

**To: Leader and Members of the Executive Board  
(Councillors D Wright, Bell, Deakin, Farrell, Gosling, D Humphreys, Reilly, Rose, Simpson and Symonds)**

**For the information of other Members of the Council**

**For general enquiries please contact the Democratic Services Team on 01827 719221 or via e-mail – [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk)**

**For enquiries about specific reports please contact the officer named in the reports.**

**The agenda and reports are available in large print and electronic accessible formats if requested.**

## **EXECUTIVE BOARD AGENDA**

**29 March 2021**

The Executive Board will meet on Monday, 29 March 2021 at 6.30pm via Teams. An email invite will be sent to all Members and the meeting will be live streamed on the Council's YouTube channel, accessible from the home page of the Council's website or at <https://www.youtube.com/user/northwarks>

### **AGENDA**

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

### 3 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members. Questions should be submitted by 9.30am 2 working days prior to the meeting. Participants are restricted to five minutes each.

PLEASE BE AWARE THAT THIS MEETING WILL BE TAKING PLACE REMOTELY.

Members of the public wishing to address the Board must register their intention to do so by 9:30 am 2 working days prior to the meeting. Participants are restricted to five minutes each.

If you wish to put a question to the meeting, please register by:  
e-mail to [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk) or telephone:  
(01827) 719221/719226.

Once registered to speak, an invitation will be sent to join the Teams video conferencing for this meeting. Those registered to speak should dial the telephone number and ID number (provided on their invitation) when joining the meeting to ask their question. However, whilst waiting they will be able hear what is being said at the meeting. They will also be able to view the meeting using the YouTube link provided (if so they may need to mute the sound on YouTube when they speak on the phone to prevent feedback).

- 4 **Minutes of the Executive Board held on 15 February 2021** – copies herewith, to be approved as a correct record and signed by the Chairman.

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

- 5 **External Auditors' Report** – Report of the Corporate Director – Resources

### **Summary**

This report presents the 2018/19 Annual Audit Letter received from the Council's external auditors, Ernst & Young LLP.

The Contact Officer for this report is Sue Garner (719372).

- 6 **Ear Marked Reserves 2020/21** – Report of the Corporate Director – Resources

**Summary**

The Council holds a number of reserves to meet future expenditure, other than the General Fund and Housing Revenue Account. This report informs Members of the balances on these reserves at 31 March 2020, subject to audit.

The Contact Officer for this report is Sue Garner (719372).

- 7 **Corporate Plan 2021/22** – Report of the Chief Executive

**Summary**

The Corporate Plan is updated on an annual basis. The purpose of this report is to recommend that the Council adopts the Corporate Plan appended to this report.

The Contact Officer for this report is Steve Maxey (719438).

- 8 **Minutes of the Safer Communities Sub-Committee held on 16 March 2021, to be received and noted**

**EXEMPT INFORMATION  
(GOLD PAPERS)**

- 9 **Exclusion of the Public and Press**

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

- 10 **Green Homes Grant: Local Authority Delivery (Phase 2)**

The Contact Officer for this report is Angela Coates (719369).

- 11 **Confidential Extract of the Executive Board Minutes held on 15 February 2021** – copy herewith, to be approved as a correct record and signed by the Chairman.

STEVE MAXEY  
Chief Executive

**NORTH WARWICKSHIRE BOROUGH COUNCIL**

**MINUTES OF THE  
EXECUTIVE BOARD**

**15 FEBRUARY 2021**

Present: Councillor D Wright in the Chair

Councillors Bell, Deakin, Gosling, D Humphreys, H Phillips, Reilly, Rose, Simpson and Symonds.

An apology for absence was received from Councillor Farrell (Substitute Cllr H Phillips).

Councillors D Clews, Jarvis, Jenns, Lees and Smith were also in attendance.

**29 Declarations of Personal or Prejudicial Interest**

None were declared at the meeting.

**30 Minutes of the Executive Board held on 23 November 2020**

The minutes of the meeting of the Board held on 23 November 2020, copies having been circulated, were approved as a correct record and signed by the Chairman.

**31 Local Transport Plan**

The Chief Executive reported on a consultation being carried out by Warwickshire County Council on an initial stage of preparing an update of the Local Transport Plan.

**Resolved:**

**That the Borough Council supports the initial work on the LTP4 and that the local issues, as set out in paragraph 6.1 of the reports of the Chief Executive, should be taken into account in the production of the LTP.**

**32 External Auditors' Report**

The Corporate Director – Resources informed Members of the External Auditors' report on the 2018/19 Financial Statements to those charged with governance.

**Recommended:**

- a That subject to the revision of cash, investment and earmarked reserve figures to reflect those at January and March 2021 in Note 41 – Going Concern, the amended statements attached at Appendix A to the report of the Corporate Director – Resources be approved; and**
- b That the External Auditors' report be noted.**

**33 The Capital Strategy**

The Corporate Director - Resources updated the Capital Strategy approved by the Council in February 2020.

**Recommended:**

**That the Capital Strategy, as attached at Appendix A to the report of the Corporate Director – Resources, be approved.**

**34 The Proposed 3 Year Capital Programme 2021/22 to 2023/24**

Management Team put forward proposals for the Three Year Capital Programme and outlined the availability of capital resources and the options to meet any shortfalls.

**Resolved:**

- a That the Revised Capital Programme for 2020/21, as set out in Appendix A to the report of Management Team, be adopted;**
- b That the 3 Year Capital Programme for the period 2021/22 to 2023/24, as set out in Appendix B to the report of Management Team be adopted; and**

**(The Chief Executive has subsequently received a notice signed by Councillors Deakin, Gosling, H Phillips and Rose) under Standing Order No 30(1)(b) (Minority Report) with regard to the decision of the Board on this matter and it is therefore referred to Council for confirmation.)**

**Recommended:**

- c That the prudential indicators, set out in Section 9 of the report of Management Team, be approved.**

**35 General Fund Revenue Estimates 2021/22**

The Corporate Director – Resources reported on the revised budget for 2020/21 and gave an estimate of expenditure for 2021/22, together with forward commitments for 2022/23, 2023/24 and 2024/25.

**Resolved:**

- a That the revised budget for 2020/21 be accepted; and**
- b That the Estimates of Expenditure for 2021/22, as submitted in the report of the Corporate Director – Resources, be approved for inclusion in the overall budget considered in a later agenda item.**

**36 General Fund Revenue Estimates 2021/22 and Setting the Council Tax 2021/22**

The Corporate Director – Resources set out the proposed General Fund Revenue Estimate for 2021/22 and the options available when setting the 2021/22 Council Tax for the Borough in the context of the Authority's Settlement Funding Assessment, and the effect on General Fund balances.

**Recommended:**

- a That the savings of £705,640, as detailed in Appendix H to the report of the Corporate Director – Resources, be approved;**
- b That the revised estimate for the year 2020/21 and the revenue estimates for 2021/22, including the use of earmarked reserves, as detailed in Appendix N of the report of the Corporate Director – Resources, be approved;**
- c That the Council Tax base for 2021/22, as set out in Appendix G to the report of the Corporate Director – Resources be noted;**
- d That a Council Tax increase of £5 for 2021/22 be approved;**
- e That the Corporate Director – Resources' comments on the minimum acceptable level of general reserves be noted;**

- f That the manpower estimates for the year 2021/22, as set out in Appendix L of the report of the Corporate Director – Resources, be approved; and**
- g That a Council Tax resolution be prepared for consideration by the Council, using the recommendations agreed by this Board.**

**37 Financial Statements 2019/20**

The Corporate Director – Resources reported that the Financial Statements for 2019/20 had been completed and highlighted the position on the General Fund and Housing Revenue Account, compared with the estimated position previously reported.

**Resolved:**

**That, subject to audit, the 2019/20 financial statements be approved.**

**38 Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April – December 2020**

The Chief Executive informed Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April to December 2020.

**Recommended:**

**That the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April to December 2020 be noted.**

**39 Trading Company**

The Chief Executive and Corporate Director – Resources provided information in relation to the establishment and registration of a Local Authority Trading Company.

**Resolved:**

- a That the establishment and registration of a wholly owned subsidiary Trading Company be approved;**
- b That the proposed Executive directors be endorsed and**  
**That the Leader of the Council, Chair of Resources Board and Leader of the Opposition be appointed as Non-Executive Directors;**

- c That the proposed Articles of Association for the company, as attached as Appendix A to the report of the Chief Executive and Corporate Director – Resources, be approved; and**
- d That the Chief Executive be given delegated authority to finalise any further details needed to set up the trading company.**

**(The Chief Executive has subsequently received a notice signed by Councillors Deakin, Gosling, H Phillips and Rose) under Standing Order No 30(1)(b) (Minority Report) with regard to the decision of the Board on this matter and it is therefore referred to Council for confirmation.)**

**40 Pay Policy Statement 2021/22**

The Corporate Director – Resources reported on the requirement under Section 38 of the Localism Act 2011 (the 2011 Act) for Councils to have and to publish a Pay Policy Statement, agreed by full Council, which would be subject to review at least annually. Details of the purpose for and the areas to be covered in the Pay Policy Statement were given.

**Recommended:**

**That the Pay Policy Statement 2021/22, as attached as Appendix A to the report of the Corporate Director – Resources, be adopted.**

**41 Minutes of the Safer Communities Sub-Committee held on 16 November 2020.**

The minutes of the Safer Communities Sub-Committee held on 16 November 2020 were received and noted.

**42 Exclusion of the Public and Press**

**Resolved:**

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

**43 Confidential Extract of the Minutes of the Executive Board held on 23 November 2020**

The confidential extract of the minutes of the meeting of the Board held on 23 November 2020, copies having been circulated, were approved as a correct record and signed by the Chairman.

**44 Sub-Regional Materials Recycling Facility**

The Corporate Director - Streetscape and the Corporate Director – Resources updated the Board on the progress made with the Sub-Regional Materials Recycling Facility and sought approval for the additional capital financing required.

**Resolved:**

- a That approval is given for the addition of capital financing as set out in the report of the Corporate Director - Streetscape and the Corporate Director – Resources; and**
- b That authority is delegated to the Corporate Director – Streetscape, the Corporate Director – Resources and the Solicitor to the Council (in consultation with the Leader of the Council, Leader of the Opposition and Chairs of Resources Board and Community & Environment Board) to finalise and agree the detailed terms of the transaction including the loan identified in the report.**

**(The Chief Executive has subsequently received a notice signed by Councillors Deakin, Gosling, H Phillips and Rose) under Standing Order No 30(1)(b) (Minority Report) with regard to the decision of the Board on this matter and it is therefore referred to Council for confirmation.)**

David Wright  
CHAIRMAN

**Agenda Item No 5**

**Executive Board**

**29 March 2021**

**Report of the  
Corporate Director - Resources**

**External Auditors' Report**

**1 Summary**

- 1.1 This report presents the 2018/19 Annual Audit Letter received from the Council's external auditors, Ernst & Young LLP.

**Recommendation to the Council**

**That the report presented as Appendix A be noted.**

**2 Introduction**

- 2.1 The Council's External Euditors, Ernst & Young LLP, have summarised the work they undertook relating to the 2018/19 financial year in an annual audit letter. The information contained in the letter has already been presented to the Board at its February meeting, so the annual audit letter is attached as Appendix A for information only.

**3 Report Implications**

**3.1 Finance and Value for Money Implications**

- 3.1.1 Budget provision for external audit costs has been made. The auditors review the financial arrangements of the Council, including an assessment of the value for money achieved by the Council in terms of economy, efficiency and effectiveness.

**3.2 Risk Management Implications**

- 3.2.1 An external audit process provides some assurance over the Council's internal control system and highlights any areas where improvements could be made.

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>
Executive Board	Sue Garner	External Auditors' Report	February 2021



**North Warwickshire  
Borough Council**

Annual Audit Letter for the year  
ended 31 March 2019

February 2021



**EY**

Building a better  
working world  
Page 12 of 61

# Contents

01

Executive  
Summary



03

Financial Statement  
Audit



05

Other Reporting  
Issues



02

Purpose and  
Responsibilities



04

Value for  
Money



06

Fees



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk))

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated 23 February 2017)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



# 01 Executive Summary

# Executive Summary

We are required to issue an annual audit letter to North Warwickshire Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
<b>Opinion on the Council's:</b>	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
<b>Concluding on the Council's arrangements for securing economy, efficiency and effectiveness</b>	We concluded that you have proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
<b>Reports by exception:</b>	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
<b>Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).</b>	The Council is below the specified audit threshold of £500m so we did not perform any audit procedures on the consolidation pack.



## Executive Summary (cont'd)

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As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 3 February 2021.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 17 February 2021.

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We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Maria Grindley  
Associate Partner  
For and on behalf of Ernst & Young LLP



## 02 Purpose and Responsibilities

# Purpose and Responsibilities

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## The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the 15 February 2021 Executive Board, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

## Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan presented to the Executive Committee on 11 February 2019 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2018/19 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500m so we did not perform any audit procedures on the return.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

## Financial Statement Audit



# Financial Statement Audit

## Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 17 February 2021. Our detailed findings were reported to the 15 February 2021 Executive Board.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p><b>Misstatements due to fraud or error</b></p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<ul style="list-style-type: none"> <li>▶ Wrote to the s151 officer, Chair of the Executive Board, Head of Internal Audit and Monitoring Officer in this regard and reviewed their responses.</li> <li>▶ Documented our understanding of the controls relevant to this significant risk and considered they have been appropriately designed.</li> <li>▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.</li> <li>▶ Reviewed accounting estimates for evidence of management bias.</li> <li>▶ Evaluated the business rationale for any significant unusual transactions.</li> <li>▶ Reviewed the calculation and year-on-year movement in the Minimum Revenue Provision (MRP).</li> </ul> <ul style="list-style-type: none"> <li>▶ We have not identified any material weaknesses in controls or evidence of material management override.</li> <li>▶ We have not identified any instances of inappropriate judgements being applied.</li> <li>▶ We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</li> <li>▶ We identified no issues with the calculation of the MRP, and obtained explanations consistent with other audit evidence of the year-on-year movement.</li> </ul>

# Financial Statement Audit

The key issues identified as part of our audit were as follows: (cont'd)

Key Issues	
Significant Risk	Conclusion
<p><b>Risk of fraud in revenue and expenditure recognition</b></p> <p>Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.</p> <p>We respond to this risk by reviewing and testing material revenue and expenditure streams and revenue cut-off at the year end.</p>	<ul style="list-style-type: none"><li>▶ Documented our understanding of the controls relevant to this significant risk and confirmed they have been appropriately designed.</li><li>▶ Obtained a breakdown of capital additions in the year and reviewed the descriptions to identify any items that could be revenue in nature.</li><li>▶ Amended our sample sizes when testing PPE additions to reflect the existence of this risk. Agreed samples to source documentation to ensure the capital/revenue split was reasonable.</li><li>▶ Designed journal procedures to identify and review adjustment manual journals that moved amounts from revenue codes to capital codes.</li></ul> <p>We have concluded our work, from the testing carried out, we have identified:</p> <ul style="list-style-type: none"><li>▶ Revenue expenditure funded by capital under statute (REFCUS) had been overstated by £0.765m. Understating capital grants unapplied and overstating REFCUS.</li><li>▶ The NNDR appeals provision was overstated by £0.684m.</li></ul> <p>The accounts have been adjusted for the current year findings and we are satisfied that the level of undetected misstatements is sufficiently low to enable us to conclude that no material misstatement has arisen as a result of fraud in revenue and expenditure recognition.</p>

# Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings	Conclusion
<p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet</p>	<ul style="list-style-type: none"> <li>▶ We considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, professional capabilities and the results of their work;</li> <li>▶ Sample tested key asset information used by the valuer's in performing their valuation</li> <li>▶ We considered any specific changes to assets that have occurred and that these have been communicated to the valuer;</li> <li>▶ We considered changes to useful economic lives as a result of the most recent valuation;</li> <li>▶ We reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated, and</li> <li>▶ We tested that accounting entries were correctly processed in the financial statements.</li> </ul> <p>Our testing identified:</p> <ul style="list-style-type: none"> <li>▶ The property, plant and equipment and investment property were valued as at 1 April 2018, the assets were revalued as at 31 March 2019, resulting a decrease in value of £3.2m to property, plant and equipment and £0.7m to investment property. (NB The PPE error is shown gross here - the net impact was £483k).</li> <li>▶ As a result of the decrease in value of Property, plant and equipment, the revaluation reserve and capital adjustment account notes were updated. The revaluation reserve changed to £13.585m from £13.481m an increase of £0.104m. The capital adjustment account changed to £95.157m from £96.317m, a decrease of £1.160m</li> <li>▶ We also identified that the land element of council dwellings was classified as other land and buildings, the disclosure note was updated to disclose the value of council dwellings, this resulted in an increase of value to council dwellings of £42.3m, and reduction to other land and buildings of the same value. (prior year comparative was also updated the classification error totalled £37.3m in 2017/18)</li> </ul>

## Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings	Conclusion
<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures in its financial statements about its membership of the Local Government Pension Scheme.</p> <p>The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary Hymans Robertson.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<ul style="list-style-type: none"> <li>▶ We undertook IAS19 protocol procedures assisted by the pension fund audit team to obtain assurances over the information supplied to the actuary for North Warwickshire Borough Council.</li> <li>▶ We assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they used. We did this by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors - and considering any relevant reviews by the EY actuarial team. We assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they used. We did this by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors - and considering any relevant reviews by the EY actuarial team. We reviewed and tested the accounting entries and disclosures made within the Council's financial statements for IAS19.</li> </ul> <p>Findings:</p> <p>There was an ongoing national issue relating to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. As part of our review of the pension liability, adjustments arising from GMP and McCloud were requested. This resulted in an increase of £1.589m to the pension liability. This has been adjusted for in the final set of accounts.</p>

# Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings	Conclusion
<p><b>IFRS 9 Financial Instruments</b></p> <p>This new accounting standard is applicable for Local Authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> <li>▶ How financial assets are classified and measured;</li> <li>▶ How the impairment of financial assets are calculated; and</li> <li>▶ The disclosure requirements for financial assets.</li> </ul> <p>There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on Local Authority accounting provides guidance on the application of IFRS 9. However, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.</p>	<ul style="list-style-type: none"> <li>▶ We assessed the Authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;</li> <li>▶ We considered the classification and valuation of financial instrument assets</li> <li>▶ We reviewed expected credit loss model impairment calculations for assets; and</li> <li>▶ We reviewed additional disclosure requirements against the prepared disclosure</li> </ul> <p><b><u>Findings</u></b></p> <p>We identified, the Financial Instruments note required updating as follows:</p> <ul style="list-style-type: none"> <li>a) removed, cash, as cash, is not included as part of financial assets at amortised cost.</li> <li>b) included Gains and losses, as these were not accurately recorded and broken down as amortised cost or Fair Value through Profit and Loss</li> <li>c) updated the reclassification of £7M loans and receivable from Fair Value through Profit and Loss to amortised cost.</li> </ul> <p><b><u>Conclusion</u></b></p> <p>The council has updated the accounts and are now appropriately accounting for and disclosing financial instruments.</p>

# Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other Key Findings	Conclusion
<p><b>IFRS 15 Revenue contracts with Customers</b></p> <p>This new accounting standard is applicable for Local Authority accounts from the 2018/19 financial year.</p> <p>The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p> <p>The 2018/19 Cipfa Code of practice on Local Authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised. The impact on Local Authority accounting is likely to be limited as large revenue streams like council tax, non-domestic rates and government grants will be outside the scope of IFRS 15. If the Authority has not assessed whether or not the new standard is relevant, there may be a risk of material misstatement if recognition of revenue is incorrect and new disclosure requirements are not included in the financial statements.</p>	<ul style="list-style-type: none"> <li>▶ We assessed the Authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19.</li> <li>▶ We considered application to the Authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and</li> <li>▶ We checked additional disclosure requirements are correctly included.</li> </ul> <p><b><u>Conclusion</u></b></p> <p>Our review of the Authority's assessment has concluded it does not have any material revenue streams that come under the scope of IFRS 15.</p>

## Financial Statement Audit (cont'd)

### Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £908K (2017/18: £967K), which is 2% of gross expenditure reported in the accounts of £45.4 million. We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Executive Board that we would report to them all audit differences in excess of £45K (2017/18: £48K)

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits. **We checked senior managers' pay to payroll records: all exit packages and termination benefits were checked to payroll and authorization procedures.**
- ▶ Related party transactions. **All senior managers' declarations were seen and corporate related parties checked for consistency with the statements and with our knowledge of the audit.**

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations. There were no unadjusted misstatements in 2018/19.

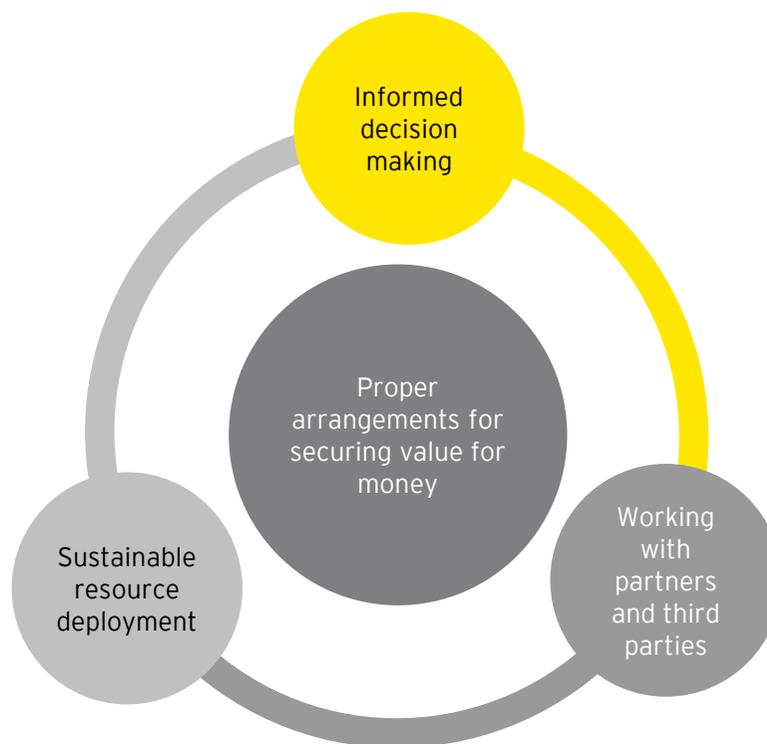


# 04 Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 17 February 2021.



05

## Other Reporting Issues



## Other Reporting Issues

### Whole of Government Accounts

The Council is below the specified audit threshold of £500m, so we did not perform any audit procedures on the consolidation pack.

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process.

Impact of CoVID 19 our audit opinion will emphasise the following:

➤ **Going Concern**

We will include an emphasis of matter paragraph in our audit report in respect of the impact of CoVID 19 on the operations and finances of the Authority.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.



## Other Reporting Issues (cont'd)

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

### Independence

We communicated our assessment of independence in our Audit Results Report to the Executive Board on 15 February 2021. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

### Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We adopted a fully substantive approach and have therefore not tested the operation of controls.

As a result of the work undertaken, we have identified some deficiencies in internal control as follows:

The audit differences noted at section 4 of our report, highlight improvements which can be made to the closedown process over:

- a) Recognition of Revenue Expenditure Funded by Capital Under Stature (REFCUS);
- b) Classification of borrowings;
- c) Valuation of property plant and equipment; and
- d) We also found a deficiency where, the Purchase Ledger listing could not be reconciled to the year end balance, difference was £0.05m.
- e) Bad debt provision - We note that no exercise is carried out, to ensure that the percentages applied to outstanding arrears are reflective of the actual recovery. Past experience has not shown any issue with this method, however we recommend an exercise is carried out for 2019/20 particularly in light of Covid-19

We recommend as part of the closedown process the finance team work with departments, to ensure similar errors are not repeated as follows :

- a) A thorough review should be undertaken to ensure the completeness and accuracy of expenditure funded by capital;
- b) Review processes for to identify split between long term and short term borrowing;
- c) Processes should be implemented to ensure that valuation movements are correctly classified;
- d) Additionally, during the closedown process the supporting listings and reports that feed into the disclosures are checked for accuracy and completeness of information.

The matters reported here are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.



## 06 Fees

## Fee analysis

In our Audit Results Report we highlighted that we carried out additional work to complete the audit and would seek to agree an additional fee with management. The table below we summarise our current position on fees and the next steps.

	Final Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£	£
Audit Fee - Code work	32,618	32,618	32,618	42,361
Scale fee variation - additional procedures carried out over following our of scope work:				
Implementation of IFRS 9 / 15	2,692			
Pensions procedures as a result of the McCloud and GMP judgements	1,334			
Property, Plant and Equipment Valuation errors	3,070			
Additional procedures as a result of Covid 19, including Going concern assessment	11,852			
Additional work undertaken due to working paper availability and errors noted including technical consultations for two prior year adjustments.	7,816			
<b>Total fees</b>	<b>59,382</b>	<b>32,618</b>	<b>32,618</b>	<b>42,361</b>

All fee variations are subject to approval by Public Sector Audit Appointments Ltd.

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**Agenda Item No 6**

**Executive Board**

**29 March 2021**

**Report of the Corporate Director -  
Resources**

**Earmarked Reserves 2020/21**

**1 Summary**

- 1.1 The Council holds a number of reserves to meet future expenditure, other than the General Fund and Housing Revenue Account. This report informs Members of the balances on these reserves at 31 March 2020, subject to audit.

<p><b>Recommendation to the Executive Board</b></p> <p><b>To note the reserves held at 31 March 2020.</b></p>
---

**2 The Purpose of Holding Reserves and Funds**

- 2.1 The Council holds a number of reserves that have been earmarked for specific revenue and capital purposes and at 31 March 2020 these totalled £12.610 million. These reserves are held for a number of purposes, and in broad terms can be split into the following categories:

- External funding which has been received for specific activities, which has not been spent in the year of receipt;
- Growth approved, which has not yet been spent;
- Resources set aside as contingency sums;
- Resources set aside for general capital spending or the replacement of specific assets; and
- Funding earmarked for other reasons, such as timing differences, to smooth expenditure between years, or to progress specific projects.

... Appendix A sets out in more detail the purpose and amount of these reserves held.

### **3 Movement on Revenue Reserves in 2019/20**

- 3.1 During 2019/20, expenditure of £4.150 million was funded from revenue reserves, whilst income of £5.595 million went into reserves. In Appendix A the reserves are grouped into the categories highlighted in paragraph 2.1, and each of these categories is dealt with below.
- 3.2 The use of 'reserves holding external funding for specific activities' related to some expenditure on the progression of community development schemes, local plan work and work on welfare reform. Grant and other external funding going into these reserves amounted to £254,000 at the end of the year, with the majority of funding received for homelessness schemes, community development initiatives, work around welfare reform and funding towards Neighbourhood plans.
- 3.3 There was limited spend from reserves for 'approved growth not yet spent' on work related to the Borough Care service, Health and Wellbeing, Community Projects and environmental issues. Funding going into these reserves related to Health and Wellbeing.
- 3.4 The movement on contingency sums relates to additional business rate income received in the year. The reserve is held to manage the risk of changes to the business rates received and the timing of transfers from the Collection Fund. The current balance will be used to support the General Fund in future years, in line with the Medium Term Financial Strategy.
- 3.5 Within 'Other reserves', spending amounted to £3.307 million. Of this £3.174 million related to spending on repairs and maintenance on the Council's housing stock. Other significant spending related to spending on the Local Development Framework, spending on provision of Heritage grants, the Cycle Race, Tree Management works, Crime and Disorder – Domestic Abuse Counselling, Community Clean ups and the planned use of the HRA reimbursement to the General Fund. Contributions into these reserves amounted to £3.263 million in total. Again, the largest element of this related to the annual contribution of £3.201 million going into the Housing Repairs Fund. Other amounts set aside into reserves related to the annual repayment of service loans into the new initiatives reserve, a contribution to the QE Pitch contingency and funding for future refuse service rationalisation.

### **4 Movement on Capital Reserves in 2019/20**

- 4.1 During the year, income of £5.685 million went into reserves held for capital purposes. The majority of this, £4.888 million, related to the funding needed for the housing capital programme and funding earmarked for council house new build. Some revenue funding was set aside for the replacement of refuse vehicles and leisure equipment, and grant income was received for Disabled Facility projects.
- 4.2 Within the year reserves of £7.209 million were used, with £6.251 million used to fund housing capital expenditure. Reserves were also used to fund

spending on CCTV replacement, preliminary work on the Materials Recycling Facility, and the replacement of computer and leisure centre equipment.

## **5 Proposed Use of Reserves in 2020/21 and 2021/22**

5.1 In the Medium Term Financial Strategy considered by this Board in September 2020, the decision was taken to use a number of earmarked reserves to support the general budget in order to mitigate the additional costs of the coronavirus pandemic. This was confirmed during budget setting for 2021/22, with the detail of the reserves to be used for this purpose in 2021/22 and 2022/23 set out in the Council Tax report considered at the February meeting.

5.2 In addition to this, the use of some other reserves was expected in the year. The main expenditure that was expected to be funded from reserves in the current year is indicated below:

- Expenditure on the Council's housing stock, using the Housing Repairs Reserve (revenue)
- Projects where specific funding has been received, eg homelessness, community development initiatives and individual electoral registration
- Some reserves held for community projects, such as community hubs, health and wellbeing and crime prevention.
- Capital reserves used to support the agreed capital programme

5.3 The constraints of the current year will have impacted on some projects, affecting the timing of expenditure. The actual use of earmarked reserves will be established during closure of the 2020/21 final accounts.

## **6 Assessment of Risk when Establishing Earmarked Reserves**

6.1 For the majority of earmarked reserves, there is little or no risk to the financial standing of the Council. Those established to manage the receipt of grant are generally clear, as expenditure is matched very specifically to the income available.

6.2 Reserves set up to manage timing differences similarly lead to little risk. Funds set aside for expected shortfalls are used to manage the risk to the base budget and are estimated using the best available information and with a view to the anticipated timeframe involved. For example, the VAT reserve held should cover the VAT that could not be recovered, should the Authority exceed its exempt limit, for one year. This would allow corrective action to be taken in a planned way.

6.3 Given the uncertainties around the transfer of business rates to local authorities, a reserve is held, which will give some funding to cushion any

unexpected changes to how the schemes operate and to manage timing differences in transfers of business rates from the Collection Fund.

## **7 Report Implications**

### **7.1 Finance and Value for Money Implications**

7.1.1 Although the Council holds a number of additional reserves, these are earmarked for particular purposes. Some resources have been set aside to deal with new initiatives, but these will only provide one-off funding for schemes.

### **7.2 Safer Communities Implications**

7.2.1 Funds held will contribute to meeting the objectives of the Council's priority of working with partners to tackle crime and anti social behaviour.

### **7.3 Environment and Sustainability Implications**

7.3.1 These funds contribute to the ongoing provision of Council services, but are one-off contributions to meet the costs of expenditure incurred.

### **7.4 Equality Implications**

7.4.1 The Council is required to ensure it meets the requirements of the Equality Act 2010. The Act brings together all previous equality legislation and includes a public sector duty (the equality duty) replacing separate duties relating to race, disability and gender equality. The individual use of the reserves will need to include assessment of the equality implications and any adverse impacts which may arise. The uses of reserves identified in Appendix A will include a number of positive contributions in terms of the equality duty including the community and economic development projects, homelessness, benefits and outreach and access to services.

### **7.5 Risk Management Implications**

7.5.1 The Council assesses the risks involved in setting up any earmarked reserves, and agrees action, where appropriate.

### **7.6 Links to Council's Priorities**

7.6.1 The use of reserves assists the Council on maximising its use of resources.

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

## EARMARKED RESERVES FOR REVENUE PURPOSES

## EXTERNAL FUNDING RECEIVED FOR SPECIFIC ACTIVITIES

Purpose of Reserve	Balance March 2019 £000	Contribution to Reserve	Use of Reserve	Balance March 2020 £000
<b>Community and Economic Development Projects</b> – funding received for sport, health, crime and disorder, economic development, High Street Innovator grant and other community projects.	168	52	34	186
<b>Planning</b> – to be used to progress the delivery of housing sites and to maintain a Brownfield Site Register	222	-	25	197
<b>Homelessness</b> – towards homeless schemes within the Borough	219	74	-	293
<b>Environmental Sustainability</b> - received towards work on climate change	29	-	-	29
<b>Risk Management</b> – an amount received from Zurich Municipal for risk management initiatives	42	-	-	42
<b>Benefits</b> – for benefits initiatives and to promote anti fraud campaigns	103	13	-	116
<b>Neighbourhood Plans</b> – to support communities to develop neighbourhood plans within North Warwickshire	104	20	2	122
<b>RIEP / INSPIRE Annexe 3 grant</b> – to be used for system review work and to meet EU requirements around spatial data over the next three years	14	-	-	14
<b>New Burdens</b> – received for council tax and welfare reform	266	95	130	231
<b>Transparency and Digital Experts</b> – grant funding to improve information for residents	39	-	-	39
<b>Other</b> – a third edition of North Talk and funding for elections and the registration of electors	81	-	-	81
<b>TOTAL</b>	<b>1,287</b>	<b>254</b>	<b>191</b>	<b>1,350</b>

*APPROVED GROWTH NOT YET SPENT*

<b>Purpose of Reserve</b>	<b>Balance March 2019 £000</b>	<b>Contribution to Reserve</b>	<b>Use of Reserve</b>	<b>Balance March 2020 £000</b>
<b>Outreach and Access to Services</b> –funding set aside for community projects	27	-	6	21
<b>Borough Care</b> - one-off funding approved for the expansion of the service.	17	-	17	-
<b>High Speed 2</b> – one off funding approved for costs associated with HS2	34	-	-	34
<b>Environmental Issues</b> -	32	-	2	30
<b>Health and Wellbeing</b> – funding to be allocated by the Working Party	23	4	7	20
<b>TOTAL</b>	<b>133</b>	<b>4</b>	<b>32</b>	<b>105</b>

*CONTINGENCIES*

<b>Purpose of Reserve</b>	<b>Balance March 2019 £000</b>	<b>Contribution to Reserve</b>	<b>Use of Reserve</b>	<b>Balance March 2020 £000</b>
<b>Contaminated Land</b> – in the event that the Council has to deal with contaminated land issues, there is no provision in the base budget. This contingency would enable some work to take place.	51	-	-	51
<b>VAT</b> – If the Council goes above its deminimis level, it will not be able to reclaim all its VAT. The reserve has meant that provision is not needed in the annual revenue budget.	90	-	-	90
<b>Emergency Planning</b> – under-spends against the annual budget have been set aside to build up a small contingency.	33	-	-	33
<b>Land Charge Refunds</b> – following a change in VAT rules, there may be a requirement to repay some VAT to residents.	48	-	-	48
<b>Business Rates Volatility</b> – in case costs change when further detail of the local business rate scheme is known	1,290	2,074	620	2,744
<b>TOTAL</b>	<b>1,512</b>	<b>2,074</b>	<b>620</b>	<b>2,966</b>

OTHER

Purpose of Reserve	Balance March 2019 £000	Contribution to Reserve	Use of Reserve	Balance March 2020 £000
<b>Local Development Framework</b> –Planning fee income set aside to support the Local Development Framework and Conservation Study work.	34	-	10	24
<b>Housing Repairs Fund</b> – The Council undertakes general repairs and maintenance on its housing stock and this fund contributes to the costs of these repairs.	840	3,201	3,174	867
<b>New Initiatives / One off growth</b> – 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. Some funding has also been set aside for one off growth items.	176	20	34	162
<b>Community Development Schemes</b> - funding set aside for social inclusion schemes involving health.	1	-	-	1
<b>Green Space Strategy</b> – Some funding set aside to enable tree works and a review of the grounds maintenance service. The remainder to progress actions identified within the Green Space Strategy action plan.	31	-	6	25
<b>Crime and Disorder</b> – funding for crime prevention work with partners.	50		11	39
<b>Leasing</b> – Leases for a number of vehicles were only finalised after the vehicles were already in use. This meant that charges included within the revenue account in the first year of operation covered a different period to the actual leasing payment made. The difference was set-aside in this reserve, to cover the outstanding costs at the end of the lease, arising from the timing difference.	30	-	-	30
<b>Maintenance of Council Assets</b> – the Council has to carry out revenue repairs and maintenance on an ongoing basis to its property, vehicles and other facilities. Funds have been set aside to provide funding for unexpected and non-regular repairs.	87	1	-	88
<b>QE AGP</b> – Contingency funds held as part of the joint working arrangement with the school	42	11	-	53
<b>Training</b> – The maintenance of this reserve has allowed fluctuations in annual training to be managed, so that training and development is provided when required rather than when funding is available.	106	-	-	106
<b>Consultation</b> – There is continuing pressure to consult 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 spending.	43	-	-	43
<b>Amenity Cleaning</b> – Additional provision approved for this service has not been spent to date, and has been set-aside to cover future work.	61	-	11	50

<b>Purpose of Reserve</b>	<b>Balance March 2019 £000</b>	<b>Contribution to Reserve</b>	<b>Use of Reserve</b>	<b>Balance March 2020 £000</b>
<b>Human Resources</b> – funding to cover the cost of employment law specialists and external investigators is needed on an ad hoc basis.	10	-	-	10
<b>Community Fund</b> – for Community projects identified within wards	200	-	4	196
<b>Insurance</b> – to cover the additional excess costs borne by the Council, as a result of increasing the levels, to take advantage of lower premiums	55	11	-	66
<b>Financial Systems</b> – to cover the professional fees required to update the financial management and capital accounting systems	20	-	-	20
<b>Miscellaneous</b> – This covers a number of small reserves which do not fall into the other categories, including the sickness fund, flexible working, clean neighbourhoods	219	19	7	231
<b>Development Control</b> –To cover the use of professional advisors on planning applications	52	-	-	52
<b>Broadband UK</b> – year 1 funding has been set aside, as the scheme has taken longer to start than expected	12	-	-	12
<b>HRA Reimbursement to General Fund</b>	240	-	50	190
<b>TOTAL</b>	<b>2,309</b>	<b>3,263</b>	<b>3,307</b>	<b>2,265</b>

<b>TOTAL REVENUE RESERVES</b>	<b>5,241</b>	<b>5,595</b>	<b>4,150</b>	<b>6,686</b>
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## EARMARKED RESERVES FOR CAPITAL PURPOSES

### CAPITAL SPENDING / ASSET REPLACEMENT

Purpose of Reserve	Balance March 2019 £000	Contribution to Reserve	Use of Reserve	Balance March 2020 £000
<b>GF Capital</b> – this reserve is used to fund capital expenditure on General Fund schemes, eg works on Council buildings or the replacement of software.	452	731	861	322
<b>Play Area Replacement</b> – revenue funding is set aside each year, to ensure there are sufficient resources to replace the refurbished play areas in the future	361	-	-	361
<b>Equipment Replacement</b> - This sum has been earmarked for the future replacement of PCs, leisure equipment, recycling bins and CCTV equipment.	250	39	97	192
<b>Vehicle Replacement</b> – some funding has been set aside for the replacement of the refuse vehicles originally purchased by WCC	75	15	-	90
<b>Pool Reserve (Lottery)</b> – as part of the award of lottery funding towards the refurbishment of Atherstone Pool, the Council agreed to set aside some funds on an annual basis towards the replacement of the plant within the facility	198	12	-	210
<b>Housing Capital</b> – this reserve is used to support the capital programme for Housing schemes.	3,653	3,682	4,870	2,465
<b>Housing New Build</b> – resources set aside for new build schemes	923	1,206	1,381	748
<b>Major Repairs Reserve</b> – The Major Repairs Allowance is to fund capital expenditure on the Council's Housing Stock.	1,536	-	-	1,536
<b>TOTAL CAPITAL RESERVES</b>	<b>7,448</b>	<b>5,685</b>	<b>7,209</b>	<b>5,924</b>

**Agenda Item No 7**

**Executive Board**

**29 March 2021**

**Report of the  
Chief Executive**

**Corporate Plan 2021/22**

**1 Summary**

- 1.1 The Corporate Plan is updated on an annual basis. The purpose of this report is to recommend that the Council adopts the Corporate Plan appended to this report.

**Recommendation to the Council**

- a That the Corporate Plan, as set out in the Appendix to the report, be agreed;**
- b That the Chief Executive be given delegated authority to finalise the format of the Plan; and**
- c That the Performance Working Group be expanded to 6 Members (4 Conservative, 2 Labour) to consider the performance information to be reported to Members**

**2 Report**

- 2.1 Members will be aware last year the Council agreed its strategic priorities from 2020 to 2023, i.e. for the lifetime of this Council. Each year this is reviewed and this year a new style Corporate Plan is proposed with a sharper focus and concentrating on the major outcomes the Council wishes to see, rather than the detailed work programme.
- 2.2 Members will be aware from discussions, particularly at this Board, that the previous Corporate Plan and performance reports have not fully given Councillors the information about the key issues facing the Borough and its residents. A Member Performance Working Group was set up to consider improvements to this work, from which the idea of a new style, focussed Plan has arisen.
- 2.3 Clearly the work of the last year, and thoughts regarding our ambitions for the coming year, have been heavily influenced by COVID which represented the biggest challenge the country has faced in a generation, and the biggest challenge this Council has faced in its existence. As has been acknowledged

before the response of staff, Members and residents was exceptional, and continues to be.

- 2.4 The outbreak has caused very significant damage to almost every aspect of life, something keenly felt by residents, business, and public services as well as staff and Members of this Council. This period has though brought about many changes in how we work and deliver services, a significant number of which we would seek to retain. This will be set out in more detail in the Council's COVID recovery plan, a draft of which was considered by leading Members last year before the second and third waves of the outbreak and which is being redrafted at the moment, including input via a peer review from the LGA. It is suggested that this be reported to this Board at its next meeting and considered by the Performance Working Group prior to that, to ensure it fits with the Council's wider corporate strategy.
- 2.5 Whilst 'business as usual' will return, it will not be as we were contemplating this time last year. We also have some very significant financial issues to address as an organisation. However the plans we were making last year are still relevant and represented the first year of a wider Plan for the whole term of this Council, so there is considerable continuity despite the very different external environment. Indeed a number of the measures will significantly help as we seek to help the Borough and residents recover from the last year. For example, the successful lobbying which brought almost £80m from last year's national budget for the A5, progression of the Local Plan, the agreement from Government to bring in local control of parking later this year, the reduction in our carbon footprint due to reduced occupancy of our offices, the successful introduction of the Council's transformation programme, increased working with local businesses and local communities (particularly those classified as vulnerable), encouraging 'Industrial Strategy' employment, and identification of pipeline projects in the Borough for external funding (amongst other work) will help the area emerge from COVID. The exceptional approach from our staff over the last year, working collaboratively and with great commitment, will continue to be needed and will be an essential part of our recovery.
- 2.6 The attached outline Corporate Plan has been influenced by a number of similar plans used by other Councils, in particular Broxtowe Borough Council whose plan can be found at <https://www.broxtowe.gov.uk/media/7433/corporate-plan-2020-2024-final-accessible.pdf>
- 2.7 The attached contains just the text; delegated authority is sought to finalise the design and given the change it is intended to work with a slightly expanded Working Group to finalise the information that Members would like to see reported in support of this Plan to bed in this new approach.

### **3 Report Implications**

### **3.1 Finance and Value for Implications**

- 3.1.1 The Corporate Plan is deliverable within the Council's agreed financial and human resources.

### **3.2 Risk Management Implications**

- 3.2.1 The main risk is ensuring that the Council prioritises its resources to enable it to deliver its priorities. The performance monitoring arrangements, to be reviewed as set out above, provide the mechanism to ensure that remedial action can be taken to review progress and ensure that priority outcomes are delivered.

### **3.3 Other Report Implications**

- 3.3.1 Any further implications resulting from the proposals in the Appendix will be the subject of further reports to the Board.

### **3.4 Links to Council's Priorities**

- 3.8.1 These are set out in the Appendix.

The Contact Officer for this report is Steve Maxey (719438).

**Front page**

Name and Logo

Corporate Plan 2021-23

2021/22 Revision

Protecting the rurality of North Warwickshire, supporting its communities and promoting the wellbeing of residents and business.

## Introduction

The last year has been very challenging for everyone and the impact on residents, communities, business and the Council has been significant.

We wanted to thank communities for their exceptional response during this time. Through our work at the Council we are aware of the many support groups and other work that has gone on, and we have tried to support this work with our Community Fund. We also directly contacted by phone around 10% of our residents during the height of the crisis to support the work within communities to help those in particular need at this time.

As a Council we have experienced a lot of challenges, not least of which were the need to move many staff to home working and to make front line services as safe as possible, whilst continuing service provision. This has changed the way we operate in some areas. Whilst there have been difficulties, it has also brought forward some service efficiencies. Going forward we aim to retain and build on the positives that have been achieved, whilst retaining the best parts of our service provision before the pandemic.

We have taken on a significant amount of additional work as part of the response to the coronavirus. Direct shielding work in the early part of the pandemic was undertaken from Coleshill Leisure Centre. As the situation has changed, we have moved from direct provision to supporting other service providers provision.

There are many businesses in the Borough, who have been affected by the pandemic. Support has been provided through different agencies and we have been administering a range of business grants which have varied in line with national and local tier restrictions resulting in over £18m being paid to businesses in the Borough. Many of these grant schemes relate to business ratepayers but we have a discretionary business scheme which is open to non-ratepayers. All current schemes can be accessed through our website.

As with many others, our finances have been hit by the pandemic. Refuse and recycling costs have increased, whilst we have lost various income streams such as leisure due to the closure of the leisure centres. We also took the decision to delay the introduction of the charge for green waste for a year from April 2020 to April 2021. Although we received government support, it hasn't covered all of our additional costs. Managing our financial position will be very challenging going forward, even with the council tax increase set for the coming year.

Whilst we need to find ways of reducing our expenditure significantly over the next few years, we will continue to do all we can to support our communities and improve jobs and opportunities for the residents of North Warwickshire. There are major challenges ahead, but we are up to the task.

Notwithstanding this, we have an ambitious programme to deal with the issues which matter the most to residents. Being based in North Warwickshire and close to communities we are well placed not only to provide excellent services directly to you, but also to use our position and knowledge of the Borough to argue for improvements in the range of other public services that are so important to quality of life. An important part of this is how we as a Borough recover from the COVID outbreak, and this is reflected in our separate COVID recovery plan.

## Vision

Protecting the rurality of North Warwickshire, supporting its communities and promoting the wellbeing of residents and business.

## Values

Service provider, enabler, point of contact, champion of North Warwickshire

## Priorities:

- Efficient organisation:  
Finances, lean, responsive
- Safe, Liveable, Locally Focussed communities:  
Feeling safe, place based enforcement, Quality of life
- Prosperous and healthy:  
Jobs, Infrastructure, connectivity, health
- Sustainable growth, protected rurality:  
Vibrant growth, sense of place, recognisably home

In addition, the Council will adopt two cross cutting Strategies – our COVID 19 Recovery Plan and our Climate Change Strategy

## Priorities and Objectives

This section of the plan outlines how we will achieve our priorities and objectives and how we will measure our progress

### Efficient organisation – financial management, lean and responsive organisation

#### Our Strategic Aims

We need to be the most **focussed and prioritised organisation** we can be – clear on our vision and priorities, **skilled and motivated staff in the right places**.

We need to **know what we are about** but also that we can't cover as many areas as before and will continue to **harness the power of the community**.

Our **advocacy for the area** will aim to ensure other parts of the systems we live in recognise the needs of North Warwickshire.

We recognise that North Warwickshire Borough Council is an organisation a lot of people turn to for help and we are proud of this – it played a vital role in supporting communities through COVID and will continue as we learn to live with the virus in the longer term. A key reason for this is our **responsiveness – we know the area and can be relied on to respond**. This needs to be allied with a greater understanding of you, as residents of the Borough. Recent changes in our working practices have shown the benefit of the **Council truly leaving the building** in every sense, being more problem solving in complex cases and seeing the person as well as the process

#### How we will achieve this

Make the financial savings we need in ways which least affect our residents

A robust transformation programme to ensure our services and processes are as lean as possible

Identifying the resources needed to deliver the Council's plan to provide high-quality priority services to our communities

Consider new models of working and providing services

Develop our staff in the new skills needed, properly supported by IT

Develop our vulnerability work from COVID 19 to provide additional assurance to residents who may be experiencing difficulties

Ensure as many services are based in North Warwickshire as possible to ensure they reflect and respond to the Borough.

How we will measure this

Balanced budget and savings identified in the Medium Term Financial Strategy (N)

A minimum of two major services reviews and reporting on the savings and efficiencies achieved (PI)

Increased commercial activity in areas that will promote the wellbeing of the Borough to assist with market weaknesses and make a contribution to the Council's budget (N&PI)

Appropriate charges for Green Waste and Parking to help sustain services (PI)

Contact those we know to be vulnerable with information, advice and as often as possible with direct contact to ensure the help available is reaching our residents (N&PI)

Efficiently collect money due to the Council, whilst continuing to offer support (PI)

Staff survey results (PI)

Customer satisfaction (PI)

[N – Narrative; PI – Performance Indicator]

**Safe, Liveable, Locally Focussed Communities –  
feeling safe, place based enforcement, quality of life**

Our Strategic Aims

North Warwickshire is a recognisable community with a distinctive sense of place. It is connected to but separate from the wider West Midlands area as well as the East Midlands and therefore benefits from public services based on its real geography rather than administrative categories.

Key to our sense of place is **quality of life** - being able to enjoy the rurality and communities within North Warwickshire. **Feeling safe** is of paramount importance to this and as part of our **advocacy role** for the Borough we will work with the Police and other partners on the key safety issues of concern to local residents.

We will adopt a **placed based approach to enforcement** using our powers where appropriate to ensure the protections to residents' quality of life are used. As well as our professional powers in areas such as Planning, Housing and Environmental Health we will use a problem solving approach to cross cutting and multi agency issues to ensure people enjoy their homes and communities.

How will we achieve this

Continue to play a leading role in the North Warwickshire Community Safety Partnership working with the community, including the Police, Town and Parish Councils and people of all ages, background and areas, to improve public perception of crime and public confidence in feeling safe by contributing towards the achievement of the Partnership plan actions and targets for the current strategic priorities. This will be particularly important for those who have spent considerable periods of time shielding against the risk caused by COVID 19.

Advocate on behalf of the Borough to ensure sufficient levels of key services in the area, particularly Police and street lighting.

To introduce Civil Parking Enforcement into North Warwickshire at the earliest opportunity as part of steps to improve and increase, amongst other things, parking in our town centres, and work with partners on improving HGV parking.

Work with partners to resolve Safer Neighbourhood issues, including, where necessary, taking action to address anti-social and nuisance behaviour

Maintain a very high standard of street cleanliness throughout the Borough, tackling litter and flytipping as quickly as possible.

Ensure maximum coordination between enforcement teams to resolve complex social and environmental issues likely to significantly impact on quality of life.

How we will measure this

Reporting on a range of Safer Communities indicators linked to Violent Crime (with a focus on domestic violence and abuse, sexual offences and drug and alcohol related), Anti-Social Behaviour, Road Safety (with a focus on road traffic accidents resulting in deaths or serious injuries), Crime in Rural Areas (PI, N)

Report on the cleanliness of the Borough (PI)

Report on the work of our enforcement teams in Planning, Housing and Environmental Health (N)

Satisfaction surveys with residents and key partners such as Town and Parish Councils. (N)

**Prosperous and healthy –  
Jobs, Infrastructure, connectivity, health**

Our Strategic Aims

The first two objectives may be regarded as ensuring the foundations for the organisation and Borough are as firm as possible – the Council should add value to the area and residents should feel at home and secure in their communities.

The next two objectives build on the **quality of life theme** to ensure our communities **thrive** being **prosperous and healthy**.

Key to this theme is a **healthy and inclusive economy** with a good supply of jobs, including in emerging ‘mega trend’ sectors prioritised in national and regional Industrial Strategies. Ensuring our residents can **acquire the skills** for new and existing jobs is important in this aim.

As part of the final aim, ensuring investment into North Warwickshire in terms of sufficient housing and employment for our residents is a generally shared aim as long as the **infrastructure that makes places work** comes with it. The Council has established an ambitious growth and investment programme following years of low input to the area and we will continue to lead on the Borough’s input into securing the improvements to roads, schools, community services and environmental assets to **bring quality to growth**.

A key component is ensuring we are **connected with the people, places and factors which influence our life** – in terms of transport and physical connection and also technology as COVID produces a generational shift to digital services.

Finally, but fundamentally, a number of **health outcomes need to significantly improve** within the Borough. Loss of economic opportunity can often be replaced eventually but reduced health prospects are more damaging.

How will we achieve this

Produce a revised Economic Development Strategy linked to the UK and WM Industrial Strategies, including identifying projects to be supported from Government funding.

Use developer contributions and other funding to maximise opportunities for the employment of local people including addressing skills gaps as well as the improvement of the environment, leisure and other community services that add value to people’s lives.

Manage development and work with partners to deliver its associated infrastructure, in line with the Infrastructure Delivery Plan

Progress the North Warwickshire Transport Strategy to improve strategic roads such as the A5 and A446, improve transport links, including cycle links, footpath links, public transport, and all forms of rail provision.

We will work in partnership with other agencies to tackle health inequalities through implementation of the corporate Health and Wellbeing Action Plan and relevant Warwickshire North Place Plan

priorities, as part of our advocacy work for the Borough within the health system as well as by ensuring access to leisure and other community service opportunities that promote active, healthy lifestyles.

Ensure our work through a number of services such as Planning, Environmental Health, Leisure and Community Development and Housing contribute to improving the wider determinants of health and to enhancing the physical and mental wellbeing of local residents

How we will measure this

A dashboard of economic indicators linked to the Economic Development Strategy including skill levels, employment rates, benefit claimant rates, wage/salary data (PI, N)

Progress reports on the action plan for the Transport Strategy (N)

Progress reports on the action plans for the corporate Health and Wellbeing Action Plan and JSNA and relevant Warwickshire North Place Plan priorities (N)

A dashboard of health indicators on key health indicators, including life expectancy, access to mental health services, road mortality, and active lifestyle indicators (PI)

**Sustainable growth, protected rurality -  
Vibrant growth, sense of place, recognisably home**

Our Strategic Aims

Linked to the last theme, one of the most important roles North Warwickshire Borough Council can play is to **shape the type of place** North Warwickshire is and ensure there is a **plentiful supply of houses, of the right type and quality**.

There is a housing crisis in the UK caused by insufficient properties being built over a long period of time. The Council will therefore play its part in providing **sustainable growth, facilitating investment in the Borough**. This will ensure the housing needs of the area are met and provide impetus of new jobs, and good quality facilities and services in North Warwickshire.

The growth however must not come at the expense of future generations and must seek to **retain the rurality of North Warwickshire**. The new necessary growth must integrate well with existing development and seek to retain a recognisable North Warwickshire, in particular protecting as far as possible our Green Belt.

Working with partner organisations and advocating for the Borough for the infrastructure mentioned in the last objective is key to this aim.

How will we achieve this

We will ensure we have an up-to-date Local Plan, which remains the best way to provide the homes, jobs and other sustainable growth needed in the area. Crucially it also provides the best mechanism to ensure as far as we can that development only happens in the right areas, and for the protection of the Green Belt.

We will continue to work with regional partners to ensure our Plan fits into the wider regional context and that we all working together ensure the necessary supply of homes, jobs and infrastructure.

Use our Design Champions to ensure the best achievable designs are implemented and developed so as to reflect setting and local character.

Seek to secure the protection of the best of the Borough's built and rural heritage, as well as our natural assets such as the Tame Valley Wetlands Partnership

To press for the maximum mitigation and benefits for the Borough arising from HS2, particularly during construction in partnership with other affected Councils and community action groups

Continue to implement the adopted North Warwickshire Leisure Facilities, Green Space and Playing Pitch Strategies, and the accompanying Local Football Facilities Plan, in accordance with their associated Action and Funding Plans.

To implement our Homeless Strategy and work on private housing.

How we will measure this

Report on progress of the Local Plan and subsequent reviews (N)

Report on key planning and housing data such as the five year housing supply, percentage of affordable homes, amount of land built on brownfield and allocated sites (PI)

Report to the Planning and Development Board on pressures on the Green Belt, design and heritage issues including conservation areas (N)

Report progress on Leisure Facilities, Playing Pitches and Green Space Strategies (N)

Report progress on homelessness, private housing and other housing issues (N)

**NORTH WARWICKSHIRE BOROUGH COUNCIL**

**MINUTES OF THE SAFER COMMUNITIES  
SUB-COMMITTEE**

**16 MARCH 2021**

Present: Councillor Reilly in the Chair.

Councillors D Clews, Davey, M Humphreys, Gosling, Moss, Parsons O Phillips and Singh.

Councillors Bell, Lees and H Phillips were also in attendance.

**8 Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

**9 Minutes of the Meeting of the Safer Communities held on 16 March 2020**

The minutes of the meeting of the Sub-Committee held on 16 November 2020, copies having been previously circulated, were approved as a correct record and signed by the Chairman.

**10 Fly Tipping Progress Report**

Members were provided with an update on progress on the action plan for tackling fly tipping across the Borough.

**Resolved:**

- a That the progress made and the updates for the action plan as detailed in the report of the Chief Executive be noted;**
- b That the proposed consultation for the review of the Fillongley Public Spaces Protection Order 2017 be agreed;**
- c That consultation for additional Public Spaces Protection Orders be prepared for locations at Tamworth Road, Polesworth B5000 and Ryefield Lane, Wishaw, as detailed in the report of the Chief Executive;**

**11 North Warwickshire Community Safety Partnership Update**

The Chief Executive provided Members with an update on recent activities with the North Warwickshire Community Safety Partnership. The report included information about the agreed priorities from a Strategic Assessment 2020/21 and the latest crime statistics. The report also informed Members of proposed work to consider the North Warwickshire results from a Having Your Say on Community Safety survey and a proposed Safer Warwickshire Officer role.

**Resolved:**

- a That the update be noted;**
- b That the proposed work to consider the results of the Have Your Say on Community Safety Survey be noted and that the comments made by the Sub Committee be considered by the North Warwickshire Community Partnership; and**
- c That the proposed pilot of a Safer Warwickshire Officer in North Warwickshire be noted and the support for the pilot by the North Warwickshire Community Safety Partnership be endorsed.**
- d That the Sub-Committee asks the Chief Executive to write to Warwickshire County Council stressing the importance of street lighting and to ask that the Borough of North Warwickshire receives sufficient funding from the increase in the Safer Streets fund recently announced by Government in response to the Sarah Everard tragedy, to reflect the rural nature of the Borough and its proximity to major urban population centres.**

**12 Progress Report on Achievement of Corporate Plan Targets April – December 2020**

The Chief Executive informed Members of the progress with the achievement of the Corporate Plan targets relevant to the Safer Communities Sub-Committee for April to December 2020.

**Resolved:**

**That the report be noted.**

**13 North Warwickshire Improving Road Safety Action Plan Progress Report**

Members were provided with an update on the progress with the North Warwickshire Road Safety Action Plan. The report also outlined recent road safety developments and feedback from the Warwickshire Road Safety Partnership Operational Board held in January 2021.

**Resolved:**

**That the report be noted.**

Councillor Reilly  
Chairman

**Agenda Item No 9**

**Executive Board**

**29 March 2021**

**Report of the  
Chief Executive**

**Exclusion of the Public and Press**

**Recommendation to the Board**

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

**Agenda Item No 10**

**Green Homes Grant: Local Authority Delivery (Phase 2)** – Report of the Director of Housing

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**Agenda Item No 11**

**Extract from Executive Board minutes – 15 February 2021**

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

In relation to the item listed above members should only exclude the public if the public interest in doing so outweighs the public interest in disclosing the information, giving their reasons as to why that is the case.

The Contact Officer for this report is Clive Tobin (719251).