the premises could encourage the use of the premises by children or young people;
- The Authority will also consider the location of the premises in the context of this licensing objective. If an application for a gambling premises is received for a location within a sensitive area or in close proximity to what are considered to be sensitive areas the Authority will expect applicants to demonstrate that they have sufficient and suitable control measures in place to promote this licensing objective;

8. Premises Licences

- 8.1 Section 150 of the Act permits the issue of premises licences authorising the provision of facilities at the following: -

- casino premises;
- bingo premises;
- betting premises, including tracks and premises used by betting intermediaries;

- adult gaming centres;
- family entertainment centres;

- 8.2 Premises can be ‘any place’ but the Act prevents more than one premises licence applying to any one place. A single building could be subject to more than one premises licence provided they are for different parts of the building and those parts can be genuinely regarded as being different ‘premises’.
- 8.3 A particular requirement might be for entrances and exits from parts of a building covered by one or more licences to be separate and identifiable so that the separation of the premises is not compromised, and that people are not allowed to ‘drift’ accidentally into a gambling area.
- 8.4 Where the Authority has concerns about the use of premises for gambling it will seek to address this through licence conditions wherever possible.
- 8.5 Other than an application for a betting premises licence in respect of a track, the Authority is not able to issue a premises licence unless the applicant holds the relevant operating licence from the Gambling Commission.
- 8.6 When considering applications for premises licences the Authority will not take into consideration either the expected ‘demand’ for facilities or the likelihood of planning permission being granted.
- 8.7 The Authority will maintain a register of premises licences issued and will ensure that the register is open for public inspection at all reasonable times.

9. Location

- 9.1 This Authority is aware that demand issues cannot be considered with regard to the location of premises. However, it considers that the location of gambling premises can be a major factor on the promotion of the licensing objectives. The authority will pay particular attention to the suitability of a location for gambling activity in terms of the protection of children and vulnerable persons from being harmed or exploited by gambling, as well as issues of crime and disorder.
- 9.2 Applicants will have to clearly show that they have considered the potential impact of their proposed business on the licensing objectives and provide information on how they plan to reduce or remove any likely adverse impact on them. The supporting information may contain the following information:
- how the premises will restrict access to children, young people or other vulnerable persons;
 - whether a proof of age scheme is being used;
 - will the appropriate number of security staff be employed at appropriate times;
 - will opening times be set so that the premises are not open during school start and finish times;
 - what procedures and staff training are in place to identify vulnerable persons such as problem gamblers, those who are inebriated through drink or drugs, etc;

This list is not mandatory, nor exhaustive, and is merely indicative of example measures;

- 9.3 The Authority will consider proposals for new gambling premises that are in close proximity to hostels or other accommodation or centres catering for vulnerable people, including those with mental disabilities or learning difficulties, and those with problem gambling or with alcohol or drug abuse problems, as very likely to adversely affect the gambling objectives.
- 9.4 It should be noted that each application will be decided on its own merits, but the onus will be upon the applicant to show how the potential concerns can be overcome. This may be achieved by local Risk Assessments.

10. Primary Activity

- 10.1 The primary activity of each premises licence type is specified on the premises licence when it is issued. The Authority will take decisions in accordance with the Commission's guidance and codes of practice on primary gambling activity and will have regard to the advice which it issues from time to time. Applicants are expected to operate premises in line with the Commission's Guidance and conditions on their operators licence. The Authority will monitor the operation of premises and report any potential breach of operating licence conditions to the Commission. Applications for new premises licences, or to vary an existing licence, will be expected to be clear that the premises are intended to be used for the primary gambling activity proposed.
- 10.2 It should be noted that the Act does not permit a premises to be licensed for more than one gambling activity.

11. Responsible Authorities

- 11.1 These are generally public bodies that must be notified of all applications and who are entitled to make representations to the Authority if they are relevant to the licensing objectives.
- 11.2 Section 157 of the Act identifies the bodies that are to be treated as responsible authorities. In relation to the Authority's area, these are:
- The Authority itself
 - The Gambling Commission
 - The chief officer of police/chief constable for the area in which the premises is wholly or partially situated;
 - The fire and rescue authority for the same area;
 - The local planning authority;
 - An authority with functions in relation to pollution of the environment or harm to human health;
 - A body designated in writing by the Authority as competent to advise about the protection of children from harm (see paragraphs 11.3 and 11.4 set out below);
 - HM Revenue & Customs; and
 - Any other person prescribed in regulations by the Secretary of State;

Section 211(4) provides that in relation to a vessel, but no other premises, responsible authorities also include navigation authorities within the meaning of section 221(1) of the Water Resources Act 1991 that have statutory functions in relation to the waters where the vessel is usually moored or berthed or any waters

where it is proposed to be navigated at a time when it is to be used for licensable activities.

11.3 The Authority is required to set out the principles to be applied in exercising its powers to designate, in writing, a body which is competent to advise about the protection of children from harm. The principles applied in designating such a body are:

- the body must be responsible for covering the whole of the Authority's area: and
- the body should be answerable to democratically elected persons rather than any particular vested interest groups etc;

11.4 Details of the body designated for North Warwickshire Borough Council, Strategic Commissioning People Group. Details of this and all other responsible authorities are available on www.northwarks.gov.uk or in printed form available from the Authority.

12. Interested Parties

12.1 Interested parties can make representations about licence applications or apply for a review of an existing licence based on the principles detailed in section 2 of this policy statement.

An interested party is someone who: -

- a) lives sufficiently close to the premises to be likely to be affected by the authorised activities;
- b) has business interests that might be affected by the authorised activities, or
- c) represents persons in either of the two groups above;

12.2 The principles the Authority will apply to determine whether a person is an interested party are: -

- Interested parties could include trade associations and trade unions, and residents' and tenants' associations. This authority will not however generally view these bodies as interested parties unless they have a member who can be classed as an interested person under the terms of the Gambling Act 2005 e.g., lives sufficiently close to the premises or has business interests likely to be affected by the activities being applied for;
- Interested parties can be persons who are democratically elected such as Councillors and MP's. No specific evidence of being asked to represent an interested person will be required as long as the Councillor/MP represents the ward likely to be affected. Other than these persons, this authority will require written evidence that a person 'represents' someone who either lives sufficiently close to the premises to be likely to be affected by the authorised activities and/or business interests that might be affected by the authorised activities. A letter from one of these persons, requesting the representation is sufficient;
- Each case will be decided upon its merits. This Authority will not apply a rigid rule to its decision making. It will consider the examples of considerations provided in the Gambling Commission's Guidance for local authorities;

12.3 If individuals wish to approach Councillors to ask them to represent their views then care should be taken that the Councillors are not part of the Licensing Committee

dealing with the licence application or in any other way have a personal interest that would preclude them from participating in a hearing. If there are any doubts, then please contact the licensing team for advice;

- 12.4 It should be noted that, unlike the Licensing Act 2003, the Gambling Act 2005 does not include as a specific licensing objective the prevention of public nuisance. There is however other relevant legislation which deals with public nuisance;

13. Representations

- 13.1 The Authority is obliged to consider representations from 'responsible authorities' and 'interested parties' and must determine whether or not representations are admissible. A representation is inadmissible if not made by a responsible authority or an interested party.

- 13.2 The only representations likely to be relevant are those that relate to the licensing objectives, or that raise issues under this statement or the Commissions guidance or codes of practice. The Authority must determine the relevance of the representation.

- 13.3 Any concerns that responsible authorities have in relation to their own functions cannot be taken into account if they are not relevant to the application for a premises licence and the licensing objectives.

- 13.4 The Authority may, in certain circumstances, consider a representation to be either frivolous or vexatious. This will generally be a matter of fact given the circumstances of each individual case but before coming to a decision the Authority may consider the following:

- who is making the representation and whether there is a history of making representations that are not relevant;
- whether it raises a 'relevant' issue or not; or
- whether it raises issues specifically to do with the premises which are the subject of the application;

14. Conditions of Licence

- 14.1 Premises licenses are subject to mandatory and default conditions and that these conditions are usually sufficient to ensure operation that is reasonably consistent with the licensing objectives.

- 14.2 Conditions imposed by the Authority may be general in nature by applying to all licences, or those of a particular type, or they may be specific to a particular licence.

- 14.3 The Authority will not generally impose conditions that limit the use of premises for gambling unless it is deemed to be necessary as a result of the requirement to act in accordance with the Gambling Commission's Guidance, any codes of practice issued by the Commission, this Statement of Principles or in a way that is reasonably consistent with the licensing objectives.

- 14.4 Any conditions imposed by the Authority will be proportionate to the circumstances they are intended to address. In particular, the Authority will ensure that any conditions are:

- relevant to the need to make the premises suitable as a gambling facility;

- directly related to the premises and the type of licence applied for;
- fairly and reasonably related to the scale and type of premises; and;
- reasonable in all other respects;
- decided on a case-by-case basis;

14.5 The Authority will not consider imposing conditions: -

- which make it impossible to comply with an operating licence condition imposed by the Gambling Commission;
- relating to gaming machine categories, numbers or method of operation;
- which specify that membership of a club or other body is required; and
- in relation to stakes, fees, winnings or prizes;

15. Casinos

15.1 The Authority has already considered its position under Section 166 of the Gambling Act 2005 regarding the application for a casino and has passed a 'no casino' resolution.

16. Gaming Machines in Gaming Premises

16.1 The Authority is aware of its power to restrict the number of gaming machines, their nature and the circumstances in which they are made available by attaching a licence condition to a betting premises licence.

16.2 In the event that the Authority considers whether to impose such a condition on any particular licence it may, among other things, take into account the size of the premises, the number of counter positions available for person-to-person transactions, and the ability of staff to monitor the use of the machines.

17. Bingo

17.1 Licensing Authorities will need to satisfy themselves that bingo can be played in any bingo premises for which they issue a premises licence. This will be a relevant consideration where the operator of an existing premises applies to vary their licence to exclude an area of the existing premises from its ambit and then applies for a new premises licence, or multiple licence, for that or those excluded areas.

17.2 Section 172(7) of the Act provides that the holder of bingo premises licences may make available for use a number of category B gaming machines for use on the premises.

17.3 This Authority also notes the Commissions Guidance in the unusual circumstances in which the splitting of pre-existing premises into two adjacent premises might be permitted. It is not permissible for all of the gaming machines to which each of the licenses brings an entitlement to be grouped together within one of the licensed premises.

17.4 The playing of bingo specifically in alcohol-licensed premises, clubs and miners welfare institutes is permissible under the exempt gaming allowances. Where the level of bingo played in these premises, under the exempt gaming allowances, reaches a certain threshold, it will no longer be authorised by these allowances, and a bingo operating licence will be required by the commission.

- 17.5 The holder of a bingo operating licence will be able to provide any type of bingo game including cash and prize bingo.
- 17.6 Commercial bingo halls will require a bingo premises licence from the Council
- 17.7 Children and young people are allowed into bingo premises; however, they are not permitted to participate in the bingo and if category B or C machines are made available for use these must be separated from areas where children and young people are allowed, local authorities will ensure that:
- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
 - only adults are admitted to the area where the machines are located;
 - access to the area where the machines are located is supervised;
 - the area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder; and
 - at the entrance to, and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18;

18.0 Tracks

- 18.1 Only one premises licence can be issued for any particular premises at any time unless the premises is a 'track'. A track is a site where races or other sporting events take place.
- 18.2 Track operators are not required to hold an 'operators licence' granted by the Gambling Commission. Therefore, premises licences for tracks, issued by the Authority are likely to contain requirements for premises licence holders about their responsibilities in relation to the proper conduct of betting. Indeed, track operators will have an important role to play, for example in ensuring that betting areas are properly administered and supervised.
- 18.3 Although there will, primarily be a betting premises licence for the track there may be a number of subsidiary licences authorising other gambling activities to take place. Unlike betting offices, a betting premises licence in respect of a track does not give an automatic entitlement to use gaming machines.
- 18.4 When considering whether to exercise its power to restrict the number of betting machines at a track the Authority will consider the circumstances of each individual application and, among other things will consider the potential space for the number of machines requested, the ability of track staff to supervise the machines, especially if they are scattered around the site, and the ability of the track operator to prevent children and young persons and vulnerable people betting on the machines.

19. Temporary Use Notices

- 19.1 Temporary Use Notices allow the use of premises for gambling where there is no premises licence but where a gambling operator wishes to use the premises temporarily for providing facilities for gambling. Premises that might be suitable for a Temporary Use Notice, according to the Gambling Commission, would include hotels, conference centres and sporting venues.

- 19.2 The Authority can only accept a Temporary Use Notice from a person or company holding a relevant operating licence.
- 19.3 Regulations prescribed by the Secretary of State provide that Temporary Use Notices can only be used to permit the provision of facilities for equal chance gaming where the gaming is intended to produce a single winner, for example games such as backgammon, cribbage, bingo and poker.
- 19.4 There are a number of statutory limits as regards temporary use notices. Gambling Commission Guidance is noted that "The meaning of "premises" in part 8 of the Act is discussed in Part 14 of the Gambling Commission Guidance. As with "premises", the definition of "a set of premises" will be a question of fact in the particular circumstances of each notice that is given. In the Act "premises" is defined as including "any place". In considering whether a place falls within the definition of "a set of premises", licensing authorities will need to look at, amongst other things, the ownership/occupation and control of the premises.
- 19.5 The Authority expects to object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises, as recommended in the Gambling Commission Guidance.

20. Occasional Use Notices

- 20.1 The Authority has very little discretion as regards these notices aside from ensuring that the statutory limit of eight days in a calendar year is not exceeded. The Authority will though need to consider the definition of a 'track' and whether the applicant is permitted to avail him/herself of the notice.

21. Gaming Machines

- 21.1 A machine is not a gaming machine if the winning of a prize is determined purely by the player's skill. However, any element of 'chance' imparted by the action of the machine would cause it to be a gaming machine.
- 21.2 The Authority is aware of its power to restrict the number of gaming machines in certain circumstances. In the event that the Authority considers whether to impose such a restriction on any particular permit it may, among other things, take into account the size of the premises and the ability of staff to monitor the use of the machines by children and young persons or by vulnerable persons.
- 21.3 The Authority will be unable to issue premises licences to authorise gaming machines in certain types of premises. These generally will be premises to which children and vulnerable people will have unrestricted access and would include take-away premises, taxi offices, supermarkets etc.

22. Unlicensed Family Entertainment Centre (FEC) Gaming Machine Permits

- 22.1 Where a premises does not hold a Premises Licence but wishes to provide gaming machines, it may apply to the Authority for this permit. It should be noted that the applicant must show that the premises will be wholly or mainly used for making gaming machines available for use.
- 22.2 Guidance also states that an application for a permit may be granted only if the Authority is satisfied that the premises will be used as an unlicensed FEC, and if the

chief officer of police has been consulted on the application, Licensing Authorities may wish to consider asking applications to demonstrate:

- A full understanding of the maximum stakes and prizes of the gambling that is permissible in unlicensed FECs;
- That the applicant has no relevant convictions (those that are set out in the Act); and;
- That staff are trained to have a full understanding of the maximum stakes and prizes;

22.4 It should be noted that a Authority cannot attach conditions to this type of permit.

22.5 With regard to renewals of these permits, a Authority may refuse an application for renewal of a permit only on the grounds that an authorised local authority officer has been refused access to the premises without reasonable excuse, or that renewal would not be reasonably consistent with pursuit of the licensing objectives.

23. (Alcohol) Licensed Premises Gaming Machine Permits

23.1 There is provision in the Act for premises licensed to sell alcohol for consumption on the premises, to automatically have two gaming machines, of categories C and/or D. The premises merely need to notify the Authority. The Authority can remove the automatic authorisation in respect of any particular premises if: -

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act (i.e., that written notice has been provided to the Authority, that a fee has been provided and that any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with);
- the premises are mainly used for gaming; or
- an offence under the Gambling Act has been committed on the premises;

23.2 If a premises wishes to have more than two machines, then it needs to apply for a permit and the Authority must consider that application based upon the licensing objectives, any guidance issued by the Gambling Commission issued under Section 25 of the Gambling Act 2005, and "*such matters as they think relevant.*"

This Authority considers that "such matters" will be decided on a case-by-case basis but generally there will be regard to the need to protect children and vulnerable persons from harm or being exploited by gambling and will expect the applicant to satisfy the authority that there will be sufficient measures to ensure that under 18-year-olds do not have access to the adult only gaming machines. Measures which will satisfy the Authority that there will be no access may include the adult machines being in sight of the bar, or in the sight of staff who will monitor that the machines are not being used by those under 18. Notices and signage may also be help. As regards the protection of vulnerable persons applicants may wish to consider the provision of information leaflets / helpline numbers for organisations such as GamCare.

23.3 It is recognised that some alcohol-licensed premises may apply for a premises licence for the use of gaming machines in their non-alcohol licensed areas. Any such application would need to be applied for and dealt with as an Adult Gaming Centre premises licence.

- 23.4 It should be noted that the Authority can decide to grant the permit application with a smaller number of machines and/or a different category of machines than that applied for. Conditions (other than these) cannot be attached.
- 23.5 It should also be noted that the holder of a permit must comply with Gaming Machines in Alcohol Licensed Premises Code of Practice issued by the Gambling Commission about the location and operation of the machine(s).

24. Prize Gaming Permits

- 24.1 In making its decision on an application for this permit the Authority does not need to but may have regard to the licensing objectives but must have regard to any Gambling Commission guidance.
- 24.2 It should be noted that there are conditions in the Gambling Act 2005 by which the permit holder must comply, but the Authority cannot attach conditions. The conditions in the Act are:
- the limits on participation fees, as set out in regulations, must be complied with;
 - all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day; the game must be played and completed on the day the chances are allocated; and the result of the game must be made public in the premises on the day that it is played;
 - the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
 - participation in the gaming must not entitle the player to take part in any other gambling;

25. Club Gaming and Club Machine Permits

- 25.1 Members' Clubs and Miners' Welfare Institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Club Gaming Machines Permit. The Club Gaming Permit will enable the premises to provide gaming machines (three machines of categories B, C or D), equal chance gaming and games of chance as set-out in regulations. A Club Gaming Machine Permit will enable the premises to provide gaming machines (three machines of categories B, C or D).
- 25.2 Members' clubs must have at least 25 members and be established and conducted "wholly or mainly" for purposes other than gaming, unless the gaming is permitted by separate regulations. It is anticipated that this will cover bridge and whist clubs, which will replicate the position under the Gaming Act 1968. A members' club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men's clubs, branches of Royal British Legion and clubs with political affiliations.
- 25.3 Licensing authorities may only refuse an application on the grounds that: -
- the applicant does not fulfil the requirements for a members' or Commercial Club or Miners' Welfare Institute and therefore is not entitled to receive the type of permit for which it has applied;
 - the applicant's premises are used wholly or mainly by children and/or young persons;
 - an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
 - a permit held by the applicant has been cancelled in the previous ten years; or

- an objection has been lodged by the Commission or the police;
- 25.4 It should be noted that there is a ‘fast-track’ procedure available for premises which hold a Club Premises Certificate under the Licensing Act 2003. The Gambling Commission Guidance for local authorities states: “Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the grounds upon which an authority can refuse a permit are reduced” and “The grounds on which an application under the process may be refused are: -
- that the club is established primarily for gaming, other than gaming prescribed under schedule 12
 - that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
 - that a Club Gaming Permit or Club Machine Permit issued to the applicant in the last ten years has been cancelled.”
- 25.5 There are statutory conditions on Club Gaming Permits that no child uses a category B or C machine on the premises and that the holder complies with any relevant provision of a code of practice about the location and operation of gaming machines.

26. Lotteries

- 26.1 In carrying out its functions in relation to Lotteries, the Authority will have regard to the Act, any guidance issued by the Commission from time to time and any Regulations issued by the Secretary of State.
- 26.2 The Act makes it illegal to promote lotteries unless they are licensed or within an exempt category. One such exemption relates to registered small society lotteries and the Authority is responsible for registering small society lotteries, which are promoted by non-commercial organisations that are established for: -
- Charitable purposes;
 - For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity;
 - For any other non-commercial purpose other than that of private gain;

27. Exchange of Information

- 27.1 The principle that the Authority will apply in respect of the exchange of information between it and the Gambling Commission and those bodies listed in Schedule 6 of the Act is that it will act in accordance with the provisions of the Gambling Act 2005 which includes the provision that the General Data Protection Regulation will not be contravened. The Authority will also have regard to any guidance issued by the Gambling Commission to Local Authorities on this matter when it is published, as well as any relevant regulations issued by the Secretary of State under the powers provided in the Gambling Act 2005.

28. Enforcement

- 28.1 The Authority will liaise with the Gambling Commission and other enforcing authorities on enforcement issues and will look to carry out joint inspections. The targeting of resources towards high-risk premises and activities that require greater attention will provide a more efficient deployment of the Council's officers and other officers that are commonly engaged in enforcing gambling law and inspection of

licensed premises. A lighter touch will apply in respect of low-risk premises, which are well run.

28.2 The Council's approach to enforcement will be based on identified risk and will take into account: -

- Relevant codes of practice;
- Guidance issued by the Gambling Commission;
- The licensing objectives;
- The principles set out in this statement of gambling policy;

28.3 In general, action will only be taken in accordance with the principles of the Regulatory Compliance Code, Authority Enforcement Policy and the relevant provisions of the Regulatory Enforcement and Sanctions Act 2008. To this end the key principles of consistency, transparency and proportionality will be maintained.

28.4 The Council will also be guided by the Gambling Commission's Guidance for local authorities and will endeavour to be:

- Proportionate: regulators should only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;
- Accountable: regulators must be able to justify decisions, and be subject to public scrutiny;
- Consistent: rules and standards must be joined up and implemented fairly;
- Transparent: regulators should be open, and keep regulations simple and user friendly; and
- Targeted: regulation should be focused on the problem, and minimise side effects;

28.5 In accordance with the Gambling Commission Guidance to Authorities the Council will endeavour to avoid duplication with other regulatory regimes as far as possible.

28.6 The main enforcement and compliance role for this Authority in terms of the Gambling Act 2005 will be to ensure compliance with the Premises Licences and other permissions, which it authorises. The Gambling Commission will be the enforcement body for the Operator and Personal Licences. It is also worth noting that concerns about manufacture, supply or repair of gaming machines will not be dealt with by the Authority but will be notified to the Gambling Commission.

29. The Licensing Process

29.1 The powers of the Council as an Authority under the Act may be carried out by the Licensing Committee, by a Sub-Committee or, instead, by one or more Council officers acting under delegated authority. The Council has adopted the following scheme of delegation: -

Matters to be dealt with	Full Council	Full Committee	Sub Committee	Officers
Three-year Gambling Policy	X			
Policy not to permit casinos	X			
Fee Setting – when appropriate		X		
Application for premises licence			Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for a variation to a licence			Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for a transfer of a licence			Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application for a provisional statement			Where representations have been received and not withdrawn	Where no representations received/representations have been withdrawn
Application to review premises licence/club premises certificate			X	
Application for club gaming/club machine permits			Where objections have been made and not withdrawn.	Where no objections made/objections have been withdrawn
Cancellation of club gaming/club machine permits			X	
Applications for other permits/registration of small society lotteries				X
Cancellation of licensed premises gaming machine permits				X
Consideration of temporary use notice				X
Decision to give a counter notice to a temporary use notice			X	
Decision on whether a complaint is irrelevant frivolous vexatious etc				X
Decision as Responsible Authority to call for a Review of a Premises Licence				X

29.2 Application forms will be in the format prescribed by regulations. The form will need to contain information that describes the gambling activities to be provided, the operational procedures, hours, nature of the location, needs of the local community, etc. Most importantly, the applicant will have to detail the steps that will be taken to

promote the three licensing objectives. From 6th April 2016 applicants should carry out a risk assessment before they apply for a premises licence or to vary a premises licence.

29.3 The Authority will expect the local risk assessment to consider as a minimum: -

- The location of services for children such as schools, playgrounds. Leisure/community centres and other areas where children will gather;
- The demographics of the area in relation to vulnerable groups;
- Whether the premises is in an area subject to high levels of crime and/or disorder;

Local risk assessments should show how vulnerable people, including people with gambling dependencies are protected. Local risk assessment or copies of local risk assessments must be kept on the premises for inspection by any Proper Officer. In undertaking their risk assessments, they must take into account relevant matter identified in this Statement of Principles.

29.4 Applicants are encouraged to fully consult the Police and other responsible authorities well in advance of submitting their applications. Application forms and guidance leaflets will be available from the Authority, including contact names for each of the responsible authorities that will be receiving applications. Most applications will require additional documentation and a fee to be included with the form. Incomplete applications will not be considered and will be returned to the applicant.

29.5 The Act requires authorities to maintain a register of premises licences issued. The register must be available at any reasonable time to the public, who can request copies of the entries. The register will be located at: -

Licensing Team
North Warwickshire Borough Council
South Street
Atherstone
Warwickshire
CV9 1DE

Tel: 01827 715341
email: licensing@northwarks.gov.uk
Website: <https://www.northwarks.gov.uk>

Effective:	31 st January 2007
Effective date of reviewed policy:	31 st January 2013 Valid until 30 th January 2016
Effective date of reviewed policy:	31 st January 2016 Valid until 30 th January 2019
Effective date of reviewed policy:	31 st January 2019 Valid until 30 th January 2022
Review for 31 st January 2022 until 30 th January 2025 -	October 2021

Agenda Item No 7

Executive Board

14 February 2022

**Report of the
Corporate Director Resources**

The Capital Strategy

1 Summary

- 1.1 This report updates the Capital Strategy approved by the Council in February 2021.

Recommendation to the Council

That the Capital Strategy, attached at Appendix A, be approved.

2 Introduction

- 2.1 The Prudential Code requires all authorities to produce a detailed Capital Strategy. The current Code includes requirements on non-treasury investments and especially on the purchase of property with the intention of generating income, as such purchases may involve undertaking external borrowing to finance these acquisitions or utilising cash balances which exposes the council to risk.
- 2.2 The Council has had an approved Capital Strategy, which is updated on a regular basis, for a number of years.

3 Capital Strategy

- 3.1 The Capital Strategy forms a key part of the Council's overall Corporate Planning Framework and Medium Term Financial Strategy. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned over a medium term planning horizon.
- 3.2 The Capital Strategy describes the Authority's priorities and its approach to capital investment. It also describes how the use of capital resources will contribute to the achievement of the Council's objectives and desired outcomes.
- 3.3 The Strategy overlaps with the Treasury Management Policy, as it includes the limits for external borrowing. It also sets out the Council's approach to commercial activities and how risk will be assessed in taking opportunities forward.

- ... 3.4 The revised strategy is attached as Appendix A.

4 Report Implications

4.1 Finance and Value for Money Implications

4.1.1 An assessment of future expenditure requirements and available resources has been undertaken in the capital programme report later on this agenda.

4.1.2 The Public Works Loans Board (PWLB) is a good source of borrowing for local authorities. To access this funding in the future, the Council will need to ensure that the capital programme doesn't include any purely commercial schemes. Schemes that have both service and commercial elements are permitted.

4.2 Legal and Human Rights Implications

4.2.1 The Council has a fiduciary duty to its taxpayers maintain its assets and a duty to maintain a record of those assets as part of its accounting records. As indicated above, the Local Government Act 2003 requires the Council to have regard to the Prudential Code when reviewing its borrowing requirements. The proposed strategy has been prepared in accordance with the current Code.

4.3 Environment and Sustainability Implications

4.3.1 The use of an effective Capital Strategy will make the most of the resources available to the Council. This will help to achieve the Council's aims, benefiting all who live and work within the Borough.

4.4 Risk Management Implications

4.4.1 The Council has limited resources in both capital and revenue terms and needs to ensure these are used effectively. The use of a Capital Strategy will ensure that resources are directed towards the Council's priorities.

4.5 Equalities Implications

4.5.1 The Capital Strategy needs to be equality assessed for impact and needs. If and when decisions are made in relation to the Capital Programme, then individual bids will need to be Equality Impact Assessed (EIA) to determine any adverse impact which may affect local communities.

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
The Capital Strategy	NWBC	Report to Executive Board	15 Feb 2021

THE CAPITAL STRATEGY 2022/23

1 Introduction

- 1.1 The Council's vision is to "*protect the rurality of North Warwickshire, support its communities and promote the wellbeing of residents and businesses.*" To do this we provide many services for the people who live or work in or visit the Borough, with the aim of improving the quality of life in North Warwickshire.
- 1.2 The Council has a number of plans and strategies relating to different areas of its business, including: the Housing Strategy and HRA Business Plan; the Local Development Framework; the Green Space Strategy; and the Playing Pitch and Play Strategy. The Council uses a Corporate Plan to set out its corporate and service objectives and to provide a framework for individual service plans over the next three years. The Corporate Plan therefore provides the focus for the capital strategy and capital programme.
- 1.3 The purpose of the capital strategy is to show how the Council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite.

2 Capital Investment Programme

- 2.1 Capital Investment is the term used to cover expenditure which provides value for a period of more than one financial year. This includes expenditure on:
- property, plant and equipment – assets held for use in the production or supply of goods or services, or for administrative purposes;
 - heritage assets – these may relate to the Council's history or local area;
 - investment properties – properties used solely to earn rentals and / or for increases in value; and
 - intangible assets – spending where long term benefit is obtained, but a physical asset is not evident, such as computer software.
- 2.2 The Council is required to maintain both a General Fund Account and a Housing Revenue Account. The General Fund Account covers the majority of the services provided by the Council, with some funding from residents of the Borough through Council Tax. The Housing Revenue Account covers the management and maintenance of the Council's housing stock, and is funded by rental income from tenants. Capital investment for the two accounts is considered separately, due to the different funding arrangements.
- 2.3 Within the strategic framework, key priorities for capital investment over the medium term are, subject to availability of resources, as indicated below:
- to meet the Authority's statutory duties, secure the safety of the public, its tenants and the Council's own employees, and meet operational requirements for information technology, vehicles and equipment.
 - to maintain the Council's existing housing stock to an acceptable standard, and to increase the stock where possible and cost effective.
 - to increase affordable housing within the Borough, through a variety of means. The Council may act as an enabler, or a direct provider.

- to address the problems of public and private sector dwellings, which are unfit for purpose.
- to secure the long-term availability and viability of key facilities provided by the Council and, at the same time, ensure they meet the changing needs and demands of users.
- to deliver services in ways that will best fit the needs of its citizens, at an affordable cost. The key priorities are to look at ways of providing 'joined up' services and better access to services.
- to assess the options for implementing the action plan stemming from the Green Space Strategy, including the maximisation of external funding and partnership working.

3 Funding for Capital Investment

3.1 The Capital Investment Programme can be funded from the following sources:

- Capital receipts from asset sales. The Council's main source of receipts come from the Right to Buy sales of council homes;
- Government grants. These may be government grants for specific purposes, such as Disabled Facilities Grant;
- External contributions, such as Section 106 developers' contributions towards the public services and amenities required for development. The Council can also attract partnership funding from other agencies;
- Capital Reserves. The Council has limited reserves which it has put aside for capital spending;
- Revenue contributions. Revenue balances from both the General Fund and Housing Revenue Account may be used to support capital expenditure (relating to the relevant account); and
- Borrowing (also known as the Capital Financing Requirement). The Council is allowed to borrow to support its capital expenditure as long as this is prudent, sustainable and affordable.

4 Approach to Prioritising Investment

4.1 The main factors in determining the size of the capital programme are the requirements for capital spending, the availability of resources for capital projects and the impact of the programme on the Council's revenue budgets. However, some resources are specific to a particular scheme or service, and this must also be taken into account.

4.2 The expected resources available for capital spending are pulled together over both a three and ten year period and are shown in the table below. Looking at both time periods allows capital resources to be balanced over both a medium and longer term. Resources are recorded for both accounts, to ensure that spending for each account remains within the resources available to it.

	3 Years £000	10 Years £000
HRA	18,258	58,342
General Fund	6,762	11,967
TOTAL	25,020	70,309

- 4.3 Funding from Right to Buy receipts have been assumed in resource projections, but this source of funding has a degree of risk associated.
- 4.4 Funding for the construction of affordable houses will be generated from a number of sources which includes an annual contribution from rental income, receipts from the sale of land and houses, and grants received through partnership working. Right to Buy Sales above the forecast level in the HRA business plan can be used to offset the construction of new affordable housing.
- 4.5 The demand for capital spending is consistently higher than the funding available. In order to decide which schemes should be included in its capital programme, the Council prioritises the capital schemes put forward. The assessment criteria used include:
- the contribution to corporate and community plan priorities,
 - if spending enables a statutory obligation to be met;
 - if spending is to maintain an asset;
 - if external funding is available;
 - the revenue impact of individual schemes; and
 - the risk of not taking the scheme forward.
- 4.7 The Service Boards consider their support for individual schemes. Subject to consideration of any comments from the Service Boards, the Executive Board approves a three year programme. The first year is taken as being firm and schemes are put in hand. The later two years are provisional and only preparatory work is allowed to go ahead. The aim is to maintain a small but balanced programme over a ten-year period.
- 4.8 The consistent shortfall in funding has meant that the majority of non urgent General Fund projects have been excluded from the programme. Some of these schemes will become more urgent as time passes, and the Council will need to take steps to address the funding gap.
- 4.9 The proposed programme for the next three years is summarised below:

	3 Year Programme £000
HRA	16,598
General Fund	6,757
TOTAL	23,355

5 Revenue Implications of Capital Investment

- 5.1 The revenue impact of capital expenditure is itself a key factor in capital investment and is considered as part of any bid for capital resources. When approving the capital programme, the Executive Board is made aware of the revenue implications of each scheme and these are built into the budget, which is considered at the same time. These will include any borrowing costs (internal or external) as well as any increased operational costs.
- 5.2 The use of leasing to finance vehicle replacement was used in the past, however it is currently more cost effective to finance the expenditure through borrowing. External borrowing has therefore been assumed for the vehicle replacement programme. Any additional borrowing would only be added to the revenue budget, on a scheme by scheme basis.
- 5.3 Some projects may provide revenue savings, by reducing future running costs or by generating income. However others won't. The Authority will spend money to save money, and will seek the capital resources for investments that will increase efficiency or reduce revenue expenditure.

6 Managing and Monitoring the Capital Programme

- 6.1 The Executive Board approves the capital strategy of the Authority and subsequently a three-year expenditure programme. The Resources Board undertakes the monitoring and management of the capital programme throughout the year. Progress against the programme is reported to Resources Board, together with the explanations for any variances. The Resources Board also review the outcomes of the spending undertaken.
- 6.2 The Council has a Corporate Property Officer who is responsible for the management and maintenance of the Council's portfolio of General Fund assets. This is the Council's Corporate Director of Streetscape. The Director of Housing is responsible for the management and maintenance of assets within the Housing Revenue Account.
- 6.3 Resources Board manage the majority of the Authority's own property portfolio including Council housing, the potential disposal of surplus land and the efficient use of property. The Community and Environment Board also have a property management role, where it relates to leisure facilities.

7 Disposal of Capital Assets

- 7.1 The Authority does not have a large portfolio of assets that can be used to fund future investment. We are subject to Right to Buy legislation for council housing and have assumed the sale of 30 properties in projecting the resources in this strategy until 2025/26. After this, the sale of 15 properties per annum has been assumed.
- 7.2 Any decision to dispose of other assets will be taken with full consideration of the economic position and requires the approval of the Resources Board. Decisions on the use of any additional receipts will be made by the Executive Board, taking into account the priorities of schemes that are currently excluded from the capital programme.

8 Commercial Activities

- 8.1 The Council has previously entered into some relatively low level commercial activity, in order to provide economic development opportunities for small businesses, through the provision of industrial units. These have worked well, and also provide a contribution towards the Council's overheads in the revenue budget. However additional spending on these assets is required in the future, which will require an assessment of the future value of the industrial units.
- 8.2 The Council is interested in looking at new commercial ventures, although investment must not be primarily for commercial returns. Investment must relate to a council function, although it may generate an income stream. Each investment opportunity will be assessed on an individual basis, by the appropriate Service Board and Executive Board. They will only be progressed where there is a viable business case, following consideration of the costs and risks involved. Where appropriate, the Council will procure additional external resource when either there is insufficient officer availability or when specialist advice and support is required.
- 8.3 The Council has started to identify possible commercial opportunities for investigation. In the event that a commercial vehicle is needed to progress any of the opportunities, the Council will need to take professional advice on both financial and legal issues.
- 8.4 Any commercial activity undertaken will be monitored by the Resources Board, as part of its budgetary control monitoring.

9 Risk Appetite

- 9.1 Financial risks are closely monitored as part of the corporate risk management framework. The Council's risk appetite for commercial activities is likely to evolve as opportunities are assessed. Whilst recognising the importance of generating income to support services, the Council will seek

to balance income from more commercial ventures against the overall level of risk and the amount of reserves available to mitigate this risk.

- 9.2 The assessment of each commercial activity will include: the level of risk inherent in the income stream, the security held, the ability to realise assets or other security should the need arise and the level of income likely to be received from the commercial activity. The assessment will be used to ensure that the Council is not exposed to unknown, unmanaged or unacceptable risks. In this way the Council can judge what level of risk it is willing to take to achieve strategic outcomes, on a case by case basis.
- 9.3 The Council has previously taken a low risk approach to investment decisions, but has started to move to a managed risk approach in light of its service aspirations. An example is the agreed investment in the Materials Recycling Facility project.

10 Debt and Borrowing and Treasury Management

- 10.1 The Capital Financing Requirement (CFR) is the outstanding capital expenditure which has not yet been paid for from either revenue or capital resources, it is essentially a measure of the Council's underlying borrowing need. Where borrowing is used to fund capital schemes, the Council may borrow externally. However, the Council manages its cash balances as a whole and may choose to use internal cash, generated by holding reserves and the timing of cash flows, to finance capital schemes. Where the Council decides to borrow to fund capital expenditure the annual cost of borrowing is included within the revenue budget.

CFR	Original 2022/23 £'000	Forecast 2023/24 £'000	Forecast 2024/25 £'000
HRA	42,041	39,696	37,280
General Fund	14,007	14,655	14,619
Total	56,048	54,351	51,899

- 10.2 External borrowing was taken out to fund the 'buy out' of the housing stock from the national subsidy system. This is currently being repaid in line with the agreed strategy, which will reduce a substantial part of the debt, whilst giving opportunities in later years to maintain some debt if borrowing is required. However, this repayment strategy is being re-assessed as the condition of some of the housing stock is expected to benefit from bringing forward some planned work.
- 10.3 In recent years, internal borrowing has been used by the General Fund to fund some spending. It is currently a cheaper alternative than borrowing externally and the Council has sufficient cash flow to allow this. As reserves get spent, this internal borrowing will need to be replaced by external borrowing. Market rates are monitored, so that external debt can be sourced when appropriate.
- 10.4 Treasury Management, including the Council's approach to Investments, is covered in more detail within the Authority's Treasury Management Strategy.

11 Authorised Limit and Operational Boundary

- 11.1 There are two limits on external debt: the Authorised Limit and the Operational Boundary.
- 11.2 The Authorised Limit is a statutory limit determined under section 3 (2) of the Local Government Act 2003, which sets a boundary for overall borrowing by the Council. It provides for some headroom in the event of unexpected activity which results in an increased call on the Council's budgets but is not sustainable in the longer term.
- 11.3 A key control for treasury activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should

not (except in the short term) exceed the total of the CFR in the preceding year plus estimates of any additional capital borrowing in the years covered by the Medium Term Financial Strategy. The Operational Boundary is calculated using the expected activity included within the Council's budgets, with a small allowance for timing issues.

- 11.4 Both of these limits are monitored by the Resources Board as part of its monitoring of treasury management activity.

12 Provision for the repayment of debt

- 12.1 The Council is required to make prudent provision, by way of a charge to the revenue account, to repay the debt taken out. This must be over a period that is reasonably commensurate with that over which the capital expenditure provides benefit.
- 12.2 The Council has chosen to repay older General Fund debt using 4% per annum of the Capital Financing Requirement relating to the General Fund. Any borrowing taken out from 2011/12 onwards is repaid on a prudential basis, which requires an assessment of the life of the asset that the borrowing has been used for. Where possible the Council uses borrowing to fund longer dated spending, rather than assets with relatively short lives.
- 12.3 Repayment of HRA debt is currently in line with the external loans taken out, but this approach is being reassessed together with the condition of some of the stock.

13 Skills, Knowledge and Professional Advice

- 13.1 Internally the Council employs fully qualified and experienced staff such as accountants, surveyors and solicitors, and supports those staff to complete their Continuing Professional Development requirements.
- 13.2 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. They assist with advice on the management of cash flows, investments and borrowings and with market information. The Council's VAT advisers are PSTax.
- 13.3 Treasury Management training for members of the Resources Board is provided periodically, or when requested.

14 Long Term View of Capital Expenditure Plans and Financing

- 14.1 After programming in all previously approved schemes and those which have been deemed essential, the Council has a small deficit in General Fund capital resources over the next ten years, which will need to be addressed before year 4.
- 14.2 Major schemes such as replacing existing leisure facilities are not included in the proposed programme for 2022/23 onwards. As detailed in the Council's Medium Term Financial Strategy, the Council is facing a significant reduction in its anticipated financial resources for General Fund activities. Given the current financial position, borrowing to fund the shortfall won't be an option, unless individual capital schemes are self funding. In order to progress these schemes therefore, external funding from other sources will be essential.

Agenda Item No 8

Executive Board

14 February 2022

Report of the Management Team

The Proposed 3 Year Capital Programme 2022/23 to 2024/25

1 Summary

- 1.1 This report puts forward proposals for the Three Year Capital Programme and outlines the availability of capital resources and the options to meet any shortfalls.

<p>Recommendations to the Board</p> <p>a That the Board adopts the Revised Capital Programme for 2021/22 as set out in Appendix A;</p> <p>b That the Board adopts the 3 Year Capital Programme for the period 2022/23 to 2024/25 as set out in Appendix B; and</p> <p>Recommendation to Council</p> <p>c That the prudential indicators set out in Section 9 are approved, subject to any changes that may be required as a result of decisions taken during this evening’s meeting.</p>

2 Background

- 2.1 The Council is permitted to borrow to fund capital expenditure, but no longer receives government support for any new borrowing. The Council has the ability to undertake unsupported borrowing and have forecast the use of this in order to fund the purchase of vehicles from the vehicle renewal programme, the car parking structural maintenance programme and the works required to shops and flats at High Street, Coleshill.
- 2.2 The majority of housing capital spending is funded from the revenue generated through the Housing 30 Year Business Plan.
- 2.3 Other sources of finance are required to enable the Council to fund the Capital Programme and we will continue to be dependent on the use of capital receipts from the sale of Council Houses and land, together with external sources, such as specific grant funding.
- 2.4 The Council has benefited from additional business rates above its baseline funding level and is able to retain a proportion of these. Whilst some of the

additional receipts are used to support the Council's General Fund annual budget, the level of business growth achieved will allow some to be used to fund the Material Recycling Facility, reducing the need to borrow.

3 2021/22 Revised Capital Programme

- ...
- 3.1 In relation to capital expenditure, Appendix A shows the originally approved programme for 2021/22 alongside the in-year movements. The revised position is £2,004,360 less than the approved programme.
 - 3.2 The revised budget for the HRA housing programme has been increased by £930,000 due to higher than anticipated costs in relation to the New Build scheme at Trinity Close, Warton, together with an increase in the number of properties obtained. In addition, there has been a virement of £200,000 made from the allocation for Kitchens and Bathrooms to the Adaptation budget.
 - 3.3 Within the General Fund programme, the external works on industrial buildings and the roof replacement at the Maya Restaurant have been moved into 2022/23, along with the Electrical Upgrade at the Old Bank House and the refurbishment of Council owned buildings.
 - 3.4 The roof replacement at the Atherstone Leisure Complex is dependent upon the outcome of the Strategic Leisure Review, and has been moved into 2022/23, whilst the majority of work required at High Street, Coleshill has been delayed to 2022/23, with a small provision retained in 2021/22.
 - 3.5 There is not expected to be any further demolition work required at the Depot in the current financial year, so the remaining budget has been moved into 2022/23. The Streetscape budget has been further reduced due to timings in the vehicle replacement programme.
 - 3.6 Within Information Services, there is not expected to be any further work required around systems and software used to 'back up' the Council's data in the current financial year. The remaining budget has been moved into the following year in relation to this. Due to continuing uncertainty regarding hybrid working, part of the computer hardware and software allocation has been delayed until 2022/23.
 - 3.7 Within Leisure Services, there have been delays to the planned replacement of play area facilities at Ansley Common, Abbey Green Park, Corley, Hurley, Dordon and Wood End. These works will commence on completion of the tender process, and £235,000 has been carried forward. There is also a reduction in the scheme to replace the gym equipment at the Atherstone Leisure Complex, £65,000 has been carried forward into 2022/23 in respect of this.
 - 3.8 The replacement of the Environmental Health System and the replacement of the Financial Management System have been delayed and will now take place in 2022/23.

- 3.9 The final actual expenditure out-turn for 2021/22 could still differ to the revised position shown. It is difficult to predict when some work will be completed and some schemes, like the Decent Homes Grants for Private Sector Housing are reliant on the timing of client claims for works over which the Council has no control. In line with normal practice, the Executive Board may be asked to approve the carry over of some of these budgets into 2022/23, once the final spend for 2021/22 is established.

4 Formulating the Capital Programme

- 4.1 The Council needs to control its capital programme carefully, firstly to ensure that available resources are targeted effectively towards meeting corporate targets and secondly, to take into account the effect that capital expenditure has on revenue budgets.
- 4.2 The capital programme, by its nature, is long term and therefore the initial programme drawn up is for a ten year period to 2031/32. However, as both expenditure and funding are difficult to predict so far in advance, a more detailed three-year programme has also been developed.

5 10-Year Capital Resource Forecast - 2022/23 to 2031/32

- 5.1 The resources for 2022/23 to 2031/32 have been estimated using the following assumptions:
- Capital receipts will be received from Right to Buy sales, with some receipts used to fund General Fund (GF) programmes. The Council has entered into an agreement with the government which allows the retention of a greater proportion of these receipts. The additional receipts retained must be used for the construction/purchase of new affordable properties within 3 years of receipt;
 - Future year estimates of the Disabled Facility Grant have not been included on the basis that all government funding in relation to this grant will be transferred from the Council to the Heart project;
 - The use of revenue contributions to fund the majority of HRA expenditure;
 - Borrowing will be used for the purchase of General Fund vehicles, essential refurbishment work to the shops and flats at High Street, Coleshill and for the car parking structural maintenance programme, amounting to £8,191,550 over the 10 year programme.

- 5.2 The expected resources for the period 2022/23 to 2031/32 are shown in the table below:

	HRA £'000	Gen Fund £'000	Total £'000
Resources b/fwd	(3,041)	(2,095)	(5,136)
Use of earmarked reserves	-	(234)	(234)
Revenue Contributions to capital schemes	(43,449)	-	(43,449)
Borrowing/Leasing	-	(8,192)	(8,192)
Capital receipts	(6,015)	(1,446)	(7,461)
Capital receipts – New Build	(5,837)	-	(5,837)
Total	(58,342)	(11,967)	(70,309)

- 5.3 This gives a total of £70.309 million available resources over the ten-year period to 2031/32. HRA resources include an expected £5.837 million that will be limited to use on new build schemes, for up to 40% of the scheme cost. In the event that these cannot be used in the required timeframe, they would have to be returned to the government.
- 5.4 It must be emphasised that figures for 2023/24 onwards are indicative only, and firmer figures will only be available a few months ahead of the relevant year.

6 Ten Year Capital Expenditure Forecast – 2022/23 to 2031/32

- 6.1 An initial forecast of all potential capital projects has been collated covering the next 10 years, including both HRA and GF schemes. This followed an analysis of the general fund building maintenance requirements and a detailed breakdown of the key components needed to maintain the Decent Homes Standard within the Council's housing stock in the future.
- 6.2 Given the constraints on available funding, a draft 10 year capital programme commencing in 2022/23 has been compiled based on the approved schemes from 2021/22. The opportunity has been taken to assess any new schemes and review schemes previously classed as non-essential, to assess whether this classification is still valid. The review also gave the opportunity to reconsider the timing of existing schemes.
- 6.3 Extensive structural repair work will be required to the flats at Drayton Court in 2022/23, at an approximate cost of £2,000,000. A further £3,000,000 has been requested to undertake extensive structural repair work to the flats at Abbey Green Court in 2023/24. Extensive leaseholder consultation will be required before any work can commence. The provision for adaptations has been increased by £70,000 in 2022/23, to allow a further extension which will be needed at a property in Middleton.
- 6.4 Changes to working arrangements has led to a significant increase in the use of mobile devices. It will be necessary to replace approximately 100 devices on a 4 year cycle at a cost of £10,000, beginning in 2022/23. The replacement of the Environmental Health System is planned in 2022/23 and is now

expected to cost a further £30,000. The required upgrade to the website has been moved from the list of unapproved schemes into the approved list, as parts of the Council's website will become unsupported during the course of the next financial year. It is expected to cost £50,000 on a 5 year cycle, commencing in 2022/23.

- 6.5 The Car Park at the Maya Restaurant is in an extremely poor condition and requires a complete resurfacing. This scheme has been moved from the list of unapproved schemes into the approved list and is expected to cost £30,000. It is necessary to upgrade the energy efficiency of the Mobile Care Admin Facility at Innage Park. This will enable the Council to achieve the required Energy Performance Certificate rating and is expected to cost £30,000. These amounts have been added to the existing budget provision within 2022/23.

The draft programme is summarised below and the details are shown in Appendix B:

Initial Forecast 2022/23 to 2031/32	£000
HRA	47,849
General Fund	12,496
TOTAL	60,345

- 6.5 As shown in the previous section, the total estimated resources for the ten-year period are £70.309 million compared with the expenditure bids of £60.345 million. This expenditure reflects the total bids put forward for consideration that have been identified to ensure the continuity of current services.

- 6.6 Whilst this leaves a surplus of £9.640 million in overall terms, each Fund needs to be considered separately. The HRA anticipates a surplus of £10.493 million, although £5.837 million of this is subject to possible return. With regards to the General Fund, there is a potential deficit of £530,000 in the General Fund programme over the ten year period. The shortfall in resources is expected to start in 2025/26, with an in-year deficit of £322,560.

7 Unallocated Schemes

- 7.1 The level of schemes required for inclusion in the capital programme outweighs the General Fund resources available. As a consequence projects which have been assessed as non-essential or unaffordable have not been included in the proposed programme. These include the replacement of Atherstone Swimming Pool and improvement works at existing pavilions owned by the Council.

- 7.2 In addition, over the coming years there are also some IT systems that will need to be reviewed, to assess whether they still meet user needs, both corporate and service specific.

8 Three-Year Capital Spend and Resources to 2024/25

- 8.1 As well as the long term programme, it is prudent to ensure that the Council can afford the capital schemes required in the medium term. As such, schemes included in the next 3 years have been assessed in more detail.
- 8.2 The table below highlights that there is an overall surplus generated over the 3 year period. However, looking at each Fund separately highlights a particular issue for the General Fund.

Potential 3 year programme	HRA £'000	Gen Fund £'000	Total £'000
Resources b/f	(3,041)	(2,095)	(5,136)
Total 3 year resources	(15,217)	(4,667)	(19,884)
Total 3 year expenditure	16,598	6,757	23,355
Total	(1,660)	(5)	(1,665)

- 8.3 If resources come in as expected, there will be just enough resource to fund the General Fund 3 year capital programme. The assumed resources include Right to Buy receipts, which have a degree of risk associated with them. Surplus balances would provide a level of cover as resources are not received consistently, however this is unlikely to be available. Any reduction in estimated receipts will leave the General Fund with a need to increase borrowing and will put further pressure on the revenue budget.

9 Prudential Indicators for Capital Investment

- 9.1 The introduction of the Local Government Act 2003 resulted in a change in the capital finance system for Local Authorities and established a prudential framework for capital investment. Under this system, Councils are free to determine the affordability of their capital investment proposals and of any borrowing required to finance those proposals.
- 9.2 A prudential code was developed in 2011, which required the Council to consider the affordability of its proposals, their prudence and sustainability, value for money, asset management planning, practicality and service objectives. The prudential code was updated in September 2018, and then again in December 2021.
- 9.3 In addition to the information already provided within this report, the Council is required to set and review regularly a range of indicators that have been developed as part of the Code, which will be used to support capital investment decision-making. As risk and uncertainty form a key part of capital investment planning, the Code requires three year integrated capital and revenue spending plans to determine the indicators. These need to be set as part of the overall budget-setting process.

9.4 The Code requires a number of indicators to be set. Two sets of these indicators have already been detailed within the Treasury Management Strategy statement, MRP Policy statement and Annual Investment Strategy for 2022/23, which was reported to Resources Board on 24th January 2022. These are:

- External Debt Indicators (the Authorised Limit for Borrowing and the Operational Boundary); and
- Treasury Management Indicators.

External Debt/ Treasury Indicators	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Authorised Limit for External Debt	79,441	79,715	78,302	76,277
Operational Boundary	56,337	56,048	54,351	51,899
Upper Limit for Fixed Interest Rate Exposure	60,000	58,000	56,000	54,000
Upper Limit for Variable Rate Exposure	30,000	29,000	28,000	27,000
Upper Limit for Total Principal Sums 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%	

Each of the remaining sets of indicators is covered in the paragraphs below.

9.5 **Capital Expenditure Indicators** – the Council is required to make a reasonable estimate of the capital expenditure it plans to incur in each of the next three years, and report actual expenditure incurred at year-end. Using the proposals contained within this report, these are set out below, together with the actual position for 2020/21 and the revised position for 2021/22.

	Actual 2020/21 £'000	Revised 2021/22 £'000	Original 2022/23 £'000	Forecast 2023/24 £'000	Forecast 2024/25 £'000
HRA	4,577	8,862	6,254	6,851	3,493
HRA - New Build	1,976	3,192	0	0	0
General Fund	1,915	3,560	5,474	417	867
Total	8,468	15,614	11,727	7,268	4,360

9.6 **Capital Financing Requirement Indicators** – these indicators measure the Council’s underlying need to borrow to fund capital expenditure, which is the normal level of borrowing expected. The actual capital financing requirement as at 31 March 2021, the revised estimate for 2021/22 and estimates for the next three years are set out below. The method of calculation is set out as Appendix C.

	Actual 2020/21 £'000	Revised 2021/22 £'000	Original 2022/23 £'000	Forecast 2023/24 £'000	Forecast 2024/25 £'000
HRA	46,184	43,934	42,041	39,696	37,280
General Fund	12,756	12,403	14,007	14,655	14,619
Total	58,940	56,337	56,048	54,351	51,899

9.7 **Capital Financing Cost Indicators** – an indicator of affordability is the estimated ratio of financing costs to net revenue stream in percentage terms. If the ratio is increasing rapidly over time, then a larger proportion of revenue resources are being taken up by financing costs, which could be used to fund direct service delivery. This indicator is calculated for both the General Fund and the Housing Revenue Account, and these are shown below. The calculation of both is shown in more detail in Appendix D.

	Actual 2020/21	Revised 2021/22	Original 2022/23	Forecast 2023/24	Forecast 2024/25
HRA	28.89%	30.44%	29.09%	28.72%	27.55%
General Fund	3.33%	3.72%	1.72%	1.82%	3.05%

9.7.1 HRA financing costs reflect the scheduled repayment of the debt taken out by the Council as part of the move to self financing. The reduction in the General Fund amount following 2021/22, reflects an expected increase in investment income, following the recent interest rate rise. A further interest rate rise is anticipated in 2022/23.

9.7.2 The five sets of indicators required by the Code may need to be amended, depending on the decisions on the capital programme taken by this Board.

9.8 **Net debt and the capital financing requirement** – an indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Authority must ensure that external debt does not exceed the total capital financing requirement for the preceding year and the estimates for the next two financial years. Current external borrowing is £46.489 million, well below the Capital Financing Requirement projections shown in Appendix C.

10 **Conclusion**

10.1 Some sources of funding are specific to particular types of expenditure. The proposed programme takes this into account, so Members need to be mindful of this should they wish to vary the proposed programme.

10.2 Only those schemes that either meet a statutory duty or which score highly against the Council priorities and risk assessment are included in the Capital Programme.

10.3 The proposed 3 Year Programme has a level of unallocated balances for the HRA which is felt prudent as there are certain risks to some income streams and potentially unforeseen costs that may be unavoidable. However, all balances are allocated for the General Fund, leaving the 3 year programme at risk if estimated resources are not achieved.

11 Report Implications

11.1 Finance and Value for Money Implications

11.1.1 The financial implications of this 3 Year Capital programme, in terms of the cost of funding, are given below.

GENERAL FUND	2022/23 £	2023/24 £	2024/25 £
Financing costs	316,480	31,600	91,390

Not all of the financing costs are additional, as some relate to the replacement of existing vehicles. The maintenance costs of the vehicles are included with the existing revenue allocations.

HRA	2022/23 £	2023/24 £	2024/25 £
Financing costs	3,165,250	3,142,270	3,217,050

The majority of the financing costs for the HRA are funded through revenue contributions to capital expenditure.

11.2 Environment and Sustainability Implications

11.2.1 Continuing to follow the capital strategy when setting a capital programme will ensure that the Council continues to achieve its priorities within the available capital resources.

11.3 Equality Implications

11.3.1 The proposals for the capital programme will need to be equality assessed for impact and needs and some of the schemes highlighted in the report will have positive impacts including the housing developments and improvements to Leisure facilities.

11.4 Safer Communities

11.4.1 The identified schemes would have positive implications for the development of safer communities, in that the provision of good quality leisure opportunities reduces the likelihood of criminal and/or anti-social behaviour.

11.5 Risk Management Implications

11.5.1 There are a number of risks associated with setting a capital programme, as assumptions are made on the type and level of available resources, as well as the required level of expenditure. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. Risk will be managed through the production of regular budgetary control reports, assessing the impact of variances and reporting on the need to take any further action.

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

Expenditure Proposals	Approved Budget	In Year Virements	Moved to future year	Other Changes	Revised 2021/22
HRA Assets					
Staffing	278,860				278,860
Electrics	1,014,440				1,014,440
Kitchens and Bathrooms	314,440	(200,000)			114,440
Heating	888,000				888,000
Windows and Doors	155,040				155,040
Energy Saving Measures	759,140				759,140
Disabled Facilities Adaptations	280,780	200,000			480,780
Roofing	981,740				981,740
Improvement works to blocks of flats - external and common areas	3,288,280				3,288,280
Replacement of DLO vehicles	90,400				90,400
Replacement of Housing Inspectors vehicles	39,000				39,000
Replacement of Neighbourhood Warden vehicles	720				720
Multi Trade Contract	771,040				771,040
New Build	2,261,700			930,000	3,191,700
HRA TOTAL	11,123,580	0	0	930,000	12,053,580
General Fund Assets					
Decent Homes Grants & Works (Private Sector)	25,000			(5,000)	20,000
Borough Care Lifelines	23,000			(23,000)	-
Financial Management System Replacement	300,000		(300,000)		-
Computer Software	48,950		(23,950)		25,000
ICT Infrastructure Development	55,060				55,060
Backing Up	25,000		(20,000)		5,000
Network Infrastructure Replacement	25,600				25,600
Scanner/Plotter Replacement	10,000				10,000
Payment Management System Replacement	15,750				15,750
Environmental Health System Replacement	85,000		(85,000)		-
High Street, Coleshill	1,000,000		(970,000)		30,000
Atherstone Leisure Complex - Replacement Roof	252,170		(252,170)		-
External Works on Industrial Buildings	300,000		(300,000)		-
Refurbishment of Council Owned Buildings	45,000		(45,000)		-
Maya Restaurant Roof Replacement	120,000		(120,000)		-
Disabled Discrimination Adaptations	25,000				25,000
Water Orton Car Park	25,070				25,070
Car Parking, Pay and Display	120,000				120,000
Depot Works	32,450		(30,600)		1,850
Electrical Upgrade at Old Bank House	150,000		(150,000)		-
Materials Recycling Facility	2,666,000				2,666,000
Replacement of Street Cleaning Vehicles	163,310		(163,310)		-
Replacement of Horticulture Vehicles	161,030		(94,940)		66,090
Replacement of Leisure Services Vehicles	15,720		(15,720)		-
Replacement of Borough Care Scheme Vehicles	75,670			(75,670)	-
Play Area Development	395,040		(235,000)		160,040
Playing Pitch Strategy	29,950				29,950
Wood End Recreation Ground	650				650
Polesworth Sports Centre Accommodation	-			40,000	40,000
Atherstone Leisure Complex - Gym Equipment	250,000		(65,000)		185,000
Leisure Equipment	35,800				35,800
Capital Salaries - Management	18,300				18,300
GENERAL FUND	6,494,520	0	(2,870,690)	(63,670)	3,560,160
OVERALL TOTAL	17,618,100	0	(2,870,690)	866,330	15,613,740

Draft Capital Programme - HRA Housing

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2022/23	2023/24	2024/25	2025/26 to 2031/32	10 Year Programme
Electrics	A scheduled programme to replace consumer units and to bring wiring in Council properties up to date.	900,000	600,000	300,000	3,572,980	5,372,980
Staffing	Housing officers who deliver the capital programme to Council properties.	280,020	285,430	292,580	2,228,490	3,086,520
Kitchens and Bathrooms	Replacement programme to ensure these facilities meet the Decent Homes Standard.	426,870	600,000	600,000	4,735,430	6,362,300
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.	900,000	500,000	300,000	2,367,690	4,067,690
Windows and Doors	Programmes of window and door replacements to address older installations that are not energy efficient and those that are defective.	-	250,000	300,000	2,367,690	2,917,690
Energy Saving Measures	External Wall Insulation & Loft Insulation programmes will be required to ensure properties meet the necessary levels for energy usage.	350,000	250,000	250,000	824,670	1,674,670
Adaptations	Undertake adaptations to properties to improve accessibility in accordance with recommendations from social care assessors.	261,280	200,000	200,000	1,649,160	2,310,440
Roofing	To replace roofs (flat or pitched) which do not meet the Decent Homes Standard and cannot be repaired to extend their use.	300,000	400,000	400,000	3,156,930	4,256,930
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 deal with blocks of flats that require extensive structural repairs.	2,300,000	3,350,000	500,000	6,323,300	12,473,300
Replacement of DLO Vehicles	Replacement as per the vehicle replacement schedule.	235,411	66,000	-	676,500	977,911
Replacement of Housing Inspectors Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	118,800	118,800
Replacement of Neighbourhood Warden Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	99,000	99,000
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.	300,000	350,000	350,000	3,130,930	4,130,930
HRA TOTAL		6,253,581	6,851,430	3,492,580	31,251,570	47,849,161

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2022/23	2023/24	2024/25	2025/26 to 2031/32	10 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.	20,000	20,000	20,000	140,000	200,000
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.	53,950	30,000	40,000	230,000	353,950
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)	The current Financial Management System (TOTAL) is time limited and will be withdrawn in a few years time. As the software has not been developed for some time, this is increasingly causing issues. A replacement system is needed.	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	140,000	200,000
Network Infrastructure	Replacement of the existing network infrastructure.	-	-	40,000	-	40,000
Telephone System	Replacement of the existing telephone system.	20,000	-	20,000	20,000	60,000
Server Virtualisation	Replacement of the existing virtual server.	-	-	-	50,000	50,000
Backing Up	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.	20,000	-	-	25,000	45,000
Mobile Devices	Due to Covid the Council has greatly increased the use of mobile devices over and above the use of PC's and laptops. 100 devices will have to be replaced on a 4 year cycle. This will also be used to replace the Housing direct works equipment.	10,000	-	-	20,000	30,000
Replacement Planning and Enforcement and Local Land Charges Systems	To review and assess system to ensure it still meets user needs and replace if required.	32,550	-	-	-	32,550
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	100,000
Payment Management System Upgrade	Upgrade to Payment Management System to meet new encryption standards and introduce contact less payments.	-	15,000	-	60,000	75,000

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2022/23	2023/24	2024/25	2025/26 to 2031/32	10 Year Programme
Replacement Environmental Health System	The current system will be unsupported by Civica. A new system is required in 2022/23 to enable Environmental Health to work more efficiently and potentially improve customer satisfaction.	115,000	-	-	-	115,000
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 will need replacing.	252,170	-	-	-	252,170
External Works on Industrial Buildings	Replacement of the roof cladding.	300,000	-	-	-	300,000
Maya Resturant (Bear and Ragged Staff)	To replace the roof covering the building.	120,000	-	-	-	120,000
Refurbishment of Council Owned Buildings	To carry out improvements to all council owned property.	45,000	-	45,000	45,000	135,000
Electrical Upgrade at Old Bank House	The electrical system at Old Bank House is 30 years old and will be in need of updating to comply with current legislation.	150,000	-	-	-	150,000
Disabled Discrimination Adaptations	To undertake work where appropriate to improve access to and around our facilities for disabled users of the service.	137,310	-	-	-	137,310
Works required at High Street, Coleshill	Refurbishment works to shops and flats.	970,000	-	-	-	970,000
Depot - Demolition Works	To undertake work to demolish the single storey building currently used as the main Housing office and archive store.	30,600	-	-	-	30,600
Structural Maintenance Programme of Car Parks and Unadopted Roads	A detailed analysis of the councils car parks and unadopted roads has been carried out and has identified that the thickness of many of the surfaces is below the required levels.	345,000	-	-	-	345,000
Maya Restaurant - Resurface Car Park	The car park at the facility is in poor condition and requires a complete re-construction.	30,000	-	-	-	30,000
Innage Park - Mobile Care Admin Facility	Upgrades are required to the energy efficiency of the building, to enable the Council to acquire the necessary Energy Performance Certificate rating.	30,000	-	-	-	30,000
Replacement of Pool Vehicles	Replacement as per the vehicle replacement schedule.	-	28,600	33,000	35,200	96,800
Replacement of Refuse Vehicles	Replacement as per the vehicle replacement schedule.	1,572,582	-	343,200	2,713,700	4,629,482
Replacement of Cesspool Vehicles	Replacement as per the vehicle replacement schedule.	-	138,600	-	170,500	309,100
Replacement of Street Cleaning Vehicles	Replacement as per the vehicle replacement schedule.	192,049	24,200	171,677	342,659	959,585

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2022/23	2023/24	2024/25	2025/26 to 2031/32	10 Year Programme
Replacement of Horticulture Vehicles	Replacement as per the vehicle replacement schedule.	287,881	7,887	46,354	500,907	843,029
Replacement of Leisure Services Vehicles	Replacement as per the vehicle replacement schedule.	17,292	-	-	21,263	38,555
Leisure Equipment	To replace the equipment used in the execution of various activity programmes in each of the leisure centres that conforms to industry and market standards relating to customer needs and safety requirements. The proposed investment protects significant levels of income. Whilst fitness equipment has been replaced over the last few years, there is other sports equipment that is in need of renewal.	20,000	20,000	20,000	150,000	210,000
Leisure Centre Fitness Suite Equipment Replacement	Planned full replacement of the fitness centre equipment at the three leisure centres in the Borough. This replacement will take place once the fund has built up sufficient funding for the work to take place.	65,000	-	-	250,000	315,000
Play Area Replacement Programme	Planned replacement of play facilities - Year 1 at Abbey Green Park, Corley, Hurley, Wood End; Year 2 at Mancetter and Kitwood Avenue (Dordon); Year 3 at Atherstone.	240,000	95,000	50,000	400,000	785,000
Capital Salaries - Management	General Fund staffing.	17,140	17,410	17,810	135,710	188,070
		5,473,524	416,697	867,041	5,738,939	12,496,201
		11,727,105	7,268,127	4,359,621	36,990,509	60,345,362

Capital Financing Requirement

APPENDIX C

	HRA (£)	GF (£)	GF Prudential Borrowing (£)	Grand Total
Fixed Assets	173,958,007	23,734,994		197,693,001
Revaluation Reserve	(20,278,097)	(4,461,617)		(24,739,714)
Capital Adjustment Account	(107,495,487)	(6,517,565)		(114,013,051)
Actual CFR as at 31-3-21	46,184,423	12,755,812	0	58,940,236
Repayment of HRA borrowing	(2,250,000)			(2,250,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 15/16			(134,346)	(134,346)
Repay Principal - Vehicles 21/22			(2,500)	(2,500)
New prudential borrowing - Vehicles			25,000	25,000
MRP		(87,426)		(87,426)
Estimated CFR as at 31-3-22	43,934,423	12,668,386	(265,888)	56,336,922
Repayment of HRA borrowing	(2,260,000)			(2,260,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 15/16			(58,527)	(58,527)
New prudential borrowing - Vehicles	395,043		2,056,428	2,451,471
Repay Principal - Vehicles 21/22			(5,000)	(5,000)
Repay Principal - Vehicles 22/23	(28,217)		(150,295)	(178,512)
MRP		(83,929)		(83,929)
Estimated CFR as at 31-3-23	42,041,249	12,584,457	1,422,676	56,048,383
Repayment of HRA borrowing	(2,350,000)			(2,350,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Recycling Containers			(1,939)	(1,939)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 21/22			(5,000)	(5,000)
New prudential borrowing - Vehicles	66,000		223,487	289,487
Repay Principal - Vehicles 22/23	(56,435)		(300,589)	(357,024)
Repay Principal - Vehicles 23/24	(4,714)		(15,963)	(20,677)
New prudential borrowing - Coleshill Shops and Flats			1,000,000	1,000,000
Coleshill Shops and Flats - repay 21/22			(20,000)	(20,000)
MRP		(80,572)		(80,572)
Estimated CFR as at 31-3-24	39,696,100	12,503,885	2,150,569	54,350,555

Capital Financing Requirement**APPENDIX C**

	HRA (£)	GF (£)	GF Prudential Borrowing (£)	Grand Total
Repayment of HRA borrowing	(2,350,000)			(2,350,000)
Repay Principal - K'bury Link			(2,682)	(2,682)
Repay Principal - Vehicles			(750)	(750)
Repay Principal - Lower House Farm			(9,117)	(9,117)
Repay Principal - Coleshill LC			(40,914)	(40,914)
Repay Principal - Office Accommodation			(80,735)	(80,735)
Repay Principal - Play Areas			(17,905)	(17,905)
Repay Principal - Vehicles 21/22			(5,000)	(5,000)
Repay Principal - Vehicles 22/23	(56,435)		(300,589)	(357,024)
New prudential borrowing - Vehicles			594,440	594,440
Repay Principal - Vehicles 23/24	(9,429)		(31,927)	(41,356)
Repay Principal - Vehicles 24/25			(43,558)	(43,558)
Coleshill Shops and Flats - repay 21/22			(20,000)	(20,000)
MRP			(77,349)	(77,349)
Estimated CFR as at 31-3-25	37,280,236	12,426,536	2,191,832	51,898,605

	Actual 2020/21 £000	Revised 2021/22 £000	Original 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000
HRA					
Interest and Investment Income	(21)	(10)	(18)	(28)	(31)
External Interest Costs	1,504	1,460	1,406	1,348	1,284
Repayment of Borrowing	2,000	2,250	2,288	2,411	2,416
Total	3,483	3,700	3,676	3,731	3,669
Net Revenue Stream	12,057	12,154	12,638	12,993	13,316
Ratio	28.89%	30.44%	29.09%	28.72%	27.55%
General Fund					
External Interest Costs	10	10	10	10	10
Investment Income	(145)	(102)	(323)	(449)	(402)
Repayment of Borrowing	300	291	368	496	553
MRP	92	87	84	81	77
Total	257	286	139	138	238
Council Tax	4,563	4,579	4,784	4,965	5,150
New Homes Bonus	738	578	723	0	0
NDR	2,422	2,522	2,580	2,618	2,658
Net Revenue Stream	7,723	7,679	8,087	7,583	7,808
Ratio	3.33%	3.72%	1.72%	1.82%	3.05%

Agenda Item No 9

Executive Board

14 February 2022

**Report of the
Corporate Director - Resources**

**General Fund Revenue Estimates
2022/23**

1 Summary

- 1.1 This report covers the revised budget for 2021/22 and an estimate of expenditure for 2022/23, together with forward commitments for 2023/24, 2024/25 and 2025/26.

Recommendation to the Board

- a To accept the revised budget for 2021/22; and**
- b To accept or otherwise vary the Estimates of Expenditure for 2022/23, as submitted, for their inclusion in the overall budget considered in a later agenda item.**

2 Introduction

2.1 In consultation with other Directors, the Corporate Director - Resources has prepared an estimate of net expenditure for 2022/23 and this, together with a revised budget for 2021/22, appears in Appendices A and B. To provide a more complete picture of the spending pattern of the service, the actual figures for 2020/21 are shown.

2.2 At its meeting in September 2021, the Executive Board agreed the budget strategy for 2022-2026, which required savings of £2.1 million over a four-year period. This required budget savings of £1.5 million in 2022/23 with additional savings of £500,000 in 2023/24 and £100,000 in 2024/25. A savings target was not included for 2025/26 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:

	Original Budget 2021/22 £	Revised Budget 2021/22 £	Original Budget 2022/23 £
Employee Costs	281,440	272,390	260,800
Premises	410	410	410
Supplies and Services	137,380	122,380	144,750
Earmarked Reserves	(11,860)	(11,860)	(11,860)
Gross Expenditure	407,370	383,320	394,100
Income	(3,280)	-	(3,060)
Net Controllable Expenditure	404,090	383,320	391,040
Departmental Support	158,120	158,120	204,340
Central Support	177,630	177,630	167,230
Capital Charges	9,710	9,710	9,870
Net Expenditure	749,550	728,780	772,480

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. Although few assets are used for the services within this Board, 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 2021/22 Revised Budget**

3.1 The revised budget for 2021/22 is estimated to be £728,780, a reduction of £20,770 on the original budget. The main reasons for variations are set out below.

3.2 **Outreach and Access to Services** **(£4,690)**

3.2.1 There is a saving in internet access and telephone costs, as the number of active hubs requiring support has reduced.

3.3 **Corporate Communications** **(£14,770)**

3.3.1 There is a saving in the printing and delivery costs of North Talk, partly offset by a loss of advertising income, as the North Talk publication will be produced electronically .

4 **Comments on the 2022/23 Estimates**

4.1 The 2022/23 estimates have been prepared, taking into account the following assumptions:

- A 2% pay award from 1 April 2022

4.2 The estimated budget for 2022/23 is £772,480; an increase of £22,930 on the 2021/22 approved budget, and an increase of £43,700 on the revised 2021/22 budget. The main variations from the revised budget are set out below:

4.3 **Outreach and Access to Services** **(£38,850)**

4.3.1 The reduction is due to the removal of direct financial support for the remaining community hubs and the deletion of the Community Projects Officer post.

4.4 **Corporate Communications** **£24,990**

4.4.1 Savings realised in 2021/22 have been reinstated and inflationary increases applied on those budgets.

4.5 **North Warwickshire Local Development Framework** **£18,790**

4.5.1 There is an increase in the budget for the Local Development Framework to match the anticipated work programme.

4.6 **Departmental and Central Support Services** **£35,820**

4.6.1 Departmental support has increased as some of the time of the Financial Inclusion Officer has been included in the Outreach budget, together with pay awards and some other smaller allocation changes. Central Support costs have decreased, due to a reduction in allocations from Customer Services, the restructure in the Central Administration unit which has reduced costs and a reallocation of some staff time. This has been partially offset by increased charges from Internal Audit based on the annual audit plan and the costs of pay awards and increments.

5 **Income**

5.1 There are no fees and charges for services under the responsibility of this Board.

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:

	Likelihood	Potential impact on Budget
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
The Emergency Planning budget may be insufficient to cover the costs of any major local emergency.	Low	High

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 2022/23. The table below provides a subjective summary for those services reporting to this Board:

	Forecast Budget 2023/24 £	Forecast Budget 2024/25 £	Forecast Budget 2025/26 £
Employee Costs	266,330	273,520	281,000
Premises	420	420	420
Supplies and Services	73,300	93,490	135,060
Earmarked Reserves	(5,000)	(5,000)	(5,000)
Gross Expenditure	335,050	362,430	411,480
Income	(3,130)	(3,200)	(3,270)
Net Controllable Expenditure	331,920	359,230	408,210
Departmental Support	207,690	212,040	216,900
Central Support	170,190	174,110	178,460
Capital Charges	9,870	9,870	9,870
Net Expenditure	719,670	755,250	813,440

7.2 The forecasts given above have used a number of assumptions, which include pay awards of 2% in 2023/24 to 2025/26, increases in contracts and general increases in supplies and services of 2% in 2023/24 and 2025/26. In total, net expenditure is expected to reduce by 6.8% in 2023/24, increase by 4.9% in 2024/25, and increase by 7.7% in 2025/26. These movements mainly relate to the varying nature of spend on the Local Development Framework budget.

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, Climate Change & Health 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
EXECUTIVE BOARD SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2020/21 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £	Original Budget 2022/2023 £
2000	Housing Strategic Service Review	1,987	-	-	-
2001	Outreach and Access to Services	54,472	45,840	41,150	2,300
2002	Corporate Communications	41,846	51,830	37,060	62,050
2003	Community Strategy	47,017	42,710	41,180	43,970
2007	Emergency Planning	7,861	6,160	6,160	6,160
2009	North Warwickshire Local Development Framework	199,352	257,550	257,770	276,560
5050	Support to Parishes	162	-	-	-
	Net Controllable Expenditure	352,697	404,090	383,320	391,040
	Departmental Support	150,089	158,120	158,120	204,340
	Central Support	158,552	177,630	177,630	167,230
	Capital Charges	5,046	9,710	9,710	9,870
.	EXECUTIVE BOARD TOTAL	666,384	749,550	728,780	772,480

2000 - HOUSING STRATEGIC SERVICE REVIEW

This budget shows the cost of officer time spent on strategic decision making for Housing.

DESCRIPTION	ACTUALS 2020/2021	APPROVED BUDGET 2021/2022	REVISED BUDGET 2021/2022	ORIGINAL BUDGET 2022/2023
Employee Expenditure	1,987	-	-	-
NET CONTROLLABLE EXPENDITURE	1,987	-	-	-
Departmental Support	29,780	31,140	31,140	33,570
Central Support	1,025	1,050	1,050	1,100
NET EXPENDITURE	32,793	32,190	32,190	34,670

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

2001 - OUTREACH AND ACCESS TO SERVICES

This budget covers the costs of creating and maintaining the Community Hubs and administering the referral process to Edible Links.

DESCRIPTION	ACTUALS 2020/2021	APPROVED BUDGET 2021/2022	REVISED BUDGET 2021/2022	ORIGINAL BUDGET 2022/2023
Employee Expenditure	45,352	36,910	36,910	-
Premises	-	-	-	-
Supplies and Services	13,216	15,790	11,100	9,160
Transport	358	-	-	-
Earmarked Reserves	(4,455)	(6,860)	(6,860)	(6,860)
NET CONTROLLABLE EXPENDITURE	54,472	45,840	41,150	2,300
Departmental Support	17,509	19,210	19,210	57,200
Central Support	58,933	64,960	64,960	52,340
Capital Charges	5,046	9,710	9,710	9,870
NET EXPENDITURE	135,960	139,720	135,030	121,710

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

- Improving leisure and wellbeing opportunities

2002 - CORPORATE COMMUNICATIONS

North Talk is the Borough Council's newsletter produced two times a year and is distributed to all households in the Borough and to businesses, voluntary organisations and other partners.

DESCRIPTION	ACTUALS 2020/2021	APPROVED BUDGET 2021/2022	REVISED BUDGET 2021/2022	ORIGINAL BUDGET 2022/2023
Employee Expenditure	41,795	46,110	37,060	56,330
Supplies and Services	51	8,780	-	8,780
GROSS EXPENDITURE	41,846	54,890	37,060	65,110
GROSS INCOME	-	(3,060)	-	(3,060)
NET CONTROLLABLE EXPENDITURE	41,846	51,830	37,060	62,050
Central Support	8,197	12,910	12,910	10,070
NET EXPENDITURE	50,043	64,740	49,970	72,120

Contributes to corporate priority :

- Promoting sustainable and vibrant communities

2003 - COMMUNITY STRATEGY

The Council is working in partnership to deliver improvements in the quality of life for local communities by the implementation of a Sustainable Community Strategy. This includes addressing priorities relating to health, anti poverty, raising aspirations and attainment. The budget is used to deliver projects and initiatives to support the priorities.

DESCRIPTION	ACTUALS 2020/2021	APPROVED BUDGET 2021/2022	REVISED BUDGET 2021/2022	ORIGINAL BUDGET 2022/2023
Employee Expenditure	47,017	41,180	41,180	42,440
Supplies and Services	1,500	6,530	5,000	6,530
Miscellaneous Expenditure	-	-	-	-
Earmarked Reserves	(1,500)	(5,000)	(5,000)	(5,000)
NET CONTROLLABLE EXPENDITURE	47,017	42,710	41,180	43,970
Departmental Support	33,580	35,090	35,090	36,490
Central Support	54,175	56,400	56,400	53,160
NET EXPENDITURE	134,772	134,200	132,670	133,620

Contributes to corporate priority :

- Creating safer communities
- Protecting our countryside and heritage
- Improving leisure and wellbeing opportunities
- Promoting sustainable and vibrant communities

2007 - EMERGENCY PLANNING

Emergency planning budget to cover the costs of fulfilling legal duties under the Civil Contingencies Act 2004

DESCRIPTION	ACTUALS 2020/2021	APPROVED BUDGET 2021/2022	REVISED BUDGET 2021/2022	ORIGINAL BUDGET 2022/2023
Employee Expenditure	2,197	-	-	-
Supplies and Services	5,665	6,160	6,160	6,160
NET CONTROLLABLE EXPENDITURE	7,861	6,160	6,160	6,160
Departmental Support	29,190	30,380	30,380	29,940
Central Support	11,160	13,560	13,560	3,990
NET EXPENDITURE	48,212	50,100	50,100	40,090

Contributes to corporate priority :

- Protecting our countryside and heritage
- Creating safer communities

2009 - NORTH WARWICKSHIRE LOCAL DEVELOPMENT FRAMEWORK

Local tier of the Development Plan and other documents required as a statutory duty.

DESCRIPTION	ACTUALS 2020/2021	APPROVED BUDGET 2021/2022	REVISED BUDGET 2021/2022	ORIGINAL BUDGET 2022/2023
Employee Expenditure	165,192	157,240	157,240	162,030
Premises Related Expenditure	-	410	410	410
Supplies and Services	34,160	100,120	100,120	114,120
GROSS EXPENDITURE	199,352	257,770	257,770	276,560
GROSS INCOME	-	(220)	-	-
NET CONTROLLABLE EXPENDITURE	199,352	257,550	257,770	276,560
Departmental Support	39,420	41,670	41,670	46,570
Central Support	22,813	26,390	26,390	44,090
NET EXPENDITURE	261,585	325,610	325,830	367,220

Contributes to corporate priority :

- Protecting our countryside and heritage
- Promoting sustainable and vibrant communities

5050 - SUPPORT TO PARISHES

To assist Parish Councils on parish plans and provide match funding for projects.

DESCRIPTION	ACTUALS 2020/2021	APPROVED BUDGET 2021/2022	REVISED BUDGET 2021/2022	ORIGINAL BUDGET 2022/2023
Employee Expenditure	162	-	-	-
NET CONTROLLABLE EXPENDITURE	162	-	-	-
Departmental Support	610	630	630	570
Central Support	2,248	2,360	2,360	2,480
NET EXPENDITURE	3,019	2,990	2,990	3,050

Contributes to corporate priorities :

- Protecting our countryside and heritage
- Promoting sustainable and vibrant communities

Agenda Item No 10

Executive Board

14 February 2022

Report of the
Corporate Director - Resources

General Fund Revenue Estimates
2022/23 and Setting the Council
Tax 2022/23

1 **Summary**

- 1.1 This report sets out the proposed General Fund Revenue Estimate for 2022/23 and the options available when setting the 2022/23 Council Tax for the Borough in the context of the Authority's Finance Settlement, and the effect on General Fund balances.

Recommendation to the Council

- a To approve the savings of £525,520 shown in Appendix H;
- b To approve the revised estimate for the year 2021/22 and the revenue estimates for 2022/23;
- c To note the Council Tax base for 2022/23, as set out in Appendix G;
- d To approve a Council Tax increase of £5 for 2022/23;
- e That the Corporate Director Resources, in consultation with the Chair of Executive Board and Leader or the Opposition, be given delegated powers with regard to a Discretionary Policy for the Energy Price Council Tax Rebate highlighted in paragraph 7.7;
- f To approve the use of the Business Rate Reserve to fund capital expenditure on the MRF scheme;
- g To note the Corporate Director - Resources comments on the minimum acceptable level of general reserves;
- h To approve the workforce estimates for the year 2022/23 in Appendix L; and
- i That a Council Tax resolution be prepared for consideration by the Council, using the recommendations agreed by this Board.

2 The Council's Budget Requirement

2.1 All Service Boards have now considered their individual budget requirements for 2022/23, and these are shown in Appendices A – E, along with the revised requirements for 2021/22.

2.2 Board requirements are summarised in the table below, together with other items, such as investment interest and contingencies.

	2021/22 Original Estimate £	2021/22 Revised Estimate £	2022/23 Original Estimate £
Board Summary	9,727,700	10,093,880	9,617,370
Contingencies	4,660	3,350	141,000
Covid-19 Grants	(359,580)	(359,580)	-
Use of Earmarked Reserves	(300,000)	(300,000)	-
Financing Adjustment	(763,150)	(917,920)	(772,510)
Investment Interest Income	(80,000)	(102,000)	(323,000)
Service Summary	8,229,630	8,417,730	8,662,860

2.3 Appendix F sets out the figures as presented to the Boards, adjusted for proposed reductions in the base budget.

3 The Council's 2021/22 Estimated Out-turn

3.1 The Council's revised net expenditure requirement for 2021/22 amounts to £8,417,730 which is £180,100 more than the original estimate. The major changes in expenditure were included in the summary report taken to Resources Board on a service basis and a high level summary is set out below, for Members information.

	£000
Increased waste collection costs	110,570
Deferral of debt recovery action during the pandemic	129,900
Cost of Borough Care from April to June 2021	111,510
Vacancy savings above vacancy factor assumed	(97,970)
Borrowing for capital schemes was not required in year	(149,900)
Total	104,110

4 The Council's 2022/23 Expenditure Requirement

4.1 The Council's net expenditure requirement for 2022/23 amounts to £8,662,860, which is £433,230 more than the approved estimate for 2021/22 and £245,130 more than the revised estimate. The main variations between the 2022/23 original budget and the 2021/22 revised budget are set out below.

4.2 The Financial Strategy required reductions in baseline expenditure of £1,500,000 for 2022/23. A summary of proposed reductions can be found in Appendix H. These total £525,520 and are included where appropriate within the other variance lines below.

- 4.3 Provision has been made for those posts that were vacant in 2021/22, the payment of annual increments, a pay award of 2% and the increase in the national insurance rate of 1.25%.
£170,280
- 4.4 An increase in leisure centre income has been included in the estimates, based on increases in membership back to somewhere near pre pandemic levels. Whilst some associated costs have increased, there is still a significant improvement in financial terms.
(£145,670)
- 4.5 Waste collection costs are expected to reduce, primarily as a result of removing the additional agency costs needed during the pandemic for covid-19 cover. Some other costs should also reduce, such as transport costs. In addition income levels on cesspool emptying are expected to return to more normal levels.
(£176,400)
- 4.6 Both Council Tax legal fee income and income from the recovery of housing benefit overpayments has been reinstated, as recovery action has recommenced. This will be offset by the removal of the one-off grant received for Council Tax Support.
(£144,770)
- 4.7 The Covid-19 grant received for 2021/22 was a one-off grant, so has been taken out of the budget, together with the removal of the use of earmarked reserves agreed for 2021/22.
£659,580
- 4.8 An increase in the financing adjustment to cover the repayments needed for the prudential borrowing assumed in the draft capital programme presented in another report on the agenda.
£145,4150
- 4.9 A higher level of investment income is expected to be generated, as interest rates have started to rise. In addition, some additional investment income will be due relating to the MRF.
(£221,000)
- 4.10 The part year costs of the Borough Care service have been removed.
(£111,510)
- 4.11 An increase in costs related to the introduction of Civil Parking Enforcement and the commencement of chargeable parking for periods exceeding 2 hours. In addition, the contingency has been increased to include some allowance for potential increases relating to waste collection services, private sector housing and planning enforcement.
£156,750

5 Budget Projections

- 5.1 In addition to preparing the 2022/23 budget, the three following years have been forecast.
- 5.2 Pay awards of 2% have been included for each year. Utility costs have been increased annually, although other premise and supplies and services costs have only been given an increase in alternate years. Only limited growth has been included relating to refuse and recycling costs. The growth included reflects the additional capacity needed to match the anticipated new properties in the Borough.
- 5.3 As mentioned above some limited provision has also been included for parking, private sector housing and planning enforcement.
- 5.4 The forecast has been summarised and is shown below.

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Spending Requirement	8,663	9,010	9,256	9,596

An increase in the expenditure requirement of £0.933 million is expected over the forecast period.

6 Summary of the 2022/23 Finance Settlement

- 6.1 The Government's calculation of an authority's Core Spending Power includes the Settlement Funding Assessment, together with an assumed level of council tax and some other grant income. The Settlement Funding Assessment is made up of two elements: Revenue Support Grant and Business Rates.
- 6.2 An authority's settlement funding assessment is added to their Council Tax and then reduced by a given percentage to keep within the national control total. From this total the Council's Business Rates baseline and Council Tax income are deducted to arrive at the level of RSG. In years where an authority's entitlement to RSG is zero, increases to business rate tariffs were planned in order to reduce the amount of income retained by an authority.

- 6.3 The provisional settlement for 2022/23 is for one year only. Our figures are shown below:

	2021/22 £'000	2022/23 £'000
NDR Baseline Funding	1,922	1,922
RSG / Tariff Adjustment	-	-
Sub-total - SFA	1,922	1,922
Assumed Council Tax	4,628	4,728
S31 Grant – Business rates multiplier	100	158
New Homes Bonus	578	723
Lower tier Grant	82	86
Services Grant	-	132
Total Core Spending Power	7,310	7,749

- 6.4 The provisional one-year settlement for 2022/23 has left the business rates multiplier unchanged at 2020/21 levels but has confirmed that an inflationary increase will be paid to Councils through a section 31 grant. For this forecast, it has been assumed that for 2023/24 onwards an inflationary increase in NDR Baseline funding will be received, and that the section 31 grant to compensate for lost inflation in previous years will continue.
- 6.5 The Council had previously been informed of a negative RSG sum from 2019/20 onwards. The Government decided that negative RSG would not be deducted in 2019/20, 2020/21 and 2021/22. This decision has been repeated in the Provisional Finance Settlement for 2022/23.
- 6.6 The Government's calculation of core spending power assumes that all District Councils will increase their Band D Council Tax in line with the referendum limit for 2022/23, by whichever is the greater of £5 or 2%. No information around potential Council Tax increases from 2023/24 onwards is currently available.
- 6.7 Notification of New Homes Bonus of £722,970 has been received for 2022/23. This includes the final legacy payment of £208,100 for 2019/20 and a one year allocation of £514,870 for 2022/23. As the New Homes Bonus scheme is being withdrawn and no indications around a potential alternative have yet been provided, no income has been assumed for 2023/24 onwards.
- 6.8 The Lower Tier grant received in 2021/22 has been continued and a new Services Grant has been included in the 2022/23 settlement. It has been assumed that these funding streams will continue in some form going forwards.
- 6.9 The settlement provided only limited indications of funding after 2022/23. Whilst overall resources for local government have increased, individual allocations are uncertain, due to the lack of progress on the Fair funding Review and the current emphasis on Levelling Up. The assumptions made around the continuation of some income streams increase the financial risk for the Council.

7 Council Tax

- ...
- 7.1 As part of the budget setting process, the tax base for the Borough is updated each year to reflect new properties, demolitions and changes to the valuation bands of existing properties. Allowances are also made for properties which are exempt from Council Tax, or where the residents receive discounts. The tax base has been updated for 2022/23 and is attached as Appendix G.
- 7.2 A review of potential new build in the tax base has taken place, along with a review of exemptions and discounts. Balancing the growth in properties against an expected increase in exemptions and discounts, a growth rate of 2.13% in the tax base has been used in projecting Council Tax income for 2022/23, with 1.5% assumed for 2023/24 onwards.
- 7.3 The Authority has estimated the Council Tax position that will be brought forward from 2021/22, which is an expected surplus. All major precepting authorities have been notified of the amounts they will receive. North Warwickshire Borough Council will receive a sum of £79,720 for 2022/23.
- 7.4 In general terms, an inflationary increase in Council Tax is built into the budget on an annual basis. Given the significant pressure on the Council's budget, this budget forecast has used the permitted increase of £5 in 2022/23 and has assumed a further £5 increase each year in subsequent years.
- 7.5 A Council Tax increase of £5 per annum for ratepayers gives the Council an additional £107,600 in income in 2022/23. The Council could choose to opt for a different Council Tax increase; however, a lower tax increase would not be sustainable. Previous decisions to freeze Council Tax have had an ongoing and cumulative effect on the Council's financial position, reducing council tax income by around £1 million per annum.
- 7.6 The Government wants to ensure that Council Taxpayers are protected against authorities that impose excessive Council Tax rises. A referendum will be required for any District that proposes a Council Tax increase over £5.
- 7.7 A scheme to provide support for energy prices using a council tax rebate was announced on 3 February. Funding will be provided to billing authorities to give all households whose primary residence is valued in council tax bands A - D a one off council tax energy rebate payment of £150. This will operate outside of the council tax system. Funding for councils to operate a discretionary fund for households in need who would not otherwise be eligible will also be made available. Detailed guidance has not yet been received, so it suggested that delegated powers are approved, so that any necessary arrangements can be made to administer the Discretionary Fund.

8 Expected Resources

- 8.1 Expected Resources from the sources covered above are set out in the table below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Council Tax	(4,784)	(4,965)	(5,150)	(5,340)
New Homes Bonus	(723)	-	-	-
Business Rates	(1,922)	(1,961)	(1,999)	(2,040)
S31 Compensation (Business Rates)	(158)	(158)	(158)	(158)
Additional Business Rates	(500)	(500)	(500)	(500)
Lower Tier Grant	(86)	(88)	(90)	(91)
Services Grant	(132)	(135)	(138)	(141)
Collection Fund Deficit / (Surplus)	(80)	(97)	(109)	(114)
Total	(8,385)	(7,904)	(8,144)	(8,384)

- 8.2 Even with Council Tax increases in line with expected Government guidelines, overall resources are not expected to increase over the life of the forecast, due to the expected loss of New Homes Bonus. This increases the gap between expenditure and income, leaving unfunded expenditure as follows:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Unfunded Expenditure	278	1,106	1,112	1,212

9 Requirement to Reduce Annual Expenditure

- 9.1 In September 2021, this Board agreed that reductions to the budget of £2.1 million would need to be identified over 2022/23 and the following three years. Directors were tasked with reviewing their service areas, with the aim of producing proposals to meet this challenging target.
- 9.2 The target for reducing the budget was set at £1.5 million for 2022/23. Amounts totalling £525,520, have been reported to Service Boards and are built into the 2022/23 estimates. Reductions in the budget are summarised in Appendix H.
- 9.3 Although the target of £1.5 million was not reached for 2022/23, the draft financial settlement is better than expected and will cover the immediate shortfall. The revised forecasts still require budget reductions of £1.25 million over the remainder of the strategy period and some proposals are currently being assessed, such as changes to the operation of the streets and grounds maintenance teams.
- 9.4 Any decision not to increase Council Tax by the assumed £5 will lead to a direct loss of funding and would increase the required reduction in expenditure in future years by a further £107,000. Given the expenditure reductions highlighted above, this is not sustainable.

10 Performance Against the Budget Strategy

- 10.1 The budget strategy agreed at the September meeting envisaged reductions in expenditure and the following use of balances over the next four years.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Use of / (Contribution to) Balances	101	69	(75)	61
Level of Balances 31 March	1,471	1,402	1,477	1,416
Reduction in Expenditure needed	1,500	500	100	-

- 10.2 Each Board has projected its expenditure requirements up to and including 2025/26, together with financing and other adjustments. Including the reductions in 2022/23 already identified, the expenditure forecast has been summarised and is shown in the table below, together with expected resources:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Spending Requirement	8,663	9,010	9,256	9,596
Cumulative Reduction in Expenditure needed	-	(1,000)	(1,100)	(1,250)
Expected Resources	(8,385)	(7,904)	(8,144)	(8,384)
Use of / (Contribution to) Balances	278	106	12	(38)
Level of Balances 31 March	1,526	1,420	1,408	1,446

Net expenditure reductions will need to be found in line with the plan to ensure that there are sufficient balances at the end of 2025/26. Additional detail is given in Appendix M.

...

- 10.3 This predicted use of balances is based on limited growth and a £5 increase in Council Tax for 2022/23, with increases of £5 for subsequent years. The anticipated General Fund balance at 1 April 2022 is £1,804,000, which is higher than expected in the Budget Strategy. This is due to a lower use of balances in 2020/21.
- 10.4 In order to keep the level of balances in each following year broadly in line with the strategy, the need to reduce expenditure in 2023/24 has increased significantly, from £500,000 to £1 million. A further reduction of £100,000 in 2024/25 and £150,000 in 2025/26 will also be needed. This takes the reductions still needed for 2023/24 onwards to £1.25 million.

11 Risks to the Council's Financial Position

- 11.1 As with all types of forecasting, there are certain inherent risks that may affect the financial position of the Council over the forthcoming periods. These risks

require that the Council maintains a sufficient level of general reserves. The individual estimate reports to each Board have included a range of potential risks that could impact upon the budgetary position of services. In addition to these specific service risks, there are a number of risks that could impact more generally on the Council's financial position. The major risks to the Councils budget are highlighted below.

- 11.2 **Business Rates** - the Council has risks it cannot currently quantify, around the retention of business rates in place of revenue support grant and the impact of appeals against valuations. We currently anticipate collecting more business rates than assumed in our baseline funding level. This means that we will retain a proportion of any additional rates collected.
- 11.3 Projections include a benefit of £500,000 in 2022/23. Plans to reset business rates have been delayed but are still expected, and this could remove the growth mentioned above. In this event, the Volatility Reserve will be used to provide an additional £500,000 in 2023/24, 2024/25 and 2025/26, and this has been included in the Strategy. The figures used in this report have also assumed that capital spending on the Material Recycling Facility (MRF) will be funded from additional business rate income received. This reduces the borrowing costs that would otherwise need to be included in the General Fund.
- 11.4 Any major changes to the Council's tax base through successful appeals, or removal of premises from the rating list over and above those allowed for, could impact on the additional rating income figures mentioned above. Given the current economic uncertainty, this risk has increased.
- 11.5 A further consideration is the construction of HS2 within the Borough that is now underway, so there is the potential for reductions in rateable income due to successful appeals for disruption and demolition of premises. The resources in this strategy could reduce before the safety net comes into effect.
- 11.6 **Fair Funding Review** – a national review is planned, which may adversely change the assumed spending need of the council, and therefore the level of government support that is received. The additional resources received in 2022/23 may not continue, or at a different level to that assumed in this forecast.
- 11.7 **New Homes Bonus scheme** – although a scheme for 2022/23 has been announced, there is no detail for further years. The indications seem to be that if it continues, funding will be allocated using a different mechanism.
- 11.8 **Growth in the Borough** – if new homes and estates are delivered in line with expectations, there will be a significant impact on some Council services, for example, refuse and recycling and grounds maintenance. Provision for extra refuse collection has been built into the figures but the actual timing of the additional resources required will need to be monitored and assessed.
- 11.9 **Other Risks** – If the post pandemic recovery does not continue demand for services such as benefits and homelessness could increase, whilst reducing demand in income generating areas. Unexpected changes in the remuneration

of the workforce could impact on the financial position, as could any significant loss of employees which required additional resources to complete statutory functions.

... 11.10 An overall risk assessment for 2022/23 has been completed to determine the minimum level of general reserves that the Corporate Director Resources considers it is appropriate for the Authority to hold, and this is shown in Appendix J. This is based on the expected or 'most likely' position and the assumption that not all risks will occur within the next year.

11.11 As can be seen, the balance between future risks and the adequacy of general reserves held by the Council is a key part in establishing a medium-term financial strategy. Provided that expenditure is reduced in line with the targets identified, the level of balances is expected to remain around £1.4 million over the next four years, although careful monitoring of this will still be necessary. The Council has used some earmarked reserves in 2021/22 to offset some of the additional costs of the pandemic which has reduced the ability to do this again in the future.

11.12 As already mentioned, there is the potential for the Council to benefit from any additional rates collected, but there is also the risk that if rating income falls, there will be a direct impact on the Council's finances. There is a lot of uncertainty around the collection of business rates and the impact of appeals and refunds.

11.13 However, if a general reserve of £1.4 million is held, it is felt that this amount, together with other provisions, reserves and balances held by the Council, is adequate to protect the Council's financial position for both the forthcoming year and in the medium-term.

... 11.14 Although not all risks are likely to occur in 2022/23, there is a real possibility that the position could be worse than that anticipated. It could also be better. Best and worst case scenarios are indicated in Appendix K, and show that in the event of the worst case scenario being realised in 2022/23, the Authority would need to adjust its financial strategy, and manage any changes required in 2022/23. Budgets are monitored throughout the year, with the budgetary position reported to Boards on a regular basis, so the Authority is in a good position to identify risks as they occur.

12 **Availability of Reserves**

12.1 The Local Government Act 2003 requires the Corporate Director Resources to make an annual statement on the adequacy of financial reserves. General reserves or balances are held to provide a general contingency for unavoidable or unforeseen expenditure, and also give stability for longer term planning. The level of general reserves held is based on an assessment of the financial risks attached to the budget, and this is covered in section 11.

- 12.2 In addition to its general financial reserves, the Council holds a number of earmarked reserves, for both revenue and capital purposes. It also holds some reserves on behalf of other organisations.
- 12.3 General Council policy has been not to use earmarked reserves to fund ongoing service activity, so that the base budget position is not understated. An exception to this has been made with regards to the pandemic. However going forward, further use will not be assumed. So, for example, external grant received in advance for specific projects will be held in an earmarked reserve until the activity takes place and the grant is spent. Timing differences on particular activities will also be dealt with through earmarked reserves, to remove unnecessary fluctuations in the base budget, whilst ensuring sufficient budget provision is available.
- 12.4 The Council will use earmarked reserves to set aside funding for capital schemes and projects. The Council uses reserves to build up funding for the future replacement of assets and equipment, such as leisure fitness equipment.
- 12.5 Where earmarked reserves are used for revenue activities, the expenditure is included within the appropriate service budget, together with the contribution from the reserve to offset this. These movements are highlighted in the budget reports considered by Members. As mentioned above, it was agreed to use a number of earmarked reserves in order to reduce the call on general balances in 2021/22. These are shown in Appendix N.
- 12.6 The expected position on earmarked reserves at the end of 2021/22 relating to the General Fund is outlined below, with more detail on the larger reserves given in Appendix I.

Earmarked Reserves	Expected Balance 31 March 2022 £000
Capital	3,978
Revenue	6,384
Total	10,362

Some of the reserves set aside for capital are for specific equipment replacement and are not yet due to be spent.

13 **Budget Consultation**

- 13.1 It is planned to use electronic means to carry out budget consultation for 2022/23, in place of the usual meeting set up for business ratepayers.

14 **Council Tax Resolution**

- 14.1 A Council Tax resolution will be prepared for consideration at the Council Meeting, using the recommendations agreed by this Board.

15 **Workforce Estimate for the Year 2022/23**

- 15.1 Within the Authority's revenue and capital estimates, allowances have been made for the required workforce provision. Appendix L sets out the workforce estimates for 2022/23, compared with 2021/22.

16 **Delivering Value for Money**

- 16.1 All Councils will be looking for reductions in net expenditure in the coming year, to sustain their financial position. Efficiencies will be introduced wherever possible to minimise the impact on service provision.

17 **Conclusion**

- 17.1 It is clear that even with Council Tax increases of £5, there is an imperative need to reduce the net expenditure of the Council. Reductions of around £1.25 million will inevitably impact on service levels. However if these expenditure reductions can be achieved, current forecasts indicate that reserves will remain above the minimal acceptable level of £1.4 million by the end of 2025/26, although this is subject to the uncertainties inherent in budgetary forecasting, and subject to the level of Council Tax increase agreed.

- 17.2 There are a number of factors that could affect these forecasts. The major factors are set out in section 11. In addition:

- The Council may struggle to deliver the necessary reductions in the required timeframe.
- The General Fund currently has no external borrowing. However, there is an underlying borrowing requirement, which may increase costs in the future.
- The pandemic has affected some service areas such as Leisure Facilities income and Refuse and Recycling costs in 2021/22. As normality returns, an improvement in leisure income and reduction in waste collection costs has been assumed. If these are not achieved, there will be an impact on the council's financial position.
- The ability to earn income from investments reduced significantly during the pandemic. This has been taken into account in the budget forecast, along with assumptions on future improvements. Any difference in actual experience will affect the financial projections; this could be beneficial or detrimental and will be reliant on how the economy performs.

- 17.3 The options available to the Council to meet these future pressures are restricted: increases in Government funding, higher increases in Council Tax (subject to a referendum) and reductions in service costs. As service delivery pressures increase, the options for reducing expenditure whilst maintaining existing service levels decrease.

18 Report Implications

18.1 Financial Implications

18.1.1 As detailed in the body of the report.

18.2 Safer Communities Implications

18.2.1 The Council provides services and takes part in initiatives that work to improve Crime and Disorder levels within the Borough, and provision is included within the budgets for this.

18.3 Environment and Sustainability Implications

18.3.1 The financial strategy is linked to the delivery of targets and actions identified in the Corporate Plan and service plans. Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of these targets and without disrupting essential services. Progress against both performance and financial targets are reported regularly to Service Boards.

18.3.2 Parts of the corporate and service plans directly support the sustainability agenda, for example, recycling and the green space strategy.

18.4 Equality Implications

18.4.1 Equality Assessments should be undertaken when making financial decisions to determine what the adverse impact on individuals or communities will be.

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
Financial Strategy 2021/26	NWBC	Report to Executive Board	20 Sept 2021

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

Code	Description	Actual 2020/2021 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £	Original Budget 2022/2023 £
4009	Planning Control	99,092	(67,960)	(60,970)	(61,680)
4010	Building Control	36,031	35,900	35,200	35,900
4012	Conservation and Built Heritage	45,325	43,260	43,260	44,580
4014	Local Land Charges	(24,610)	(18,480)	(30,360)	(45,080)
4018	Street Naming and Numbering	(765)	(5,520)	(5,520)	(5,830)
	Net Controllable Expenditure	155,073	(12,800)	(18,390)	(32,110)
	Departmental Support	94,783	108,970	108,970	156,890
	Central Support	151,665	172,140	172,140	127,400
	Capital Charges	1,481	16,390	16,390	16,390
	Planning and Development Board Total	403,001	284,700	279,110	268,570

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

Codes	Description	Actual 2020/2021 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £	Original Budget 2022/2023 £
3072	Polesworth Sport Centre	272,571	171,370	177,250	117,180
3075	Coleshill Leisure Centre	537,663	321,520	318,650	285,450
3077	Atherstone Leisure Complex	727,289	411,140	401,820	341,640
3081	Leisure Facilities Strategic Outcome Plan	53,200	-	-	-
3082-3	Memorial Hall	116,021	127,530	113,900	121,680
4002	Public Health (Commercial Pollution Control)	219,662	247,070	258,050	337,700
4003	Public Health (Domestic Pollution Control)	26,430	25,400	36,730	960
5000	Domestic Refuse Collection	710,577	633,090	802,540	682,330
5001	Streetscene Grounds Maintenance	30,993	18,160	8,370	21,240
5002	Trade Refuse Collection	(78,831)	(44,250)	(54,330)	(60,020)
5003	Cesspool Emptying	(19,669)	(49,410)	(19,540)	(57,670)
5004	Recycling	1,206,691	791,310	712,640	699,820
5005	Animal Control	34,036	23,220	32,310	10,290
5006	Abandoned Vehicles	2,752	2,050	2,050	2,240
5010	Amenity Cleaning	545,010	559,090	542,060	558,080
5013	Unadopted Roads	1,779	8,050	8,520	8,050
5014	Flooding And Land Drainage	1,508	-	-	-
5015	Street Furniture	1,372	1,380	1,380	1,380
5016	Atherstone Market	2,741	1,880	1,860	1,900
5019	Green Space Budget	425,669	431,330	442,770	448,060
5021	Public Health (Control of Disease) Act 1984 Burials	2,637	-	1,640	1,670
5023	Consultation	8,776	4,650	4,650	4,740
5025	Corporate Policy	47,644	47,790	48,130	49,190
5030	Rural Regeneration	21,113	27,980	27,980	37,980
5034	Landscape	10,652	10,780	10,780	10,780
5040	Marketing and Market Research	12,250	8,930	8,930	8,930
5044	Support to Voluntary Organisations	54,163	55,710	56,350	56,430
5047	Community Fund for Local Projects	-	-	-	-
5055	Community Development Health Improvement	22,440	33,550	41,260	42,550
5056	Community Development Safer Communities	50,081	64,740	65,800	61,810
5064	QE - Artificial Grass Pitch	7,686	(9,870)	(9,870)	(10,610)
7361	England's Rural Heart LEADER Partnership	(877)	660	40	-
7365	AFC Veterans Hubs Development	(0)	-	-	-
7700	Stronger & Safer Communities	-	-	-	-
7856	High Street Innovation Grants	-	-	-	-
72xx	Covid Related Expenditure	0	-	-	-
	Net Controllable Expenditure	5,054,027	3,924,850	4,042,720	3,783,780
	Departmental Support	668,655	708,960	708,960	702,590
	Central Support	604,382	688,260	688,260	628,100
	Capital	909,802	888,760	888,760	888,950
	Net Expenditure	7,236,866	6,210,830	6,328,700	6,003,420

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

Code	Description	Actual 2020/2021 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £
4000	Licensing Authority	(32,675)	(36,090)	(36,560)
4019	Gambling Act Authority	(8,260)	(9,310)	(8,420)
	Net Controllable Expenditure	(40,935)	(45,400)	(44,980)
	Departmental Support	34,839	37,590	37,590
	Central Support	12,355	15,970	15,970
	Licensing Committee Total	6,259	8,160	8,580

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

Code	Description	Actual 2020/2021 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £
4001	Licences and Registration	(6,004)	(6,240)	(9,070)
4008	Hackney Carriages	(2,638)	(22,890)	(12,730)
	Net Controllable Expenditure	(8,642)	(29,130)	(21,800)
	Departmental Support	36,082	38,600	38,600
	Central Support	21,285	24,340	24,340
	Licensing Committee Total	48,725	33,810	41,140

NORTH WARWICKSHIRE BOROUGH COUNCIL

RESOURCES BOARD (RECHARGED)

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2020/2021 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £	Original Budget 2022/2023 £
Various	Chief Executive	211,194	220,390	220,390	226,620
Various	Corporate Director Resources	982,614	1,063,910	1,078,540	1,092,930
Various	Chief Executive - Other Services	1,059,850	1,111,510	1,111,510	1,230,970
Various	Corporate Director Resources - Community Services	1,386,497	1,501,810	1,501,810	1,371,350
Various	Director of Housing	2,344,399	2,446,350	2,446,350	1,912,320
Various	Corporate Director Streetscape	863,800	942,880	942,880	1,053,530
Various	Director of Leisure and Community Development	518,545	572,020	572,020	596,780
3006-3039	Building Maintenance Fund	227,791	231,250	231,250	232,670
3040-3041	Council Offices	150,605	181,430	181,430	183,380
3043	Central Telephones	19,055	18,100	18,100	11,030
3045	Recruitment	12,708	25,200	25,200	25,200
3046	Printing and Copying	59,598	71,230	71,230	42,040
3047	Training	11,755	84,200	84,200	84,250
3048	Depot and Stores	73,349	81,830	81,830	83,660
3110	Postage and Franking	49,491	70,050	70,050	55,060
3226	Central Services	250,610	286,290	286,290	-
3290	Information Services	757,253	786,140	786,140	760,430
3291	Procurement	32,904	74,300	74,300	99,990
3292	Staff Welfare	24,741	26,730	26,730	26,730
3300	Transport	740,358	837,840	824,070	847,070
	Net Controllable Expenditure	9,777,117	10,633,460	10,634,320	9,936,010
	Recharged to Services	(11,452,609)	(12,557,720)	(12,558,580)	(11,916,980)
	Departmental Support	21,453	22,030	22,030	25,610
	Central Support	1,350,224	1,482,720	1,482,720	1,539,040
	Capital	(211,812)	419,510	419,510	416,320
	Resources Board (Recharged) Total	(515,627)	-	-	-

Resources Board Summary

Description	Actual 2020/2021 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £	Original Budget 2022/2023 £
Totals - Recharged Services	(515,627)	-	-	-
Totals - Services Remaining	1,012,986	3,273,590	3,177,660	2,750,430
Central Vacancy Factor	-	(393,500)	(491,470)	(200,000)
Resources Board Total	497,359	2,880,090	2,686,190	2,550,430

NORTH WARWICKSHIRE BOROUGH COUNCIL

RESOURCES BOARD (REMAINING)

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2020/2021 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £	Original Budget 2022/2023 £
3000	Cost of Democratic Services	354,891	357,880	343,610	369,760
3001	Election Expenses	7,074	5,510	5,510	5,620
3002	Registration of Electors	26,779	27,360	27,360	28,010
3003	Non Domestic Business Rates	(37,909)	(23,100)	(20,730)	(32,770)
3004	Council Tax Collection	196,285	78,300	197,540	87,080
3050	Finance Miscellaneous	(2,183,510)	-	(22,880)	-
3051	Compensation and Pension Increases	333,348	343,230	336,690	345,000
3052	Assisted Car Purchase	(388)	(350)	(350)	(180)
3054	Electricity at Work	17,982	19,300	16,100	19,300
3059	Finance Unused Land	874	720	2,080	790
3060	Corporate and Democratic Core	130,220	79,550	78,730	78,730
3061	Unallocated Central Support Services	(176)	102,930	102,930	120,610
3065	Coleshill Shops and Flats	(67,878)	(68,100)	(66,740)	(70,700)
3067	The Pavilions, Holly Lane	(75,927)	(86,260)	(75,900)	(80,360)
3068	Carlyon Road Industrial Estate	(126,138)	(131,530)	(131,250)	(130,170)
3069	Innage Park Industrial Estate	(201,618)	(235,030)	(225,070)	(226,290)
3070	Polesworth Workspace Units	(7,265)	(5,260)	1,010	-
3079	Maya Bar & Restaurant	(12,906)	(13,930)	(17,140)	(18,830)
3080	Football Stadium	26	-	480	-
3084	Homeless Persons	74,109	68,290	77,490	77,050
3085	Meadow House Young People Support	(12,713)	-	(4,800)	-
3086	Homeless Project Watling Street Dordon	-	-	-	-
3089	Public Conveniences	31,198	35,310	33,180	2,580
3094	Customer Contact	18,953	33,270	34,080	35,540
3097	Rent Allowances	83,414	(4,950)	111,010	7,760
3098	Housing Benefit Administration and Rent Rebates	7,732	41,220	45,270	46,740
3101	Council Tax Support	97,209	97,500	(7,800)	61,140
3102	Car Parks	65,027	52,130	55,790	117,070
5008	Private Sector Housing Assistance	36,645	10,330	35,610	37,180
5035	CCTV	(9,447)	(17,500)	23,980	21,670
5036	Community Support	263,776	275,850	111,510	-
72xx	Covid Related Expenditure	(2,486)	-	-	-
	Net Controllable Expenditure	(992,821)	1,042,670	1,067,300	902,330
	Recharged to Services	(249,130)	(258,760)	(256,880)	(266,890)
	Departmental Support	1,016,008	1,114,790	1,001,040	967,470
	Central Support	1,078,322	1,087,430	1,142,220	905,490
	Capital Charges	160,606	287,460	223,980	242,030
	Resources Board (Remaining) Total	1,012,986	3,273,590	3,177,660	2,750,430

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

Code	Description	Actual 2020/21 £	Approved Budget 2021/2022 £	Revised Budget 2021/2022 £	Original Budget 2022/2023 £
2000	Housing Strategic Service Review	1,987	-	-	-
2001	Outreach and Access to Services	54,472	45,840	41,150	2,300
2002	Corporate Communications	41,846	51,830	37,060	62,050
2003	Community Strategy	47,017	42,710	41,180	43,970
2007	Emergency Planning	7,861	6,160	6,160	6,160
2009	North Warwickshire Local Development Framework	199,352	257,550	257,770	276,560
5050	Support to Parishes	162	-	-	-
	Net Controllable Expenditure	352,697	404,090	383,320	391,040
	Departmental Support	150,089	158,120	158,120	204,340
	Central Support	158,552	177,630	177,630	167,230
	Capital Charges	5,046	9,710	9,710	9,870
.	EXECUTIVE BOARD TOTAL	666,384	749,550	728,780	772,480

SUMMARY OF REVENUE REQUIREMENTS

2021/2022 Gross Expenditure	2021/2022 Gross Income	2021/2022 Net Expenditure		2022/2023 Gross Expenditure	2022/2023 Gross Income	2022/2023 Net Expenditure
£	£	£		£	£	£
9,341,840	3,013,130	6,328,710	Community and Environment	9,279,880	3,276,460	6,003,420
956,140	677,030	279,110	Planning and Development	997,150	728,580	268,570
152,080	102,360	49,720	Licensing	131,990	109,520	22,470
17,586,960	14,900,770	2,686,190	Resources	13,268,850	10,718,420	2,550,430
728,780	-	728,780	Executive	775,540	3,060	772,480
15,209,640	15,209,640	-	Council Housing	12,637,560	12,637,560	-
3,350	-	3,350	Contingencies	141,000	-	141,000
-	338,200	(338,200)	Covid-19 Grants	-	-	-
(300,000)	-	(300,000)	Use of Earmarked Reserves	-	-	-
-	102,000	(102,000)	Interest on balances	-	323,000	(323,000)
-	917,920	(917,920)	Financing adjustment	-	772,510	(772,510)
43,678,790	35,261,050	8,417,740		37,231,970	28,569,110	8,662,860
-	666,810	(666,810)	Use of balances	-	277,660	(277,660)
43,678,790	35,927,860	7,750,930		37,231,970	28,846,770	8,385,200
-	-	-	Special items - Parish precepts	-	-	-
43,678,790.00	35,927,860	7,750,930.00		37,231,970	28,846,770	8,385,200
		(2,421,660)	Business Rates			(2,421,960)
		(100,120)	S31 Grant - Business Rate Multiplier			(157,890)
		(577,680)	New Homes Bonus			(722,970)
		(81,840)	Lower tier Grant			(86,200)
		-	Services Grant			(132,470)
		9,110	(Surplus) / Deficit on Collection Fund			(79,720)
		4,578,740.00				4,783,990

APPENDIX G

North Warwickshire Taxbase 2022/23

	Band A disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of dwellings		6,694.00	7,420.00	6,339.00	3,978.00	2,526.00	1,340.00	759.00	81.00	29,137.00
Plus additions		-	37.00	74.50	26.25	-	8.00	2.00	-	147.75
Less reductions		-	-	-	-	-	-	-	-	-
Less exemptions		(144.00)	(138.00)	(64.00)	(46.00)	(20.00)	(10.00)	(7.00)	-	(429.00)
Less orig. band for disabled		(28.00)	(42.00)	(52.00)	(45.00)	(28.00)	(13.00)	(13.00)	(3.00)	(224.00)
Plus new band for disabled	28.00	42.00	52.00	45.00	28.00	13.00	13.00	3.00	-	224.00
(a) Chargeable dwellings	28.00	6,564.00	7,329.00	6,342.50	3,941.25	2,491.00	1,338.00	744.00	78.00	28,855.75
25% discounts	4.00	3,345.00	2,836.00	1,905.00	948.00	459.00	224.00	102.00	18.00	9,841.00
50% discounts	1.00	6.00	7.00	6.00	3.00	4.00	5.00	6.00	7.00	45.00
Total discounts	6.00	2,474.00	2,319.00	1,731.00	802.00	446.00	223.00	112.00	30.00	7,837.00
(b) Discount deduction	(1.50)	(839.25)	(712.50)	(479.25)	(238.50)	(116.75)	(58.50)	(28.50)	(8.00)	(2,482.75)
Former A exemptions (25%)		3.00	5.00	1.00	-	1.00	1.00	1.00	-	12.00
Former C exemptions (2 weeks)		17.00	15.00	4.00	3.00	3.00	2.00	1.00	1.00	46.00
Total former exemptions (single equivalent)		1.40	1.83	0.40	0.12	0.37	0.33	0.29	0.04	4.78
Long Term Empty Premium		12.00	9.00	9.00	2.00	4.00	7.00	5.00	2.00	50.00
Council Tax Support	11.05	1,235.47	867.83	368.68	130.92	52.71	30.23	10.24	-	2,707.13
Band D equivalent	6.14	823.65	674.98	327.72	130.92	64.42	43.67	17.07	-	2,088.57
(c) Adjustments	-	-	-	-	-	-	-	-	-	-
(a)-(b)+(c) Net dwellings	15.20	4,515.25	5,751.22	5,498.67	3,572.71	2,354.17	1,252.44	707.47	70.96	23,738.09
Band D equivalents	8.44	3,010.17	4,473.17	4,887.70	3,572.71	2,877.32	1,809.08	1,179.12	141.92	21,959.63
Total Band D		21,959.63								
Collection rate		98.00%								
Taxbase		20,521.41								

SAVINGS INCLUDED WITHIN 2022/2023

Board	Description	2022/2023 £
C&E	Additional income from the Garden Waste service	160,310
C&E	Leisure service move to Polesworth Workspace Units	34,420
C&E	Additional income from the adaptation of Coleshill Leisure Centre	17,000
C&E	Reduced support for mobile CCTV	4,000
Resources Recharged	Completion of the central administration review	53,200
Resources Recharged	Software saving	10,500
Resources Recharged	Recruitment to a lower graded post in the Financial Services team	37,810
Resources Recharged	Revised postage arrangements	9,000
Resources Remaining	Additional rental income from council property	7,160
Resources Remaining	closure of the public conveniences in Atherstone	32,120
Executive	Removal of Outreach support post	37,000
Corporate	Investment income from the Material Recycling Facility	123,000
	Total Savings Included	525,520

EARMARKED RESERVES

Purpose of Reserve	Balance March 2022 £000
Revenue Reserves	
Business Rates – a volatility reserve to cover fluctuations in the level of appeals and rating income	3,816
External Grants Received – Resources received towards specific projects, such as homelessness, welfare reform, neighbourhood plans, delivery of housing sites (local plan), community development and environmental sustainability, which will be spent in future years	1,457
HRA Reimbursement to General Fund – to compensate the General Fund for the loss of investment income	90
Planned Work - the Council has set priorities and initiatives where work is planned and may have been started, but has not yet been completed. Provision has been made from existing budgets to fund this work in future periods. This includes work on conservation, amenity cleaning, recycling promotion and Broadband UK.	266
Approved growth not yet spent – to cover Environmental Issues, HS2 and Health and Wellbeing.	67
Invest to Save – This reserve is to provide ‘pump priming’ for the initial costs that arise from new initiatives, which will ultimately reduce existing costs. Savings achieved will be used to repay the contribution from the Reserve, so that other services will have similar opportunities to implement new schemes.	107
Other – A number of other reserves are held to cover areas such as corporate communications and Sickness fund	65
Contingencies – to cover possible costs arising from non-recovery of VAT.	90
Maintenance of Assets – To cover future maintenance requirements on some council owned assets	225
Training – These funds have been set aside to provide resources for one off training requirements in the future, for both staff and members.	106
Consultation – for consultation with residents of the Borough and service users. The requirement to consult varies from year to year and the reserve allows fluctuations between years to be managed, without affecting other revenue expenditure.	22
Insurance – to cover costs arising from changes to excess levels	73
Capital Reserves	
Equipment Replacement – These funds are earmarked for the future replacement of leisure equipment, CCTV equipment, Play Area equipment, Refuse Freighters and the replacement of PC's.	667
General Fund Capital - Some funding has been set aside for capital spending.	3,311

COUNCIL WIDE - RISK ANALYSIS

	Likelihood	Provision
Income Generation – decrease in fees and charges of 10% (10% = approx £296,520)	High	296,520
Revised leisure income not achieved	Medium	50,000
Reduction in planning income	Medium	50,000
Lower vacancies than expected (provision for vacancies = £200k)	Medium	100,000
Investment Income – loss of cash flow (£20m @ 0.5% = £100k)	Medium	50,000
Further Public Inquiries (potential £100k)	High	100,000
Housing Benefit – reduction in reimbursement (approx £8.9m @ 5%= £445k)	Low	44,500
Possibility of overspending the agreed budget by 1% (Gross Expend = £24.6m)	Medium	123,000
Increasing cost of Refuse and Recycling	Medium	100,000
Housing Benefit – Local Authority error & overpayments (£278k)	Medium	139,000
Increased cost of maintaining mechanical equipment	Low	50,000
Additional costs on fuel and utilities	Medium	50,000
General Contingency		250,000
Total		1,403,020

Likelihood of Risk

High	100%
Medium	50%
Low	0 –10%

ALTERNATIVE SCENARIOS – GENERAL BALANCES

Best Case

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Estimated use of balances	278	106	12	(38)
Increased tax base (new homes)	-	(24)	(48)	(72)
Sustained improvement in planning income	(100)	(100)	(100)	(100)
Improvement in leisure income	-	(179)	(179)	(179)
Additional surplus in the Collection Fund	-	(20)	(20)	(20)
0.25% increase in investment rates	(100)	(90)	(70)	(70)
Alternative to New Homes Bonus	-	(200)	(200)	(200)
Potential Use of/ (Cont to) Balances	78	(507)	(605)	(679)
Potential Balances at Year End	1,726	2,233	2,838	3,517

Worst Case

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Estimated use of balances	278	106	12	(38)
Additional 0.5% on the pay award in 2022/23	51	51	51	51
Increase in planning appeals	100	100	100	100
Planning Income is not sustained	100	100	100	100
Improvement in leisure income is not achieved	263	263	263	263
Additional waste collection costs	245	250	255	260
Reduced recovery of housing benefits	100	100	100	100
S31 Grant for business rate multiplier is not maintained		158	158	158
2022/23 Service Grant is a one off		135	138	141
Potential Use of/ (Cont to) Balances	1,137	1,263	1,177	1,135
Potential Balances at Year End	667	(596)	(1,773)	(2,908)

WORKFORCE BUDGET

The Board estimates contain the effect of the following changes in employee numbers.

	2021/22 Estimate (original) FTE	2022/23 Estimate FTE
Monthly Paid	345	313
Total	<hr/> 345 <hr/>	<hr/> 313 <hr/>

APPENDIX M

REVISED MEDIUM TERM FINANCIAL FORECAST

	2021/22 Revised £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Net Service Expenditure	10,076	9,758	10,057	10,160	10,459
Covid-19 Grants	(338)	-	-	-	-
Use of Earmarked Reserves	(300)	-	-	-	-
Investment Income	(102)	(323)	(449)	(402)	(418)
Financing Adjustment	(868)	(722)	(558)	(502)	(445)
e/m res - contribution from HRA	(50)	(50)	(40)	-	-
Requirement to reduce expenditure – 23/24			(1,000)	(1,000)	(1,000)
Requirement to reduce expenditure – 24/25				(100)	(100)
Requirement to reduce expenditure – 25/26					(150)
Net Expenditure	8,418	8,663	8,010	8,156	8,346
Council Tax	(4,579)	(4,784)	(4,965)	(5,150)	(5,340)
NDR – Baseline	(1,922)	(1,922)	(1,961)	(1,999)	(2,040)
NDR – Additional rates	(500)	(500)	(500)	(500)	(500)
Section 31 Grant – business rate multiplier	(100)	(158)	(158)	(158)	(158)
New Homes Bonus	(577)	(723)	-	-	-
Lower Tier Grant	(82)	(86)	(88)	(90)	(91)
Services Grant	-	(132)	(135)	(138)	(141)
Collection Fund (Surplus) / Deficit	9	(80)	(97)	(109)	(114)
Use of / (Contribution to) Balances	667	278	106	12	(38)
Balances at the Year End	1,804	1,526	1,420	1,408	1,446

Use of Earmarked Reserves

Earmarked Reserve		Use in 2021/22
8389	Benefits	57,890.17
8360	Council Tax Reform	164,092.96
	Total External Funding	221,983.13
8425	Environmental Issues	15,140.84
	Total Approved Growth	15,140.84
8354	Consultation Fund	21,581.00
8358	Amenity Cleaning Fund	24,885.00
8407	Customer Contact	620.00
8466	Legal Advice	15,445.98
8487	Narrowing the Gap - Dig In	345.00
	Total Other	62,876.98
	Grand Total	300,000.95