

To: Leader and Members of the Executive Board

(Councillors D Wright, Barnett, Bell, Clews, Gosling, H Phillips, Reilly, Ridley, Ririe, Simpson, Symonds and Whapples)

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

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

10 FEBRUARY 2025

The Executive Board will meet in The Chamber, The Council House, South Street, Atherstone on Monday, 10 February 2025 at 6.30pm.

The day after the meeting a recording will be available to be viewed on the Council's YouTube channel at [NorthWarks - YouTube](#).

AGENDA

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

4 **Public Participation**

Up to twenty minutes will be set aside for members of the public to put questions to elected Members.

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

If you wish to put a question to the meeting, please register by email to democraticservices@northwarks.gov.uk or telephone 01827 719221 / 719237.

Once registered to speak, the person asking the question has the option to either:

- a) attend the meeting in person at the Council Chamber;
- b) attend remotely via Teams; or
- c) request that the Chair reads out their written question.

If attending in person, precautions will be in place in the Council Chamber to protect those who are present however this will limit the number of people who can be accommodated so it may be more convenient to attend remotely.

If attending remotely 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 to hear what is being said at the meeting.

- 5 **Minutes of the Executive Board held on 25 November 2024** – copies herewith, to be approved as a correct record and signed by the Chairman.

ITEMS FOR DISCUSSION AND DECISION (WHITE PAPERS)

- 6 **Annual Governance Statement 2023-24** - Report of the Interim Corporate Director – Resources (Section 151 Officer)

Summary

The Annual Governance Statement for 2023/24 sets out the arrangements the Council has put in place for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. These ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and accounted for and is used economically, efficiently and effectively.

The Contact Officer for this report is Alison Turner (719374).

- 7 **External Auditors Completion Report for Those Charged with Governance 2023/24** – Report of the Interim Corporate Director – Resources (Section 151 Officer)

Summary

The Financial Statements for 2023/24 have been completed and published, they are presented to Members in a separate report on this agenda.

This report attached at Appendix A (to follow) explains the approach and outcome for the 2023/24 audit. The Government have imposed the backstop date 28 February 2025 for 2023/24 accounts to be audited and an opinion on the financial statements issued.

The Contact Officer for this report is Alison Turner (719374).

- 8 **Draft Financial Statements 2023/24** - Report of the Interim Corporate Director – Resources (Section 151 Officer)

Summary

The Financial Statements for 2023/24 have been completed and published. This report highlights the position on the General Fund and Housing Revenue Account, compared with the estimated position previously reported.

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

- 9 **Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy** - Report of the Chief Executive

Summary

Members will be aware that a report was taken to the Local Development Framework Sub-Committee on 19 November 2024 seeking the adoption of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy as the basis for utilising natural capital funding across the sub-region. The strategy aligns closely with the Biodiversity Action Plan (BAP) and has the potential to support the delivery of the BAP. The Sub-Committee supported the recommendation that the Natural Capital Investment Strategy be adopted.

The Contact Officer for this report is Mike Dittman (719451).

- 10 **Local Government Standards System** - Report of the Chief Executive and the Monitoring Officer

Summary

This report asks the Board to note the draft revised Local Government Standards System which is currently being consulted on and confirm any comments to be submitted to Government.

The Contact Officers for this report are Steve Maxey (719438) and Sofia Ali (719251).

- 11 **Data Protection Policies and procedures** - Report of the Head of Legal Services

Summary

The Report seeks to approve the following Policies:

- Data Protection Policy
- Data Breach Policy and Procedure
- Access to Deceased Persons Records Policy
- Data Privacy Impact Assessment ("DPIA") Procedure
- Legitimate Interest Assessment ("LIA") Procedure

The Contact Officer for this report is Sofia Ali (719251).

- 12 **The Proposed 3 Year Capital Programme 2025/26 – 2027/28** - Report of the Interim Corporate Director – Resources (Section 151 Officer)

Summary

This report puts forward proposals for the Three Year Capital Programme and outlines the availability of capital resources to fund the programme. The report recommends the options available.

The Contact Officers for this report are Nigel Lane (719371) and Nicolas Harris (719320).

- 13 **General Fund Revenue Budget – 2024/25 Forecast and 2025/26 Estimates** - Report of the Interim Corporate Director – Resources (Section 151 Officer)

Summary

This report covers the outturn forecast for 2024/25 and an estimate of expenditure for 2025/26, together with future estimates for 2026/27, 2027/28 and 2028/29.

The Contact Officer for this report is Akanksha Downing (719384).

- 14 **General Fund Revenue Estimates Summary – 2024/25 Outturn and Tax Set 2025/26** – Report of the Interim Corporate Director – Resources (Section 151 Officer)

Summary

This report presents the General Fund revenue estimates for outturn 2024/25 and original 2025/26 as presented to the individual boards and the overall Tax Set Summary for 2025/26 along with the recommendations to support the figures presented.

The Contact Officer for this report is Alison Turner (719374).

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

To consider, in accordance with Section 100A(4) of the Local Government Act 1972, whether it is in the public interest that 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.

- 16 **Staffing Matter** – Report of the Chief Executive

The Contact Officer for this report is Dorothy Barratt (719250).

- 17 **Exempt Extract of the Minutes of the meeting of the Executive Board held on 25 November 2024** – 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

25 November 2024

Present: Councillor D Wright in the Chair

Councillors Barnett, Bell, Chapman, Clews, Osborne, H Phillips, Reilly, Ridley, Symonds, Watson and Whapples

Apologies for absence were received from Councillors Gosling (Substitute Chapman), Simpson (Substitute Watson) and Ririe (Substitute Osborne)

33 Declarations of Personal or Prejudicial Interest

None were declared at the meeting.

34 Minutes of the Executive Board held on 16 September 2024

The minutes of the meeting of the Board held on 16 September 2024, copies having been circulated, were approved as a correct record and signed by the Chairman.

35 Electoral Review – Stage 2 Consultation

The Chief Executive asked the Board to consider the Council's response to the Local Government Boundary Commission's review of ward boundaries in North Warwickshire.

Resolved:

- a That the consultation be noted;**
- b That the views of the Board be included in the Council's response to the consultation; and**

Recommended:

- c That Full Council, at its meeting on 4 December 2024, agree a date for an additional council meeting in January 2025 to facilitate submission of the Council's response to the consultation.**

36 Feedback Policy

The Head of Legal Services sought approval for the Feedback Policy for managing complaints to the Council.

Resolved:

That the Feedback Policy be approved and adopted.

37 Draft Financial Statements 2021/22 & 2022/23

The Interim Corporate Director – Resources (Section 151 Officer) highlighted the position on the General Fund and Housing Revenue Account, compared with the estimated position previously reported.

Resolved:

That the financial statements for 2021/22 and 2022/23 be approved.

38 External Auditors Completion Report for Those Charged with Governance 2021/22 & 2022/23

The Interim Corporate Director – Resources (Section 151 Officer) explained the approach and outcomes of both the 2021/22 and 2022/23 audits.

Recommended:

- a That the Completion Report, as presented in Appendix A of the report of the Interim Corporate Director – Resources (Section 151 Officer), be approved; and**
- b That, in consultation with the Chairman of the Executive Board, delegated authority be given to the Interim Corporate Director - Resources (Section 151 Officer) to sign off the Letter of Representation for 2021/22 and 2022/23.**

39 External Auditors' Report – Value for Money Interim Report 21/22 & 22/23

The Interim Corporate Director – Resources (Section 151 Officer) presented the Value for Money Interim Report for years ended 31 March 2022 and 31 March 2023 received from the Council's external auditors, Ernst & Young LLP.

Resolved:

That the contents of the Value for Money report be noted.

40 External Auditors' Report – planning 2023/24 and Rebuilding Assurance during the Recovery period

The Interim Corporate Director – Resources (Section 151 Officer) presented the Audit Plan for year ended 31 March 2024 received from the Council's external auditors, Azets.

Resolved:

- a That the contents of the Audit Planning report be noted; and**
- b That the contents of the Local Audit Backlog- Rebuilding Assurance during the Recovery Period be noted.**

41 Budgetary Control Report 2024/25 Period Ended 31 October 2024

The Interim Corporate Director – Resources (Section 151 Officer) reported on the revenue expenditure and income for the period from 1 April 2024 to 31 October 2024. The 2024/25 approved budget and the actual position for the period were given, together with an estimate of the outturn position for services reporting to this Board.

Resolved:

That the report be noted.

42 Medium Term Financial Strategy 2024 - 2029

The Interim Corporate Director – Resources (Section 151 Officer) summarised the Authority's Medium Term Financial Strategy, which projected forward the Authority's General Fund budgets to 2028/29 and suggested a budget approach for the 2025/26 General Fund Budget.

Recommended:

- a That the Medium Term Financial Strategy, attached at Appendix A of the report of the Interim Corporate Director – Resources (Section 151 Officer), be approved;**
- b That the General Fund budget projections for 2024/25 to 2028/29 be noted;**
- c That the approach for balancing the Medium Term Budget set out in Table 2 of the report of the Interim Corporate Director – Resources (Section 151 Officer), be adopted;**
- d That the budget movements for 2024/25 as detailed in Table 3 of the report of the Interim Corporate Director – Resources (Section 151 Officer), be approved;**

- e That the strategy for increasing the council tax to the maximum level approved by the Government, continue;
- f That the high level projects/initiatives for delivering reductions and increased income in Appendix A section 11 of the report of the Interim Corporate Director – Resources (Section 151 Officer), be noted and more detail and financial targets for the Tax Set report be requested; and
- g That a review of earmarked reserves with the balance on any funds no longer required being transferred to the general fund balance be carried out.

43 Remote attendance and Proxy voting

The Chief Executive asked the Board to consider the Government's consultation on the detail and practical implications of allowing remote and hybrid attendance and proxy voting at local authority meetings in England.

Resolved:

- a That the consultation be noted; and
- b That the Board's views be forwarded to the Government as part of the consultation.

44 Performance Management

The Chief Executive provided Members with an update to the work that the newly appointed Data Analyst was undertaking.

Resolved:

- a That the report be acknowledged; and
- b That the new Power BI reporting dashboard be agreed.

45 Calendar of Meetings 2025/26

The Chief Executive sought approval for a calendar of meetings for 2025/26.

Recommended:

- a That the draft calendar of meetings for 2025/26, as submitted at Appendix A to the report of the Chief Executive, be approved; and
- b That future meeting dates for working parties and task and finish groups be added to the calendar when arranged and that calendar meeting invitations be sent to all Borough Councillors for these meetings.

46 Corporate Peer Challenge

The Chief Executive asked the Board to note the Corporate Peer Challenge ('CPC') report.

Resolved:

- a That the report be noted;**
- b That the report be published on the Council's website; and**
- c That a further report and action plan be reported to the next meeting of the Board in February.**

47 Fillongley Public Spaces Protection Order

The Chief Executive asked Members of the Board to consider consulting on a Public Spaces Protection Order in Fillongley.

Resolved:

That the draft Public Spaces Protection Order be consulted upon.

48 Minutes of the Safer Communities Sub-Committee held on 12 November 2024

The minutes of the meeting of the Safer Communities Sub-Committee held on 12 November 2024, were received and noted.

49 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.

50 Supplementary – Corporate Services

The Chief Executive sought approval of a supplementary estimate to enable changes within the Division.

Resolved:

That the supplementary estimate be approved.

51 **Waste In-Cab Solution**

The Interim Corporate Director – Streetscape sought approval for the additional capital spend in the 24/25 budget.

Resolved:

That, subject to Community and Environment Board approval, the additional capital spend be approved.

D Wright
CHAIR

Agenda Item No 6

Executive Board

10 February 2025

**Report of the
Interim Corporate Director Resources
(Section 151 Officer)**

**Annual Governance Statement
2023/24**

1 Summary

- 1.1 The Annual Governance Statement for 2023/24 sets out the arrangements the Council has put in place for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. These ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and accounted for and is used economically, efficiently and effectively.
- 1.2 This Statement relates to 2023/24 and was prepared by the Section 151 officer but was not presented for approval by members which is a requirement.

Recommendation to the Council

That the Annual Governance Statement for 2023/24, attached as Appendix A, is approved.

2 Background

- 2.1 The Council has an approved Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.
- 2.2 The Annual Governance statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations.
- 2.3 The Council has also reviewed the Chartered Institute of Public Finance Association (CIPFA) Financial Management Code, to ensure its financial management arrangements conform to the governance requirements of the CIPFA Standard.

3 Review of the Effectiveness of Internal Audit

- 3.1 The Council has a system of Internal Control, to which the internal audit system contributes significantly. The internal audit section is responsible for the provision of much of the system, although some responsibilities are carried out by others. Fraud work is carried out within the Internal Audit section. However, a specialist contractor is used for IT audits where necessary. All of these also contribute to internal audit within the authority.
- 3.2 Public Sector Internal Audit Standards require an external assessment of the internal audit service at least every five years. An external assessment was undertaken in November 2017, so a further assessment would be due, however in November 2023 this Council approved a pilot with The Central Midlands Audit Partnership(CMAP) who are delivering the Council Internal Audit function and therefore the assessment would be part of CMAPs requirements.
- 3.3 The internal audit capacity had been highlighted in 2022/23 as a significant risk to the Council and following a review of various options for delivering the internal audit function members approved a pilot with CMAP delivering the audit function with the one full time auditor employed directly from November 2023. As a result the audit plan was adjusted accordingly with audits on Governance, Risk Management, Counter Fraud and Financial Controls completed. In November 2024 following a review of the pilot members approved the recommendation for North Warwickshire BC to join CMAP as a partner from 1 April 2025 with CMAP delivering the future internal audit provision.

4 2023/24 Annual Governance Statement

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- 4.1 The Statement (Appendix A) presented to Members for approval provides some narrative around the governance arrangements in place during 2023/24.
- 4.2 Members are kept informed throughout the year about the various areas that make up the system of internal control. Much of this information comes through Board reports. All Boards receive progress reports on the service areas that come within their remit. Higher level reports include progress against the Corporate Plan and budgetary control reports. However, other more detailed reports are used to deal with specific areas, such as Leisure Services and Refuse and Recycling.
- 4.3 Responsibility of monitoring against corporate activity has also been assigned to individual Boards, for example, the Resources Board considers Risk Management and Treasury Management activity and the work of Internal Audit, whilst the Executive Board considers the outcomes of the work of the external auditors.
- 4.4 Where appropriate, all Members are involved in major reviews. Other means are also used to monitor the activity of the Council, such as the use of Task and Finish Groups. A Housing Task and Finish Group was set up during the year, so that housing activity could be reviewed in greater detail.

4.5 In reviewing the corporate governance arrangements, a number of areas have been highlighted for further action. These are included within the Annual Governance Statement attached at Appendix A.

4.6 Once approved by this Board, the Statement will need to be signed by the Leader of the Council and the Chief Executive.

5 Report Implications

5.1 Finance and Value for Money Implications

5.1.1 The governance arrangements put in place by the Council ensure that its financial position is safeguarded and that only approved expenditure is incurred on behalf of the Council and income is only generated for goods and services it actually provides.

5.2 Legal Data Protection and Human Rights Implications

5.2.1 The governance arrangements put in place by the Council ensure that its legal position is safeguarded, that it complies with relevant laws and regulations and expenditure is lawful. These arrangements allow specific legal advice to be given in relation to functions which are discharged by officers and members.

5.2.2 The Council has approved and adopted a Local Code of Corporate Governance (the Local Code), which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016).

5.2.3 This statement explains how the Council has complied with the Local Code and with meeting the requirements of regulation 6 of the Accounts and Audit Regulations 2015 to review and report on the effectiveness of its system of internal control and to prepare an Annual Governance Statement.

5.2.4 The Local Government (Accounts and Audit) Regulations 2015 state that “A local authority is responsible for ensuring that the financial management of the authority is adequate and effective, and that the authority has a sound system of internal control which facilitates the effective exercise of the authority’s functions; and includes arrangements for the management of risk.

5.2.5 Review of the activity of the audit team is in line with the Council’s statutory obligations in achieving best value under s 3 (1) of the Local Government Act 1999 and the Council’s internal reporting mechanisms as required under the Account and Audit Regulations 2015.

5.2.6 There are revised requirements in the UK General Data Protection Regulation and the Data Protection Act 2018 for the processing of personal information. One of these is to appoint a Data Protection Officer whose responsibilities include advising the Council, monitoring compliance with its data protection obligations, and co-operating with the Information Commissioner under the relevant legislation. This role is being carried out by the Head of Legal Services.

5.2.7 The continued implementation of the steps set out in the Annual Governance Statement will assist the Council in complying with these requirements.

5.3 Environment, Climate Change and Health Implications

5.3.1 As part of the Council's governance arrangements, there is a requirement for officers and Members to consider the environmental impacts and sustainability of decisions taken.

5.4 Human Resources Implications

5.4.1 There are systems in place which ensure that health and safety considerations are taken into account, along with legal requirements. The Council also has a number of policies which set out expected standards of behaviour for both officers and Members.

5.5 Risk Management Implications

5.5.1 The Council manages its risks by having good internal control mechanisms in place. The improvements identified in the statement for the future will strengthen these mechanisms.

5.6 Equalities Implications

5.6.1 As part of the Council's governance arrangements, there is a requirement for officers and Members to consider the equalities implications of decisions taken.

5.7 Links to Council's Priorities

5.7.1 The governance arrangements ensure that the achievement of the Council's priorities is monitored on a regular basis, and action taken where this is appropriate.

The Contact Officer for this report is Alison Turner (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

NORTH WARWICKSHIRE BOROUGH COUNCIL

2023/24 Annual Governance Statement

Executive Summary

Responsibility for Governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. To do this, it puts arrangements in place for the governance of its affairs, which include arrangements for the management of risk.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

Commitment to Review Governance Arrangements

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of its effectiveness is informed by:

- the work of the Senior Management Team and other managers within the Authority who have responsibility for the development and maintenance of the governance environment;
- work carried out by Internal Audit;
- comments made by the external auditors, in their annual audit findings report and other reports. The external auditors also carry out a value for money review, as part of their opinion on the financial statements;
- feedback from other review agencies and inspectorates
- the results of user surveys and feedback from residents; and
- feedback from Service Boards and Member Groups.

To ensure that the governance framework remains effective, senior officers and Members have reviewed individual elements of the framework. Alongside this the Internal Audit plan for 2023/24 included Governance, Counter Fraud and Risk Management.

Service Boards use Task and Finish Groups or Working Groups to review and scrutinise individual areas, such as Housing, Climate change.

Overall Opinion on the Level of Assurance Provided by Governance Arrangements

The Annual Governance Statement has confirmed that the controls in place have largely continued to operate as intended.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained.

Significant Governance Issues Identified

To address the significant issue with Internal Audit capacity members approved a pilot with the Central Midlands Audit Partnership (CMAP) commencing November 2023 to deliver the audit service along with the internal auditor employed by NWBC. The audit plan was amended to include audits for Governance, Risk Management & Counter Fraud along with financial controls to ensure all key Governance controls were in place and robust. The audits highlighted actions to further enhance our governance arrangements, including Risk Management and these will be implemented against the timescales in the action plans during 2024-25. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

These include:

- A review of the Financial Regulations;
- Continuing to progress workforce planning;
- A review of Data Protection and Data Breach Reporting Policies
- Review of Contract Standing Orders
- A review of the risk Management policy and Strategy
- Increased reporting to Resources Board on risk management;
- Replacement of four key computer systems to improve functionality and also maintain security compliance;
- Application for PSI accreditation;
- Formal Governance training for all Members, in particular those sitting on Resources and Executive Boards.
- A complete Review of Constitution

Signed:.....
Leader of the Council

Signed:.....
Chief Executive

Introduction

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on our website.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risks at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance statement has been in place at North Warwickshire Borough Council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

Council Structure and Corporate Governance

The Council operates using a Committee system. This involves a number of Service Boards/Committees, responsible for specific areas of activity, which report back to the full Council. This meeting cycle of Board and Council meetings normally runs five times throughout the year but extra meetings are added if required. The remit and responsibilities of the Boards and Committee are set out in the Constitution of the Council, and include:

- Executive Board
- Resources Board
- Community and Environment Board
- Planning and Development Board
- Licensing Committee.

We have a number of ways that concerns of any kind can be raised, by employees, Members of the Council or the public. These include Confidential Reporting arrangements and complaint procedures. Any concerns will be followed up by trained investigators and action will be taken in proven cases.

The Council has approved Anti-Fraud and Anti-Money Laundering Policies. We take fraud of any kind seriously, and our first aim is to prevent opportunities for fraud to occur, by building sufficient controls into systems and procedures. The Council also contributes to National and Regional Fraud Initiatives using data matching techniques.

Statutory Officers

All local authorities are required by law to have officers who fulfil three specific roles. At North Warwickshire Borough Council, these roles are carried out by the following post-holders within the Council:

- The Head of Paid Service – Chief Executive

- The Chief Financial Officer(Section 151) – Corporate Director Resources
- The Monitoring Officer – Head of Legal Services

The Head of Paid Service leads and takes responsibility for the running of the local authority on a day to day basis. The role requires the Chief Executive to work closely with elected Members to ensure strong and visible leadership and direction, ensure staff adhere to the strategic aims of the Authority and follow the direction set by elected Members. The Chief Executive acts as the principal policy advisor to elected Members, delivers the political objectives set by elected Members, leads and develops strong partnerships across the local community to achieve improved outcomes and better public services for local people, and oversees service development and all aspects of management within the Council.

The Chief Financial Officer (Section 151) must be a member of a specified accountancy body. The CFO is responsible for the proper administration of the Council's financial affairs and has specific legislative responsibilities, as he/she has a fiduciary responsibility to the local taxpayer. The CFO's duties include a requirement to report to all the local authority's members, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

The Monitoring Officer effectively acts as the guardian of the Council's constitution and the decision making process. He/she is responsible for advising the Council on the legality of its decisions and providing guidance to elected Members on the Council constitution and its powers. He/she has the specific duty to ensure that the Council, its Officers and its elected Members maintain the highest standards of conduct in all that they do. This includes: reporting to the Council if a decision is unlawful or amounts to maladministration, maintaining Registers of Interests, and arranging for investigations into any matters or complaints referred to the Standards Committee.

Management Team

Two of the statutory officers, the Head of Paid Service and CFO, are members of the Senior Management Team of the Council and the third statutory officer has an open invitation and attends for specific agenda items. The Corporate Director Streetscape is also a member of the Senior Management Team which meets on a weekly basis.

The Council also had two Service Directors during the year covering: Housing Services and Leisure and Community Development. These Directors, together with the Senior Management Team and the Head of Development Control, make up the Extended Management Team, who meet on a monthly basis. The Monitoring Officer also attends meetings of the Extended Management Team.

Standards

The Council expects its Members and officers to maintain appropriate standards of conduct and behaviour. These are set down in codes of conduct, standing orders, financial regulations, policies and processes, which are regularly reviewed. Compliance is monitored on an ongoing basis, and is supplemented by information through the complaints and compliments procedure and confidential reporting policy.

Both Members and officers are required to declare gifts and hospitality received, for inclusion on the register of interests maintained by the Monitoring Officer throughout the year.

Performance Management

The Corporate Plan is approved before the start of each year and identifies the headline targets for the coming year, which are supported by greater detail within individual service plans. Services are monitored and discussed on a monthly basis at Extended Management Team meetings.

All members of the senior management team contribute actively to cross organisational issues and to corporate decision making to match resources to the authority's objectives. The CFO and Monitoring Officer provide financial and legal advice and support to elected representatives to inform their decision making.

Progress against Corporate Plan targets is reported to Executive Board during the year, along with performance indicator information. Service boards also received reports on areas under their control throughout the year. At officer level, the Extended Management team review performance. A final position against the Corporate Plan is collated at the end of the year, which is again reported to Members and is also published on the Council's website.

As well as monitoring achievement of identified outcomes, the Council wants to ensure that an excellent quality of service is provided. It ensures this in a number of ways: obtaining user feedback. A full residents survey was carried out in Dec 23/Jan 24 across the borough to get valuable information to inform the update to the Corporate Strategy and the budget process. The Council takes part in Peer Challenge reviews periodically this is due to take place in September 2024. Peer challenges are improvement-focussed and tailored to meet individual councils' needs, to complement and add value to a council's own performance and improvement focus.

Targeted feedback on Council activity was obtained in specific areas and general feedback on the Council is obtained on council services from on line sources such as Facebook. Feedback through the complaints and compliments process was reviewed as normal.

Information Management

Information management is a key concern for the Council, with all Members and officers having responsibilities for its governance. To ensure compliance with the General Data Protection Regulations, the Monitoring Officer takes the lead as the Council's Data Protection Officer and Senior Information Risk Owner.

The Council's Data Protection Officer provides policies, training and guidance to ensure compliance with legislation, and investigates any breaches or suspected breaches that may arise. It is mandatory for all employees to complete an e learning module on data protection issues. Employees are required and encouraged to report suspected breaches, so that processes can be improved.

The Senior Information Risk Owner is responsible for implementing a risk assessment programme and advising the Executive Board of the effectiveness of the Council's information risk management procedures. Requirements for information management are set out in the Council's Information Security Policy. The maintenance and updating of systems is key, and work to update some key systems commenced during the year, which will both improve functionality and also maintain security compliance. The system updates are underway along with the arrangements to carry out testing to confirm compliance. The Council also continues to actively work with the Warwickshire LRF Cyber Resilience Working Group.

Financial Management

The Chief Financial Officer is responsible for the proper administration of the Council's financial affairs. In England, the CFO has a statutory duty to report to the authority at the time the budget is considered and the council tax set, on the robustness of the budget and the adequacy of financial reserves. With regard to capital spending, there is a statutory requirement to set and arrange the Council's affairs to remain within limits for borrowing and capital investment.

The CFO must also be proactive in the management of change and risk, be focussed on outcomes and help to resource the authority's plans for change and development in the public services it provides.

The Council has comprehensive forecasting and budgeting procedures. A medium term business and financial planning process is used to deliver the authority's strategic objectives, including:

- A 30 year Business Plan for the Council's housing stock to ensure ongoing viability, which is reviewed annually;
- A Medium Term Financial Strategy to ensure sustainable finances for all other Council services, which is updated twice a year, in February and November;
- A Capital Strategy updated annually;
- A 3 year capital programme and a 10 year capital projection, which are updated annually;
- A Treasury Management and Investment strategy, which is updated annually; and
- A monitoring process that enables this to be delivered.

Financial information is provided to the Management Team, and three times during the year to each Service Board. Periodic and annual reviews of financial reports indicate financial performance against forecasts for all of the Council's spending. Summary information is also published. Financial updates continued to be discussed regularly with budget officers. Service Boards received financial monitoring reports, and the MTFS was updated in line with usual practice in November due to delays with information from Government.

Financial Regulations and Contract Standing Orders are in place, for use by all Members and Officers. These ensure there is effective use and control of resources, and robust and transparent decision making. It is an action from the Government and financial controls audits to review the Financial Regulations during 2024/25.

The CFO ensures that the Council's financial management arrangements conform to the governance requirements of the CIPFA Standard. This includes ensuring that all members of the Senior Management Team have the financial capabilities necessary to perform their respective roles. The CFO also accesses expert advice on specific areas such as Treasury Management and VAT, as required.

Risk Management

There are risks involved with the provision of any services, so the Council uses a system of risk management to minimise and manage the risks it faces. It does this by identifying both strategic and operational risks, looking at existing controls in place to reduce these, and amending these or bringing in new controls where this is beneficial.

The system involves an annual review of strategic risks by the Senior Management Team and an annual review by senior managers of operational risks in their service areas. This enables all Senior Managers to complete Annual Statements of Assurance, and to identify actions that are needed to manage risk in the coming year, including the identification of any new risks. This process was not completed during 2023/24 due to changes in senior staff and capacity.

CMAF completed a full audit on Risk Management and the actions from this audit are being implemented during 2024/25.

As part of our risk management, the Council has insurance in place to cover the risk of loss. The levels of cover and the excess amounts are kept under continual review.

Internal Audit

A key feature of regulations the Council needs to comply with is the requirement for internal audit. A local authority must maintain an adequate and effective system of internal audit of its accounting records and its system of internal control. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's Internal Audit team has demonstrated compliance with the Public Sector Internal Audit standards. The team use a risk based approach to formulate audit plans and determine the scope of audit reviews. It was highlighted during 2022/23 that the audit capacity was at too low a level to deliver the audit plan. In November 2023 a pilot was approved for CMAF to deliver the internal audit function for the Council along with the internal auditor employed directly. The audit plan was revised and priority audits including Governance, Risk Management, Counter Fraud and Financial Controls were completed. In November 2024 members approved to join CMAF as a partner from 1 April 2025.

The Council has a zero tolerance to all forms of fraud and corruption and employs a counter fraud officer who works closely with the Revenues, Benefits and Housing teams to identify, deter and prevent all forms of fraud. We also have a joint working agreement with the Department for Works and Pensions.

Responsibilities of Officers and Members

The Council ensures that it is operating efficiently by specifying the different roles and responsibilities of both Councillors and Officers. The remit of each decision making Board is set down in the constitution, along with the roles of individual Councillors. The Council does not have an Audit Committee, but instead divides the core functions between the Executive Board and the Resources Board. The constitution also outlines the responsibilities of senior officers, and areas where they have been given delegated powers. Employee contracts include job descriptions, and these give the detail of individual roles, for all employees.

The Council uses workforce planning to identify future staffing requirements. This projects future service needs and the workforce that would be needed for their delivery. Recruitment difficulties in some service areas have highlighted the need to review and update workforce plans. Work was undertaken in a number of areas, but this was not progressed fully across the Council due to capacity issues. This will be progressed in the coming year.

The Council uses an appraisal system to set specific targets for individual staff on an annual basis. These targets reflect their service targets in the Corporate Plan and the Service Plan. The appraisal system is also used to assess the training and development needs of individual employees and ensure that they have the skills and abilities to carry out the tasks required. Appraisals have been reinstated following the pandemic but they were not fully delivered to all staff during 2023/24. However team and service meetings continued to be used to monitor performance. The annual staff survey is used to gain feedback from staff and where there are themes these issues are reviewed with action plans for improvement. The staff forum was set

up during 2023/24 with staff representatives across the Council looking at themes from the staff survey in order to input into any improvement plans.

Induction training is carried out whenever a new Member is elected. After that, Member training is generally identified by individuals, or in response to issues that arise. An exception to this is the area of planning, as increasing changes in planning laws and regulations have resulted in fairly regular sessions being arranged. The audits on Governance, Risk Management and Counter Fraud highlighted the need for member and officer training for these topic areas.

Evaluation of the Effectiveness of Governance Arrangements

Limited Progress has been made with a number of the actions this is due to changes in Senior Officers and capacity, the actions are listed below with progress:

- **A review of the Financial Regulations** – this has not been progressed and has been identified in the financial controls and Governance audits as requiring updating. It is in the action plan to be delivered during 2024/25.
- **Further work on compliance with the Financial Management Code** – work continuing.
- **Continuing to progress workforce planning** – limited progress, ongoing project.
- **The continued use of virtual meetings where appropriate and efficient** – Complete.
- **Increased reporting to Resources Board on risk management**; this has not been progressed and was identified as an issue in the Risk Management, it is in the action plan to be delivered during 2024/25.
- **A review of the revised corporate plan and performance indicators following the Borough elections in May 23** – Complete.
- **Replacement of four key computer systems to improve functionality and also maintain security compliance** – Financial system replaced 1st April 2024, work on other systems still in progress.
- **Application for PSI accreditation** – Ongoing.
- **Refresher training for all Members after the Borough elections, with a particular emphasis on induction training for new Members** – Training Delivered.

Internal audit capacity was addressed in November 2023 bringing CMAP in to deliver a revised audit plan to ensure sufficient work was undertaken on Governance and financial systems to provide a robust opinion on the Councils control environment. Due to the capacity issues and backlog on external audit a number of issues in the Corporate Governance action plan had not been delivered but remain on the action plan for delivery during 2024/25. The work undertaken by Internal Audit has enabled the Interim Corporate Director Resources to conclude that the Council has a range of appropriate strategies, policies, procedures and protocols to address the corporate governance agenda.

Agenda Item 7

Executive Board

10 February 2025

**Report of the
Interim Corporate Director Resources
(Section 151 Officer)**

**External Auditors Completion
Report for Those Charged with
Governance 2023/24**

1 Summary

1.1 The Financial Statements for 2023/24 have been completed and published, they are presented to Members in a separate report on this agenda.

...

1.2 This report attached at Appendix A (to follow) explains the approach and outcome for the 2023/24 audit. The Government have imposed the backstop date 28 February 2025 for 2023/24 accounts to be audited and an opinion on the financial statements issued.

1.3 The opinion of Azets the Council's new external auditors as detailed in Appendix A is as a result of the system wide implementation of backstop dates they expect to disclaim the opinion on the 2023/24 financial statements, which is the same as EY did on the 2021/22 and 2022/23 accounts.

Recommendation to the Board

a To approve the Completion Report presented as Appendix A; and

b It is requested that Members give the Section 151 Officer in consultation with the Chair of The Executive Board delegated authority to sign off the Letter of Representation for 2023/24.

2 Introduction

2.1 The publication of the Financial Statements is a statutory requirement, with a statutory timetable. This Council has not met the statutory deadlines for publishing the accounts or completion of the audit for several years, due to delays in previous years preparation of the annual accounts and then resourcing the audit impacting on the capacity within the finance team.

2.2 The Council's external auditors have advised that as a result of the system wide implementation of backstop dates they expect to disclaim the opinion on the Authority's 2023/24 financial statements, attached at Appendix A.

3 Report Implications

3.1 Finance and Value for Money Implications

3.1.1 Budget provision for external audit costs has been made currently as detailed in the report the fees for 2023/24 need to be determined as the work to complete the disclaimed opinion will be different to a full audit. 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.

3.1.2 The ongoing delays in signing the accounts negatively impact decision making by the Council as it is making key decisions on spending and saving without the benefit of audit assurance.

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 2023/24 financial statements will not be audited due to meeting the backstop deadline the same as 2021/22 and 2022/23, that does present a risk for the 2024/25 Accounts and audit process.

The Contact Officer for this report is Alison Turner (719374).

Background Papers

Local Government Act 1972 Section 100D

Background Paper No	Author	Nature of Background Paper	Date
Executive Board	Alison Turner	Update on External Audit Backlog	Sept 2024

Agenda Item 8

Executive Board

10 February 2025

Report of the Interim Corporate Director Resources (Section 151 Officer)

Draft Financial Statements 2023/24

1 Summary

- 1.1 The Financial Statements for 2023/24 have been completed and published. This report highlights the position on the General Fund and Housing Revenue Account, compared with the estimated position previously reported.
- 1.2 The draft accounts for 2023/24 have not been presented to members previously due to the delays with the previous year's accounts and decision on backlog audits. As reported to members of this board in September 2024, we were waiting for clarification from our external auditors Ernst & Young and Azets as to what years would be audited. This has been clarified and the external auditors have disclaimed Accounts for 2021/22 and 2022/23 to meet the backstop deadline 13 December 2024, and Azets will be recommending disclaiming the 2023/24 accounts to meet the backstop deadline 28 February 2025.

Recommendation to the Board

That the draft financial statements for 2023/24 be approved.

2 Introduction

- 2.1 The publication of the Financial Statements is a statutory requirement, with a statutory timetable. This Council has not met the statutory deadlines for publishing the accounts or completion of the audit for several years, due to delays in previous years preparation of the annual accounts and then resourcing the audit.

Financial Year	Draft Statement of Accounts Published	Backstop Date	Date of Audit
2021-22	3 July 2024 (deadline 31 July 2022)	13 December 2024	EY provided a disclaimer 25 November 2024
2022-23	4 September 2024 (deadline 31 May 2023)	13 December 2024	EY provided a disclaimer 25 November 2024
2023-24	23 December 2024 (deadline 31 May 2024)	28 February 2025	Azets provide a disclaimer a separate report on this agenda, 10 February 2025.

- 2.2 The Council's external auditors have advised that as a result of the system wide implementation of backstop dates they expect to disclaim the opinion on the Authority's 2023/24 financial statements, attached at Appendix A.

3 **2023/24 Activity**

- 3.1 The financial statements for 2023/24 have been prepared and were published on 23 December 2024. They are attached as Appendix A.

3.2 ***General Fund Revenue Account***

- 3.2.1 The original budget for the General Fund set in February 2023 anticipated a use of balances of £684,480. A revised budget was approved in February 2024, which anticipated a contribution to balances of £3,678,930. The main reasons for the movement in balances were detailed in the 'General Fund Revenue Estimates 2023/24 Revised and Setting the Council Tax 2024/25' report to Executive Board in February 2024. They included: increased Refuse and Recycling costs, additional External Audit Costs. These costs were only partly offset by the reduction the Local Development Framework spend, Leisure Centre reduced utility costs and additional income and additional investment income. In addition, additional business rates have been added to the general fund balance in year.

- 3.2.2 The actual position on the General Fund at the end of the financial year was better than expected in the revised estimate, with an additional £913,046 being contributed to balances. This was due to additional investment income, decreases in Community Development spending, reduction in net operating costs of Leisure Centres, additional Licencing income, no spend from contingency budget, decrease in Local Development Framework and additional retained receipts from Business Rates.

- 3.2.3 In addition to the movements highlighted above, there have been a number of movements into and out of earmarked reserves. These movements allow timing issues to be dealt with, for example, if grant income is received late in the year, the expenditure will not take place until the following year. It also allows some services, such as Building Maintenance, to operate as a fund where this is more practical.

3.3 ***Housing Revenue Account (HRA)***

- 3.3.1 The original budget for the HRA set in February 2023 anticipated a surplus in the year of £39,300. This was revised in the budget approved in January 2024, which anticipated a surplus of £234,770. The reasons for this change were detailed in the HRA estimate report taken to Resources Board, with the main changes being an increase in revenue funding of £1,464,310 is required to support the capital programme for the HRA, as some large projects are needed on blocks of flats and all costs are being inflated due to the current economic climate all covered by additional internal borrowing. In addition there were

increases in Building Insurance, Bank Charges and Members Allowances. These were partially offset by reductions in utility costs on Flats & Community Centres budget.

3.3.2 The actual position on the HRA was a higher surplus than expected in the revised budget, with a increased surplus of £447,908 improving the balances from the position in the revised budget.

3.3.3 The HRA holds a separate Housing Repairs Fund. This is used to cover the costs of day-to-day repairs and maintenance, including works undertaken by Housing Direct Works (HDW) and private companies. The balance on the Fund at the end of the year amounted to £434,260, which is available for the coming year.

4 Report Implications

4.1 Finance and Value for Money Implications

4.1.1 The actual position reported for both the General Fund and Housing Revenue Account for 2023/24 impacts upon future years. The General Fund is better than predicted when setting the budget and this will assist with the significant cost pressures.

4.1.2 The Actual position on the Housing Revenue Account is better than predicted when setting the 2023/24 budget, and this will assist with the significant cost pressures.

4.2 Environment and Sustainability Implications

4.2.1 The Council has remained within its overall budgets for both years. This will assist in allowing the Council to manage its expected shortfall in resources and minimise disruption to essential services.

4.3 Risk Management Implications

4.3.1 The risks of unanticipated changes affecting the financial position of the Council are minimised by the use of the Medium-Term Financial Strategy, as well as continual assessment, monitoring and reporting of any new financial impact affecting the Council.

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

Background Papers

Local Government Act 1972 Section 100D

Background Paper No	Author	Nature of Background Paper	Date
Executive Board	Alison Turner	Update on External Audit Backlog	Sept 2024
Executive Board	Alison Turner	General Fund Budget and Setting the Council Tax 2023/24	Feb 2023
Resources Board	Nigel Lane	Housing Revenue Account Estimates 2023/24	January 2023

NORTH WARWICKSHIRE BOROUGH COUNCIL

FINANCIAL STATEMENTS **2023/24**

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We would welcome any comments or suggestions you have about this publication. Please contact Alison Turner, Interim Corporate Director – Resources (Section 151 Officer)

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Interim Corporate Director – Resources (Section 151 Officer) Narrative Report

1. An Introduction to North Warwickshire

The Borough of North Warwickshire is a predominantly rural area, with over half of the area within the Green Belt. Towns and villages range in size from Atherstone parish with 9,212 residents to Wishaw with just 132. However, its location gives North Warwickshire a strategic position on the transport network, including easy access to the M6, M42 and M6 Toll, West Coast Mainline and Birmingham and East Midlands airports. As a result, there are major logistics sites within the area.

Economic connections go in a number of directions: towards greater Birmingham, South Staffordshire, Leicestershire and Coventry, as well as within the county of Warwickshire. There isn't major unemployment within the Borough, although skills shortages in some areas have been identified.

Despite the strategic location, we have significant issues with communication and access within the Borough itself - there is an underlying issue with Broadband access and rural transport. An ageing population and financial constraints also impact on this.

Statistics Relating to North Warwickshire

- The Borough covers 110 square miles
- A resident population of around 65,300 with White British the major ethnic group
- Approximately £70.65 million of business rates are collected annually – only approximately £2 million of this is kept by the Council
- Council tax of £48.8 million is collected annually - only 5.1 million of this is kept by the Council
- We have 27 play areas and 10 sports pitches
- A recycling rate of 46.7%
- We dealt with 763 planning applications in 2023/24
- We manage and maintain 2,573 council houses
- We issued 816 licences
- There are 39 industrial units available for small businesses
- We run 2 leisure centres and 1 swimming pool
- Refuse is collected from 29,600 domestic properties and 351 trade properties

2. Council Performance

North Warwickshire has 17 wards, with the Council consisting of 35 Councillors who represent those wards. Since May 2023, a Conservative administration has been in political control of the Council. The Council's new agreed Vision Statement for the period covering 2021-2023 is:

Vision

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

Values

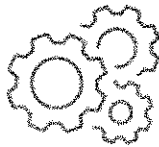
Service provider, enabler, point of contact, champion of North Warwickshire

Priorities and Objectives

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



key objectives

Efficient organisation – financial management, lean and responsive organisation

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

These priorities and objectives and how we will achieve them and how we will measure the success are detailed in the full document available on our web site.

The Corporate Plan - <https://www.northwarks.gov.uk/downloads/file/757/corporate-plan-2021---2023>

The Corporate Plan Performance Update is agenda item NO 8 on 18th March 2024 – Copy the below address into your browser.

<https://www.northwarks.gov.uk/download/meetings/id/1549/Download%2520the%2520Agenda%252C%2520Reports%2520and%2520Appendices>

Governance Arrangements

These are detailed in the Annual Governance Statement, which is set out at the end of the end of the document from page 89.

Resident / Satisfaction Surveys

The Council operates a complaints and compliments process. During 2023/24, 69 complaints and 134 compliments were received. This compared to 33 complaints and 147 compliments the previous year.

3. Financial Performance

North Warwickshire has faced significant financial challenges for a number of years due to reductions in funding from central government, together with cost pressures within services and greater volatility in financing.

We operate a Medium-Term Financial Strategy for General Fund services, which covers the current year and the following four years. This strategy includes a requirement to find efficiencies and savings in our base budget position year on year, to ensure that we maintain enough general reserves in case we are faced with unexpected expenditure. Uncertainty still exists with the cost of living pressures, high inflation (although reducing) and high interest rates, which all make forecasting difficult.

Since the Council moved to a self-financing system for its council housing stock in 2013, we have used a 30-year Business Plan to manage the Housing Revenue Account. As a minimum, the Plan is updated on an annual basis, with further revisions carried out if needed.

Revenue Spending in 2023/24

General Fund Services

These are all the services we provide, except for our own council housing stock, which is funded and accounted for separately. We originally planned to spend £10,727 million after allowing for expected income generated by services. The table below shows the actual spending against our plans.

	Planned Spending £000	Actual Spending £000
Community & Environment	7,679	7,358
Executive Services	655	587
Planning & Development	320	336
Licensing	45	16
Resources	2,224	2,255
Contingencies	133	-
Savings not yet identified	(329)	-
Change in Bad Debt Provision	-	(1)
Contribution to balances	-	4,592
Total Spending	10,727	15,143

We planned to fund this spending mainly through council tax, government grant and business rates.

	Expected Funding £000	Actual Funding £000
Council Tax	5,060	5,060
New Homes Bonus	519	519
Lower Tier / Covid Support Grants	389	389
Revenue Support Grant	81	81
Business Rates	2,833	7,300
Interest on Balances	1,160	1,794
Use of Balances	685	-
Total Funding	10,727	15,143

The main changes from the planned budget relate to:

- There has been a decrease in Community Development spending;
- There has been a net reduction in the cost of operating the Leisure Facilities;
- Additional Licencing Income;
- No spend from the contingency budget,
- Additional retained receipts from Business Rates;
- There has been a decrease in spending on the Local Development Framework during the year and;
- An increase in investment income from higher interest rates.

Housing Revenue Account (HRA)

We are required to account separately for our own council housing stock, so this account shows the income and expenditure during the year on our Council housing.

Spending on services includes the day to day costs of managing and maintaining the stock. The Revenue Account also contributes to capital spending on planned refurbishment works and covers the borrowing costs of loans taken out to acquire the stock.

	Planned Spending £000	Actual Spending £000
Management Services	2,546	2,589
Repair Services	3,580	3,595
Cost of Borrowing	4,012	3,975
Capital spending on properties	8,332	9,720
Provision for Bad Debts	129	33
Income set aside in general balances for future spending	39	448
Total Spending	18,638	20,360

Spending on the Council's own housing stock is **not** paid for from Council Tax. It is mainly funded from the rents paid by tenants.

	Expected Funding £000	Actual Funding £000
Rents from housing, garages and shops	13,289	13,294
Service charges	114	148
Interest on Balances	185	318
New borrowing	5,050	6,600
Income from general balance set aside in previous years	-	-
Total Funding	18,638	20,360

The main changes from the planned budget relate to:

- An increase in the contributions to capital expenditure needed to fund major refurbishment works on blocks of flats and council housing electrical upgrades;
- New borrowing to fund increased contribution to capital expenditure;
- Good rent collection levels have meant a lower contribution is needed to the bad debt provision; and
- Higher interest rate earned on balances held by the Housing Revenue Account.

Revenue Reserves

At the end of the year our total revenue reserves amounted to £29.747 million. These are shown below:

	General Fund £000	HRA £000
General balances – held for unexpected future events	6,902	1,315
Capital reserves – held for spending on assets with a lasting value	4,726	2,843
Earmarked reserves – held for specific purposes or activities	12,117	1,844
Total	23,745	6,002

Capital Spending

Alongside day-to-day costs we spend money on assets such as buildings, vehicles, equipment, and computer systems. We assess capital requirements in outline terms over a ten-year period each February, to ensure that we manage capital resources appropriately. As we have a shortfall of capital resources compared to assessed needs, this allows us to target resources towards the highest priorities. At the same time, we produce a detailed three-year programme, although the emphasis is on year one of the programme.

The 2023/24 capital programme shown below includes schemes from 2022/23 which were rolled forward due to timing issues. Actual spend in the year is also shown, together with commitments made which will be settled in 2024/25.

	Capital Programme	Spending in 2023/24	2023/24 Commitments to Be Paid in 2024/25 £000
	£000	£000	
Council Housing – existing stock	8,871	8,256	615
Council Housing – new build	1,511	164	-
General Fund – Materials Recycling Facility	374	430	-
General Fund - vehicles	1,058	442	616
General Fund - IT and equipment	592	326	157
General Fund - buildings	6,940	397	255
General Fund - Car Parking	1,345	95	-
General Fund - play areas and recreation grounds	1,022	403	247
Private sector housing	20	-	-
Total Spending	21,733	10,513	1,890

Funding for capital spending that we received in the year included receipts from the sale of 'Right to Buy' council housing, sale of surplus land and contributions from some partners for specific schemes.

We used some of this to fund the spending in 2023/24. The remaining funding used in 2023/24 came from reserves earmarked for capital and revenue funding.

Collection Fund

We collected business rates of £70.65 million from businesses within our area in 2023/24, which is kept in a separate account called the Collection Fund. Following business rate localisation introduced in 2013, the Council has to set aside a provision for future successful ratepayer appeals against rateable valuations. This is our most significant provision, amounting to £0.229 million. As at the 31 March 2024, we had 9 Checks and 4 Challenges outstanding relating to Appeals. From the old 2010 and 2017 lists for Appeals there are none outstanding (110 appeals 2022) relating to the 2017 valuation.

As we collect business rates on behalf of the Government and Warwickshire County Council, as well as ourselves, only 40% of this provision is shown on our balance sheet.

Balance Sheet

The Balance Sheet includes pension costs to meet International Financing Reporting Requirements. We show the assets and liabilities relating to retirement benefits we are responsible for as an employer, so that we show the true cost of our responsibilities. A net pension asset indicates that contributions have effectively been overpaid relative to the future benefits earned to date by our employees. A net asset shows an effective overpayment. Our fund in the last 12 months has increased its net asset by £5.5 million in the year. This has been offset by the Asset Ceiling calculation of £13.559 million leaving a net liability of £3.621 million on the fund.

The pension fund is valued fully every three years. The last full valuation took place as at March 2024 and showed that the pension fund was fully funded. Our contribution rate is staying constant for the following three years, with the long-term aim of achieving/maintaining a 100% funding level. A further full valuation will take place as at March 2025 and will indicate whether the current level of increases is still suitable.

Despite the challenges faced by the Council, we are continuing to maintain a strong balance sheet:

	31 March 2023 £000	31 March 2024 £000
Non current assets	232,488	210,768
Net current assets – debtors, stock and cash less short term liabilities	11,582	23,050
Long term liabilities and provisions	(35,183)	(47,492)
Net assets	208,887	186,326
Represented by: Useable reserves	28,485	36,536
Represented by: Unusable reserves	180,402	149,790

We sold 14 properties under the Right to Buy legislation and built 6 new properties, there was a decrease in non-current assets due to changes in the value of council dwellings.

Financial Challenges in 2024/25

The Medium-Term Financial Strategy was updated during the year. The government previously stated its intention to hold a new Spending Review in 2019, this has not progressed so one-year reviews have been used instead of multi-year settlements, making it very difficult to plan for the medium term.

The financial projections have changed since the last MTFS in October 2023, the main difference in the figures is the level of income from business rates, which provides a short-term gain until business rate reset. A provision of £1 million has been set aside to fund invest to save initiatives. This work will help with achieving a medium term balanced budget, delivering cost reductions and increased income over the period of the plan.

The savings targets set within the Strategy are £0.5 million in 2026/27, 2027/28 and 2028/29.

The latest revision of the HRA Business Plan anticipates a surplus of £83.352 million at the end of the 30 years, after capital spending on existing properties and new build of £213.995 million. However, the expected surplus is less than “10 million until the end of year 21.

The projected capital resources over the next ten years will require the Council to continue with its policy of including only currently essential General Fund schemes in its expected programme. In order to carry out other work, we will need to continue to find additional sources of funding. It may be necessary to rationalise existing properties held to generate one off capital receipts.

4. People

We currently employ 345 people in full time and part time contracts. The make-up of our people is shown below:

Gender: Male 46%, Female 54%

Age: 24 and under 11%, 25-34 10%, 35-49 28%, 50-64 47%, 65 and over 4%

In addition, we use casual staff to cover activities such as leisure coaching sessions.

5. Principal Risks and Uncertainties

A risk management strategy is in place to identify and evaluate risks. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat, and the likely impact.

The Council identifies both strategic and operational risks. Strategic risks are reviewed by the Senior Management Team, whilst operational risks are identified within services. The risk management process is currently being audited during 2024, to ensure it is still fit for purpose.

The top risks from our 2023/24 risk register are shown below:

Strategic

Risk	Impact	Mitigation
The Council ability to recruit and maintain appropriately qualified staff	Service delivery would be affected	Continued good terms and conditions for staff. Use of shared working arrangements and partnerships
Risks around the delivery of the financial savings required in the 2023/24 budget	Adverse impact on service delivery and service performance	Use of a medium-term financial strategy, with savings identified in advance and healthy balances maintained
The potential inadequacy of resources to maintain the Council's capital assets, in particular the replacement of the leisure facilities	Reduced services/ lower income, bad publicity and reputation damage	We have a 10-year capital programme identifying shortfalls. Asset Management Plans for HRA properties and the review of asset usage with asset sales if appropriate.
The potential for a cyber incident affecting council systems	Immediate loss of services for residents and service users. Loss of income and inability to pay creditors / staff. Loss of reputation	Systems are managed, controlled and configured to industry good practice standards where feasible.

Operational

Risk	Impact	Mitigation
Reduced or no market for recyclable materials	A significant increase in the costs of the recycling service could lead to an inability to maintain the service at current levels and may impact on the provision of other services.	Ongoing discussions with local waste management companies. Latest material contracts have maximum gate fees and profit share element. Use of partnerships and joint procurement of contracts, which are regularly reviewed.
Virus' introduced into Council systems	Loss of systems, with resulting loss / reduction in the provision of services	Security / detection measures undertaken, with regular training for staff.
Failure to collect C Tax	Serious impact on the financial status of the authority	Operating stringent timetable for collection of debt, regular monitoring of collection rates
Failure to collect NNDR	Possible loss of income for the authority, WCC and Central Government	Corporate debt approach used and pooling arrangements in place to share risk/reward,
Inadequate Capital Strategy & monitoring of capital schemes	Inability to carry out essential capital schemes and assets kept beyond useful economic life	Prioritisation process – capital bids assessed regularly against corporate priorities/ resources. Annual review of capital strategy. Monthly monitoring of capital programme and spend with service managers.

Explanation of Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. It is made up of core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.

A Glossary of key terms can be found at the end of the statements.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by Board, reflecting the way the Council's budgets are built up. Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and electoral registration; and
- Discretionary expenditure focused on local priorities and needs such as the Borough Care service or leisure activity.

The bottom half of the statements deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable' which must be set aside for specific purposes.

The **Balance Sheet** shows the value of our assets, liabilities, cash balances and reserves at the year end date. Our net assets (assets less liabilities) are matched by the reserves we hold.

The **Cash Flow Statement** shows the reasons for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The **Supplementary Financial Statements** are:

The **Notes** to these financial statements provide more detail about the Council's accounting policies and individual transactions.

The **Housing Revenue Account** which separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

The **Collection Fund** summarises the collection of council tax and business rates, and the redistribution of the majority of that money to Warwickshire County Council, Warwickshire Police Authority and central government.

The **Annual Governance Statement** which sets out the controls we have in place to ensure we run our business effectively and legally and can properly account for our use of public money.

Alison Turner CPFA

Interim Corporate Director – Resources (Section 151 Officer), North Warwickshire Borough Council

STATEMENT OF RESPONSIBILITIES, ISSUE AND APPROVAL DATE

The Council's Responsibilities

The Council is required to:

- 1) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In North Warwickshire Borough Council that officer is the Corporate Director - Resources.
- 2) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 3) Approve the Statement of Accounts.

The Interim Corporate Director - Resources Responsibilities

The Interim Corporate Director – Resources (Section 151 Officer) is responsible for the preparation of North Warwickshire Borough Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statements of Accounts the Interim Corporate Director - Resources (Section 151 Officer) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Interim Corporate Director – Resources (Section 151 officer) has also:

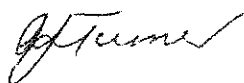
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Issue Date

I certify that the Statement of Accounts 2023/24 give a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2024.

All known material events that have occurred up to and including this date, which relate to 2023/24 or before have been reflected in the accounts.

Signed:



Date: .23rd December 2024

Alison Turner CPFA, Interim Corporate Director – Resources (Section 151 Officer)

North Warwickshire Borough Council Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council analysed into "usable reserves" (those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves" (unrealised gains and losses and accounting adjustments). The statement shows the true economic costs of providing services and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Increase/Decrease line shows the statutory movements in the year following those adjustments. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance and Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants / Conts Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	2,096	22,126	653	2,542	4,722	1,536	1,078	34,753	138,186	172,939
<u>Movement in reserves during 2022/23</u>										
Total Comprehensive Income and Expenditure	29,156	-	(1,830)	-	-	-	-	27,326	8,622	35,948
Adjustments between accounting basis and funding basis under regulations (note 5)	(31,139)	-	5,240	-	819	(800)	(101)	(25,981)	25,981	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,983)	-	3,410	-	819	(800)	(101)	1,345	34,603	35,948
Transfers to/from Earmarked Reserves (note 6)	2,197	(6,865)	(3,196)	(6)	11	-	246	(7,613)	7,613	-
(Decrease)/ Increase in Year	214	(6,865)	214	(6)	830	(800)	145	(6,268)	42,216	35,948
Balance at 31 March 2023 carried forward	2,310	15,261	867	2,536	5,552	736	1,223	28,485	180,402	208,887

Balance at 1 April 2023	2,310	15,261	867	2,536	5,552	736	1,223	28,485	180,402	208,887
<u>Movement in reserves during 2023/24</u>										
Total Comprehensive Income and Expenditure	1,046	-	(9,198)	-	-	-	-	(8,152)	(14,409)	(22,561)
Adjustments between accounting basis and funding basis under regulations (note 5)	7,510	-	14,177	-	(1,056)	1,108	(52)	21,687	(21,687)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	8,556	-	4,979	-	(1,056)	1,108	(52)	13,535	(36,096)	(22,561)
Transfers to/from Earmarked Reserves (note 6)	(3,964)	2,079	(4,531)	307	79	-	546	(5,484)	5,484	-
(Decrease)/ Increase in Year	4,592	2,079	448	307	(977)	1,108	494	8,051	(30,612)	(22,561)
Balance at 31 March 2024 carried forward	6,902	17,340	1,315	2,843	4,575	1,844	1,717	36,536	149,790	186,326

North Warwickshire Borough Council

Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2024

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and rents. Councils raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis (note 27).

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
780	(46)	734	Executive Board	585	(2)	583
12,325	(3,544)	8,781	Community and Environment Board	12,527	(6,309)	6,218
1,497	(1,530)	(33)	Planning and Development Board	1,079	(761)	318
129	(105)	24	Licensing Committee	123	(108)	15
18,221	(12,608)	5,613	Resources Board – Services	14,961	(12,316)	2,645
701	(594)	107	Resources Board – Recharged Services	325	(622)	(297)
13,992	(16,906)	(2,914)	Resources Board – Housing Revenue Account	14,695	(19,682)	(4,987)
47,645	(35,333)	12,312	COST OF SERVICES	44,295	(39,800)	4,495
1,131	(179)	952	Other Operating expenditure (Note 7)	1,189	(221)	968
3,555	(3,807)	(252)	Financing and investment income and expenditure (Note 8)	5,441	(6,554)	(1,113)
6,357	(20,206)	(13,849)	Taxation and non-specific grant income (Note 9)	7,262	(25,485)	(18,223)
58,688	(59,525)	(837)	Deficit /(Surplus) on Provision of Services	58,187	(72,060)	(13,873)
5,639	-	5,639	Surplus or Deficit on revaluation of Property, Plant and Equipment (note 10)	13,594	-	13,594
-	-	-	Surplus or Deficit on revaluation of Available for Sale Financial Assets (Note 14 and 23)	-	-	-
250	-	250	Surplus or Deficit on financial assets measured at fair value through other comprehensive income (Note 14 and 23)	4	-	4
-	(32,378)	(32,378)	Remeasurement of the net defined benefit pension liabilities/ (assets) (Note 39)	8,427	-	8,427
5,889	(32,378)	(26,489)	Other Comprehensive Income and Expenditure	22,025	-	22,025
64,577	(91,903)	(27,326)	Total Comprehensive Income and Expenditure	80,212	(72,060)	8,152

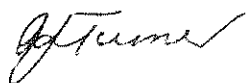
North Warwickshire Borough Council

Balance Sheet as at 31 March 2024

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (*assets less liabilities*) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

31 March 2023 £000		Note	31 March 2024 £000
222,821	Property, Plant and Equipment	10	202,212
1,064	Heritage Assets	11	1,187
8,220	Investment Property	12	6,826
383	Intangible Assets	13	543
-	Long Term Debtors	14	-
232,488	LONG TERM ASSETS		210,768
27,418	Short Term Investments	14/40	33,692
-	Assets held for Sale	19	-
87	Inventories	15	53
3,616	Short Term Debtors	14/17	4,004
2,321	Cash and Cash Equivalents	18	2,256
33,442	CURRENT ASSETS		40,005
(1,171)	Provisions	21	(229)
(4,500)	Short Term Temporary Loans	40	-
(2,350)	Short term PWLB Loans	40	(2,350)
(13,839)	Short Term Creditors	14/20	(14,376)
(21,860)	CURRENT LIABILITIES		(16,955)
(39,629)	Long Term PWLB Loans	40	(43,879)
4,446	Pension Fund Liabilities	39	(3,613)
(35,183)	LONG TERM LIABILITIES		(47,492)
208,887	NET ASSETS		186,326
28,485	Usable Reserves	22	36,536
180,402	Unusable Reserves	23	149,790
208,887	TOTAL RESERVES		186,326

Signed



Date 23rd December 2024

Alison Turner CPFA, Interim Corporate Director – Resources (Section 151 Officer)

North Warwickshire Borough Council

Cash Flow Statement for the Year Ended 31 March 2024

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting year. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2022/23 £000		2023/24 £000
(837)	Net deficit or (surplus) on the provision of services	(13,873)
1,000	Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 24)	(4,912)
179	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	221
342	Net cash flows from Operating Activities	(18,564)
8,217	Investing Activities (Note 25)	3,605
(5,924)	Financing Activities (Note 26)	15,024
2,635	Net Increase or decrease in cash and cash equivalents	65
(4,956)	Cash and Cash Equivalents at the beginning of the reporting year	(2,321)
(2,321)	Cash and Cash Equivalents at the end of the reporting year (Note 18)	(2,256)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new or amended standard that has been issued but not yet adopted. The standards introduced by the 2023/24 Code where disclosures are required from the 1st April 2024 will be adopted by the council from that date. The Standards introduced by the 2024/25 Code, are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year). North Warwickshire Borough Council will not be implementing IFRS 16 for 2023/24.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

It is not expected that any of the amendments will have a material impact on the Council's financial statements.

2. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in pages 70 - 84, we have had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty about future levels of funding for local government. However, we have a medium term financial strategy in place which should allow us to manage any future reductions in service that may be needed. As a result, we have determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

The Council faces significant cost pressures including inflation, increasing demand for services and new burdens. These cost pressures have been exacerbated by the Covid-19 pandemic, both in the Council's response to the crisis and the fall in income as a result of the economic situation. The Council has a control environment that will help to manage risks inherent in its budgets for future years, including a robust approach to financial planning and regular reporting to members and senior officers.

3. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by us about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial years are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of capital spending that will be incurred in relation to individual assets. Any unanticipated spending on assets will put a strain on the remaining capital resources available which may bring into doubt the useful lives assigned to other assets.	<p>If the useful life of assets is reduced depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by around £107,588.70 for every year that useful lives had to be reduced.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 1% increase in the discount rate assumption would result in an increase in the pension liability of £15.690 million. A 1% increase in the salary increase would result in an increase in the pension liability of £0.890 million and a 1% increase in the Pension (CPI) increase would result in an increase in the pension liability of £15.070 million.</p> <p>However, the assumptions interact in complex ways. During 2023/24, the Council's actuaries advised that the net pension's liability had increased by £4.584 million attributable to updating the assumptions.</p>

Provisions – NDR Appeals	Local Authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier financial years in their proportionate share. Therefore, a provision has been made of the amount that businesses could have been overcharged up to 31 March 2024. The estimate for both 2017 and 2023 valuation appeals has been calculated using the latest Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals up to and including 31 March 2024. The Council's share of the balance of business rate appeals provisions at this date amounted to £0.229m this has decreased by £0.942m from the previous year.	If successful appeals increased by 10%, this would require an additional £57,373. This Council's share would be £22,949 to be set aside as a provision.
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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	<p>At 31 March 2024, we had a balance of sundry debtors of £224,356, whilst our share of council tax and NDR arrears amounted to £1,909,488.</p> <p>A review of significant balances, using a sliding scale based on age, suggested that the following impairments of doubtful debts were appropriate:</p> <ul style="list-style-type: none"> - sundry debtors 23.62% (£51,989) - council tax 28.81% (£254,659) - NDR 61.16% (£627,236). <p>However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	If collection rates were to deteriorate, a doubling of the doubtful debts would require an additional £933,884 to be set aside as an allowance.

4. Material Items of Income and Expense

In overall terms the Council's housing stock increased in value during the year. Revaluation Losses of £0.657 million went to the Housing Revenue Account. There were also some small losses on other properties across the Borough, of £0.143 million.

4a. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Final Statement of Accounts is authorised for issue on 23rd December 2024. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of final authorisation for issue on 23rd December 2024 are not reflected in the Financial Statements or notes.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that we have made to the total comprehensive income and expenditure which are recognised in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to us to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However, the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2023/24	General Fund Balance	Usable Reserves					Unusable Reserves
		Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Earmarked Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000	£000
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
• Pension costs (transferred to (or from) the Pensions Reserve)	(8,099)	40	-	-	-	-	8,059
• Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)	2,358	-	-	-	-	-	(2,358)
• Holiday pay (transferred to the Accumulated Absences Account)	(2)	6	-	-	-	-	(4)
• Financial Instruments (transferred to the Financial Instruments Revaluation Reserve)	(4)	-	-	-	-	-	4
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,755)	(15,633)	-	-	-	52	18,336
Total Adjustments to Revenue Resources	(8,502)	(15,587)	-	-	-	52	24,037
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	791	1,413	(2,204)	-	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(34)	(3)	37	-	-	-	-
Payments to the government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)	-	-	-	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	-	-	(4,142)	-	-	4,142
Statutory Provision for the repayment of debt (transfer from the Capital Adjustment Account)	235	-	-	-	-	-	(235)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	992	1,410	(2,167)	(4,142)	-	-	3,907
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	3,223	-	-	-	(3,223)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	3,034	-	-	(3,034)
Application of capital grants to finance capital expenditure	-	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	3,223	3,034	-	-	(6,257)
Total Adjustments	(7,510)	(14,177)	1,056	(1,108)	-	52	21,687

2022/23	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Earmarked Reserve	Capital Grants Unapplied	Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
• Pension costs (transferred to (or from) the Pensions Reserve)	30,424	(433)	-	-	-	-	(29,991)
• Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)	4,386	-	-	-	-	-	(4,386)
• Holiday pay (transferred to the Accumulated Absences Account)	1	(13)	-	-	-	-	12
• Financial Instruments (transferred to the Financial Instruments Revaluation Reserve)	(250)	-	-	-	-	-	250
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,761)	(6,187)	(16)	-	-	101	9,863
Total Adjustments to Revenue Resources	30,800	(6,633)	(16)	-	-	101	(24,252)
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	3	2,053	(2,040)	-	(16)	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(10)	10	-	-	-	-
Payments to the government housing receipts pool (funded by a contribution from the Capital Receipts Reserve)	(354)	-	354	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	-	-	(3,288)	-	-	3,288
Statutory Provision for the repayment of debt (transfer from the Capital Adjustment Account)	376	-	-	-	-	-	(376)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	25	2,043	(1,676)	(3,288)	(16)	-	2,912
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	629	-	-	-	(629)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	4,809	-	-	(4,809)
Application of capital grants to finance capital expenditure	-	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	629	4,809	-	-	(5,438)
Total Adjustments	31,139	(5,240)	(819)	800	-	101	(25,981)

6. Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2020/21.

	Balance at 31 March 2022	Transfers Out 2022/23	Transfers in 2022/23	Balance at 31 March 2023	Transfers Out 2023/24	Transfers in 2023/24	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
General Fund							
External funding received towards the provision of council services	2,008	138	245	2,115	206	310	2,219
One off funding set aside to progress specific council priorities	91	30	-	61	-	1	62
Contingency funding set aside to cover potential risks on areas such as VAT recovery and business rates	8,639	3,934	2,378	7,083	3,382	5,205	8,906
Other reserves held for revenue purposes to cover timing issues on spending	1,258	246	37	1,049	167	48	930
Reserves Held for Capital Spending	6,423	1,992	23	4,454	984	1,256	4,726
Total General Fund Reserves	18,419	6,340	2,683	14,762	4,739	6,820	16,843
HRA							
Housing Repairs Reserve	1,448	3,684	3,430	1,194	4,355	3,595	434
Reserves held for Capital spending	1,093	8,904	9,153	1,342	13,334	14,401	2,409
Total HRA Reserves	2,541	12,588	12,583	2,536	17,689	17,996	2,843
Total Earmarked Reserves	20,960	18,928	15,266	17,298	22,428	24,816	19,686

7. Other Operating Expenditure

2022/23		2023/24
£000		£000
1,131	Parish council precepts	1,189
-	Payments to the Government Housing Capital Receipts Pool	-
(179)	(Gains)/Losses on the disposal of non-current assets	(221)
952	Total	968

8. Financing and Investment Income and Expenditure

2022/23		2023/24
£000		£000
165	Interest payable and similar charges	62
725	Pensions interest and expected return on pension assets	(215)
(688)	Interest receivable and similar income	(1,795)
(454)	Income and expenditure in relation to investment properties and changes in their fair value	835
(252)	Total	(1,113)

9. Taxation and Non-specific Grant Income and Expenditure

2022/23		2023/24
£000		£000
(5,941)	Council tax income **	(6,178)
(237)	Other Non-Ring Fenced Grants	(486)
(5,750)	Non-Domestic rates – Collection Fund adjustments ***	(9,565)
(1,922)	Non-Domestic rates	(1,994)
	Non-ring fenced government grants *	
(13,850)	Total	(18,223)

* Non-ring fenced government grants are shown individually in note 33.

** Council Tax income includes £74,140 contribution from the collection fund in 2023/24 (a contribution to the fund of £79,720 was included in 2022/23). The Council's share of the deficit residual balance of £70,994 is detailed in note 23 on the collection fund adjustment account. This will be adjusted in 2024/25 (£54,318 adjustment in 2022/23).

*** This covers all of the movements on NDR transactions required to leave North Warwickshire Borough Council's share of business rates.

10. Property, Plant and Equipment

Movements in balances in 2023/24:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2023	197,977	19,648	7,317	87	153	5,614	66	230,862
Additions	10,283	542	1,249	-	-	(2,836)	10	9,248
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(14,977)	97	-	-	-	-	-	(14,880)
Revaluation increases/ (decreases) recognised in the Surplus / Deficit on the Provision of Services	(14,489)	34	-	-	-	(215)	(10)	(14,680)
De-recognition – disposals	(1,365)	-	(1,339)	-	-	-	-	(2,704)
Other movements in Cost or Valuation	-	2,563	-	-	-	(2,563)	-	-
As at 31 March 2024	177,429	22,884	7,227	87	153	0	66	207,846
Accumulated Depreciation and Impairment								
As at 1 April 2023	(611)	(3,110)	(4,266)	(36)	(2)	(16)	-	(8,041)
Depreciation charge	(4,017)	(416)	(561)	(3)	(1)	-	-	(4,998)
Depreciation written out on revaluations recognised in the Revaluation Reserve	1,851	2,747	-	-	-	-	-	4,598
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	1,074	368	-	-	-	12	-	1,454
Impairment loss /(reversal) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment loss/ (reversal) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
De-recognition – disposals	21	-	1,332	-	-	-	-	1,353
Other movements in Depreciation and Impairment	-	(4)	-	-	-	4	-	-
At 31 March 2024	(1,682)	(415)	(3,495)	(39)	(3)	-	-	(5,634)
Net Book Value								
At 31 March 2023	197,366	16,538	3,051	51	151	5,598	66	222,821
At 31 March 2024	175,747	22,469	3,732	48	150	0	66	202,212

Comparative movements in balances in 2022/23:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2022	188,283	18,135	6,963	87	153	4,310	66	217,997
Additions	9,371	90	1,617	-	-	1,304	-	12,382
Donations	4	-	5	-	-	-	-	9
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	8,100	1,468	-	-	-	-	-	9,568
Revaluation increases/ (decreases) recognised in the Surplus / Deficit on the Provision of Services	(6,550)	(45)	-	-	-	-	-	(6,595)
De-recognition – disposals	(1,231)	-	(1,268)	-	-	-	-	(2,499)
Other movements in Cost or Valuation	-	-	-	-	-	-	-	-
As at 31 March 2023	197,977	19,648	7,317	87	153	5,614	66	230,882
Accumulated Depreciation and Impairment								
As at 1 April 2022	(361)	(82)	(4,907)	(33)	(1)	(16)	-	(5,400)
Depreciation charge	(3,907)	(1,694)	(599)	(3)	(1)	-	-	(6,204)
Depreciation written out on revaluations recognised in the Revaluation Reserve	2,729	(1,340)	-	-	-	-	-	1,389
Depreciation written out on revaluations recognised in the Surplus/Deficit on the Provision of Services	922	6	-	-	-	-	-	98
Impairment loss /(reversal) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment loss/ (reversal) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	-
De-recognition – disposals	6	-	1,240	-	-	-	-	1,246
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2023	(611)	(3,110)	(4,266)	(36)	(2)	(16)	-	(8,041)
Net Book Value								
At 31 March 2023	187,922	18,053	2,056	54	152	4,294	66	212,597
At 31 March 2022	197,366	16,538	3,051	51	151	5,598	66	222,821

Depreciation

The following useful lives have been used in the calculation of depreciation:

	Building	Assumed Life (Years)
	Council Dwellings	40 - 50
	Other Land and Other Buildings:-	
	Leisure Centres	5 – 50
	Other arts/leisure venues	0 - 2
	Community Centres	1 - 50
	Pavilions	10 – 43
	Hostels	50
	Shops	3 – 50
	Public Conveniences	20
	Offices and Depot	20 – 50
	Garages	20 - 20
	Vehicles, Plant, Furniture and Equipment :-	
	Vehicles	5 - 20
	Infrastructure Assets :-	
	Infrastructure	30-50

Capital Commitments

At 31 March 2024 the capital commitments outstanding totalled approximately £1.890m. The major commitments were:

- £0.615m for HRA Abbey Green Flats remedial works,
- £0.067m for the play equipment and pitch repair/replace programme,
- £0.040m for gym equipment and
- £0.225m for Fire Door Replacements and
- £0.038m for the financial management system and
- £0.028m for the planning system and
- £0.035m for the Environmental Health system and
- £0.616m for the vehicle replacement programme.

Effect of changes in Estimates

We have not changed any of the depreciation methods used in valuing our assets. However, the estimated useful lives of a number of assets have been reassessed and amended in 2023/24. The financial effect of any changes is detailed in the table below.

Asset Description	Original End Date	Revised End Date	Financial effect on Depreciation Charges £
Council House Dwellings	31/03/2072	31/03/2073	49,433.71
Garages	31/03/2042	31/03/2043	5,737.52
Total			55,171.24

Revaluations

We carry out a rolling programme that ensures all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations were carried out by the Council's valuers; Bridgehouse and Howkins and Harrison, who are RICS Registered Valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The valuation methods used for each type of asset category are detailed in note 16 of the Accounting Policies section (Property, Plant and Equipment).

The significant assumptions applied in estimating the current values are:

- An adjustment factor of 40% to discount the market valuation of council houses to reflect their use for social housing;
- Valuations on properties have been split between the element relating to the land as well as the building. The building is depreciated over the useful economic life of the asset whilst land is not depreciated.

The following table shows the revaluation of property, plant, and equipment over the last 5 years.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	-	7,227	87	153	-	66	7,533
		Valued at current value as at:						
31 March 2024	177,429	22,884	-	-	-	-	-	200,313
31 March 2023	-	-	-	-	-	-	-	-
31 March 2022	-	-	-	-	-	-	-	-
31 March 2021	-	-	-	-	-	-	-	-
31 March 2020	-	-	-	-	-	-	-	-
Total Cost or Valuation	177,429	22,884	7,227	87	153	-	66	207,846

11. Heritage Assets

Our heritage assets are the civic regalia we hold, which consist of a number of items of gold used ceremonially by the Mayor and Consort, plus deputies. Two of these items relate to the chains of office for Atherstone Rural District Council, the predecessor of North Warwickshire Borough Council. The value of the assets is shown below.

2022/23 £000	Civic Regalia	2023/24 £000
	Cost or Valuation	
986	Balance as at 1 April	1,064
78	Revaluations	123
1,064	Balance as at 31 March	1,187

Five-Year Summary of Transactions

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Civic Regalia	851	829	986	1,064	1,187

12. Investment Property

If we hold assets for the purpose of providing public services, then the assets are classed as property assets. However, if we hold assets with the purpose of generating revenue income, which can be used to offset the costs of other services, then these are shown as Investment Property.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2022/23 £'000		2023/24 £'000
(569)	Rental income from investment property	(417)
191	Direct operating expenses arising from investment property	453
(76)	Change in fair value of investment property	799
(454)	Net gain	835

There are no restrictions on our ability to realise the value inherent in our investment property or on our right to the remittance of income and the proceeds of disposal. We have no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2022/23 £'000		2023/24 £'000
8,106	Balance at start of the year	8,220
38	Expenditure during the year	-
-	Disposals	(595)
76	Net gains/(losses) from fair value adjustment in the Consolidated Income and Expenditure Statement	(799)
8,220	Balance at the end of the year	6,826

Fair Value Hierarchy

Inputs to the valuation techniques in respect of fair value measurement in the Council's Financial Statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2024 and 2023 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2023 £000
Residential properties	-	210	-	210
Commercial units	-	5,800	-	5,800
Shops and Restaurants	-	480	-	480
Land	-	336	-	336
Total	-	6,826	-	6,826

2023 Comparative Figures

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
Residential properties	-	476	-	476
Commercial units	-	5,933	-	5,933
Shops and Restaurants	-	1,085	-	1,085
Land	-	726	-	726
Total	-	8,220	-	8,220

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being classified as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

13. Intangible Assets

We account for software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. Our intangible assets relate to software licences. All software is given a finite, useful life, based on assessments of the period that the software is expected to be of use to the Council.

These assets have been amortised on a straight-line basis over their anticipated lives, the same method used for writing down our intangible assets in previous years. The amortisation of £63,559.02 charged to revenue in 2023/24 was charged to the Information Services cost centre and then absorbed as an overhead across the relevant service headings in the Net Expenditure of Services. The Housing Rents, Housing Direct Works and IBS systems which relate to housing were attributed directly to the Housing Revenue Account. The planning system was apportioned to the Planning and Development Service. Corporate systems such as the Total finance system and Microsoft Licences are recharged across all services.

We have not changed any of the depreciation methods or estimated useful lives used in valuing our assets. The movement on Intangible Asset balances during the year is as follows:

	2022/23	2023/24
	Software Licences £000	Software Licences £000
<i>Balance at start of year</i>		
Gross carrying amounts	1,989	2,233
Accumulated amortisation	(1,811)	(1,850)
Net carrying amount at start of year	178	383
<i>Additions:</i>		
Expenditure in the year	244	224
Amortisation for the year	(39)	(64)
Net Disposals in the year	-	-
Net carrying amount at end of year	383	543
<i>Comprising:</i>		
▪ Gross carrying amounts	2,233	2,103
▪ Accumulated amortisation	(1,850)	(1,560)
Net carrying amount at end of year	383	543

The software licences are held for a number of systems of varying sizes. Only the main ones are detailed below: -

- Payment Management System (PMS). This was purchased during 2012/13 costing £83,772 with an upgrade costing £17,491 in 2018/19 and is being amortised over a period of 10 years,
- Civica System. The software cost £140,284 in 2018/19 and is being amortised over a 10-year life until 2028/29.
- Idox Cloud Planning System. This was Purchased in 2022/23 costing £51,540 and is being amortised over 10 years till 2032/33.
- Environmental Health Cloud System. This was Purchased in 2022/23 costing £49,506. The cost is being amortised over 10 years till 2032/33.
- Unit 4 ERP - Financial Management System. This was initially purchased in 2022/23 at an initial cost in year of £118,907 with further costs incurred in future years. This is being amortised over 10 years till 2032/33.

14. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

- **Financial Assets**

	Non-Current		Current			
As at 31 March 2024	Investments	Debtors	Investments	Cash	Debtors	Total
	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000
Amortised Cost						
Loans and Receivables	-	-	27,645	-	-	27,645
Cash and Cash Equivalents	-	-	-	2,256	-	2,256
Debtors	-	-	-	-	3,614	3,614
Fair Value through Profit and Loss						
Certificates of Deposit	-	-	-	-	-	-
Ultra Short Dated Bond Funds	-	-	6,000	-	-	6,000
Sherbourne Recycling Shares	-	-	47	-	-	47
Total Financial Assets	-	-	33,692	2,256	3,614	39,562

	Non-Current		Current			
As at 31 March 2023	Investments	Debtors	Investments	Cash	Debtors	Total
	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000
Amortised Cost						
Loans and Receivables	-	-	19,851	-	-	19,851
Cash and Cash Equivalents	-	-	-	2,321	-	2,321
Debtors	-	-	-	-	2,970	2,970
Fair Value through Profit and Loss						
Certificates of Deposit	-	-	1,520	-	-	1,520
Ultra Short Dated Bond Funds	-	-	6,000	-	-	6,000
Sherbourne Recycling Shares	-	-	47	-	-	47
Total Financial Assets	-	-	27,418	2,321	2,970	32,709

- **Financial Liabilities**

	Non-Current		Current		
As at 31 March 2024	Borrowing (PWLb)	Creditors	Borrowing (PWLb)	Creditors	Total
	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000
Amortised Cost	46,229	-	-	14,376	60,605
Total Financial Liabilities	46,229	-	-	14,376	60,605

	Non-Current		Current		
As at 31 March 2023	Borrowing (PWLb)	Creditors	Borrowing (PWLb)	Creditors	Total
	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000
Amortised Cost	41,979	-	-	13,838	55,817
Total Financial Liabilities	41,979	-	-	13,838	55,817

Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statements in relation to financial instruments are made up as follows:

Financial Instruments	(Surplus) or Deficit on the Provision of Services 2022/23 £000	Other Comprehensive Income 2022/23 £000	(Surplus) or Deficit on the Provision of Services 2023/24 £000	Other Comprehensive Income 2023/24 £000
Financial Assets Measured at Fair Value Through Profit or Loss	-	250	-	265
Total net (gains)/losses	-	250	-	265
Financial Assets Measured at Amortised Cost	(688)	-	(1,795)	-
Total interest revenue	(688)	-	(1,795)	-
PWLB Loan interest expense	1,415	-	1,625	-
Total fee expense	1,415	-	1,625	-

Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Financial liabilities and financial assets, represented by borrowing and investments, are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Early redemption rates for loans from the PWLB as at 31 March 2022,
- No early repayment or impairment is recognised in the accounts.

The fair values are calculated as follows:

31 March 2023	31 March 2023		31 March 2024	31 March 2024
Carrying Amount on Balance Sheet £000	Fair Value Calculation £000		Carrying Amount on Balance Sheet £000	Fair Value Calculation £000
41,979	38,690	PWLB Debt	46,229	42,094
41,979	38,690	Total Borrowings	46,229	42,094
1,520	1,520	Money Market Funds < 1 year	-	-
1,520	1,520	Total Investments	-	-

Borrowings: the fair value is more than the carrying amount because the Council's loans are fixed at a higher rate than was available at 31 March 2024. This shows a notional loss (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to the PWLB above current market rates.

Investments: The fair value is the carrying amount, as the authority's investments are all less than one year to maturity.

➤ Loans below Market Rates

During 2023/24 the Council granted Decent Homes Standard loans to 13 private owner occupiers totalling £124,957.07 and granted Disabled Facilities loans to 30 private owner occupiers totalling £385,901.93. The Council is due to have the loans repaid when the properties are sold in the future. Given the uncertainty of future timescales, these loans have been fully funded through the Council's capital programme. Any funds recovered in the future will therefore be a windfall to the Council.

15. Inventories

	Consumable Stores	Consumable Stores	Maintenance Materials	Maintenance Materials	Client services Work in Progress	Client services Work in Progress	Total	Total
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2021/22 £000	2023/24 £000	2022/23 £000	2023/24 £000
Balance at start of year	41	51	23	36	-	-	64	87
Purchases	432	358	447	519	-	-	879	877
Recognised as an expense in the year	(422)	(388)	(434)	(523)	-	-	(856)	(911)
Balance at year end	51	21	36	32	-	-	87	53

16. Construction Contracts

At 31 March 2024 we had no contract. In addition there are some contractual retentions still outstanding to be settled during 2024/25.

17. Short Term Debtors

31 March 2023 £000		31 March 2024 £000
1,129	Trade Receivables	1,035
646	Prepayments	390
1,664	Local Taxation	2,184
275	Council Rents	281
1,012	Other Receivables	1,271
(1,110)	Bad debt provision	(1,157)
3,616	TOTAL	4,004

18. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2023 £000		31 March 2024 £000
2	Cash held by the Council	1
2,319	Bank current accounts	2,255
-	Short term deposits	-
2,321	Total Cash and Cash Equivalents	2,256

19. Assets Held for Sale

There were no assets held for sale at 31 March 2024.

20. Short Term Creditors

31 March 2023 £000		31 March 2024 £000
2,824	Trade Payables	1,431
2,732	Receipts in advance	2,636
489	Other Payables	485
7,324	Local Taxation	9,338
470	Council Rents	486
13,839	TOTAL	14,376

21. Provisions

Business Rate Payers can appeal against the rateable value of their properties to the Valuation Office. If they are successful, we will have to refund a proportion of the rates which they have paid. An increase in provision of £1.122 million has been made in the Collection Fund at 31 March 2024 (decrease of £1.390 million at 31 March 2023), to cover possible refunds. Of the £4.050 million set aside at 31 March 2024, we have settled claims of £3.476 million from that sum. Our share of the increase in provision is £0.449 million (40%) (increase £0.556 million at 31 March 2023), with the remaining 60% falling to central government and Warwickshire County Council.

31 March 2023 £000		31 March 2024 £000
1,727	Opening Balance set aside as at 31 st March	1,171
2,591	Add back - share to Central Government and Warwickshire County Council (60%)	1,757
-	Settled claims in year	(3,476)
4,318	Sub Total	(548)
(1,390)	Additional provision made in year	1,122
2,928	Sub Total	574
(1,757)	Less - share to Central Government and Warwickshire County Council (60%)	(345)
1,171	TOTAL	229

22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MIRS) on page 12. The Earmarked Reserves (General Fund and HRA) columns on the MIRS are further detailed in Note 6.

23. Unusable Reserves

31 March 2023 £000		31 March 2024 £000
(48,653)	Revaluation Reserve	(35,467)
(124,830)	Capital Adjustment Account	(113,106)
(4,446)	Pensions Reserve	3,613
(59)	Collection Fund Adjustment Account - CT	12
(2,889)	Collection Fund Adjustment Account - NDR	(5,318)
214	Accumulated Absences Account	211
-	Available for Sale Financial Instruments Reserve	-
261	Financial Instruments Revaluation Reserve	265
(180,402)	Total Unusable Reserves	(149,790)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2022/23 £000		2023/24 £000
(40,210)	Balance at 1 April	(48,653)
(11,036)	(Upward)/Downward revaluation of assets not posted to the Surplus/Deficit on the Provision of Services	10,158
281	Accumulated gains on assets sold	255
-	Difference between fair value depreciation and historical cost depreciation	-
2,312	Amount written off to the Capital Adjustment Account	2,773
(48,653)	Balance at 31 March	(35,467)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluations gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5 provides details of the sources of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £000			2023/24 £000	
	(125,171)	Balance at 1 April		(124,830)
		<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
6,231		▪ Charges for depreciation and impairment of non-current assets	4,998	
4,328		▪ Revaluation (gains) / losses on Property, Plant and Equipment	13,226	
39		▪ Amortisation of intangible assets	64	
576		▪ Revenue expenditure funded from capital under statute	1,135	
972		▪ Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,691	
	12,146	Sub Total		21,114
(1,001)		Adjusting amounts written out of the Revaluation Reserve	(2,773)	
(76)	(1,077)	Movements in the market value of Investment Property	799	(1,974)
		<i>Capital financing applied in the year:</i>		
(614)		▪ Use of the Capital Receipts Reserve to finance new capital expenditure	(3,460)	
		▪ Use of the Major Repairs Reserve to finance new capital expenditure		
(85)		▪ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(52)	
		▪ Application of grants to capital financing from the Capital Grants Unapplied Account		
2,140		▪ Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,585)	
(12,169)	(10,728)	▪ Capital expenditure charged against the General Fund and HRA balances	(1,319)	(7,416)
	(124,830)	Balance at 31 March		(113,106)

The Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000		2023/24 £000
25,545	Balance at 1 April	(4,446)
(32,378)	Re measurement of the net defined benefit liability/(asset)	(5,132)
-	Asset Ceiling Restriction	13,559
4,363	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1,689
(1,976)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,057)
(4,446)	Balance at 31 March	3,613

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Council Tax 2022/23 £000	Non Domestic Rates 2022/23 £000		Council Tax 2023/24 £000	Non Domestic Rates 2023/24 £000
(114)	1,551	Balance at 1 April	(59)	(2,890)
55	(4,441)	Amount by which council tax and non domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non domestic rate income calculated for the year in accordance with statutory requirements	71	(2,428)
(59)	(2890)	Balance at 31 March	12	(5,318)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund and Housing Revenue Account balances from accruing for compensated absences earned but not taken in the year, for example annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund and Housing Revenue Account Balance are neutralised by transfers to or from the Account.

2022/23 £000		2023/24 £000
202	Balance at 1 April	214
(202)	Reversal of accrual made at the end of the preceding year	(214)
214	Amounts accrued at the end of the current year	211
214	Balance at 31 March	211

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains are lost or disposed of and the gains are realised.

2022/23 £000		2023/24 £000
(11)	Balance at 1 April	(261)
(250)	(Upward)/Downward revaluation of investments	(4)
-	Downward/ Upward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-
(261)	Balance at 31 March	(265)

24. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2022/23 £000		2023/24 £000
(688)	Interest Received	(1,795)
12	Interest Paid	18
(676)	Net interest included within the surplus on the provision of services	(1,777)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2022/23 £000		2023/24 £000
6,734	Depreciation and Amortisation of Asset	6,601
2,387	Movement in pension liability	(368)
(254)	(Contribution to) / Use of Housing Repairs Reserve	(759)
(7,097)	Contributions to reserves	2,314
(4,386)	Reversal of Collection Fund Adjustments – CT and NDR	(2,358)
12	Accumulated Absences	(4)
(556)	Increase / (Decrease) in Provisions	(942)
(748)	Increase / (Decrease) in Creditors	1,362
2,885	(Increase) / Decrease in Debtors	(900)
23	(Increase) / Decrease in Stocks and WIP	(34)
(1,000)	Adjustments for non cash movements	4,912

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2022/23 £000		2023/24 £000
(179)	(Surplus) / Loss on sale of Assets	(221)
-	Payment of housing receipts to Housing Pool	-
(179)	Adjustment for investing and financing activities	(221)

25. Cash Flow Statement – Investing Activities

2022/23 £000		2023/24 £000
13,685	Purchase of property, plant and equipment, investment property and intangible assets	8,722
826	Other payments for investing activities	1,689
(1,396)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,274)
(4,898)	Other receipts from investing activities	(4,532)
8,217	Net cash flows from investing activities	3,605

26. Cash Flow Statement – Financing Activities

2022/23 £000		2023/24 £000
(4,760)	Cash receipts of short and long term borrowing	8,750
(1,164)	Other receipts from financing activities	6,274
(5,924)	Net cash flows from financing activities	15,024

27. Expenditure and Funding Analysis

(a) The Expenditure and Funding Analysis shows how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Boards. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Expenditure and Funding Analysis brings together the authority's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund and HRA.

The Expenditure and Funding Analysis:-

- shows for each of the authority's boards a comparison of the net resources applied and the net charge against council tax, and
- provides the opportunity to explain significant differences between the two within the authority's framework for accountability.

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Expenditure and Funding Analysis	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
646	88	734	Executive Board	589	(6)	583
6,043	2,738	8,781	Community and Environment Board	5,520	698	6,218
(141)	108	(33)	Planning and Development Board	328	(10)	318
13	11	24	Licensing Committee	16	(1)	15
3,853	1,760	5,613	Resources Board – Services	1,394	1,251	2,645
(150)	257	107	Resources Board – Recharged Services	(264)	(33)	(297)
(3,411)	497	(2,914)	Resources Board – Housing Revenue Account	(4,979)	(8)	(4,987)
6,853	5,459	12,312	NET COST OF SERVICES	2,604	1,891	4,495
(8,280)	(31,358)	(39,638)	Other Comprehensive Income and Expenditure	(16,139)	19,796	3,657
(1,427)	(25,899)	(27,326)	Total Comprehensive Income and Expenditure	(13,535)	21,687	8,152
(27,417)			Opening General Fund and HRA Balances	(20,974)		
7,613			Use of Reserves to fund Capital Expenditure	5,484		
(1,170)			(Surplus) / Deficit on Provision of Services	(12,910)		
(20,974)			Closing General Fund and HRA Balances	(28,400)		

The table below further analyses the Adjustments between the Funding and Accounting Basis.

Expenditure and Funding Analysis - adjustments between the funding and accounting basis				2023/24
	Adjustment for Capital Purposes	Net charge for Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Executive Board	-	(6)	-	(6)
Community and Environment Board	764	(66)	-	698
Planning and Development Board	-	(10)	-	(10)
Licensing Committee	-	(1)	-	(1)
Resources Board – Services	1,275	(26)	2	1,251
Resources Board – Recharged Services	(30)	(3)	-	(33)
Resources Board – Housing Revenue Account	39	(41)	(6)	(8)
COST OF SERVICES	2,048	(153)	(4)	1,891
Other Comprehensive Income and Expenditure	13,938	8,212	(2,354)	19,796
Total Comprehensive Income and Expenditure	15,986	8,059	(2,358)	21,687

Expenditure and Funding Analysis – adjustments between the funding and accounting basis				2022/23
	Adjustment for Capital Purposes	Net charge for Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Executive Board	-	88	-	88
Community and Environment Board	2,048	690	-	2,738
Planning and Development Board	-	108	-	108
Licensing Committee	-	11	-	11
Resources Board – Services	1,459	302	(1)	1,760
Resources Board – Recharged Services	228	29	-	257
Resources Board – Housing Revenue Account	51	433	13	497
COST OF SERVICES	3,786	1,661	12	5,459
Other Comprehensive Income and Expenditure	4,431	(31,653)	(4,136)	(31,358)
Total Comprehensive Income and Expenditure	8,217	(29,992)	(4,124)	(25,899)

Adjustment for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- *Other operating expenditure* – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- *Financing and investment income and expenditure* – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- *Taxation and non-specific grant income and expenditure* - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or which conditions were satisfied in the year.

Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- *For services* this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- *For Financing and investment income and expenditure* – the net interest on the defined benefit liability is charged to the Consolidated Income and Expenditure Statement.

Other Statutory Adjustments

Other statutory adjustments between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

- *For Financing and investment income and expenditure* the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under *Taxation and non-specific grant income and expenditure* represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited / credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- *For financing and investment income and expenditure* the other non-statutory adjustments column recognises adjustments to service segments e.g. for interest income and expenditure and changes in the fair values of investment properties.
- *For taxation and non-specific grant income and expenditure* the other non-statutory adjustments column recognises adjustments to service segments e.g. for un-ringfenced government grants.
- The Council's governance arrangements are based on a committee model, which uses Service Boards / Committees. Reporting is undertaken on this basis.

Income received on a segmental basis is analysed below:-

	2022/23	2023/24
	Income from Services	Income from Services
Board	£000	£000
Executive Board	46	2
Community and Environment Board	3,544	6,231
Planning and Development Board	1,530	761
Licensing Committee	105	108
Resources Board – Services	12,271	11,876
Resources Board – Recharged Services	601	555
Resources Board – Housing Revenue Account	12,730	13,756
Other (*)	14,757	20,863
	45,584	54,152

(*) This line covers other operating expenditure, financing and investment income and expenditure and taxation and non-specific grant income which are detailed in earlier notes 7, 8 and 9.

(b) Expenditure and Income analysed by Nature

The authority's expenditure and income is analysed as follows:-

2022/23 £000	Expenditure and Income	2023/24 £000
	Expenditure	
11,772	Employee Expenses	13,475
11,104	Other Service Expenses	13,248
8,424	Rent Allowances and Housing Benefit Payments	8,554
6,919	Depreciation, Amortisation and Impairment	5,823
2,387	Retirement Benefits	-
826	Revenue Expenditure Funded from Capital Under Statute	615
3,209	Use of Government Grants	-
(1,025)	HRA – Debt Repayment and interest	(2,625)
-	Payment to Housing Capital Receipts Pool	-
1,131	Parish Precepts	1,189
44,747	Total Expenditure	40,279
	Income	
(21,423)	Fees, Charges and Other Service Income	(22,460)
(686)	Interest and Investment Income	(2,051)
(8,964)	Income from Council Tax and NDR	(10,458)
(14,332)	Government Grants and Contributions	(18,594)
(179)	Gain on Disposal of Assets	(221)
-	Retirement Benefits	(368)
(45,584)	Total Income	(54,152)
(837)	(Surplus)/Deficit on Provision of Services	(13,873)

28. Agency Services

Coventry City Council provided a payroll service to the Council in 2023/24, for which we paid a charge of £14,457 (£12,993 in 2022/23)

29. Pooled Budgets

Building Control Partnership

From April 2019, the Council has been a member of the Central Building Control Partnership. The Partnership covers six councils - Lichfield District Council, Tamworth Borough Council, South Staffordshire Council, South Derbyshire District Council, Nuneaton and Bedworth Borough Council and North Warwickshire Borough Council. In 2023/24 the authority made a payment to the larger partnership of £35,200 (in 2022/23 we paid £35,200).

Heart Partnership

We are part of a shared service for the delivery of an integrated Home Environment Assessment & Response Team (HEART) service. The overall aims and objectives of the shared service is to bring together housing and occupational therapy services in an integrated team which delivers Home Improvement Agency Services and housing adaptations for disabled and older people in Warwickshire. Participants in the shared service arrangement are North Warwickshire Borough Council, Warwickshire County Council, Rugby Borough Council, Nuneaton and Bedworth Borough Council, Stratford District Council and Warwick District Council.

The partnership has operated for a number of years, but during 2016/17 the arrangement was formalised and the relevant finances of the authorities involved were brought together in a pooled budget arrangement. The Heart Partnership is hosted by Nuneaton and Bedworth Borough Council and provides services to each of the Councils involved. The partnership reports to a Steering Group which is made up of elected members and officers from all partner authorities. The table below shows the budget and actual spend position during 2023/24.

2022/23 £		2023/24 £
1,008,056	Balance of funding retained by the Heart Shared Service to be carried forward to 2021/22 to spend in the North Warwickshire area	953,437
771,304	Budget – Disabled Facilities Grant	863,893
(825,923)	Spend by the Heart Shared Service on behalf of NWBC	(615,123)
953,437	Balance of funding retained by the Heart Shared Service to be carried forward to 2022/23 to spend in the North Warwickshire area(*)	1,202,207

(*) The above unspent balance is being carry forward in the Financial Statements within reserve debtors and capital grants unapplied until it is spent by the Heart shared service on behalf of North Warwickshire Borough.

30. Members' Allowances

The Council paid the following amounts to members of the Council during the year.

	2022/23 £000	2023/24 £000
Allowances	242	258
Expenses	2	3
Total	244	261

31. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2023/24	Salaries, Fees and Allowances	Expenses Allowances	Pensions	Total
Job Title	(£)	(£)	(£)	(£)
Chief Executive	117,994	3,456	24,189	145,639
Corporate Director – Resources (To 05.04.23)	5,526	48	222	5,796
Corporate Director – Resources (from 06.04.23 to 19.07.23)	26,591	-	5,039	31,630
Corporate Director – Resources (Interim Agency) (from 07.08.23 to current)	137,475	-	-	137,475
Corporate Director – Streetscape (Interim Agency)	199,500	-	-	199,500

2022/23	Salaries, Fees and Allowances	Expenses Allowances	Pensions	Total
Job Title	(£)	(£)	(£)	(£)
Chief Executive	112,739	3,456	22,660	138,855
Corporate Director - Resources	79,504	3,456	15,980	98,940
Corporate Director – Streetscape	67,979	3,003	13,170	84,152
Corporate Director – Streetscape (Interim Agency)	35,387	0	0	35,387

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Employee Pay Bands	2022/23 staff numbers	2023/24 staff numbers
£50,000-£54,999	2	1
£55,000-£59,999	3	1
£60,000-£64,999	-	1
£65,000-£69,999	-	-
£70,000-£74,999	2	-
£75,000-£79,999	-	2

The number of exit packages with total costs per band and total cost of the compulsory and other redundancies are set out in the table below and note 38.

Exit packages cost band	Number of compulsory redundancies		Total cost of exit packages for compulsory redundancies by cost band	
	2022/23	2023/24	2022/23	2023/24
			£	£
£0 – £20,000	5	5	14,944.43	24,479.17
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
£100,001 - £120,000	-	-	-	-
£120,001 - £140,000	-	-	-	-
Total	5	5	14,944.43	24,479.17

The total costs of £14,487.37 in the table above has been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

32. External Audit Costs

We pay audit fees for work undertaken on the audit of the Statement of Accounts, the certification of grant claims and returns and statutory inspections. Our appointed auditors for 2023/24 are Azets LLP, with the exception of the Housing Benefit claim, for which Grant Thornton were appointed.

The table below indicates the costs incurred, or to be incurred, on the audit of the 2023/24 accounts.

Type of Audit Work	2022/23 £000	2023/24 £000
Fees payable to Ernst Young LLP (22/23) and Azets LLP (23/24) with regard to external audit services carried out for the year	37	131
Fees payable to Ernst Young LLP (20/21 and 21/22) for the certification of grant claims and returns for the year – Pooling of Capital Receipts	7	19
Fees payable to Grant Thornton (22/23) for the certification of grant claims and returns for the year – Housing Benefit	22	27
Additional fees payable to Ernst Young LLP for work on 2019/20 accounts	53	86
Total	119	263

33. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

	2022/23 £000	2023/24 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	-	81
Non Domestic Rates	1,922	1,994
Total	1,922	2,075

Credited to Services	2022/23	2023/24
	£000	£000
New Burdens – Geo place Grant	2	2
New Burdens – BR reliefs and licences	31	-
UK Health SA	46	-
Lower Tier Services Grant	88	312
Service Grant	132	78
New Burdens – Pavement Licence	2	2
New Burdens – Tenants Satisfaction Grant	-	16
New Burdens – Affordable Housing	-	2
Redmond Review Implementation	18	-
BEIS New Burdens 4 Restart	12	-
BEIS – Alternative Energy Fuel Grant	-	80
BEIS – Alternative Energy Fuel Grant	-	247
BEIS – Alternative Energy Fuel Grant – Admin Grant	-	24
UK Shared Prosperity Fund Grant	259	757
DEFRA – Air Quality Grant	-	23
Electoral Reform Services Grant	11	31
DWP – New Burdens Grant	13	13
DWP – Resource management	3	8
DWP – HBAAI funding	6	-
DWP – Single housing Benefit	6	-
DWP – Supported and temporary accommodation	1	-
DWP – Lads Funding	4	-
DWP – Verify Earnings & Pensions Alert Service	6	12
DWP – LA Data Sharing Programme	-	5
DLUHC Green P & M	-	59
UKTi Programme	-	12
Lottery – Swimming Pool Support Fund	-	198
Stronger and Safer Communities Funding	8	58
New Burdens - Transparency Code Set Up	9	8
Benefits Grant (DHP)	60	60
Benefits Administration Grant	135	129
Council Tax Support Admin Grant	144	10
New Homes Bonus Scheme	723	519
Rent Allowances Subsidy	3,755	4,401
National Non Domestic Rates Administration Grant	111	119
Housing Rent Rebates	4,491	3,934
Homelessness Reduction and Support Grant	228	289
Bio Diversity Net Gain Grant	-	22
Neighbourhood Planning Grant	20	-
BEIS Green Homes Grant	63	250
Homes England – New Homes Build Grant	35	52
New Burdens 7 payment	31	-
Total	10,453	11,732

Covid Grants

The government provided a range of financial support packages throughout the COVID-19 pandemic. The Council received some funding towards its own costs and to offset loss of income. We also received financial support for the additional costs of administering other support packages, to both businesses and individuals.

The Council considers that accounting for the grant schemes as an agent is appropriate where: the Council is administering the distribution of the grant; is fully reimbursed for delivering that funding (and the authority is not liable for any overpayments); and the amount of the award is predetermined based on business rate relief or rateable value. This indicates that the authority is acting as an intermediary for the Department for Business, Energy and Industrial Strategy (BEIS) and does not have 'control'. Similarly, this is also the case for the Test and Trace grants awarded for the Department for Work and Pensions (DWP).

Where the Council has acted as an agent, the grant has not been reported as income and expenditure, and balances relate only to sums due to or from the authority. Where the Council has discretion over the businesses to support and the amount of the award, it is acting as a principal as opposed to acting as an agent, and transactions have been included in the financial statements.

The following table summarises the final position for each of the grant support schemes in remaining active 2023/24.

Grant	Government Funding Remaining	Grant Repaid to Government	Balance Due from Government
	£'000	£'000	£'000
Additional Restrictions Grant - Restart			-
Reconciliation of all Grants 20-21 & 21-22 – BEIS has agreed to pay in 2024-25		-	41
Omicron			-
Total Agent (BEIS)			41

34. Related Parties

We are required to disclose material transactions with related parties – these are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which we operate and provides a significant proportion of our funding in the form of grants and prescribes the terms of many of the transactions that we have with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 30.

Other Public Bodies (subject to common control by central government)

We have a pooled budget arrangement with 5 other Councils (Lichfield, Tamworth, South Derbyshire, South Staffordshire and Nuneaton and Bedworth) for the provision of building control services and with other Warwickshire Authorities for the delivery of the Heart Shared Service. Transactions and balances outstanding are detailed in Note 29.

Seven Borough Councillors were also Warwickshire County Councillors in 2023/24. During the year, we paid £3,159,836 (£2,603,178 in 2022/23) to Warwickshire County Council for services including: pensions, land charges, broadband, arboriculture services, trade refuse disposal, Tree Officer works, contribution to the costs of Lower House Farm recycling facility and leisure facilities. Income of £844,581 (£538,273 in 2022/23) was received from the County Council for grass cutting, schools trade refuse, School Swimming Lessons, funding for a hospital liaison officer post, Health improvement grant, part occupation of Council Offices, Homeless Project, and recycling activities.

Three Borough Councillors were also on Atherstone Town Council in 2023/24. Income of £53,355 (£50,525 in 2022/23) was received from Atherstone Town Council, for the monitoring of their CCTV cameras within the town, hire of the Council House Offices for use by the Town Council, Local Town Council Elections and for some grounds maintenance work. Payments of £25,519 (£20,950 in 22-23) were made to Atherstone Town Council towards for some Community Grants.

Two Borough Councillors were also on Coleshill Town Council in 2023/24. Income of £6,642 (£1,799 in 2022/23 for the provision of a trade refuse service and two town council by-elections) was received from Coleshill Town Council, for the provision of a trade refuse service and a Pavement Licences and local Town Council Elections. Payments of £1,110 (£160 in 2022/23 for a grant towards Coleshill Hall project and hire of premises for elections) were made to Coleshill Town Council towards reopening the High Street (grants) and hire of rooms for WCC and PCC Elections.

During the year a payment of £91,600 (£56,100 in 2022/23) was made to North Warwickshire Citizens Advice Bureau. The Borough Council was represented on the North Warwickshire Citizens Advice Bureau by 1 Borough Councillor. The transaction represents a contribution to the running expenses of the organisation. The Member recorded an interest in the Register of Members Interests, which is open to public inspection at the Council Offices during office hours.

The Council is a non-constituent member of the West Midlands Combined Authority (WMCA). The WMCA is a group of councils across the region that is working together to seek greater decision-making powers from the government in a process known as devolution. In the Scheme sent to Government only constituent members have voting rights. Now the WMCA is established, constituent members could give voting rights to non-constituent members, for example, allowing them to vote on matters to do with economic development. Constituent members may only be signed up to one combined authority, whilst non-constituent members can be signed up to one or more combined authorities. In 2023/24 North Warwickshire Borough Council paid the WMCA a £30,000 contribution to help fund its programmes and initiatives (£30,000 in 2022/23).

Sherbourne recycling – Sherbourne Recycling was established in 2021 to develop and operate a new state of the art materials recycling facility in Coventry on behalf of eight local authorities (Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council). In 2021/22 the council purchased shares of £46,700 and has made further loan advances of £429,640 in 2023/24.

35. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with previous year's unfunded capital creditors. The resources that have been used to finance this expenditure are also shown.

Capital Expenditure and Financing		
	2022/23 £000	2023/24 £000
<i>Capital Investment</i>		
Property, Plant and Equipment	13,463	11,207
Investment properties	244	-
Intangible Assets	38	224
Revenue Expenditure Funded from Capital Under Statute	771	864
Total Expenditure	14,516	12,295
<i>Sources of Finance</i>		
Capital receipts	(304)	(3,078)
Government grants and other contributions	(856)	(1,286)
Revenue Contribution to Capital	(561)	(452)
Section 106 contributions	(307)	(3)
Earmarked Capital Reserve	(2,956)	(4,443)
Major Repairs Reserve/HRA RCCO	(8,708)	(3,033)
Capital Creditors	(824)	-
Prudential Borrowing	-	-
Total Financing	(14,516)	(12,295)

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is shown below.

	2022/23 £000	2023/24 £000
Long Term Assets	232,489	210,768
Revaluation Reserve	(48,653)	(35,467)
Capital Adjustment Account	(124,831)	(113,106)
Capital Financing Requirement	59,005	62,195

36. Leases

Council as Lessee

Finance Leases

The Council has no finance leases where the council is the lessee.

Operating Leases

We have a Land and Building lease. This relates to some industrial units known as Units 18-39 Innage Park, Atherstone, which we sub-let. The properties were returned to the owners in June 23.

The future minimum sublease payments expected to be received by the Council are shown in the table below, along with the expenditure in relation to these leases during the year. Both the income and expenditure are included within the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2023 £000		31 March 2024 £000
121	Minimum lease payments	20
(128)	Contingent rents	(24)
(7)	Total	(4)

Council as Lessor

Finance Leases

The Council hasn't leased out any assets under finance leases.

Operating Leases

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2023 £000		31 March 2024 £000
407	Not later than one year	291
204	Later than one year and not later than five years	201
5,015	Later than five years	4,799
5,626	Total	5,291

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into such as adjustments following rent reviews. In 2023/24, £86,289.04 contingent rents were receivable by the Council (£103,863.85 in 2022/23).

37. Impairment Losses

We are required to disclose by class of assets the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 10 and 13 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

There were no material impairment losses recognised during 2023/24 (none 2022/23).

38. Termination Benefits

The Council terminated the contracts of 5 employees in 2023/24, incurred liabilities of £24,479.17 (£14,944.43 in 2022/23) – see Note 31 for the number of exit packages and total cost per band. Payments were made to 1 employee from Housing Repairs, 2 Refuse and 2 Amenity Cleaning.

39. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of our officers we make contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, we have a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

We participate in the Local Government Pension scheme administered locally by Warwickshire County Council. This is a funded defined benefit salary scheme meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The scheme was a final salary scheme until 31 March 2014 and then changed to a career average scheme from 1 April 2014.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

In addition there are arrangements for the award of discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there will be no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. These costs are included in the following figures.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year so the real cost of post employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	2022/23 £000	2023/24 £000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services</i>		
• Current service cost	(3,638)	(1,904)
• Past Service Cost and Curtailments	-	-
<i>Financing and Investment Income and Expenditure</i>		
• Interest cost	(3,239)	(4,122)
• Expected return on scheme assets	2,514	4,337
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	(4,363)	(1,689)
<i>Re measurement of the net defined benefit liability comprising</i>		
• Return on plan assets	(3,484)	3,171
• Actuarial (losses)/gains arising on changes in demographic assumptions	2,731	543
• Actuarial (losses)/gains arising on changes in financial assumptions	41,082	4,041
• Other	(7,461)	(2,623)
• Asset Ceiling	-	(13,559)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	32,868	(8,427)
<i>Movement in Reserves Statement</i>		
• Reversal of net charges made to the Surplus or Deficit of Services for post employment benefits in accordance with the Code	4,363	1,689
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• Employers contributions payable to scheme	1,976	2,057
Retirement benefits payable to pensioners	(3,009)	3,850

The cumulative amount of actuarial gains and losses recognised in other Comprehensive Income and Expenditure in the actuarial gains and losses on pension assets and liabilities line was a gain of £5,132,000 at 31 March 2024, but has been adjusted for the Asset Ceiling calculation to a loss of £8,427,000 (a loss of £32,868,000 at 31 March 2023).

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities	
	2022/23 £000	2023/24 £000
Opening balance at 1 April – Funded liabilities	117,433	86,193
Opening balance at 1 April – Unfunded liabilities	1,505	1,275
Current service cost	3,638	1,904
Interest Cost	3,239	4,122
Contributions by scheme participants	523	544
Actuarial losses arising from changes in demographic assumptions	(2,731)	(543)
Actuarial losses arising from changes in financial assumptions	(41,366)	(4,041)
Other	7,929	2,623
Benefits paid - funded	(2,583)	(3,726)
Benefits paid - unfunded	(119)	(124)
Closing balance at 31 March – Funded liabilities	86,193	87,035
Closing balance at 31 March – Unfunded liabilities	1,275	1,192

Reconciliation of the fair value of the scheme (plan) assets:

	Funded Assets	
	2022/23 £000	2023/24 £000
Opening fair value of scheme assets at 1 April	93,393	91,914
Expected rate of return - Interest	2,514	4,337
Actuarial gains – Return on plan assets	(3,484)	3,171
Other Experience	1	
Contributions by scheme participants	523	544
Employer contributions	1,857	1,933
Contributions in respect of unfunded benefits	119	124
Benefits/transfers paid	(2,890)	(3,726)
Unfunded Benefits/transfers paid	(119)	(124)
Closing fair value of scheme assets at 31 March	91,914	98,173
Asset Ceiling reduction	-	(13,559)
Closing fair value of scheme assets at 31 March	91,914	84,614

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £7,508 million ((£0.970) million in 2022/23).

Scheme History - Pensions Assets and Liabilities recognised in the Balance Sheet

	31 March 2020 £000	31 March 2021 £000	31 March 2022 £000	31 March 2023 £000	31 March 2024 £000
Present value of the defined benefit obligation	(96,746)	(124,067)	(118,938)	(87,468)	(88,227)
Fair value of Plan assets	69,369	86,983	93,393	91,914	98,173
Asset Ceiling reduction	-	-	-	-	(13,559)
Net Asset / (liability) arising from defined benefit obligation	(27,377)	(37,084)	(25,545)	4,446	(3,613)

The Assets / (liabilities) show the underlying commitments that we have in the long-run to pay post employment (retirement) benefits. The total asset of £4.446 million has an impact on the net worth of the Council as recorded in the Balance Sheet. This surplus would impact upon our reserves only if it all fell due at the same time. However, statutory arrangements for funding the surplus mean that the financial position of the Council remains healthy – the surplus on the scheme will be made good by decreasing contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

In 2024/25 the estimated contributions expected to be paid to the scheme after the Balance Sheet date is £1,937,000

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and so on. The liabilities of the Warwickshire County Council Fund have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates for the County Council Fund being based on the latest valuation of the scheme as at 31 March 2024. These figures do not include any limits imposed by IFRIC interpretation IAS 19.

The main assumptions used by the actuary for estimating assets and liabilities are:

	2022/23	2022/23	2023/24	2023/24
	Beginning of year	End of Year	Beginning of year	End of Year
Allowance for Admin Expenses				
Expenses Deducted (p.a.)	0.7%	0.7%	0.9%	0.9%
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.0	21.0	20.8	20.8
Women	23.9	23.9	23.7	23.7
Longevity at 65 for future pensioners:				
Men	21.6	21.6	21.5	21.5
Women	25.7	25.7	25.4	25.4
Rate of Inflation (CPI)	3.20%	3.00%	2.8%	2.8%
Rate of Increase in salaries	4.00%	4.00%	3.8%	3.8%
Rate of increase in pensions	3.20%	3.00%	2.8%	2.8%
Rate of discounting scheme liabilities	2.70%	4.75%	4.8%	4.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men or women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	2022/23	2022/23	2023/24	2023/24
	Beginning of year	End of Year	Beginning of year	End of Year
Take up option to convert annual pension into retirement lump sum – pre April 2008	50%	50%	50%	50%
Take up option to convert annual pension into retirement lump sum – post April 2008	75%	75%	75%	75%

The table below details the pension scheme's assets consisting of the following categories, by value and proportion of the total assets held.

	2022/23	2022/23	2023/24	2023/24
	£ 000	%	£ 000	%
Equity Securities:-				
• Consumer	-	0.00%	-	0.00%
• Manufacturing	-	0.00%	-	0.00%
• Energy and Utilities	-	0.00%	-	0.00%
• Financial Institutions	-	0.00%	-	0.00%
• Health and Care	-	0.00%	-	0.00%
• Information Technology	-	0.00%	-	0.00%
• Other	39.1	0.04%	-	0.00%
Debt Securities:-				
• Corporate Bonds (investment grade)	6,115.6	6.65%	11,099.7	11.3%
• Corporate Bonds (non-investment grade)	1,972.8	2.15%	-	-
• UK Government	3,217.0	4.70%	-	0.0%
• Other	3,400.8	3.70%	3,803.9	3.9%
Private Equity:-				
• All	6,801.7	7.40%	6,965.6	7.1%
Real Estate:-				
• UK Property	8,456.1	9.00%	7,143.9	7.3%
• Overseas Property	-	0.00%	983.6	1.0%
Investment Funds and Unit Trusts:-				
• Equities	46,101.6	50.16%	55,585.8	56.6%
• Bonds	8,272.3	9.00%	-	-
• Hedge Funds	-	-	-	-
• Infrastructure	6,434.0	7.00%	8,954.0	9.1%
• Other	-	-	-	-
Cash and Cash Equivalents:-				
• All	1,103.0	1.20%	3,636.5	3.7%
Total	91,914.0	100.00%	98,173.0	100.00%

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council agreed in 2021/22 a strategy with the schemes actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

40. Nature and Extent of Risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by the Financial Services team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for the overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

➤ *Credit Risk*

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy which requires that deposits are not made with financial institutions unless they meet minimum credit criteria in accordance with the Fitch, Moody's and Standard and Poor's Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to investments in banks and building societies of £3 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the historical principal will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

The Council's exposure to credit risk on other financial assets relates to trade/sundry debtors. We do not allow credit for trade/sundry debtors so £230,654 of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2023 £000	31 March 2024 £000
Less than three months	433	109
Between three and six months	28	10
Between six months and one year	18	29
More than one year	70	82
TOTAL	549	230

The Council initiates a legal charge on property where clients cannot pay their debts and recovery action has been unsuccessful. The total collateral at 31 March 2024 was £2,305.

➤ *Liquidity Risk*

The Council uses cash flow analysis and risk management procedures to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need and the PWLB and money markets for access to longer term funds. The

Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Instead, the risk is that the authority will need to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The maturity analysis of financial liabilities is as follows:

	31 March 2023 £000	31 March 2024 £000
Less than one year	2,350	2,350
Between one years and two years	2,350	2,450
Between two and five years	8,150	8,600
Between five and ten years	19,129	17,729
Between ten and fifteen years	-	5,100
Between fifteen and twenty years	10,000	10,000
More than twenty years	-	-
Total	41,979	46,229

All trade and other creditors are due to be paid in less than one year.

Liquid resources held by the Council are short-term investments and Shares in Sherbourne Recycling. These continue to be managed internally, with a limit on the amount that can be invested with any one institution in accordance with the authorised lending list. All investments at 31 March 2023 were held with banks and building societies. At 31 March 2024 the Council had short-term investments of £33,692 million.

	31 March 2023 £000	31 March 2024 £000	Change in year £000
Short Term Investments	27,418	33,692	6,274
Total	27,418	33,692	6,274

➤ *Market Risk*

Interest Rate Risk - The Council is exposed to interest rate movements on its borrowing and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowings will fall (no impact on revenue balances)
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of services will rise
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance. Movements in the fair

value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. Policy is to assess the likelihood of movements in interest rates, when taking decisions on variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
<i>Increase in interest receivable on variable rate investments</i>	
- Money market Funds	-
- Ultra Short term dated bonds	60
Net impact on the (Surplus) / Deficit on the provision of services	60

The approximate impact of a 1% fall in interest rates would be as above but with the movement being reversed.

We borrowed from the Public Works Loans Board to make the Housing Self Financing Settlement payment. We currently have no other long term external borrowing, as we have chosen to make use of the reserves we hold, and finance borrowing internally. We continue to monitor market rates at the moment, ready for when the Council needs to borrow in the future.

41. Going Concern

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The last published revision of the Medium-Term Financial Strategy was undertaken in November 2024. The Council continues to review its Medium-Term Financial Strategy, with a further update due when the 2025/26 Tax is set in February 2025. General reserves are held to provide a contingency for unavoidable or unforeseen expenditure and also gives stability for longer term planning. The level of general reserves held is based on an assessment of the financial risks attached to the budget. The Council's prudent minimum balance on the General Fund is £1.2 million.

The Medium-Term Financial Strategy is based on balances being retained at this level over the period of the plan.

Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the Council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

42 Events after the Balance Sheet date.

Events taking place after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. Two types of events can be identified:

- ◆ Those that provide evidence of conditions that existed at 31 March 2024 – the Accounts are adjusted to reflect such events

- ✦ Those that are indicative of conditions that arose after the 31 March 2024 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

The Statement of Accounts was authorised for issue by the Interim Corporate Director Resources(Section 151 Officer) on 23rd December 2024. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

Materials Recycling Facility

On the 1 April 2021, the Council entered into a number of key legal agreements including but not limited to the Shareholders Agreement and Loan Facility Agreement in relation to Sherbourne Recycling Limited - this is a cross-authority owned Materials Recycling Facility designed to process each authority's kerbside collected recyclate. As one of 8 shareholders, North Warwickshire Borough Council made an equity investment of £46,700 for their 4.7% share in Sherbourne Recycling Limited (SRL).

Over the course of the next 24 months, SRL will draw down the loan facility with the Council for a maximum amount of £2.818m, scheduled based on the payment of milestones by civils, process equipment and other contractors involved in the construction and operation of the company.

All interest accrued during this construction phase will be capitalised and added to the principal at the end of construction phase. Once operational the principal and interest will be repaid over the next 25 years in line with the terms of the Loan Facility Agreement. The facility to due to be operational from October-2023.

Coventry City Council has entered into a Financial Payment Guarantee with each contractor on behalf of Sherbourne Recycling Limited (the "Company"); to guarantee the company's obligation to pay each contractor for the works to be provided under each respective contract. Each Partner Council has agreed by entering into the Shareholder's Agreement, that they will indemnify Coventry City Council for any loss or liability arising under or in connection with the Financial Payment Guarantee in proportion with their respective shareholding.

North Warwickshire Borough Council

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and grants. Councils charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Actual 2022/23 £000	Actual 2022/23 £000		Actual 2023/24 £000	Actual 2023/24 £000	Note
3,913		EXPENDITURE			
		Repairs and Maintenance	4,313		5
1,817		Supervision and Management			
472		- General	1,931		
4,060		- Special Services	551		
		Depreciation, Impairment and revaluation losses of non-current assets	4,174		9
3,675		Debt Management Costs	3,975		14
32		Movement in the allowance for bad debts	33		13
63		Repayment of grants	-		
	14,032	TOTAL EXPENDITURE		14,977	
		INCOME			
(12,121)		Dwelling rent	(12,902)		12
(401)		Non-dwelling rent	(392)		
(124)		Charges for Services and Facilities	(1,48)		
(35)		Grant for New Build	(52)		
(4,700)		Debt Management New Borrowing	(6,600)		
	(17,381)	TOTAL INCOME		(20,094)	
	(3,349)	Net Expenditure/ (Income) of HRA Service as included in the Comprehensive Income and Expenditure Statement		(5,117)	
	81	HRA service share of Corporate and Democratic Core		96	
	(3,268)	Net Income/cost for HRA Services		(5,021)	
		HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
	(167)	Gain on sale of HRA non-current assets		(66)	
	(729)	Interest payable and similar charges		657	10/15
	(163)	Interest and Investment Income		(318)	15
	5,639	Deficit or (Surplus) on Revaluation of Property, Plant and Equipment		13,594	10
	1,312	(Surplus) or Deficit for the year on HRA Services		8,846	

North Warwickshire Borough Council

Movement on the Housing Revenue Account Statement

This shows how the surplus/deficit on the HRA Income and Expenditure statement reconciles to the movement on the Housing Revenue Account Balance for the year.

2022/23 £000		2023/24 £000
(653)	Balance on the HRA at the end of the previous year	(867)
1,312	(Surplus)/ Deficit for the year on the HRA Income and Expenditure Statement	8,846
(5,163)	Adjustments between accounting basis and funding basis under statute	(14,151)
(3,851)	Net (Increase) or decrease before transfers to or from reserves	(5,305)
3,637	Transfers to or (from) reserves	4,857
(214)	(Increase) or decrease in year on the HRA	(448)
(867)	Balance on the HRA at the end of the current year	(1,315)

Adjustments between accounting basis and funding basis under statute:

2022/23 £000		2023/24 £000	Note
	Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Balance for the Year		
(5,639)	Reversal of Impairment losses and revaluations	(13,594)	10
167	Gain on sale of HRA Property, Plant and Equipment	66	
(433)	Net charges made for retirement benefits in accordance with IAS 26	40	11
13	(Increase)/Reduction in accrual for employee benefits	(6)	
(5,892)	Items not included in the HRA Income and Expenditure Statement but included in the movement on HRA Balance for the Year	(13,494)	
729	Transfer to Capital Adjustment Account	(657)	15
(5,163)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(14,151)	

Transfers to or from reserves

2022/23 £000		2023/24 £000	Note
(254)	Transfer to/(from) the Housing Repairs Reserve	(760)	5

Notes to the Housing Revenue Account (HRA) Statements for the Year Ended 31 March 2024

1. Legal Obligation

We are obliged by law to avoid a deficit on this Account and achieve this by keeping a working balance on the Account. This Account reflects the statutory obligation to account separately for the housing provision, in particular Schedule 4 of the Local Government and Housing Act 1989.

2. Housing Stock

We were responsible for managing an average of 2,579 dwellings during 2023/24, consisting of the following:

2022/23		2023/24
1,337	Houses	1,325
629	Flats	631
617	Bungalows	617
2,583	Total at 31 March	2,573
	The change in stock was as follows:	
2,594	Stock at 1st April	2,583
(15)	less Sales	(16)
(2)	Demolitions	-
6	New Build	6
2,583	Stock at 31 March	2,573

3. Assets held within the Housing Revenue Account

We hold assets within our HRA valued at £182.854 million as at 31 March 2024. The value of each type of asset and the split between operational and non-operational assets are set out below.

Balance as at 31 March 2023 £000	Asset Type	Balance as at 31 March 2024 £000
4,175	Land	478
197,726	Council Dwellings	175,748
134	Plant and Vehicles	578
5,989	Other Property	6,050
208,024	Total	182,854
142,241	Operational Assets – Dwellings	123,293
55,485	- Land	52,455
5,989	- Other Buildings	6,050
134	- Plant and Vehicles	578
4,175	Non-operational Assets	478
208,024	Total	182,854

The value of land within our housing stock is estimated to be approximately 30% of the total net book value held within the Council's Asset Register.

The vacant possession value of our housing stock, including the land element, is £434.828 million. This is different to the gross book value of the assets included within the balance sheet of £173.931million which is based upon the continuing use of housing for social use. The difference between the two amounts is the economic cost of providing council housing at less than open market value.

4. Major Repairs Reserve

Whilst in the National Housing Pool, we received a Major Repairs Allowance from the Government to be used for capital spending on HRA assets. This allowance was held within the Major Repairs Reserve. From April 2013 a contribution has been made from the HRA into the Major Repairs Reserve and the movement in the year is detailed below.

2022/23 £000		2023/24 £000
(1,536)	Balance as at 1 April	(736)
(4,009)	Transfer into Reserve – Depreciation	(4,141)
4,009	Transfer into Reserve – Appropriation	-
800	To finance Capital Expenditure	3,033
(736)	Balance as at 31 March	(1,844)

5. Housing Repairs Reserve

The Housing Repairs Reserve exists to provide for repairs and maintenance to council dwellings. The movement on the fund in the year is £759,510 and is detailed below:

2022/23 £000		2023/24 £000
1,448	Balance as at 1 April	1,194
3,430	Contributions from HRA	3,596
(3,684)	Use of Fund	(4,356)
1,194	Balance as at 31 March	434

The contribution from the Housing Revenue Account is different to the repairs and maintenance figure in the HRA Income and Expenditure Statement due to the reversal of a pension's adjustment and the use of the repairs reserve balance.

6. Earmarked Capital Reserve

The Earmarked Capital Reserve exists to be used for capital spending on HRA assets. The movement in the year is detailed below:

2022/23 £000		2023/24 £000
(940)	Balance as at 1 April	(5)
(6,699)	Contributions from HRA	(4,291)
(800)	Contributions from MRR	(2,304)
-	Other Receipts	-
8,434	Use of Reserve	6,600
(5)	Balance as at 31 March	-

7. Capital Expenditure and Income

We undertake a programme of works in relation to our HRA property and, in 2023/24, spent £9,230,037.05 (£10,246,801 in 2022/23). This expenditure was used to fund work on council houses, garages and community centres of £8,861,739.87 (£9,518,146 in 2022/23) and new housing of £368,297.18 (£728,661 in 2022/23). Capital spending during the year has been paid for from a number of sources and these are shown below:

2022/23 £000	Source of Funding	2023/24 £000
(4,809)	Major Repairs Reserve	(3,033)
(160)	Capital Receipts	(1,533)
(96)	Capital Receipts – New Build	(234)
(491)	Deminimus & Deferred Charges	(514)
(3,643)	Earmarked Reserves	(3,782)
(240)	Section 106 Funding	-
(35)	Grants and Contributions	(134)
(773)	Capital Creditors	-
(10,247)	Total	(9,230)

8. Disposal of Assets

We dispose of HRA property through the Right to Buy scheme. We also dispose of other assets as opportunity sales. During 2023/24 capital income of £1,465,711 was received from the sale of 14 council houses and 1 repayment of discount and £0 from the sale investment property. (£1,395,616 for 15 houses and £0 from part equity investment property in 2022/23).

9. Depreciation

The HRA is charged with an amount to recognise the level of depreciation incurred in the year on its HRA assets. For 2023/24 the amount of depreciation charged is as follows.

2022/23 Operational assets £000		2023/24 Operational assets £000
3,907	Council Dwellings	4,017
102	Other Property	113
54	Vehicles	20
-	Plant & Equipment	-
4,063	Total	4,150

10. Revaluations / Impairment charges

There were no impairment charges during the year. Some land and properties held as investment assets decreased in value by £799,080 (see note 12, page 28), however there were revaluation Losses of £29.466 million on the Council's housing stock. In overall terms revaluation Losses of £14.489 million were credited to the Surplus or Deficit on the Provision of Services in the Housing Revenue Account.

11. Pensions

The 2004 Code of Practice requires that retirement benefits within the HRA be accounted for in a similar way to that shown within the Consolidated Income and Expenditure Statement. Due to a lack of consensus, the latest guidance (provided in 2003/04) gave several alternative accounting treatments and left it to each Council to decide how to account for IAS 26 within the HRA.

It is our view, pending the receipt of any new guidance, that as the entries on the HRA are defined by statute, there should be no effect on the overall financial position of the HRA. However, as IAS 26 requires that all services show the Current Service Cost of the benefits earned by its employees in the year, the Housing Revenue Account has been charged with an amount of £40,415 to reflect the additional costs of those benefits. This has then been reversed out elsewhere within the account.

12. Gross Rent Income

This is the total rent income due for the year after allowances are made for voids etc. During the year of 1.42% lettable properties were vacant (1.19% in 2022/23). Average rents were £105.55 a week in 2023/24 (excluding service charges) on a 48-week basis, an increase of £6.75 or 6.83% over the previous year.

13. Rent Arrears

At 31 March 2023 the total rent in arrears was £267,218, which represents 2.07% of collectable rent income (2.16% in 2022/23). The rent arrears figures are detailed below: -

2022/23 £000		2023/24 £000
	Arrears at 31st March: -	
98	Present Tenants	152
147	Former Tenants	115
245	TOTAL ARREARS	267

The allowance for bad debts at 31 March 2024 was £183,445 (£194,270 at 31 March 2023). £43,619 of debts were written off during the year (£63,521 of debts were written off in 2022/23) and an additional provision was made of £32,794 (£30,726 in 2022/23). In addition, the Council has increased the provision for the non-collection of leaseholder service charges relating to maintenance works undertaken on leasehold properties by £165 (£815 increase in 2022/23). The movement on the bad debt provision in 2023/24 is £32,960 (£31,541 in 2022/23).

14. Charges for Borrowing

The Housing Revenue Account repaid £2,350,000 of the long-term borrowing it took out as part of the move to the Housing Self Financing system and £1,624,629 in interest payments on the borrowing still outstanding. The Housing Revenue Account took out £6,600,000 of new long term borrowing in the year. Any short-term borrowing needed to manage HRA cash flows during the year would be managed on a council basis, with a charge being made to the HRA for its share of the borrowing. The HRA did not require any short-term borrowing in 2023/24.

15. Investment Income

We receive income from investments we hold during the year. The HRA contributes funds to these investments and receives a share of the income based upon the level of reserves held that relate to the HRA. For 2023/24 this amounted to £318,119 (£162,995 in 2022/23).

The HRA holds land at various locations in the Borough as investment assets. Revaluation of 1 parcels of land during the year showed an decrease in the asset valuations of £390,000 (£455,038 increase in 2022/23 (2 parcels of land). In addition, we hold 9 shared ownership properties in Thorncliffe Way, Cornish Close & Digby Road as investment properties. During the year there was an decrease in their valuations of £266,580 (£273,600 increase in 2022/23). The revaluations are included in the Interest and Investment income. This will not be realised unless the properties are sold, so it is reversed out in the adjustments between accounting basis and funding basis under statue in order to arrive at the Housing Revenue Account balance at the end of the year.

North Warwickshire Borough Council

The Collection Fund - Income and Expenditure Statement for the Year Ended 31 March 2024

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates (NDR).

2022/23 Council Tax £000	2022/23 NDR £000	2022/23 Total £000		2023/24 Council Tax £000	2023/24 NDR £000	2023/24 Total £000
46,806	-	46,806	INCOME	48,807	-	48,807
-	53,779	53,779	Income from Council Tax (net of benefits and transitional relief)	-	70,653	70,653
46,806	53,779	100,585	Income Collectable from Business Ratepayers	48,807	70,653	119,460
			EXPENDITURE			
34,237	-	34,237	Precepts and Demands-Council Tax :	36,026	-	36,026
5,654	-	5,654	- Warwickshire County Council	6,028	-	6,028
5,915	-	5,915	- Warwickshire Police Authority	6,175	-	6,175
45,806	-	45,806	- North Warwickshire BC	48,229	-	48,229
454	-	454	Distribution of Surpluses-Council Tax :	429	-	429
75	-	75	- Warwickshire County Council	71	-	71
80	-	80	- Warwickshire Police Authority	74	-	74
609	-	609	- North Warwickshire BC	574	-	574
-	21,800	21,800	Business Rate Payments:	-	35,219	35,219
-	17,440	17,440	- Government	-	28,175	28,175
-	4,360	4,360	- North Warwickshire BC	-	7,044	7,044
-	28	28	- Warwickshire County Council	-	(4,188)	(4,188)
-	111	111	Transition Protection payment to/(from) Government	-	119	119
-	43,739	43,739	Cost of collection	-	66,369	66,369
143	259	402	Bad and doubtful debts/appeals :	231	509	740
661	70	731	- Arrears Written Off	322	49	371
-	-	-	- Provision for uncollectable amounts	-	9	9
-	(1,390)	(1,390)	- Interest Paid on Refunds	-	(2,354)	(2,354)
(413)	11,101	10,688	- Provision for Appeals	(549)	6,071	5,522
46,806	53,779	100,585	Increase/(Decrease) in Fund Balance	48,807	70,653	119,460
MOVEMENTS ON THE COLLECTION FUND						
871	(3,877)	(3,006)	Balance at 1 April	458	7,224	7,682
(413)	11,101	10,688	Surplus/(Deficit) for the Year	(549)	6,071	5,522
458	7,224	7,682	Balance at 31 March 2024	(91)	13,295	13,204

**Precepts and Demands on the Collection Fund
(Council Tax)**

Precept /Demand	Share of 31 March 2023 Surplus	2022/23 Total	Authority	Precept /Demand	Share of 31 March 2024 Deficit	2023/24 Total
£000	£000	£000		£000	£000	£000
34,237	342	34,579	Warwickshire County Council	36,026	(68)	35,958
5,654	57	5,711	Warwickshire Police Authority	6,028	(11)	6,017
5,915	59	5,974	North Warwickshire Borough Council	6,175	(12)	6,163
45,806	458	46,264	Total	48,229	(91)	48,138

NDR (Business Rates) on the Collection Fund

Business Rates 2022/23	Share of 31 March 2023 Deficit	2022/23 Total	Authority	Business Rates 2023/24	Share of 31 March 2024 Surplus	2023/24 Total
£000	£000	£000		£000	£000	£000
17,440	2,890	20,330	North Warwickshire Borough Council	28,175	5,318	33,493
4,360	722	5,082	Warwickshire County Council	7,044	1,329	8,373
21,800	3,612	25,412	Government	35,219	6,648	41,867
43,600	7,224	50,824	Total	70,438	13,295	83,733

Notes to the Collection Fund for the year ended 31 March 2023

1. Council Tax

Council Tax is calculated by estimating the amount of income required from the Collection Fund by the Borough Council, Warwickshire County Council and Warwickshire Police Authority for the forthcoming year and dividing this by the council tax base.

The council tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. For 2023/24 the base was calculated as follows:

Band	Estimated number of taxable properties after effect of discounts	Ratio	Band D equivalent Dwellings
A	4,601.29	6/9	3,065.35
B	5,787.84	7/9	4,501.65
C	5,559.56	8/9	4,941.83
D	3,643.31	9/9	3,643.31
E	2,364.30	11/9	2,889.70
F	1,280.09	13/9	1,849.03
G	719.89	15/9	1,199.82
H	70.21	18/9	140.42
			22,231.11
Less adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding.			98.00%
COUNCIL TAX BASE 2023/24			21,786.83

On the basis of an average £2,159.14 council tax rate throughout the North Warwickshire Borough Council area, the original estimated council tax income was £47.041 million (£2,159.14 x 21,786.83). The actual income received, was higher than the estimated due to changes in individual circumstances.

2. Income from Business Rates

We collect business rates for the North Warwickshire area, which are based on local rateable values multiplied by a national non-domestic rate specified by the Government. From April 2013 we divide the rates collected between the government (50%), this council (40%) and Warwickshire County Council (10%). As our assessed need is lower than our share of the business rates, we pay the difference to the government as a tariff. If additional rates are collected in year, they are allocated in the proportions shown above. This Council then pays a levy on our share of the additional rates. If we collect less, we stand the shortfall, up to a specified amount.

The rates to be collected can change during the year as the circumstances of individual businesses alter. Unless significant, all changes which occurred after 31 March 2024 are accounted for in the following year to allow the system to be rolled forward and future bills prepared. We were notified of changes of £0 after the 31 March 2024, due to changes to the valuations of properties, which will be included within the 2024/25 accounts.

The total non-domestic rateable value at the year-end was £159,963,428 (£123,486,784 in 2022/23). The national non-domestic rate for small businesses was 49.9 pence (49.9 pence in 2022/23) and the rate for other businesses was 51.2 pence (51.2 pence in 2022/23).

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations England 2015, which require those statements to be prepared in accordance with proper accounting practices. These practices under section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Council's Financial Statements have been prepared on a going concern basis, that is, the accounts are prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The recent impact of the coronavirus pandemic on this assumption has been assessed and this is set out in Note 41 to the Statements.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

We record all revenue and capital transactions over £250 on an accrual's basis. This means that the activity is accounted for in the year that it takes place, not when cash payments are actually made, or income is actually received. Where there is no cash transaction a debtor or creditor for the relevant amount is included in the balance sheet. These are shown within the current assets and current liabilities sections of the Balance Sheet respectively. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Amounts less than £250 are included in the accounts when cash payment is made, or income is received. In addition, electricity and other similar quarterly payments are charged at the date of meter reading rather than apportioned between financial years. This policy is consistently applied each year, so it does not have a material effect upon the year's accounts.

Business Rate and Council Tax Prepayments, together with grants received in advance for schemes where we are acting as the Accountable Body are shown within creditors.

Supplies are included as expenditure when they are used. Where they have been received but not used, they are carried as inventories on the balance sheet. Similarly works are charged as expenditure when they are completed. Any work that is incomplete at the year-end is also included on the balance sheet as inventories.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

3. Cash and Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. Charges to Revenue for Non-Current Assets

We charge services for all the assets they use to provide their services. The charges cover:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off.
- Amortisation of intangible assets used by services.

We are not required to raise council tax to cover depreciation, revaluation and impairment losses and amortisation. However, we are required to make an annual provision from revenue towards reducing our borrowing requirement equal to an amount calculated on a prudent basis in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are replaced by the contribution in the General Fund balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two, so that Council Tax is unaffected.

5. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the year in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or, an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service, service segment or where applicable to a corporate service segment, at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the

pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Warwickshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees.
- Scheme liabilities are discounted to their value at current prices using a discount rate of 3.5% which is based on market yields at the balance sheet date on high quality corporate bonds.

The assets of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.
- The change in the net pension liability is analysed into the following components:
 - Service cost comprising:
 - current service cost – the increase in liabilities as a result of a year's service earned this year, which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, which is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - interest cost - the expected change in the present value of liabilities during the year as they move one year closer to being paid, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Re-measurements comprising:
 - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, which is credited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, which are debited to the Actuarial gains and losses on pension assets and liabilities line in the Comprehensive Income and Expenditure Statement.
- contributions paid to the Warwickshire Pension Fund – cash paid as employer's contributions to the pension fund in settlements of liabilities; not accounted for as an expense.

The surplus/deficit of the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities.

For retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pensions fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Since 2007, the Council has had a policy of not awarding any discretionary benefits to employees taking early retirement.

6. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting year and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting year – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting year – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

7. Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the statement, depending on how significant the items are to an understanding of the Council's financial performance.

8. Prior Year Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the

current and future years affected by the change and do not give rise to a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied.

Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

9. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The Authority holds financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) [separate accounting policy is required where an authority holds financial instruments at fair value through other comprehensive income].

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are

initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

10. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Money advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance sheet as creditors (in Capital Grants / Contributions Received in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is held in the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

11. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are included on the balance sheet initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

We gradually reduce the value of intangible assets, such as software licences over their useful life (up to 10 years). However, rather than being called depreciation, we refer to this as amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the

Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

12. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value and are simply valued at cost based on a first in, first out basis. Work in progress on incomplete jobs is valued at cost, including an allocation of overheads.

13. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

14. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings element are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing

down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant and equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent free period at the commencement of the lease).

The Council as a Lessor

Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

15. Overheads and Support Services

The costs of overheads and support services are charged to those areas that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.

- Non-Distributed Costs – the costs of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets for Sale.

16. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. We only include individual pieces of land and buildings that exceed £10,000, and plant and equipment that exceed £5,000 in our asset register.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any cost attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if this is appropriate).

The cost of assets acquired other than by purchase is deemed to be at fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- **Infrastructure assets, community assets and assets under construction** - depreciated historical cost. Where this is not known for community assets, a nominal value of £1 has been included.
- **Council dwellings** – current value, determined using the basis of existing use value for social housing (EUV – SH). The 'Beacon' method has been used whereby "typical" properties are valued and the remaining similar houses in the area are assessed based on this beacon.

- **Surplus assets** – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- **All other assets** – current value, determined as the amount that would be paid for the asset in its existing use (existing use – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimated of current value.

Where there are non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end to see if there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited up to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and community land assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset, as advised by a suitably qualified officer
- Infrastructure – straight line allocation over the useful life of the asset, as advised by a suitably qualified officer

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This has only been applied to enhancement and acquisition expenditure incurred from 1 April 2010 and to revaluations carried out from that date, in line with the requirements of the Code of Practice.

Revaluation gains on assets are also depreciated with an amount equal to the difference between the current value depreciation and the historical value depreciation transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned the carrying amount of the asset in the Balance Sheet (whether Property, Plant or Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income above £10,000 received from the sale of assets is treated as a capital receipt. In general terms we have to pay 75% of Council House sales and 50% of other housing receipts over to the Government. We have entered an agreement with the Government, which will allow us to use some of the receipts received from additional council house sales as a result of the relaxation of Right to Buy regulations, to fund new build properties. With some disposals we are allowed to retain all of the income if we plan to spend it on regeneration or affordable housing. The balance of the receipt remains within the Usable Capital Receipts Reserve and can then only be used for new capital spending or can be set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Reserve from the General Fund Balance in the Movement in Reserves Statement. We do not need to pay over any income from the sale of General Fund assets and this can be fully used for capital spending.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

18. Reserves

We set aside specific amounts as earmarked reserves, for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund Balance in the Movement in Reserves Statement on page 12 and note 6 to the financial statements so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the Movement in Reserves Statement on page 12 and note 23 to the financial statements.

19. Revenue Expenditure Funded from Capital under Statute

Statutory provisions allow us to spend capital funds on assets that are not owned by this Council, such as grants for private sector housing. The expenditure is charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year it is incurred. Where the Council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged, so there is no impact on the level of council tax.

20. Value added tax (VAT)

Generally, all VAT collected is excluded from income, as it is payable to Her Majesty's Revenues and Customs. All VAT paid is recoverable from them, so VAT is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure.

21. Heritage Assets

The Council's Heritage Assets relate to the office of the Mayor. Civic regalia are reported in the balance sheet based on the insurance valuation of the items and also the market price of gold. These insurance valuations are updated annually. Any impairment recognised would be measured using the cost incurred in repairing the asset(s).

22. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The balance sheet includes the council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances are identified as impaired, due to a likelihood that payments will not be made, the asset is written down and a charge made to the Financing and Investment line in the Consolidated Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH WARWICKSHIRE
BOROUGH COUNCIL**

Glossary of Terms

ACCRUALS	Income and expenditure that is recognised as it is earned or incurred rather than as the money is actually received or paid.
ACTUARIAL GAIN / LOSS	For assets, actuarial gains or losses happen when the actual return on investments in the pension fund is different from the expected return. For liabilities, actuarial gains and losses happen when the actual liability is different from the expected liability. For assumptions, actuarial gains and losses happen as a result of changes to the population or financial assumptions the actuary uses to work out the liability. Liabilities are valued in terms of 'today's money'.
AMORTISATION	The drop in value of intangible assets as they become out of date.
ASSET	An item, which is intended to be used for several years such as a building or a vehicle.
BUDGET	A statement of a Council's plans for expenditure over a specified period of time.
BUSINESS RATES (Non-domestic rates – NDR)	Businesses pay these rates instead of council tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority in that area. The rates are then distributed to Central Government, Warwickshire County Council and this Authority.
CAPITAL CHARGES	A charge to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.
CAPITAL EXPENDITURE	Expenditure on property, plant and equipment (operational, non-operational, community and infrastructure), which give a benefit over a longer period than a financial year. It includes expenditure on land, buildings, vehicles, etc.
CAPITAL RECEIPTS	Income from the sale of Council assets, e.g. land and buildings.
CENTRAL SUPPORT SERVICES	The cost of central departments, which are apportioned over the various services.
CIPFA (CPFA)	The Chartered Institute of Public Finance and Accountancy
COMMUNITY ASSETS	Assets that the Council intends to hold in perpetuity, that do not have a finite life and may have restrictions over their disposal (e.g. Parks and Woods).
CONTINGENCY	A situation that exists at balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.
CORPORATE AND DEMOCRATIC CORE COSTS	Spending relating to the need to co-ordinate and account for the many services we provide to the public.
CREDITORS	Amounts owed by the Council for work done, goods received, or services rendered, but for which payment has not been made at the date of the balance sheet.

CURRENT ASSETS	Short-term assets, which constantly change in value such as stocks, debtors and bank balances.
CURRENT LIABILITIES	Short-term liabilities, which are due to be paid in less than one year, for example, creditors and bank overdrafts.
CLG	Department for Communities and Local Government.
DEBTORS	Sums of money due to the Council but unpaid at the date of the balance sheet.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Spending on assets that have a lasting value, such as buildings, which we do not own.
GOVERNMENT GRANTS	Payments made by the government towards the cost of local council services. These are either for particular services or purposes (specific grants) or to fund local services generally (revenue support and area-based grant).
GROSS EXPENDITURE	The cost of providing the Council's services before allowing for Government grants or other income.
HERITAGE ASSETS	For us, these are assets that are used by the Office of the Mayor.
HOUSING BENEFITS	A system of financial assistance towards certain housing costs, e.g., Rent Rebates, which are administered by the local council.
HOUSING REVENUE ACCOUNT (HRA)	The account which shows all the income and expenditure incurred in the management and maintenance of the Council's housing stock.
IMPAIRMENT	This is a reduction in an asset value due to physical damage, obsolescence or a decline in its market value.
INFRASTRUCTURE ASSETS	These are inalienable assets, expenditure which is recoverable only by continued use of the asset created (e.g. street lighting, tidy bins, and footpaths).
INTANGIBLE ASSETS	Spending on assets that cannot be physically seen, such as computer software.
INVESTMENT PROPERTIES	These are properties that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
MINIMUM REVENUE PROVISION (MRP)	The amount that we have to set aside each year to repay loans.
NET EXPENDITURE	This is the cost of providing a service after the deduction of specific government grants and other income, excluding Revenue Support Grant and Precept income.
NDR	Non Domestic Rates (see Business Rates).

NON-OPERATIONAL ASSETS	These are assets that are not directly occupied, used or consumed in the provision of service by the Council (e.g. Land awaiting development, industrial units, and shops).
OPERATIONAL ASSETS	These are assets held, occupied, used or consumed by the Council in the direct provision of the services for which it is responsible (e.g. Council Dwellings, Leisure Centres and Council Offices)
POOLED BUDGETS	This refers to services operated by the Council in conjunction with other local authorities, for example, the Building Control Service.
PRECEPT	The amount each Council in the area asks us to collect from council tax on their behalf each year.
REVENUE CONTRIBUTIONS TO CAPITAL EXPENDITURE	The financing of capital expenditure directly from revenue.
REVENUE EXPENDITURE	Spending on the day-to-day running of services, mainly staff, running expenses of buildings and equipment and debt charges.
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice.
TEMPORARY LOANS	Money borrowed for an initial period of less than one year.
UK GAAP	UK Generally Accepted Accounting Practice

NORTH WARWICKSHIRE BOROUGH COUNCIL

2023/24 Annual Governance Statement

Executive Summary

Responsibility for Governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. To do this, it puts arrangements in place for the governance of its affairs, which include arrangements for the management of risk.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

Commitment to Review Governance Arrangements

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of its effectiveness is informed by:

- the work of the Senior Management Team and other managers within the Authority who have responsibility for the development and maintenance of the governance environment;
- work carried out by Internal Audit;
- comments made by the external auditors, in their annual audit findings report and other reports. The external auditors also carry out a value for money review, as part of their opinion on the financial statements;
- feedback from other review agencies and inspectorates
- the results of user surveys and feedback from residents; and
- feedback from Service Boards and Member Groups.

To ensure that the governance framework remains effective, senior officers and Members have reviewed individual elements of the framework. Alongside this the Internal Audit plan for 2023/24 included Governance, Counter Fraud and Risk Management.

Service Boards use Task and Finish Groups or Working Groups to review and scrutinise individual areas, such as Housing, Climate change.

Overall Opinion on the Level of Assurance Provided by Governance Arrangements

The Annual Governance Statement has confirmed that the controls in place have largely continued to operate as intended.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained.

Significant Governance Issues Identified

To address the significant issue with Internal Audit capacity members approved a pilot with the Central Midlands Audit Partnership (CMAP) commencing November 2023 to deliver the audit service along with the internal auditor employed by NWBC. The audit plan was amended to include audits for Governance, Risk Management & Counter Fraud along with financial controls to ensure all key Governance controls were in place and robust. The audits highlighted actions to further enhance our governance arrangements, including Risk Management and these will be implemented against the timescales in the action plans during 2024-25. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

These include:

- A review of the Financial Regulations;
- Continuing to progress workforce planning;
- A review of Data Protection and Data Breach Reporting Policies
- Review of Contract Standing Orders
- A review of the risk Management policy and Strategy
- Increased reporting to Resources Board on risk management;
- Replacement of four key computer systems to improve functionality and also maintain security compliance;
- Application for PSI accreditation;
- Formal Governance training for all Members, in particular those sitting on Resources and Executive Boards.
- A complete Review of Constitution

Signed:.....
Leader of the Council

Signed:.....
Chief Executive

Introduction

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on our website.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risks at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance statement has been in place at North Warwickshire Borough Council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

Council Structure and Corporate Governance

The Council operates using a Committee system. This involves a number of Service Boards/Committees, responsible for specific areas of activity, which report back to the full Council. This meeting cycle of Board and Council meetings normally runs five times throughout the year but extra meetings are added if required. The remit and responsibilities of the Boards and Committee are set out in the Constitution of the Council, and include:

- Executive Board
- Resources Board
- Community and Environment Board
- Planning and Development Board
- Licensing Committee.

We have a number of ways that concerns of any kind can be raised, by employees, Members of the Council or the public. These include Confidential Reporting arrangements and complaint procedures. Any concerns will be followed up by trained investigators and action will be taken in proven cases.

The Council has approved Anti-Fraud and Anti-Money Laundering Policies. We take fraud of any kind seriously, and our first aim is to prevent opportunities for fraud to occur, by building sufficient controls into systems and procedures. The Council also contributes to National and Regional Fraud Initiatives using data matching techniques.

Statutory Officers

All local authorities are required by law to have officers who fulfil three specific roles. At North Warwickshire Borough Council, these roles are carried out by the following post-holders within the Council:

- The Head of Paid Service – Chief Executive
- The Chief Financial Officer (Section 151) – Corporate Director Resources
- The Monitoring Officer – Head of Legal Services

The Head of Paid Service leads and takes responsibility for the running of the local authority on a day to day basis. The role requires the Chief Executive to work closely with elected Members to ensure strong and visible leadership and direction, ensure staff adhere to the strategic aims of the Authority and follow the direction set by elected Members. The Chief Executive acts as the principal policy

advisor to elected Members, delivers the political objectives set by elected Members, leads and develops strong partnerships across the local community to achieve improved outcomes and better public services for local people, and oversees service development and all aspects of management within the Council.

The Chief Financial Officer (Section 151) must be a member of a specified accountancy body. The CFO is responsible for the proper administration of the Council's financial affairs and has specific legislative responsibilities, as he/she has a fiduciary responsibility to the local taxpayer. The CFO's duties include a requirement to report to all the local authority's members, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

The Monitoring Officer effectively acts as the guardian of the Council's constitution and the decision making process. He/she is responsible for advising the Council on the legality of its decisions and providing guidance to elected Members on the Council constitution and its powers. He/she has the specific duty to ensure that the Council, its Officers and its elected Members maintain the highest standards of conduct in all that they do. This includes: reporting to the Council if a decision is unlawful or amounts to maladministration, maintaining Registers of Interests, and arranging for investigations into any matters or complaints referred to the Standards Committee.

Management Team

Two of the statutory officers, the Head of Paid Service and CFO, are members of the Senior Management Team of the Council and the third statutory officer has an open invitation and attends for specific agenda items. The Corporate Director Streetscape is also a member of the Senior Management Team which meets on a weekly basis.

The Council also had two Service Directors during the year covering: Housing Services and Leisure and Community Development. These Directors, together with the Senior Management Team and the Head of Development Control, make up the Extended Management Team, who meet on a monthly basis. The Monitoring Officer also attends meetings of the Extended Management Team.

Standards

The Council expects its Members and officers to maintain appropriate standards of conduct and behaviour. These are set down in codes of conduct, standing orders, financial regulations, policies and processes, which are regularly reviewed. Compliance is monitored on an ongoing basis, and is supplemented by information through the complaints and compliments procedure and confidential reporting policy.

Both Members and officers are required to declare gifts and hospitality received, for inclusion on the register of interests maintained by the Monitoring Officer throughout the year.

Performance Management

The Corporate Plan is approved before the start of each year and identifies the headline targets for the coming year, which are supported by greater detail within individual service plans. Services are monitored and discussed on a monthly basis at Extended Management Team meetings.

All members of the senior management team contribute actively to cross organisational issues and to corporate decision making to match resources to the authority's objectives. The CFO and Monitoring Officer provide financial and legal advice and support to elected representatives to inform their decision making.

Progress against Corporate Plan targets is reported to Executive Board during the year, along with performance indicator information. Service boards also received reports on areas under their control throughout the year. At officer level, the Extended Management team review performance. A final position against the Corporate Plan is collated at the end of the year, which is again reported to Members and is also published on the Council's website.

As well as monitoring achievement of identified outcomes, the Council wants to ensure that an excellent quality of service is provided. It ensures this in a number of ways: obtaining user feedback. A full residents survey was carried out in Dec 23/Jan 24 across the borough to get valuable information to inform the update to the Corporate Strategy and the budget process. The Council takes part in Peer Challenge reviews periodically this is due to take place in September 2024. Peer challenges are improvement-focussed and tailored to meet individual councils' needs, to complement and add value to a council's own performance and improvement focus.

Targeted feedback on Council activity was obtained in specific areas and general feedback on the Council is obtained on council services from on line sources such as Facebook. Feedback through the complaints and compliments process was reviewed as normal.

Information Management

Information management is a key concern for the Council, with all Members and officers having responsibilities for its governance. To ensure compliance with the General Data Protection Regulations, the Monitoring Officer takes the lead as the Council's Data Protection Officer and Senior Information Risk Owner.

The Council's Data Protection Officer provides policies, training and guidance to ensure compliance with legislation, and investigates any breaches or suspected breaches that may arise. It is mandatory for all employees to complete an e learning module on data protection issues. Employees are required and encouraged to report suspected breaches, so that processes can be improved.

The Senior Information Risk Owner is responsible for implementing a risk assessment programme and advising the Executive Board of the effectiveness of the Council's information risk management procedures. Requirements for information management are set out in the Council's Information Security Policy. The maintenance and updating of systems is key, and work to update some key systems commenced during the year, which will both improve functionality and also maintain security compliance. The system updates are underway along with the arrangements to carry out testing to confirm compliance. The Council also continues to actively work with the Warwickshire LRF Cyber Resilience Working Group.

Financial Management

The Chief Financial Officer is responsible for the proper administration of the Council's financial affairs. In England, the CFO has a statutory duty to report to the authority at the time the budget is considered and the council tax set, on the robustness of the budget and the adequacy of financial reserves. With regard to capital spending, there is a statutory requirement to set and arrange the Council's affairs to remain within limits for borrowing and capital investment.

The CFO must also be proactive in the management of change and risk, be focussed on outcomes and help to resource the authority's plans for change and development in the public services it provides.

The Council has comprehensive forecasting and budgeting procedures. A medium term business and financial planning process is used to deliver the authority's strategic objectives, including:

- A 30 year Business Plan for the Council's housing stock to ensure ongoing viability, which is reviewed annually;
- A Medium Term Financial Strategy to ensure sustainable finances for all other Council services, which is updated twice a year, in February and November;
- A Capital Strategy updated annually;
- A 3 year capital programme and a 10 year capital projection, which are updated annually;
- A Treasury Management and Investment strategy, which is updated annually; and
- A monitoring process that enables this to be delivered.

Financial information is provided to the Management Team, and three times during the year to each Service Board. Periodic and annual reviews of financial reports indicate financial performance against

forecasts for all of the Council's spending. Summary information is also published. Financial updates continued to be discussed regularly with budget officers. Service Boards received financial monitoring reports, and the MTFS was updated in line with usual practice in November due to delays with information from Government.

Financial Regulations and Contract Standing Orders are in place, for use by all Members and Officers. These ensure there is effective use and control of resources, and robust and transparent decision making. It is an action from the Government and financial controls audits to review the Financial Regulations during 2024/25.

The CFO ensures that the Council's financial management arrangements conform to the governance requirements of the CIPFA Standard. This includes ensuring that all members of the Senior Management Team have the financial capabilities necessary to perform their respective roles. The CFO also accesses expert advice on specific areas such as Treasury Management and VAT, as required.

Risk Management

There are risks involved with the provision of any services, so the Council uses a system of risk management to minimise and manage the risks it faces. It does this by identifying both strategic and operational risks, looking at existing controls in place to reduce these, and amending these or bringing in new controls where this is beneficial.

The system involves an annual review of strategic risks by the Senior Management Team and an annual review by senior managers of operational risks in their service areas. This enables all Senior Managers to complete Annual Statements of Assurance, and to identify actions that are needed to manage risk in the coming year, including the identification of any new risks. This process was not completed during 2023/24 due to changes in senior staff and capacity. CMAP completed a full audit on Risk Management and the actions from this audit are being implemented during 2024/25.

As part of our risk management, the Council has insurance in place to cover the risk of loss. The levels of cover and the excess amounts are kept under continual review.

Internal Audit

A key feature of regulations the Council needs to comply with is the requirement for internal audit. A local authority must maintain an adequate and effective system of internal audit of its accounting records and its system of internal control. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's Internal Audit team has demonstrated compliance with the Public Sector Internal Audit standards. The team use a risk based approach to formulate audit plans and determine the scope of audit reviews. It was highlighted during 2022/23 that the audit capacity was at too low a level to deliver the audit plan. In November 2023 a pilot was approved for CMAP to deliver the internal audit function for this Council along with the internal auditor employed directly. The audit plan was revised and priority audits including Governance, Risk Management, Counter Fraud and Financial Controls were completed. In November 2024 members approved to join CMAP as a partner from 1 April 2025.

The Council has a zero tolerance to all forms of fraud and corruption and employs a counter fraud officer who works closely with the Revenues, Benefits and Housing teams to identify, deter and prevent all forms of fraud. We also have a joint working agreement with the Department for Works and Pensions.

Responsibilities of Officers and Members

The Council ensures that it is operating efficiently by specifying the different roles and responsibilities of both Councillors and Officers. The remit of each decision making Board is set down in the constitution, along with the roles of individual Councillors. The Council does not have an Audit

Committee, but instead divides the core functions between the Executive Board and the Resources Board. The constitution also outlines the responsibilities of senior officers, and areas where they have been given delegated powers. Employee contracts include job descriptions, and these give the detail of individual roles, for all employees.

The Council uses workforce planning to identify future staffing requirements. This projects future service needs and the workforce that would be needed for their delivery. Recruitment difficulties in some service areas have highlighted the need to review and update workforce plans. Work was undertaken in a number of areas, but this was not progressed fully across the Council due to capacity issues. This will be progressed in the coming year.

The Council uses an appraisal system to set specific targets for individual staff on an annual basis. These targets reflect their service targets in the Corporate Plan and the Service Plan. The appraisal system is also used to assess the training and development needs of individual employees and ensure that they have the skills and abilities to carry out the tasks required. Appraisals have been reinstated following the pandemic but they were not fully delivered to all staff during 2023/24. However team and service meetings continued to be used to monitor performance. The annual staff survey is used to gain feedback from staff and where there are themes these issues are reviewed with action plans for improvement. The staff forum was set up during 2023/24 with staff representatives across the Council looking at themes from the staff survey in order to input into any improvement plans.

Induction training is carried out whenever a new Member is elected. After that, Member training is generally identified by individuals, or in response to issues that arise. An exception to this is the area of planning, as increasing changes in planning laws and regulations have resulted in fairly regular sessions being arranged. The audits on Governance, Risk Management and Counter Fraud highlighted the need for member and officer training for these topic areas.

Evaluation of the Effectiveness of Governance Arrangements

Limited Progress has been made with a number of the actions this is due to changes in Senior Officers and capacity, the actions are listed below with progress:

- **A review of the Financial Regulations** – this has not been progressed and has been identified in the financial controls and Governance audits as requiring updating. It is in the action plan to be delivered during 2024/25.
- **Further work on compliance with the Financial Management Code** – work continuing.
- **Continuing to progress workforce planning** – limited progress, ongoing project.
- **The continued use of virtual meetings where appropriate and efficient** – Complete.
- **Increased reporting to Resources Board on risk management**; this has not been progressed and was identified as an issue in the Risk Management, it is in the action plan to be delivered during 2024/25.
- **A review of the revised corporate plan and performance indicators following the Borough elections in May 23** – Complete.
- **Replacement of four key computer systems to improve functionality and also maintain security compliance** – Financial system replaced 1st April 2024, work on other systems still in progress.
- **Application for PSI accreditation** – Ongoing.
- **Refresher training for all Members after the Borough elections, with a particular emphasis on induction training for new Members** – Training Delivered.

Internal audit capacity was addressed in November 2023 bringing CMAP in to deliver a revised audit plan to ensure sufficient work was undertaken on Governance and financial systems to provide a robust opinion on the Councils control environment. Due to the capacity issues and backlog on external audit a number of issues in the Corporate Governance action plan had not been delivered but remain on the action plan for delivery during 2024/25. The work undertaken by Internal Audit has enabled the Interim Corporate Director Resources to conclude that the Council has a range of appropriate strategies, policies, procedures and protocols to address the corporate governance agenda.

Agenda Item No 9

Executive Board

10 February 2025

Report of the Chief Executive

Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy

1 Summary

- 1.1 Members will be aware that a report was taken to the Local Development Framework Sub-Committee on 19 November 2024 seeking the adoption of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy as the basis for utilising natural capital funding across the sub-region. The strategy aligns closely with the Biodiversity Action Plan (BAP) and has the potential to support the delivery of the BAP. The Sub-Committee supported the recommendation that the Natural Capital Investment Strategy be adopted.

Recommendation to the Executive Board:

- a That the Natural Capital Investment Strategy is adopted;**
- b Note the progress towards developing a Natural Capital Investment Implementation Plan;**
- c Agree the approach to the governance of the Strategy and the establishment of a Capital Investment Board; and**
- d Appoint a Member to the Board.**

2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

3 Background

- 3.1 Members are asked to note the Local Development Framework Sub-Committee report of 19 November 2024, attached in Appendix A, and related Appendices 1 and 2 to that report, on the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy (NCIS). The strategy assists in how monies received for the natural capital can be invested and prioritised. In addition, the report proposes governance arrangements are put in place to oversee the delivery of the strategy, including developing an implementation.

...

- 3.2 The NCIS gives a 'strategic direction of travel' for the local authorities to achieve and implement investment in Warwickshire, Coventry and Solihull's natural capital assets. It lays the foundations for a detailed Natural Capital Investment Implementation Plan (NCIIP) that will describe what actions are required, how they will be carried out, who will be involved and how funding will be distributed, monitored and reported.
- 3.3 Taking a natural capital approach will help us to recognise and understand the true value of the natural environment, the benefits it provides us and embed this within all relevant local authority policies and strategies.
- 3.4 The NCIS encompasses the sub-region of Warwickshire, Coventry and Solihull and all eight local authorities within this area (See Map in LDF report APPENDIX A and associated Appendices). This reflects long standing partnership working between the eight authorities over three decades and includes a national pilot scheme for Biodiversity Offsetting, an extensive sub-regional Habitat Biodiversity Audit, sub-regional Green Infrastructure Strategy and shared, nationally recognised expertise in our natural environment.

4 Next Steps

- 4.1 The next stage in the process will be to agree to the development of the Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Implementation Plan (NCIIP) and to fund this work. To manage the NCIS and NCIIP, the current HBA service Board and Natural Capital Investment Management Group/Board will need to be established.
- 4.2 Following adoption of the Strategy a Technical Advisory Group is being set up as a key component of the governance, and to help support the development of, the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy and Implementation Plan. The Technical Advisory Group will provide technical advice, expertise and direction in progressing and co-ordinating the development of the Implementation Plan, selecting suitable offset sites and developing various programmes, projects and funding bids.
- 4.3 Governance of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy and Implementation Plan will be managed by the Warwickshire, Coventry and Solihull Natural Capital Investment Board. The Board will be supported by the Natural Capital Investment Management Group and the Technical Advisory Group.
- 4.4 Board membership will be comprised of relevant Council Members, or representative, from each of the eight constituent local authorities. Supported by the officer-led Management Group, the Board will be the key steering and decision-making body in relation to the allocation and investment of current S106 funds and future local authority environmental income streams. The nomination of a Member representative on behalf of the Borough Council is therefore sought from the Executive Board.

5 Report Implications

5.1 Finance and Value for Money Implications

- 5.1.1 Funding for the NCIS and NCIIP will be through BNF and S106 contributions as required by planning regulation and legislation, and from current HBA budget funding. No additional funding implications are expected.

5.2 Legal, Data Protection and Human Rights Implications

- 5.2.1 There are no data protection issues associated with this report. Future GDPR implications will be explored in the development of the NCIIP.

5.3 Environment, Sustainability and Health Implications

- 5.3.1 Enhanced natural capital in the Borough is expected to have associated health and wellbeing benefits by supporting mental wellbeing and enabling physical activity. The potential to create a natural capital market linked to social prescribing (i.e. bringing in resource to support volunteering schemes) has the potential to deliver further health and wellbeing benefits.
- 5.3.2 Restoring nature locally will have a positive impact on the environments ability to draw down emissions. Local emissions sequestration facilitated by functional ecosystems is an essential element of global emissions reduction.

5.4 Human Resources Implications

- 5.4.1 Officers are involved in the officer management group and it is proposed to have a member represent the Borough Council on the Board.

5.5 Risk Management Implications

- 5.5.1 A full risk analysis will be developed as part of the NCIIP to be scrutinised by the Members before any formal adoption, as required by each partner local authority.

5.6 Links to Council's Priorities

- 5.6.1 Protecting our countryside and heritage.

The Contact Officer for this report is Mike Dittman (719451).

Background Papers

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

Background Paper No	Author	Nature of Background Paper	Date

Agenda Item No 6**Local Development Framework –
Sub Committee****19 November 2024****Report of the Chief Executive****Warwickshire, Coventry and Solihull
Local Authorities Natural Capital
Investment Strategy****1 Summary**

- 1.1 This report seeks the adoption of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy as the basis for utilising natural capital funding across the sub-region, noting that the strategy aligns closely with the Biodiversity Action Plan (BAP) and has the potential to support the delivery of the BAP. Members support is sought for the strategy to assist in how monies received for the natural capital can be invested. In addition, the report proposes governance arrangements are put in place to oversee the delivery of the strategy, including developing an implementation.

Recommendation to the Executive Board:

- a) That the Natural Capital Investment Strategy is adopted;**
- b) Note the progress towards developing a Natural Capital Investment Implementation Plan;**
- c) Agree the approach to the governance of the Strategy and the establishment of a Capital Investment Board; and**
- d) Appoint a Member to the Board.**

2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

3 Background

- 3.1 Those who live, work, visit or do business in Warwickshire, Coventry and Solihull draw varied benefits and value from the rich and diverse natural environment of the region. Investing in our natural capital will help us to recognise and improve the value of the natural environment, the benefits it provides us and embed this within the approach we take to addressing a range of local priorities. This will enable us to develop income and funding streams, allowing us to invest in the protection, enhancement and recovery of

our natural capital assets in Warwickshire, Coventry and Solihull. This work will be fundamental to reversing nature's decline and securing the continued provision of services and benefits provided by nature and the environment.

- 3.2 Warwickshire County Council have funded work to produce a natural capital investment strategy "Investing in our natural environment" for all local authorities within Warwickshire. Given the focused nature of this document and the clear partnerships already in place, it will also be inclusive of Coventry and Solihull Local Authorities and will complement any additional natural capital investment strategies they may adopt. Officers have worked in partnership with Warwickshire County Council and the other Districts and Boroughs in Warwickshire to support and seek adoption of the Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy (NCIS), attached in **Appendix 1**.

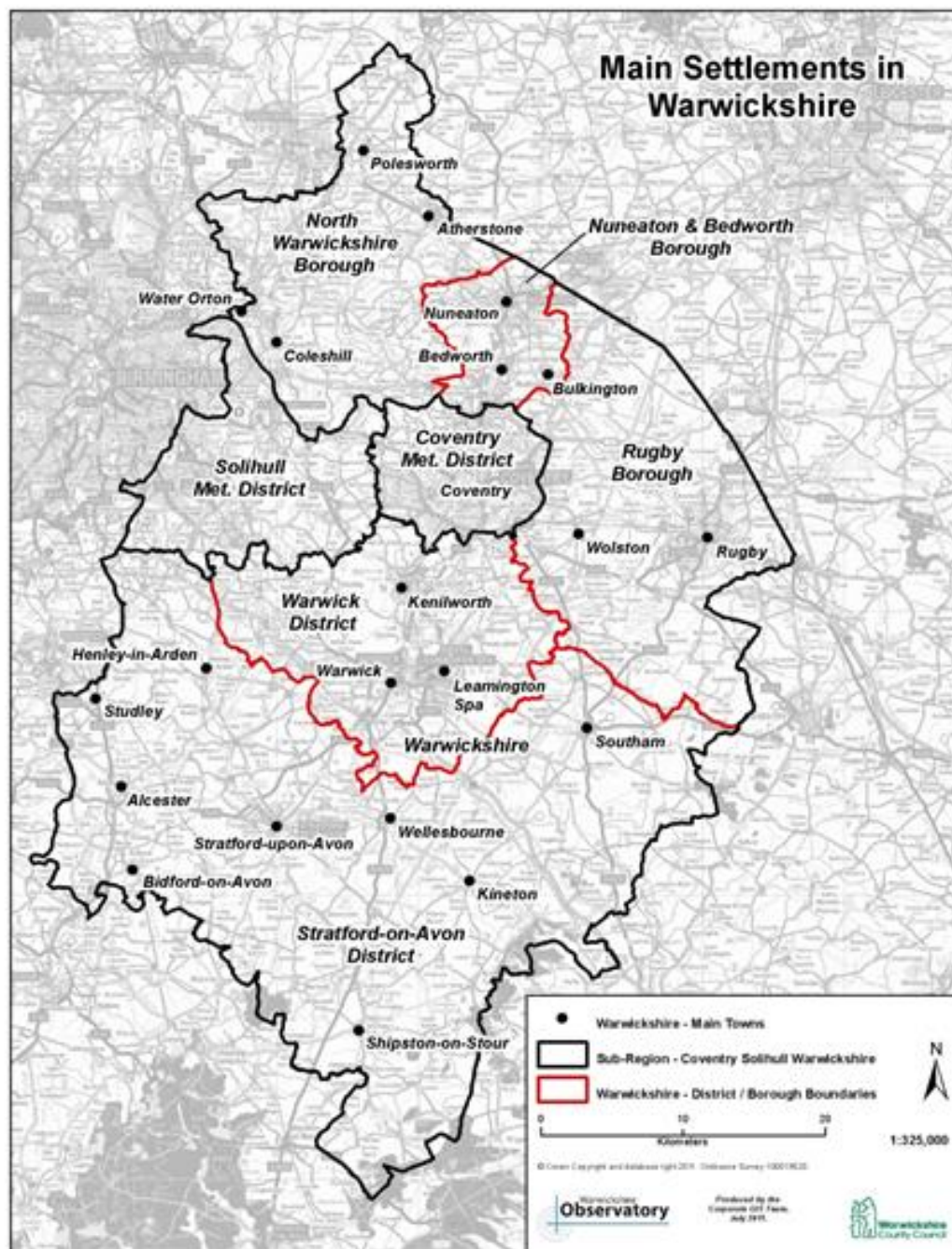
...

- 3.3 The Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy is a top-level local authority strategy which specifically manages how the sub-region Local Authorities will utilise the nature-based compensation monies, and other income streams, generated through the planning system (for example Biodiversity Net Gain (BNG)) or other voluntary environmental markets or other voluntary environmental markets. The NCIS provides a mechanism for delivering some element of the Biodiversity Action Plan and incorporates the work of the Habitat Biodiversity Audit that the Borough Council has supported and benefitted from as a partner for many years. It provides the potential to use resources to bring the greatest benefits to biodiversity across the sub-region.
- 3.4 The NCIS gives a 'strategic direction of travel' for the local authorities to achieve and implement investment in Warwickshire, Coventry and Solihull's natural capital assets. It lays the foundations for a detailed Natural Capital Investment Implementation Plan (NCIIP) that will describe what actions are required, how they will be carried out, who will be involved and how funding will be distributed, monitored and reported.

The NCIS Strategic aim:

- 3.5 The overall strategic aim of the NCIS is: *Local authorities in Warwickshire, Coventry and Solihull will use the income raised from environmental markets and nature-based compensation schemes to enhance nature and the environment, benefit its people and help tackle climate change. They will do this through an agreed, region-wide strategy and Natural Capital Investment Implementation Plan.*
- 3.6 Taking a natural capital approach will help us to recognise and understand the true value of the natural environment, the benefits it provides us and embed this within all relevant local authority policies and strategies.
- 3.7 The NCIS encompasses the sub-region of Warwickshire, Coventry and Solihull and all eight local authorities within this area (see map). This reflects long standing partnership working between the eight authorities over three

decades and includes a national pilot scheme for Biodiversity Offsetting, an extensive sub-regional Habitat Biodiversity Audit, sub-regional Green Infrastructure Strategy and shared, nationally recognised expertise in our natural environment.



- 3.8 The strategy specifically focusses on the investment and funding side of the NCIS and will relate to all nature-based compensation monies, and other income streams, and nature recovery or environmental projects within this sub-region.

4 **Benefits of a sub-regional approach to the NCIS**

4.1 Taking a sub-regional approach to natural capital investment has many advantages:

- Together we are stronger than the sum of our parts: By working together with a common approach, we can pool our resources and expertise in a cost-effective and efficient manner to create a more comprehensive and effective strategy for protecting and restoring our natural environment. We can also leverage each other's strengths to find innovative solutions and approaches that would be difficult for any single district or borough to achieve.
- Utilising combined resources: By working together, we can combine our resources, such as staff, volunteers, equipment and funding to achieve more than we could on our own. This will allow us to implement more ambitious projects and achieve greater results.
- Attracting greater levels of investment: The NCIS and NCIIP will develop new investment, income and funding streams which will drive the development of ambitious and impactful projects. By creating a joint subregional Investment Strategy and Implementation Plan, we can offer investors a stable and low-risk platform for those looking to advance environmental goals or invest ethically.
- Develop a project pipeline: The Natural Capital Investment Implementation Plan will include a region-wide pipeline of shovel and investment ready projects. These will allow swift and efficient reactions to funding, buying or investment opportunities and further develop a regional environmental vision and identity.
- Each local authority will benefit in the same way, proportionally, over the lifespan of the strategy: Full details of how the benefiting environmental projects will be chosen and funded will be explained within the NCIIP and will be closely linked to the sub-regional Green Infrastructure Strategy, the respective Local Nature Recovery Strategies (LNRS) and the ecosystem services trading protocol.
- Best for nature – a ‘more, bigger, better & joined up’ approach delivered at a local scale: A regional NCIS will allow us to take a more comprehensive, shared approach to protecting and restoring our natural environment. We can identify and address cross-boundary issues, such as air pollution and water quality, and work together to develop a more connected and resilient network of natural habitats.
- Delivering natural capital benefits, climate change mitigation and resilience which will benefit local people: The NCIS will help to deliver a wide range of benefits for communities across Warwickshire, Coventry, and Solihull. These will include improved air quality, cleaner water, increased biodiversity, healthier people, and a more resilient environment in the face of climate change.

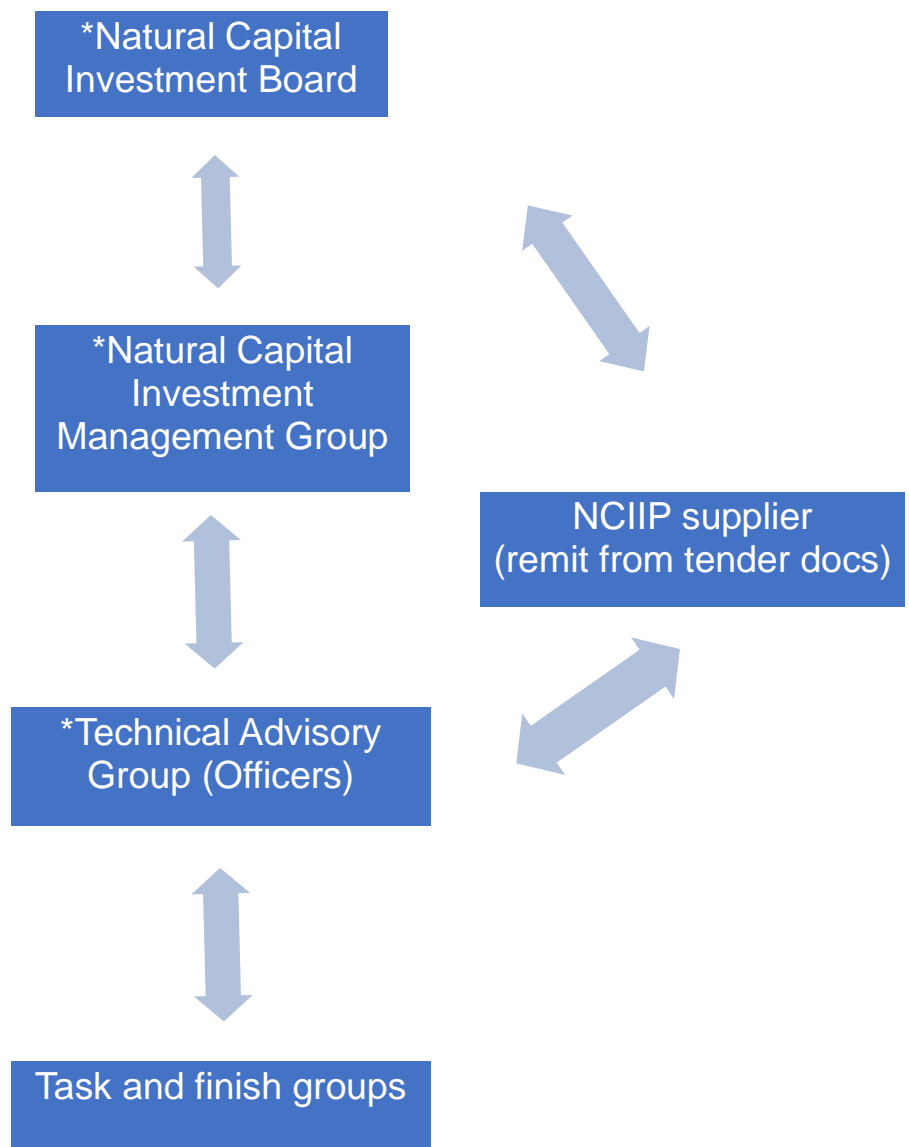
- Working alongside other regional and national policies and strategies: This joint sub-regional Investment Strategy and Implementation Plan will make it easier to align our strategies with the environmental ambitions of the West Midlands Combined Authority (WMCA) and national initiatives including the Environment Act 2021 and emerging Local Nature Recovery Strategies (LNRS). This will also reflect and enhance the overlap between the Warwickshire LNRS and WMCA LNRS.

5 Governance

- 5.1 Governance of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy and Implementation Plan will be managed by the Warwickshire, Coventry and Solihull Natural Capital Investment Board. The Board will be supported by a Natural Capital Investment Management Group and Technical Advisory Groups (Figure 1).

Figure 1 - Revised NCIS / NCIIP structure 17.07.24

* Terms of Reference required



- 5.2 Board membership will be comprised of the relevant Council Members, or representative, from each of the eight constituent local authorities. Supported by the officer-led Management Group, the Board will be the key steering and decision-making body in relation to the allocation and investment of current S106 funds and future local authority environmental income streams. It will ensure that decisions made in respect of natural capital investment are transparent, sustainable and ultimately maximise the benefit to the environment and the local communities in Warwickshire, Coventry and Solihull.
- 5.3 The NCIS, see Appendix 1, has now been developed and is now ready to be adopted by all eight local authorities in Warwickshire, Coventry and Solihull. Once adopted, the next stage in the process will be to agree to the development of the Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Implementation Plan (NCIIP) and to fund this work.
- 5.4 To manage the NCIS and NCIIP, the current HBA service Board and Natural Capital Investment Management Group/Board should be established.

6. Funding the NCIS and NCIIP

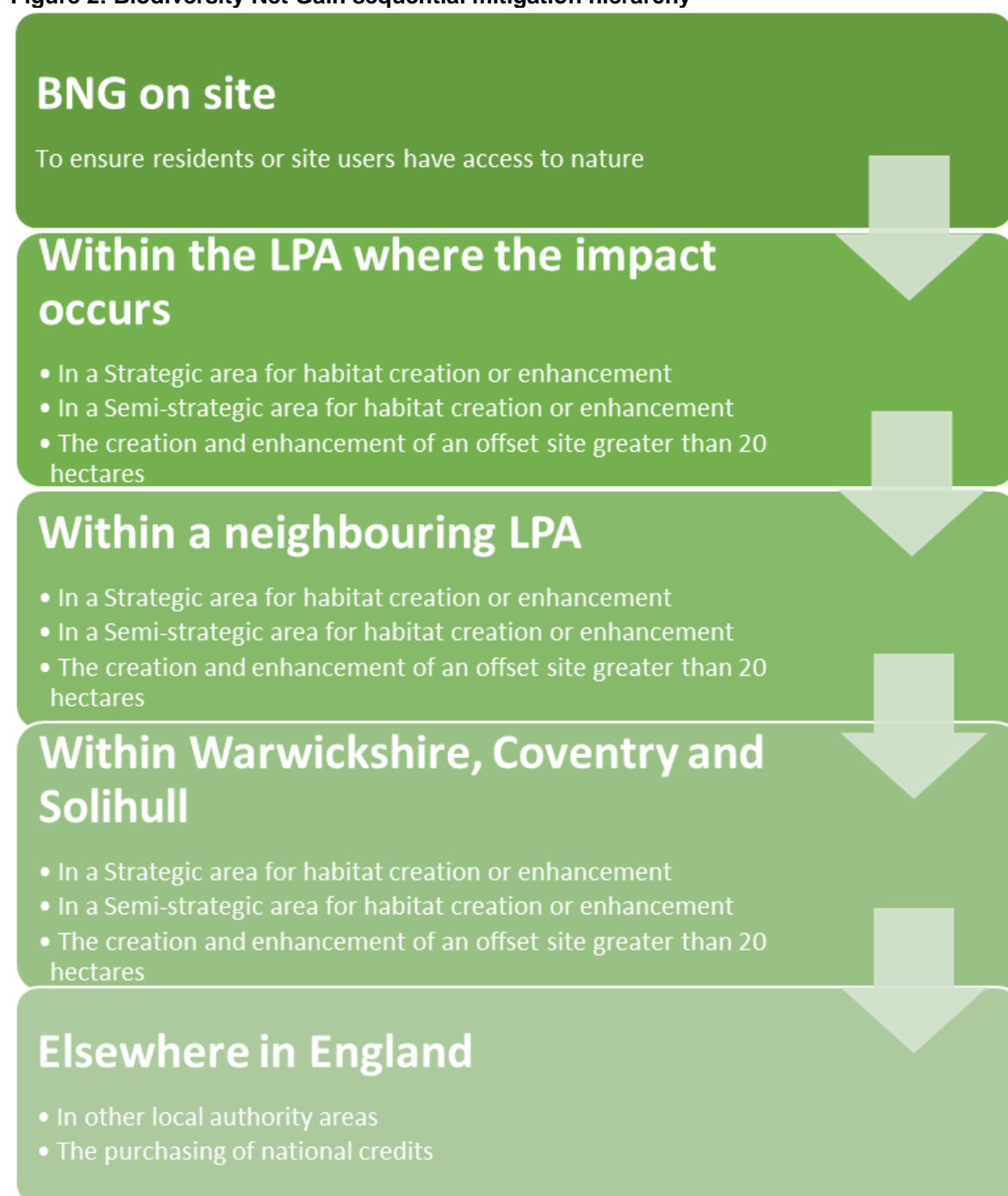
- 6.1 Income will be generated through planning contributions, trading credits/units from ecosystem service markets (such as Biodiversity Net Gain (BNG), carbon offsetting, Green social prescribing, etc) and/or regulatory compensation mechanisms linked to local authority regulatory functions. The current funding for the HBA service/work the Borough Council provides and supports will be incorporated into the NCIS/NCIIP funding.
- 6.2 Existing funds relating to the already established Biodiversity Offsetting scheme are held either by Warwickshire County Council within various local authority Section106 accounts or by the LA's themselves. Where these are held to be paid incrementally to project delivery organisations on an annual basis (in other words released on annual basis over time – sometimes as much as 30 years), there are significant interim funds which are available and could be invested, subject to applying strict criteria to manage risk and deliver benefits. In addition, some of these offset schemes have also delivered financial surpluses.
- 6.3 Current, or nearly established, ecosystem services markets applicable to Warwickshire, Coventry and Solihull are:
- Biodiversity Net Gain - already established in Warwickshire through planning and mandatory from 12 February 2024
 - The Net Zero Carbon Buildings Planning Policy providing capital for Woodland Carbon (through implementation of the Warwickshire Carbon Standard and Woodland Carbon Code)
 - District Level Licensing funding (e.g. great crested newts)

Other ecosystem services markets which could be applicable to Warwickshire, Coventry and Solihull are: Future carbon markets, including

soil, grassland and hedgerows, Air quality, Flood risk mitigation, Nutrient neutrality Water quality, Green social prescribing and Health and wellbeing.

- 6.4 The NCIIP will investigate the funding mechanisms to deliver the NCIS and NCIIP under the instruction to follow a full cost recovery principle. Figure 2 below sets out the mitigation hierarchy that will be used to allocate, noting that the lowest level (“Elsewhere in England”) will **only** be used in exceptional circumstances and then only with the agreement of the Natural Capital Investment Board. The expected contents of the NCIIP are summarised in **Appendix 2**.

Figure 2: Biodiversity Net Gain sequential mitigation hierarchy



7 Implications of non-adoption of the Strategy

- 7.1 If the Borough decide not to adopt the NCIS sub-regional Strategy it will leave the Council without a strategy approach to investing in natural capital, meaning that investments are made in an ad hoc way, thereby leaving the Borough vulnerable to missed opportunities, slow delivery and reduced benefits.
- 7.2 Alternatively, a local strategy to be developed which could still deliver a positive approach but would fail to deliver to the multiple benefits set out in paragraphs 4.1, 6.2 and 6.3 above. In addition, in the absence of any in-house natural environment and ecology team within the Borough Council, current BNG services are contracted out to the County Council, who provide the BNG advice and input into planning applications. It would therefore be difficult and more resource intensive to set up a team to enable the Council to bring this advice in house and be able to develop a similar strategy.
- 7.3 Currently North Warwickshire is the last sub-regional Council to adopt the strategy. It is recommended, therefore, that the Members adopt the Strategy and consider agreeing a Member for the Board governing the Strategy and Plan. Terms of Reference are currently being finalised for the Board and it is expected that it will meet four times per year, every 3 months. Meetings will be held virtually and last for up to two hours. Summarised minutes of each meeting will be sent out within one week of the meeting, and again with the agenda for the next meeting. Minutes will highlight key decisions made and actions.

8 Report Implications

8.1 Finance and Value for Money Implications

- 8.1.1 Funding for the NCIS and NCIP will be through BNF and S106 contributions as required by planning regulation and legislation, and from current HBA budget funding. No additional funding implications are expected.]

8.2 Legal, Data Protection and Human Rights Implications

- 8.2.1 There are no data protection issues associated with this report. Future GDPR implications will be explored in the development of the NCIP.

8.3 Environment, Sustainability and Health Implications

- 8.3.1 Enhanced natural capital in the Borough is expected to have associated health and wellbeing benefits by supporting mental wellbeing and enabling physical activity. The potential to create a natural capital market linked to social prescribing (i.e. bringing in resource to support volunteering schemes) has the potential to deliver further health and wellbeing benefits.

8.3.2 Restoring nature locally will have a positive impact on the environments ability to draw down emissions. Local emissions sequestration facilitated by functional ecosystems is an essential element of global emissions reduction.

8.4 Human Resources Implications

8.4.1 Officers are involved in the officer management group and it is proposed to have a member represent the Borough Council on the Board.

8.5 Risk Management Implications

8.5.1 A full risk analysis will be developed as part of the NCIIP to be scrutinised by the Members before any formal adoption, as required by each partner local authority.

8.6 Links to Council's Priorities

8.6.1 Protecting our countryside and heritage.

The Contact Officer for this report is Mike Dittman (01827 719451).

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



Investing in our natural environment - Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy

(DRAFT)



Prepared by
Chris Bowden Consulting and Warwickshire County Council
Ecology, Landscape & Historic Environment Team,
supported by the Warwickshire, Coventry and Solihull Local Authorities
NCIS Project Board and Working Group.

January 2024

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Acknowledgements

This strategy was produced by Chris Bowden and the Warwickshire County Council Ecology, Landscape & Historic Environment Team, supported by the Warwickshire, Coventry and Solihull Local Authorities NCIS Project Board and Working Group.

The authors would like to thank all members of the NCIS Project Board and Working Group for their work, advice, encouragement and support during this project.

1 Executive Summary

1.1 Warwickshire County Council funded work to produce a natural capital investment strategy for all local authorities within Warwickshire. Given the focused nature of this document and the clear partnerships already in place, it will also be inclusive of Coventry and Solihull Local Authorities and will complement any additional natural capital investment strategies they may adopt.

1.2 The Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy (known henceforth as the NCIS) has been adopted as a top-level local authority strategy which specifically manages how the sub-region Local Authorities will utilise the nature-based compensation monies, and other income streams, generated through the planning system or other voluntary environmental markets.

1.3 The NCIS gives a 'strategic direction of travel' for the local authorities to achieve and implement investment in Warwickshire, Coventry and Solihull's natural capital assets. It lays the foundations for a detailed Natural Capital Investment Implementation Plan (NCIIP) that will describe what actions are required, how they will be carried out, who will be involved and how funding will be distributed, monitored and reported.

1.4 Strategic aim

Local authorities in Warwickshire, Coventry and Solihull will use the income raised from environmental markets and nature-based compensation schemes to enhance nature and the environment, benefit its people and help tackle climate change. They will do this through an agreed, region-wide strategy and Natural Capital Investment Implementation Plan.

1.5 This strategy document presents the key outcomes and actions of the NCIS. It outlines the proposed governance of the strategy and the formation of a Natural Capital Investment Board, a Natural Capital Investment Management Group and Technical Advisory Groups. This document also describes the funding and income sources; how they will be generated and used to benefit nature, the local environment and the people of Warwickshire, Coventry and Solihull.

2 Background

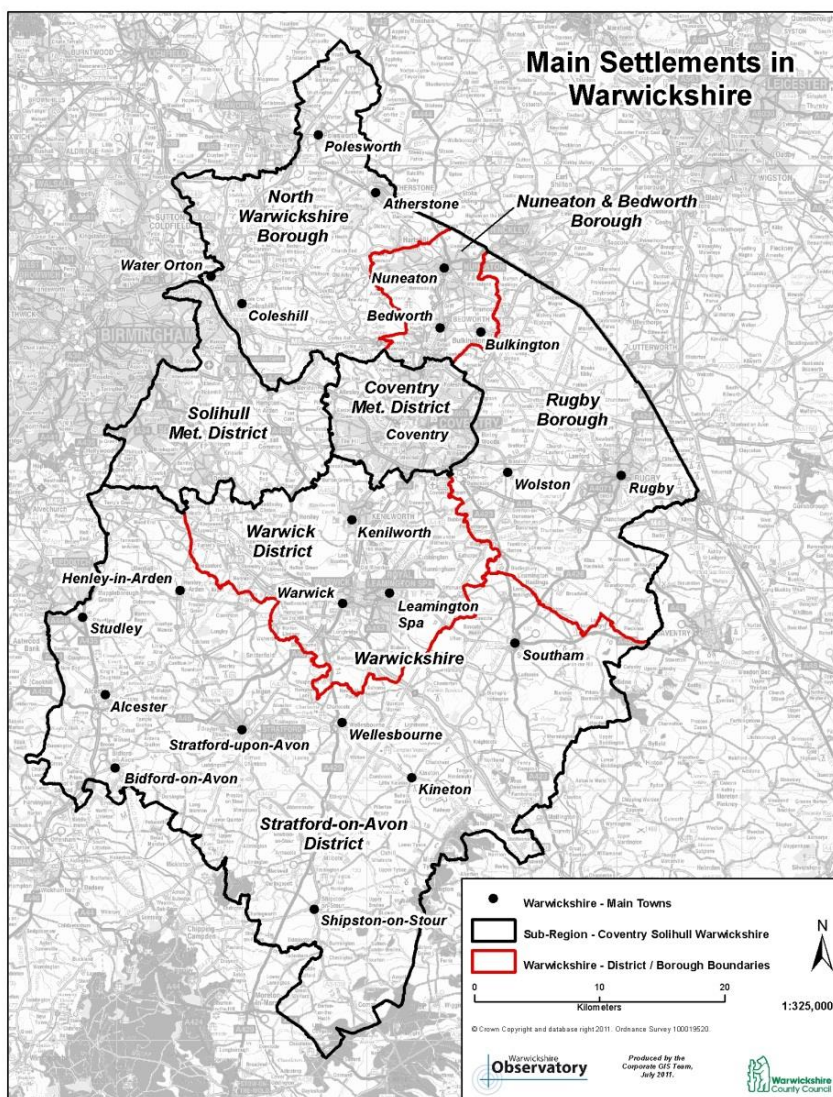
2.1 Those who live, work, visit or do business in Warwickshire, Coventry and Solihull draw enormous and varied benefits and value from the rich and diverse natural environment of the region. However, this value is poorly understood and often goes unrecognised.

2.2 Taking a natural capital approach will help us to recognise and understand the true value of the natural environment, the benefits it provides us and embed this within all relevant local authority policies and strategies.

2.3 The strategy will encompass the sub-region of Warwickshire, Coventry and Solihull and all eight local authorities within this area (see map). This reflects long standing partnership working between the eight authorities over three decades and includes a national pilot scheme for Biodiversity Offsetting, an extensive sub-regional Habitat Biodiversity Audit, sub-regional Green Infrastructure Strategy and shared,

nationally recognised expertise in our natural environment.

2.4 The strategy will specifically focus on the investment and funding side of the NCIS and will relate to all nature-based compensation monies, and other income streams, and nature recovery or environmental projects within this sub-region. In that respect, whilst this strategy will be the lead document for the six Warwickshire local authorities it will complement the broader strategies being developed by Coventry (CCC) and Solihull (SMBC)¹ by providing a sub-regional investment focus.



¹ The draft SMBC NCIS was approved or consultation in October 2023 and published in January 2024. It is due to be adopted in Spring 2024.

What is natural capital?

2.5 Natural capital is a concept that refers to the elements of nature that produce value (directly and indirectly) to people, It is our stock of natural assets. The stocks of renewable and non-renewable natural capital (known as natural capital assets) include soils, freshwater, farmland, forests, the atmosphere, oceans, biodiversity, ecological processes and the natural processes that underpin them. The flows of ecosystem services and benefits they provide can be very obvious such as food, fuel, clean air, clean water and opportunities for recreation. Others are much less visible, such as climate regulation, flood defences provided by natural vegetation, the billions of tonnes of carbon stored by peatlands and other habitats, the pollination of crops by insects, the provision of valuable shade and cooling in hot weather by trees and other vegetation and the positive contribution of nature to human health and wellbeing.

2.6 These services and benefits all have a value to people, society and the economy. Some of these values can be easily quantified and reflected in the economy (such as the value of timber or food produced from farmland), whereas many others cannot and are thus hidden or missing from decision-making and economic valuation.

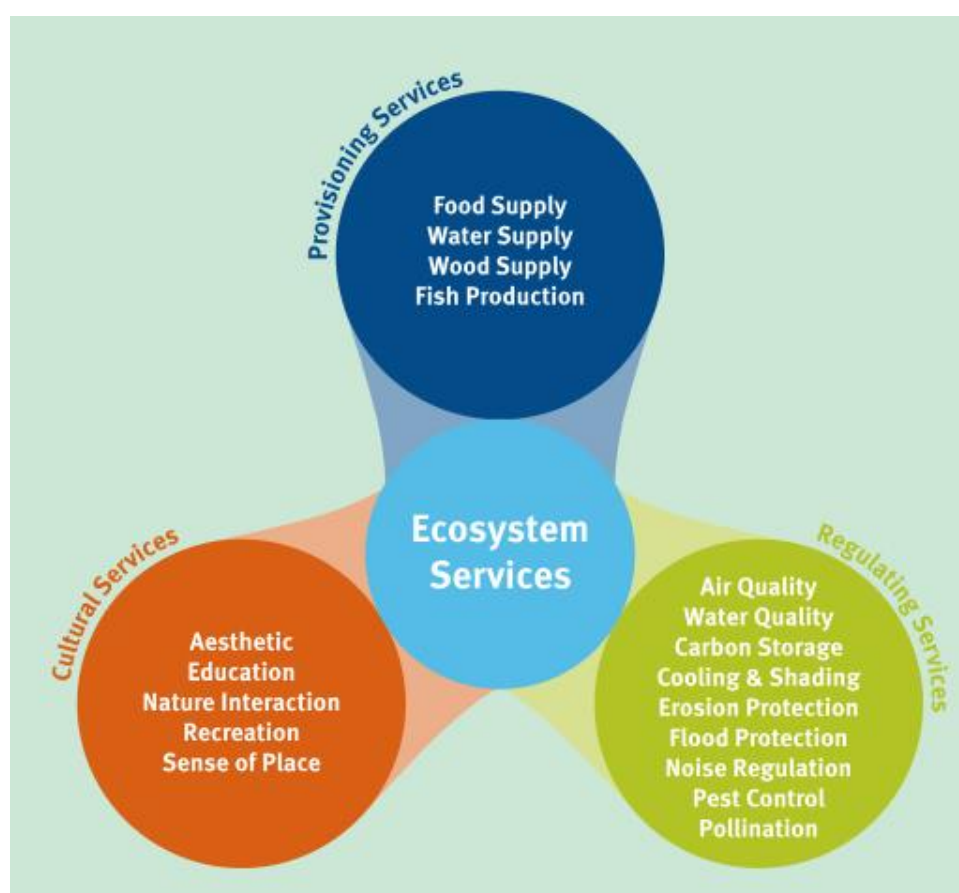
2.7 Natural capital approaches to environmental management have a few defining characteristics:

- a focus on the environment as a set of assets (Natural Capital)
- these assets provide a wide range of services and benefits for people (Ecosystem Services)
- there is an emphasis on a spatial and place-based understanding of these assets
- opportunities are sought to maximise multiple ecosystem services benefits across issues/sectors, and these can help manage multiple risks.

2.8 Ecosystem services benefits are commonly divided into three types:

- Provisioning services – products obtained from nature
- Regulating services – benefits obtained from environmental processes that regulate the environment
- Cultural services – Non-material benefits that people obtain from nature

2.9 Diagram 1: Ecosystem services benefits



2.10 Natural capital approaches typically comprise of natural capital investment strategies and plans which define a specific vision, programmes of activities, funding models and income/revenue streams.

Warwickshire Carbon and Environmental Markets project

2.11 The Defra-funded Warwickshire County Council (WCC) Natural Environment Investment Readiness Fund (NEIRF) project ran from October 2021 to March 2022. It was designed to investigate opportunities to develop long-term, sustainable funding mechanisms for the sub-region of Warwickshire, Coventry and Solihull Councils' (sub-region) environmental ambitions within the mandatory system of Local Authority consenting regimes. This project, titled 'Warwickshire Carbon and Environmental Markets', provided recommendations for the development and establishment of a carbon market (a Warwickshire Carbon Standard based on the UK Woodland Carbon Code) and an air quality market. It also identified other potential mandatory ecosystem services markets (nutrient neutrality, flood risk mitigation and green social prescribing) to work alongside the current mandatory Biodiversity Net Gain (BNG) market. The project also outlined options for a Warwickshire Natural Capital Investment Strategy (NCIS) and Plan, recommended what they could cover and the detailed process by which they could be developed.

Why develop a Natural Capital Investment Strategy (NCIS) and Plan for Warwickshire, Coventry and Solihull?

2.12 Natural capital investment planning is a relatively new approach, both globally and nationally, however the links between the economy, human well-being and the natural environment are increasingly being realised and understood. There is also a growing recognition that this approach should be evidence-based and used to inform socio-economic decision making across all sectors of our society.

2.13 Investing in the protection, enhancement and recovery of our natural capital assets in Warwickshire, Coventry and Solihull is fundamental to reversing nature's decline and securing the continued provision of services and benefits provided by nature and the environment.

2.14 Whilst the environment knows no boundaries, since the 1992 Rio Earth Summit there has been a significant movement towards 'saving wildlife in your own back yard'. This approach has developed into the Environment Act (2021) and the establishment of Local Nature Recovery Strategies. In 1994 the Warwickshire, Coventry and Solihull ecological community came together to produce Local Biodiversity Action Plans. In 2013 the Warwickshire, Coventry and Solihull Local Nature Partnership formed and this included all sectors of society, including business and health. Warwickshire County Council, on behalf of the regional local authorities, has created a nationally acclaimed, mandatory BNG market that has generated over £6M since 2015 and they have pledged to work with partners to plant a tree for every resident, currently 566,000, by 2030. This tree-planting initiative will be a key contributor to the Council's commitment to addressing the global climate change emergency and will help restore landscape character areas and improve biodiversity by creating extensive new habitats for wildlife. The region is therefore already one of the leaders in natural capital within the UK, so taking a Natural Capital Investment approach is the logical next step. The region should invest, at scale, in its natural capital assets but on the understanding that there is zero detriment to any city, district or borough.

2.15 Taking a sub-regional approach to natural capital investment has many advantages:

- **Together we are stronger than the sum of our parts**
By working together with a common approach, we can pool our resources and expertise in a cost-effective and efficient manner to create a more comprehensive and effective strategy for protecting and restoring our natural environment. We can also leverage each other's strengths to find innovative solutions and approaches that would be difficult for any single district or borough to achieve. This approach will promote cross-boundary working and collaborative projects between departments and local authorities. It will also give a stronger political voice for nature, the environment and natural capital in the sub-region.

- **Utilising combined resources**

By working together, we can combine our resources, such as staff, volunteers, equipment and funding to achieve more than we could on our own. This will allow us to implement more ambitious projects and achieve greater results. It could also help develop training programmes and expand the provision of local green skills, therefore increasing local employment opportunities.

- **Attracting greater levels of investment**

The NCIS and NCIIP will develop new investment, income and funding streams which will drive the development of ambitious and impactful projects. By creating a joint sub-regional Investment Strategy and Implementation Plan, we can offer investors a stable and low-risk platform for those looking to advance environmental goals or invest ethically. Also, such a sub-regional Strategy and Implementation Plan will allow us to develop large, landscape-scale projects suitable for multi-million pound investments from financial institutions and institutional investors.

- **Develop a project pipeline**

The Natural Capital Investment Implementation Plan will include a region-wide pipeline of shovel and investment ready projects. These will allow swift and efficient reactions to funding, buying or investment opportunities and further develop a regional environmental vision and identity.

- **Each local authority will benefit in the same way, proportionally, over the lifespan of the strategy**

Full details of how the benefiting environmental projects will be chosen and funded will be explained within the NCIIP and will be closely linked to the sub-regional Green Infrastructure Strategy, the respective Local Nature Recovery Strategies² (LNRS) and the ecosystem services trading protocol.

- **Best for nature – a ‘*more, bigger, better & joined up*’ approach delivered at a local scale**

A regional NCIS will allow us to take a more comprehensive, shared approach to protecting and restoring our natural environment. We can identify and address cross-boundary issues, such as air pollution and water quality, and work together to develop a more connected and resilient network of natural habitats.

- **Delivering natural capital benefits, climate change mitigation and resilience which will benefit local people**

The NCIS will help to deliver a wide range of benefits for communities across Warwickshire, Coventry, and Solihull. These will include improved air quality, cleaner water, increased biodiversity, healthier people, and a more resilient environment in the face of climate change.

² DEFRA have identified Warwickshire as one Local Nature Recovery Strategy area whilst Coventry and Solihull are grouped with the Birmingham and Black Country authorities within the West Midlands Combined Authority area.

- **Working alongside other regional and national policies and strategies**

This joint sub-regional Investment Strategy and Implementation Plan will make it easier to align our strategies with the environmental ambitions of the West Midlands Combined Authority (WMCA) and national initiatives including the Environment Act 2021 and emerging Local Nature Recovery Strategies (LNRS). This will also reflect and enhance the overlap between the Warwickshire LNRS and WMCA LNRS.

2.16 Although investing in natural capital is an investment in nature and our environment, it is also an investment which benefits the people of Warwickshire, Coventry and Solihull. It could provide:

- cleaner water, green spaces and fresh air
- an investment in jobs and prosperity
- improved health and wellbeing
- an investment in our future and the future of our children

The Natural Capital Investment Strategy

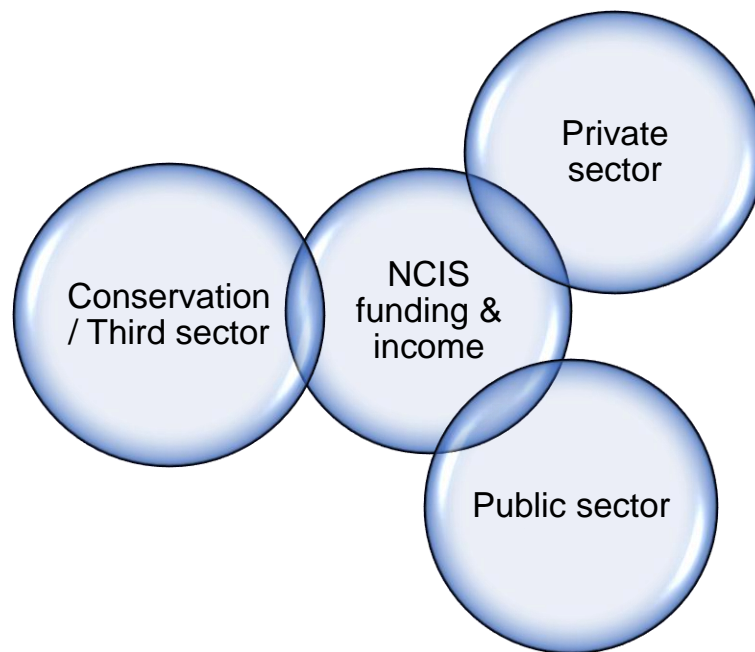
2.17 A Natural Capital Investment Strategy offers a critical tool in society's response to the biodiversity and climate emergencies by enabling the creation and enhancement of habitats, and increasing the resilience of the natural environment, communities and economy to the impacts of climate change, such as extreme weather events.

2.18 This Natural Capital Investment Strategy has been adopted as a top-level local authority strategy which manages how the sub-region Local Authorities will utilise the nature-based compensation monies, and other income streams, generated through the planning system or other voluntary environmental markets. This builds upon and continues the work carried out in developing the mandatory Warwickshire BNG market and developing Warwickshire Carbon and Environmental Markets.

2.19 The strategy gives a 'strategic direction of travel' for the local authorities to achieve and implement investment in Warwickshire, Coventry and Solihull's natural capital assets. The strategy lays the foundations for a detailed Natural Capital Investment Implementation Plan (NCIIP) that will describe what actions are required, how they will be carried out, who will be involved and how funding will be distributed, monitored and reported. The NCIIP will align with local strategies and policies including the 'Warwickshire, Coventry and Solihull Ecosystem Services Trading Protocol' [!\[\]\(003082e50e3009141f59bd5df831749f_img.jpg\) WCSGI Strategy CSWAPO consultation](#).

2.20 The NCIIP will be based upon a blended finance model (see diagram 2) incorporating public, private and third sector income streams in addition to grant funding, philanthropic support and some of the monies already generated through mandatory BNG.

Diagram 2: The key elements of a blended finance approach.



2.21 The purpose of the plan, and the Warwickshire, Coventry and Solihull Ecosystem Services Trading Protocol (currently in development), is to examine the roles of different types of potential sellers, buyers and investors within the wider picture of the social, economic and governance structure of the county and supporting local and national environmental policies and regulations. The plan will include a pipeline of potential projects, financial flow models (to facilitate income streams from the public, private and third sectors) and contain the recommendations to put the plan into practice over the next ten years.

2.22 Following adoption of the NCIS, the accompanying NCIIP will develop a range and pipeline of environmental projects and it will model potential flows of finance and investment, and could produce a process similar to the draft proposal presented in diagram 3.

Diagram 3: A draft financial flow model for the NCIS and NCIIP.



2.23 This indicative model shows how finance and investment could flow through a NCIIP. It shows sources of income and investment, and projects that these could support. The sizes of arrows indicate the relative amounts of investment, funding or profit (return on investment) that might be expected.

2.24 See Appendix 1 for examples of UK NCIS visions or key principles, and Appendix 2 for examples of UK Natural Capital Investment Strategies and approaches.

2.25 It is important that the NCIS works alongside all relevant, current and forthcoming national and regional policies and strategies (see diagram 4). These include the Environment Act 2021, emerging Local Nature Recovery Strategies (LNRS) for Warwickshire and the West Midlands, current and forthcoming Local Planning documents and the Warwickshire, Coventry and Solihull Sub-regional Green Infrastructure Strategy.

2.26 A full list of these policies, with hyperlinks where suitable, is given in Appendix 3.

2.27 Diagram 4: The inter-relationships between the NCIS and other local/regional environmental initiatives.



3 The Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy (NCIS)

3.1 Strategic aim and outcomes of the NCIS

3.1.1 Strategic aim

Local authorities in Warwickshire, Coventry and Solihull (WCS) will use the income raised from environmental markets and nature-based compensation schemes to enhance nature and the environment, benefit its people and help tackle climate change. They will do this through an agreed, region-wide strategy and Natural Capital Investment Implementation Plan (NCIIP).

3.1.2 Key outcomes

- The Warwickshire local authorities, working in partnership with Coventry and Solihull, will be recognised as being leaders in the provision of high quality, high integrity environmental markets and nature-based compensation schemes.
- The strategy will ensure that all legal agreements for the delivery of nature-based compensation schemes (e.g. Biodiversity Net Gain (BNG)) are fulfilled and fully compliant with respective legislation.
- The strategy will provide enduring financial opportunities to support environmental initiatives within the sub-region, for example by offering repayable development finance, environmental market development or pump-priming opportunities.
- Key local authority leaders and decision makers will have a good awareness and understanding of Natural Capital approaches and Ecosystem Services. This will include knowledge and understanding of the associated markets, income streams and investment opportunities which could benefit the local authorities, its people, nature, environment and economy.
- The strategy will help develop and promote Warwickshire's green ambitions and credentials, and complement the range of national and local nature recovery strategies, policies and projects in Warwickshire and adjoining Coventry and Solihull.
- The strategy will increase cross-boundary working and departmental cross-cutting themes, and incorporate them in all relevant local authority and regional strategies and policies, e.g. community, climate, health and wellbeing, power, transport, etc.
- The strategy will support the development, implementation, monitoring and long term management of a Natural Capital Investment Implementation Plan.

- Environmental markets and funding/income streams will be developed and delivered within the sub-region.

Where appropriate, it is envisaged that environmental initiatives will be developed in strategic locations as close to the planned loss (e.g. BNG) or damage (e.g. water or air quality) as possible, with any habitat banks being designed to match this approach. Subject to ecological advice, the Warwickshire, Coventry and Solihull sub-regional green infrastructure strategy mitigation hierarchy and Governing Board approval.

3.2 Summary of actions, roles and responsibilities

3.2.1 The key actions for delivery of the NCIS will be:

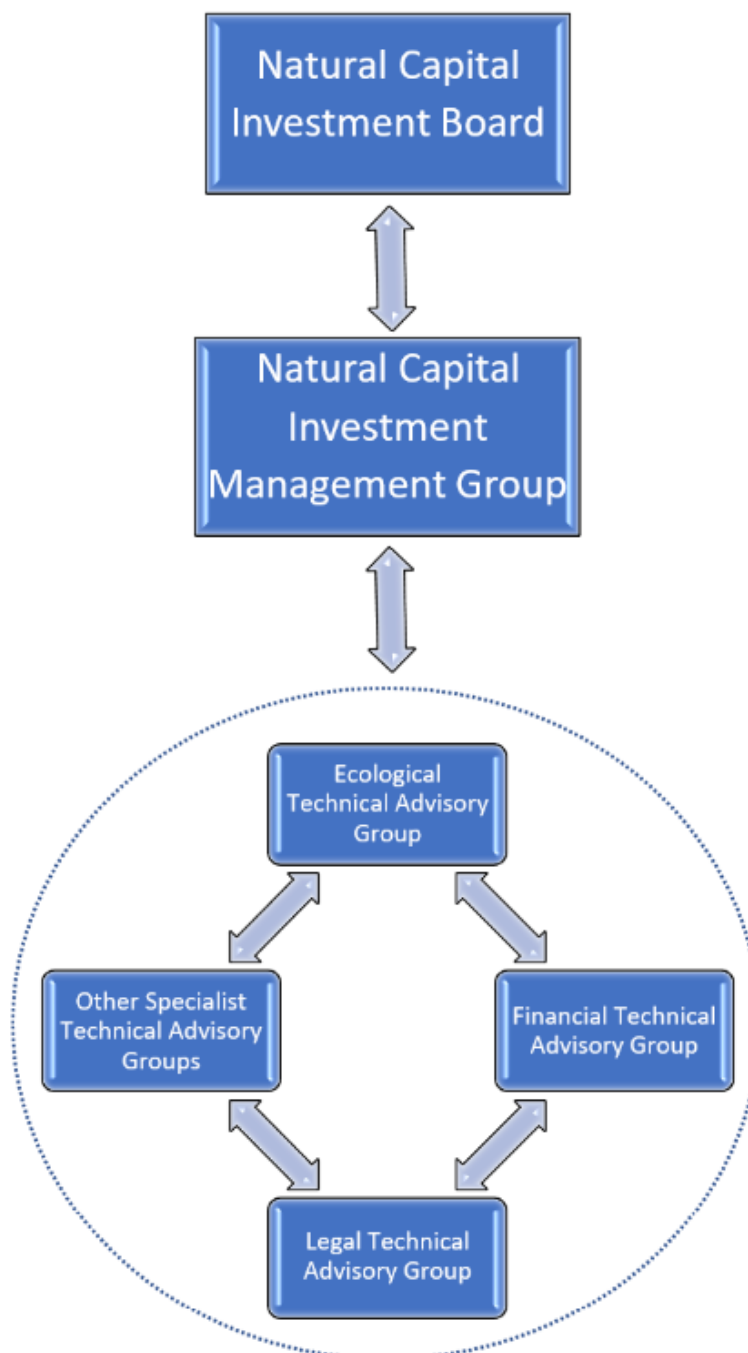
- A commitment to biodiversity and the recovery of nature through all WCS local authorities adopting a natural capital approach.
- Embed a natural capital approach within all current and forthcoming local authority policies and strategies.
- Development and implementation of the NCIIP.

3.2.2 The outcomes for the NCIS will be delivered as part of the development, delivery and implementation of the NCIIP. This is currently being managed by Warwickshire County Council, supported by a specialist, external consultant.

3.3 Governance

3.3.1 Governance of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy and Implementation Plan will be managed by the Warwickshire, Coventry and Solihull Natural Capital Investment Board. The Board will be supported by a Natural Capital Investment Management Group and Technical Advisory Groups (see diagram).

Diagram 5: An indicative governance structure for the NCIS*



*Governance structure since updated July 2024

Natural Capital Investment Board (NCIB)

3.3.2 Membership will be comprised of the relevant Cabinet Member, or representative, from each of the eight constituent authorities. Initial leadership will be provided by Warwickshire County Council, until a Chair is elected.

3.3.3 The Investment Board is the key steering and decision body for the implementation of the WCS Natural Capital Investment Strategy and Implementation Plan. All eight local authorities have formally agreed the creation of the Board and the following tasks and responsibilities.

3.3.4 The objective of the Board is to ensure that decisions made in respect of natural capital investment are transparent, sustainable and ultimately maximise the benefit to the environment and the local communities in Warwickshire, Coventry and Solihull.

Natural Capital Investment Management Group (NCIMG)

3.3.6 This group will be responsible for drafting reports and advising the Board on non-delegated decisions. Membership of this group will comprise relevant senior officers from each of the eight constituent authorities.

3.3.7 The Natural Capital Investment Management Group will have delegated powers and budgetary control as agreed by the NCIB.

Technical Advisory Groups

3.3.8 In order to identify and select potential projects and income/investment opportunities the Natural Capital Investment Management Group will need to seek advice from a range of technical advisory groups. The groups will comprise relevant experts and specialists from within local authority, statutory body and third sector partner teams, as necessary. The operational work of such groups will be overseen by a member(s) of the Management Group.

3.3.9 The Technical Advisory Groups will provide technical advice and direction in progressing and co-ordinating the various programmes, projects and funding bids.

3.4 Internal partners and stakeholders

3.4.1 Local Authority partners

- Coventry City Council
- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Rugby Borough Council
- Solihull Metropolitan Borough Council
- Stratford District Council
- Warwickshire County Council
- Warwick District Council

Note that external partners and stakeholders are not considered to be required for this local authority-focussed approach. However, they will be involved in the development of the NCIP.

3.5 Funding and income sources

The current funding situation

3.5.1 Income has been generated through planning contributions and trading credits/units from ecosystem service markets (BNG) linked to local authority regulatory functions. Current funds are held within various local authority S106 accounts and these are paid to project delivery organisations on an annual basis, so there are significant surplus funds in the S106 accounts which we have access to.

How will income be generated within the NCIS going forwards?

3.5.2 Current ecosystem services markets applicable to Warwickshire, Coventry and Solihull:

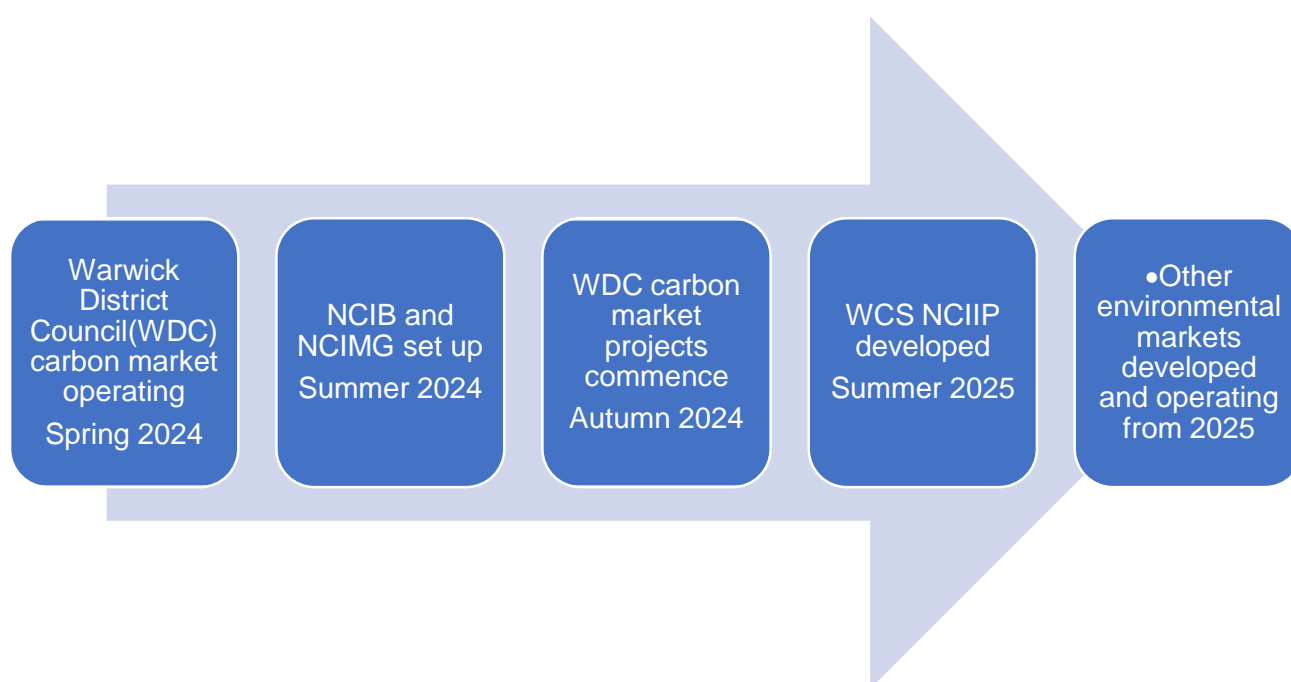
- Biodiversity Net Gain (currently mandatory in Warwickshire, Coventry and Solihull and nationally mandated from January 2024)
- Woodland Carbon (through implementation of the Warwickshire Carbon Standard linked to the Warwick District Council Net Zero Carbon Policy)
- District Level Licensing funding (e.g. great crested newts)

3.5.3 Forthcoming ecosystem services markets which could be applicable to Warwickshire, Coventry and Solihull:

- Future carbon markets, including soil, grassland and hedgerows.
- Air quality
- Flood risk mitigation
- Nutrient neutrality
- Water quality
- Green social prescribing
- Health and wellbeing

3.5.4 For all ecosystem services markets a mitigation hierarchy will be developed, influencing what mitigation will be required and where it should be carried out. See the Warwickshire, Coventry and Solihull sub-regional Green Infrastructure Strategy and diagram 7.

3.5.5 Diagram 6: A proposed roadmap towards the development of an NCIIP and environmental markets in Warwickshire, Coventry and Solihull.



How will this income be used?

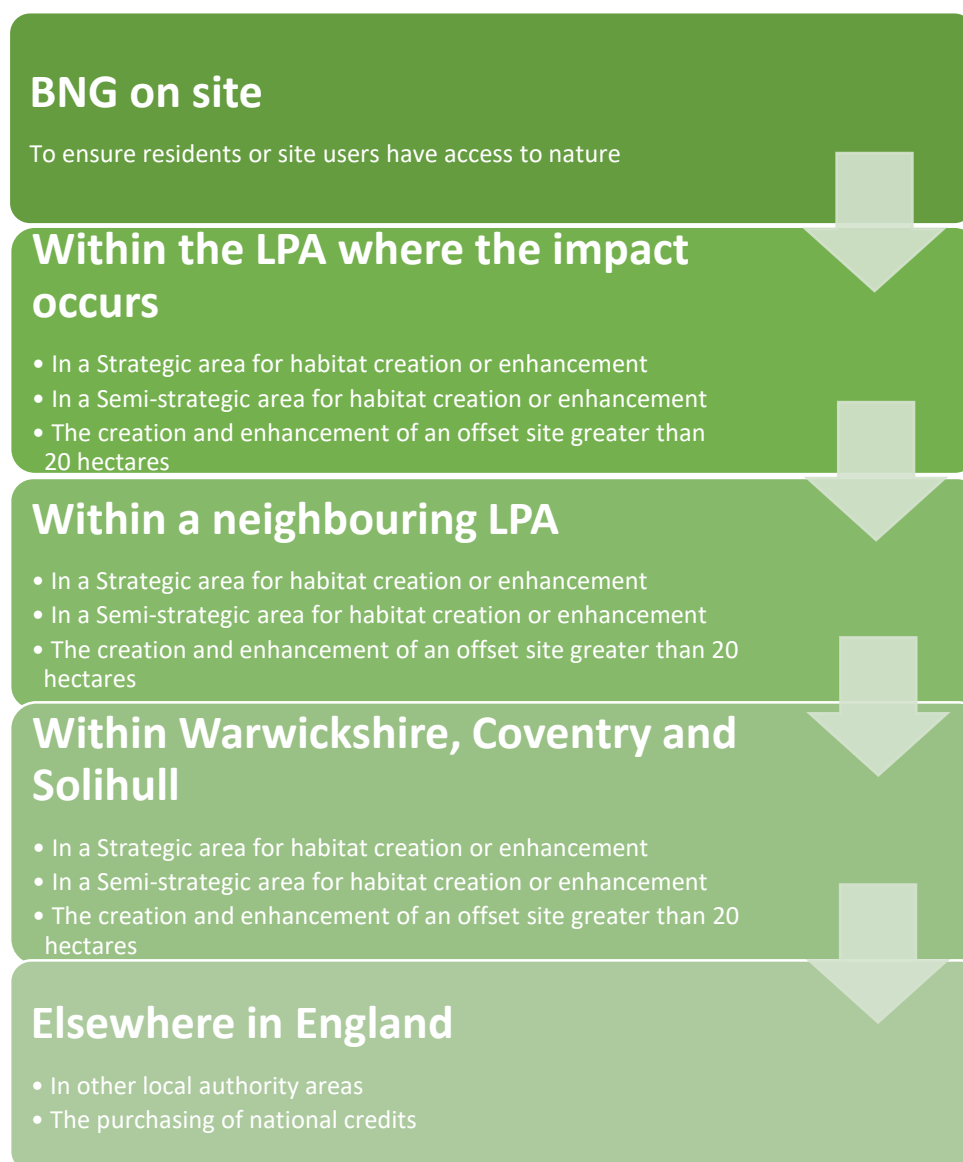
3.5.6 Note: This section covers what the NCIS and the Board (NCIB) will do with the monies already generated, and earmarked for spending, from the current BNG market and with any newly raised monies going forwards. It must follow current and future national trading rules and schemes.

3.5.7 Funds generated from environmental markets and nature-based compensation schemes will be available to support environmental initiatives within the sub-region, specifically those focussing upon enhancing biodiversity and tackling climate change. These will be exclusively natural capital related projects.

3.5.8 Environmental initiatives will be developed in appropriate strategic locations however all decisions will be subject to ecological advice and NCIB approval. Diagram 7 suggests a sequential mitigation hierarchy for BNG, a similar hierarchy could be applied to other environmental projects, and ecosystem services markets, and become a key part of the spatial decision-making process. Every local authority area will receive a fair share of the benefits in proportion to the funds or investments raised within its boundaries. This will help to ensure that the strategy is equitable and that all

residents and communities have the opportunity to benefit from improvements to the local natural environment.

3.5.9 Diagram 7: Here the Warwickshire, Coventry and Solihull BNG mitigation hierarchy (currently being consulted upon as part of the sub-regional GI strategy) is presented as an example of what a future Ecosystem Service or Natural Capital Investment Strategy hierarchy might look like. The actual hierarchies adopted will be designed by the Natural Capital Investment Management Group and ratified by the Natural Capital Investment Board.



3.5.10 Current funds are already allocated to specific 'spends' associated with habitat compensation agreements (e.g. BNG), so any finance made available to other projects will need to conform to strict risk, repayment, liquidity and return on investment rules which will be determined within the proposed Natural Capital Investment Implementation Plan. Decisions will also consider the potential benefits for nature, the environment and people of the sub-region. Examples could include

offering repayable development finance, market development or pump-priming opportunities.

3.5.11 Future income will be subject to similar rules, though the requirement for repayment or return on investment will be determined by the funding source and the discretion of the Governing Board and/or awarding body. From Spring 2024 BNG will be nationally mandated and traded income will need to follow statutory Defra rules and regulations.

3.5.12 It is important to plan for and manage risks associated with any income streams, financing and investment arrangements as well as in any proposed environmental projects or initiatives. A detailed Risk Management Plan will be developed within the NCIIP.

Appendix 1 - Examples of UK NCIS visions or key principles

- **Solihull Council draft NCIS vision**

Solihull is a borough where all parts of society, including local authorities, companies, non-governmental organisations (NGOs) and communities can enjoy the benefits, are invested in the protection of and have access to all parts of the natural environment and recognise our reliance on natural capital and the impact we have on it.

- **Warwickshire, Coventry and Solihull Sub-regional Green Infrastructure Strategy**

Vision

A diverse and well-managed Warwickshire, Coventry and Solihull Green Infrastructure network that underpins the quality of life for communities. This will be the result of a well-connected, accessible and biodiversity resilient landscape, supporting economic growth, social health and climate change adaptation.

- **Surrey Nature Partnership (LNP led by the Surrey Wildlife Trust)**

Vision

A thriving, resilient and attractive county providing natural benefits to all who live and work here.

- **Sussex LNP**

Overarching principle

A commitment to biodiversity within the natural capital approach.

Key elements of the strategy:

1. Protection and enhancement of natural capital
2. Investment in natural capital to deliver specific benefits and services
3. Making it happen: the steps needed to take the natural capital approach forward within Sussex through the work of the LNP

In Summary the strategy seeks to:

- Gain a better understanding of the natural capital of Sussex, where it is located and what benefits it provides to the economy of the area, using the best data available.
- Assess how best to focus effort, resources and funds to look after natural capital assets for the benefit of nature and people.
- Identify opportunities to use a natural capital approach to enhance services and benefits, such as clean water, accessible nature, carbon storage, flood risk reduction and healthy/productive inshore waters.

- Provide guidance on the steps needed to take this strategy forward into action.
- **North Devon Biosphere Natural Capital Strategy**

Their natural capital strategy identifies four priorities for urgent action:

- Protect and improve water quality
- Minimise flood risk
- Increase carbon capture and storage
- Manage tourism and recreation pressure

Here are two examples of Investment visions or key principles:

- **HSBC Pollination: Nature is capital**

Sustainable investment in natural capital provides exposure to projects focused on nature including sustainable forestry, regenerative and sustainable agriculture, water supply, blue carbon (carbon captured by oceans and coastal ecosystems), nature-based biofuels, or nature-based projects that generate returns from reducing greenhouse emissions.

- **Triodos Bank**

We believe investing should support a sustainable future. All the **investments in our funds** have been hand-picked by impact investing experts using a themed approach, which ensures they have a positive impact on society and the environment.

Appendix 2 – Examples of UK Natural Capital Investment Strategies and approaches

The **Solihull Metropolitan Borough Council** draft Natural Capital Investment Strategy



Draft NCIS
September 2023.docx

In 2015, the **Surrey Nature Partnership** launched 'Naturally Richer - A Natural Capital Investment Strategy for Surrey'

(<https://surreynaturepartnership.files.wordpress.com/2015/11/naturally-richer-a-natural-capital-investment-strategy-for-surrey.pdf>).

This was a high-level document which gave a strategic direction of travel for implementing investment in Surrey's natural capital assets. It explained why it mattered and indicated the key areas where they thought they needed to develop in order to secure investment. The Surrey Nature Partnership used this strategy to develop a natural capital investment plan in 2018.

Sussex Local Nature Partnership launched their 2019-2024 Natural Capital Investment Strategy in December 2019.

Summary [Microsoft Word - Natural Capital Investment Strategy Summary Feb2020.docx \(sussexlnp.org.uk\)](#)

Full document [Microsoft Word - Natural Capital Investment Strategy ADOPTED Final Dec 2019.docx \(sussexlnp.org.uk\)](#)

The aim of their strategy is to:

- Support nature's recovery as a fundamental component of a healthy, prosperous and secure future for Sussex
- Protect and enhance the natural assets of Sussex so that these continue to provide multiple benefits for people into the future
- Position nature as a foundation for a strong, stable local economy and resilient society
- Increase resilience of natural capital assets in the face of current and future risks, such as climate change, increasing development and extreme weather events, which in turn will help to secure the benefits they provide

Their strategy provides:

- Initial understanding (based on best available data) of the natural capital of Sussex, where it is located and the raft of benefits and services it provides to people and the economy of the area
- Initial strategic assessment of how best to focus effort, resources and funds to protect and enhance the stock of natural capital assets for the benefit of nature and people

- Identification of opportunities to use a natural capital approach to deliver specific outputs of interest to LNP members, such as clean water, accessible nature, carbon storage and flood risk reduction
- Guidance on the steps needed to take this broad spatial strategy forward into action and outcomes on the ground

The **North Devon Biosphere Natural Capital Strategy** highlights a range of workable and affordable interventions, their next steps are to get these delivered in a consistent and organised way.

To deliver change at the scale that is needed they need to transform the way they manage the environment. Specifically, they need an approach designed for engaging with a complex system. They believe that this will require adoption and progression of four key management principles:

- **Institutional responsibility** - each environmental problem needs to be owned by an organisation or formal partnership.
- **Adaptive management** - declaring a target, tracking progress against it and adapting plans and investments as required.
- **Localisation** - devolving responsibility of environmental management to a geographical level discrete enough for integrated planning.
- **Shared commitment** – schemes should be co-developed and have shared understanding and commitment between stakeholders.

The North Devon Biosphere is working to make these a reality and engage with national and local partners. They are also considering developing a natural capital spatial plan to ensure that the right investments go in the right places.

Here is the strategy summary document

<http://publications.naturalengland.org.uk/file/4576451154411520>

In 2022, **Cornwall Council** produced an 'Investing in nature guidebook'

<https://letstalk.cornwall.gov.uk/19619/widgets/55725/documents/32282> and an 'Investing in nature process checklist'

<https://letstalk.cornwall.gov.uk/19619/widgets/55725/documents/32319> .

Appendix 3 - Current and forthcoming international, national and regional policies and initiatives

The NCIS needs to work alongside the following policies and initiatives:

Note: These were current at the time of writing

International

- [G7 2030 Nature Compact \(2021\)](#)
- [Kunming-Montreal Global Biodiversity Framework \(COP15\) December 2022](#)
- [IPCC AR6 Synthesis Report: Climate Change 2023](#)

National

- [Environment Act 2021](#)
- [The 25 Year Environment Plan 2018](#)
- [Environment Improvement Plan 2023 \(first revision of 25 Year Environment Plan\)](#)
- [The Levelling Up and Regeneration Bill](#)
- Forthcoming Land Use Framework 2023
- [Environmental Land Management schemes \(ELMs\)](#)
- [Natural England Green Infrastructure Framework](#)
- [National Planning Policy Framework \(NPPF\) 2023](#)
- [The John Lawton Review 2010 – Making Space for Nature](#)
- [The Natural Environment White Paper \(NEWP\) The Natural Choice: Securing the Value of Nature \(2011\)](#)
- [England Tree Strategy \(2021\)](#)
- [England Peat Action Plan \(2021\)](#)
- [National Pollinator Strategy \(2014\)](#)
- [Biodiversity Net Gain \(2024\)](#)
- [Nature Recovery Networks](#)
- [The Economics of Biodiversity: The Dasgupta Review \(2021\)](#)
- [State of Nature Report \(2013, 2016, 2019, 2023\)](#)
- [Nature Positive 2030 \(2022\)](#)
- [Urban Design Compendium](#)
- [National Design Guide](#)
- [National Model Design Code](#)
- [Building for Healthy Places](#)
- [Building for a Healthy Life](#)
- [Building with Nature](#)

Regional

- Emerging Local Nature Recovery Strategies (LNRS) for Warwickshire and West Midlands
- Current and forthcoming Local Plans
- [Warwickshire, Coventry and Solihull Sub-regional Green Infrastructure Strategy](#)

- Draft Solihull Metropolitan Borough Council Natural Capital Investment Strategy (NCIS)
- [Warwickshire Local Nature Partnership plans and initiatives](#)
- [Warwickshire, Coventry and Solihull Species and Habitat Action Plans](#)
- [Warwickshire Landscape Guidelines for Arden](#)
- [Warwickshire Sustainable Futures Strategy](#)
- [Solihull Green Infrastructure Study](#)
- [Warwickshire Historic Landscape Characterisation](#)
- [Warwickshire Historic Farmsteads Characterisation](#)
- Catchment Management Plans
- [West Midlands Natural Environment Plan 2021-2026](#)
- Warwickshire, Coventry and Solihull Local Authority Corporate Strategies
- Warwickshire, Coventry and Solihull Local Authority Climate Change Strategies
- Warwickshire, Coventry and Solihull Local Authority Health and Wellbeing Strategies
- Warwickshire, Coventry and Solihull Local Authority Flood Risk Management Strategies
- Warwickshire, Coventry and Solihull Local Authority Air Quality Management Strategies
- Warwickshire, Coventry and Solihull Local Authority Tree Planting and Woodland Strategies
- Warwickshire, Coventry and Solihull Local Authority Green Space Strategies
- Warwickshire, Coventry and Solihull Local Authority Economic Strategies
- Emerging Warwick District Council Biodiversity Action Programme
- Emerging Warwick District Council Net Zero Carbon Development Plan Document (DPD)

Warwickshire, Coventry & Solihull Natural Capital Investment and Implementation Plan (NCIIP)

Skeleton plan: What will the NCIIP contain?

Main sections

- How the NCIIP will support and enable the Natural Capital Investment Strategy (NCIS)
- How and where income will be generated.
- Where funds will be kept and managed
- In line with the NCIS, the criteria for deciding what is funded and how
- Method of identifying investible or fundable projects (standard proforma?).
- Portfolio of current sites/projects and a pipeline of investment-ready projects
- Operating model
- Marketing and business strategies for investment and income generation.
- NCIIP role in supporting (but not developing) new Environmental Services markets.
- Links with wider regional strategies/policies – i.e. using monies to help pump-prime or support Local Nature Recovery Strategy, Green Infrastructure Strategy and other strategic initiatives.
- Financial requirements including requirements for investments or loans.
- Funding and investment decision-making processes and roles (including mitigation or funding hierarchies).
- Monitoring and reporting processes.
- Legal implications/parameters.
- Governance and accountability relating to specific funded projects.
- Links and relationships with funding bodies
- Insurance requirements.
- Ethical implications/parameters.
- Day to management of the NCIS and NCIIP including any staffing, costs and funding.

Agenda Item No 10

Executive Board

10 February 2025

Report of the Chief Executive and the Monitoring Officer

Local Government Standards System

1 Summary

- 1.1 This report asks the Board to note the draft revised Local Government Standards System which is currently being consulted on and confirm any comments to be submitted to Government.

Recommendation to the Board

- a That the report be noted; and
- b That Members confirm comments to be submitted in response to the consultation.

2 Report

- 2.1 Some Members may recall that the Localism Act 2011 introduced the current standards regime for Councillors. Prior to that Members could be suspended or excluded from office however the 2011 changes reduced considerably the sanctions available to a Council when Code of Conduct complaints have been upheld.
- 2.2 As part of its reforms regarding Local Government (including funding and the audit system), the Government has launched a consultation on wide-ranging reforms to the local government standards system, including reintroducing powers of suspension (for up to six months and including the possibility of interim suspensions in the most serious cases) and widening circumstances in which Members can be disqualified. It also suggests that if a Member is suspended more than once in a five year period then they be disqualified from standing for office for five years, and for 'gross misconduct' such as theft or violence.
- 2.3 The consultation, 'Strengthening the standards and conduct framework for local authorities in England', also asks for views on implementing sanctions such as premises bans for Councillors, setting up a national body for handling appeals, and a new mandatory element for a Council's Code of Conduct. There would also be a requirement to have a Standards Committee (not currently mandatory as Councils only need to have 'arrangements' for dealing with complaints), to publish a summary of the outcomes of investigations and complaints and to continue with investigations even if a Member resigns.

- 2.4 In a foreword to the document, Jim McMahon, Minister for Local Government and English Devolution, said the reforms aim to help Councils run smoothly and hand them the "appropriate and proportionate means to deal with misconduct effectively and decisively when it does occur".
- 2.5 On powers of suspension, the document suggested that local authorities should have the power to suspend councillors for serious code of conduct breaches for a maximum of 6 months, "with the option to withhold allowances and institute premises and facilities bans where deemed appropriate". The consultation document states that "feedback from the local government sector in the years since the removal of the power to suspend councillors has indicated that the current lack of meaningful sanctions means local authorities have no effective way of dealing with more serious examples of member misconduct. The government recognises that it is only a small minority of members who behave badly, but the misconduct of this small minority can have a disproportionately negative impact on the smooth running of councils."
- 2.6 In the event of a suspension, the consultation proposed introducing a right of appeal for any Member subject to a decision to suspend them.
- 2.7 The document also called for views on whether the more serious sanctions should be available to Standards Committee or only if a case is referred to a national independent body. The Government is also consulting on whether appeals panels should be in-house within local authorities or whether it is right that this responsibility also should only sit with an independent national body.
- 2.8 From an Officer perspective, the introduction of sterner sanctions is welcomed and it is acknowledged that these would be appropriate only in the most serious cases, or where behaviour does not improve. The key questions in the consultation are:
- a should a power of suspension be available
 - b should that power be available to the Council's Standard Committee
 - c should there be a right of appeal to an external body for suspensions
 - d should other sanctions such as premises bans, facilities ban and withholding of allowances be available
 - e should any of these sanctions be available on an interim basis
 - f should there be a new ground of disqualification is a Member is suspended twice within a five year period
- 2.9 In Officers' view all of the above are supported, with the caveat that interim suspensions should only be for matters that have also been reported to the Police, involve theft or violence or are of a similar nature. With regard to disqualification for gross misconduct, Officers believe that should be the subject of the independent appeals process as well.
- 2.10 The Chief Executive and the Monitoring Officer will reply to the consultation on this basis as statutory officers are asked for their views in the consultation. Members are asked whether they wish to endorse the above views or

otherwise vary them in respect of a consultation response on behalf of the Council.

3 Report Implications

3.1 There are no specific implications at this stage.

The Contact Officers for this report are Steve Maxey (719438) and Sofia Ali (719251).

Agenda Item No 11

Executive Board

10 February 2025

Report of Head of Legal Services

Data Protection Policies and procedures

1 Summary

1.1 The Report seeks to approve the following Policies:

- Data Protection Policy
- Data Breach Policy and Procedure
- Access to Deceased Persons Records Policy
- Data Privacy Impact Assessment("DPIA") Procedure
- Legitimate Interest Assessment("LIA") Procedure

Recommendation to Executive Board

To approve and formally adopt the attached Policies

2 Introduction

2.1 The Council has a requirement to have Policies in Place to deal with Data Protection in accordance with the UK GDPR 2021 and Data Protection Act 2018.

2.2 The establishment of an effective framework to govern the Council's personal and sensitive information will help enable it to use information with confidence in supporting service delivery, meet its compliance obligations and minimise the risk of loss, inappropriate access or disclosure of information. Where the Council requires consent from individual to share data, the Council will ensure that appropriate consents are obtained.

2.3 The DPIA and LIA provides a process by which the Council is risk assessing the Data that the Council is processing and ensuring that adequate protection is in place.

2.4 The above policies attached at Appendix A provides the framework for how the Council deals with Data Protection. Good Governance of personal and sensitive data is vital for the Council to operate effectively. The information we hold is an asset. If we use it well it provides many opportunities as it helps the Council be more efficient, improves the services we offer and engenders trust to members of the public, contractors and Colleagues. The policies are broken down into sections and are in details and will be implemented immediately upon approval.

- 2.5 Should the Council's information not be handled to appropriate standards there is potential risk for:
- inability to provide necessary services to our Residents, Tenants, Contractors and Colleagues
 - breach of legislation
 - loss, inappropriate access to or disclosure of information
 - hindrance to or loss of information assets or facilities
 - reputational damage
 - financial penalties

The policy affords the Council to put in place appropriate organisational and technical measures to help ensure the processing of personal data in relation to members of the public, Colleagues and partners is conducted in accordance with the UK GDPR and DPA.

3 Report Implications

3.1 Legal Considerations

- 3.1.1 The Data Protection Act 2018 and the UK GDPR 2018 sets out the framework for Data Protection Legislation in the UK. The DPA updated and replaced the Data Protection Act 1998, and came into effect on 25 May 2018, however the GDPR 2016 was subsequently amended on 1 January 2021 by regulations under the European Union (Withdrawal) Act 2018, to reflect the UK's status outside the EU.
- 3.1.2 DPA 2018 sits alongside and supplements the UK General Data Protection Regulation (UK GDPR). The UK GDPR is the retained EU law version of the General Data Protection Regulation ((EU) 2016/679) (EU GDPR) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018.
- 3.1.3 The ICO regulates data protection in the UK. Non-compliance with data protection law amounts to breach, with penalties for breach including the imposition of fines.

3.2 Financial considerations

- 3.2.1 There are no direct financial implications from this report. However, if measures are not in place to mitigate risks there is the possibility of financial penalties being received.

3.3 Equalities Considerations

- 3.3.1 There are no Equality considerations.

The Contact Officer for this report is Sofia Ali (719251).

Background Papers

Background Paper No	Author	Nature of Background Paper	Date

NORTH WARWICKSHIRE CREST BOROUGH COUNCIL

DATA PROTECTION POLICY

1. Introduction

- 1.1 North Warwickshire Borough Council ("Council") takes its responsibilities with regards to the management of the requirements of the Data Protection Act 2018 ("DPA"), UK General Data Protection Regulations ("UK GDPR"), Privacy and Electronic Communications Regulations 2003 ("PECR") very seriously.
- 1.2 The Council obtains, uses, stores and otherwise processes personal data relating to residents, customers/applicants, tenants, current and former Councillors, potential employees, current employees, temporary employees, former employees and tenants, current and former contractors, website users and contacts, collectively referred to in this policy as "data subjects". When processing personal and sensitive data, the Council is obliged to fulfil individual's reasonable expectations of privacy by complying with the DPA and UK GDPR and any other relevant data protection legislation ("Data Protection Law").
- 1.3 This policy applies to all personal data we process regardless of the location where the personal data is stored and regardless of the data subject. We will, therefore, follow appropriate policy and procedures to ensure that all our employees, Councillors and others working on our behalf, who have access to or process any personal information held by us, or on our behalf, are made aware of their duties and responsibilities under the UK GDPR and Data Protection.
- 1.4 This Policy sets out the Council's commitment to data protection and individual rights in relation to personal and sensitive data. The Policy explains how the Council will hold personal information and explains the rights of a "Data subject".
- 1.5 This Policy replaces any earlier policy. The Data Protection Policy sets out the overarching policies and procedures for the information governance framework for the Council. The policy sets out the Council's commitment.
- 1.6 Disciplinary action may be taken against employees for non-compliance with this policy and legislation.

2. Purpose

- 2.1 This document sets out the Council's Policy to ensure we are:
 - 2.1.1 Clear about how personal data must be processed and the Council's expectations for all those who process personal data on its behalf;
 - 2.1.2 Comply with data protection law and good practice.
 - 2.1.3 Protect the Council's reputation by ensuring the personal data entrusted to us is processed in accordance with data subject rights
 - 2.1.4 Protect the Council from risks of personal data breaches and other breaches of the data protection legislation.

3. Legal and Regulatory framework

- 3.1 The DPA and UK GDPR set out the requirements to Data Protection, the Council has a duty to safeguard the rights and freedoms of individuals when processing their personal and sensitive data.

- 3.2 There are other data protection related laws which are relevant to this policy including the Privacy and Electronic Communications Regulations 2003, the Freedom of Information Act 2000, the Protection of Freedoms Act, the Common Law Duty of Confidentiality, Data Retention and Investigatory Powers Act 2014, Computer Misuse Act 1990, Human Rights Act 1998, and others. The Council will endeavour to ensure that the appropriate legislation is followed in all its policy and procedures relating to personal data.

4. Statement of Policy

Personal Data Protection Principles

- 4.1 When processing personal data, the Council will be guided by the following principles which are set out in the DOA and UK GDPR. The Council is responsible for and must be able to demonstrate compliance with the data protection principles listed below:

The principles require personal data to be:

- 4.2 Processed lawfully, fairly and in a transparent manner. Detail on how to achieve this can be found in Appendix 1.
- 4.3 Collected only for specified, explicit and legitimate purposes and not further processed in a manner incompatible with those purposes (Purpose Limitation). Detail on how to achieve this can be found in Appendix 2.
- 4.4 Adequate, relevant and limited to what is necessary in relation to the purposes for which it is Processed (Data Minimisation). Detail on how to achieve this can be found in Appendix 2.
- 4.5 Accurate and where necessary kept up to date (Accuracy). Detail on how to achieve this can be found in Appendix 2.
- 4.6 Not kept in a form which permits identification of data subjects for longer than is necessary for the purposes for which the personal data is processed (Storage Limitation). Detail on how to achieve this can be found in Appendix 2.
- 4.7 Processed in a manner that ensures its security, using appropriate technical and organisational measures to protect against unauthorised or unlawful processing and against accidental loss, destruction or damage (Security, Integrity and Confidentiality). Detail on how to achieve this can be found in Appendix 2.

Data Subject Rights

- 4.8 Data subjects have rights in relation to the way the Council handle individual personal and sensitive data. These include the following rights:
- 4.8.1 Where the legal basis of our processing is Consent, to withdraw that Consent at any time.
 - 4.8.2 To ask for access to the personal data that we hold (see below).
 - 4.8.3 To prevent our use of the personal data for direct marketing purposes.
 - 4.8.4 To object to our processing of personal data in limited circumstances.
 - 4.8.5 To ask us to erase personal data without delay:

- if it is no longer necessary in relation to the purposes for which it was collected or otherwise processed.
- if the only legal basis of processing is consent and that consent has been withdrawn and there is no other legal basis on which we can process that personal data.
- if the data subject objects to our processing where the legal basis is the pursuit of a legitimate interest, or the public interest and we can show no overriding legitimate grounds or interest.
- if the data subject has objected to our processing for direct marketing purposes.
- if the processing is unlawful.

4.8.6 To ask us to rectify inaccurate data or to complete incomplete data.

4.8.7 To restrict processing in specific circumstances e.g. where there is a complaint about accuracy.

4.8.8 To ask us for a copy of the safeguards under which personal data is transferred outside of the EU.

4.8.9 The right not to be subject to decisions based solely on automated processing, including profiling, except where necessary for entering into, or performing, a contract, with the Council; it is based on the data subject's explicit consent and is subject to safeguards; or is authorised by law and is also subject to safeguards.

4.8.10 To prevent processing that is likely to cause damage or distress to the data subject or anyone else.

4.8.11 To be notified of a personal data breach which is likely to result in high risk to their rights and freedoms.

4.8.12 To make a complaint to the ICO.

Accountability

4.8 The Council must implement appropriate technical and organisational measures in an effective manner to ensure compliance with data protection principles. The Council is responsible for, and must be able to demonstrate compliance with, the data protection principles.

4.9 The Council must therefore apply adequate resources and controls to ensure and to document DPA and UK GDPR compliance including:

4.9.1 Appointing a suitably qualified DPO.

4.9.2 Implementing Privacy by Design when processing personal data and completing a Data Protection Impact Assessment (DPIA) where processing presents a high risk to the privacy of data subjects.

4.9.3 Integrating data protection into our policies and procedures, in the way personal data is handled by us and by producing required documentation such as Privacy Notices, Records of Processing and records of Personal Data Breaches.

4.9.4 Training employees on compliance with Data Protection Law and keeping a record; accordingly.

4.9.5 Regularly testing the privacy measures implemented and conducting periodic reviews and audits to assess compliance, including using results of testing to demonstrate compliance improvement effort.

Responsibilities

- 4.10 As the Data Controller, the Council is responsible for establishing policies and procedures in order to comply with data protection law.

Data Protection officer responsibilities

- 4.11 The DPO is responsible for:
- 4.11.1 Advising the Council and its employees of its obligations under DPA and UK GDPR
 - 4.11.2 Monitoring compliance with this Regulation and other relevant data protection law, the Council's policies with respect to this and monitoring training and audit activities relate to DPA and UK GDPR compliance
 - 4.11.3 To provide advice were requested on data protection impact assessments
 - 4.11.4 To cooperate with and act as the contact point for the Information Commissioner's Office
 - 4.11.5 The data protection officer shall in the performance of his or her tasks have due regard to the risk associated with processing operations, taking into account the nature, scope, context and purposes of processing.

Employee Responsibilities

- 4.12 Employees who process personal data about Customers, Employees, applicants, contractors, temporary employees or any other individual must comply with the requirements of this policy. Employees must ensure that:
- 4.12.1 All personal data is kept securely;
 - 4.12.2 No personal data is disclosed either verbally or in writing, accidentally or otherwise, to any unauthorised third party;
 - 4.12.3 Personal data is kept in accordance with the Council's retention schedule;
 - 4.12.4 Any queries regarding data protection, including Subject Access Requests and complaints, are promptly directed to the Data Protection Officer;
 - 4.12.5 Any data protection breaches are swiftly brought to the attention of the Data Protection Officer and that they support the Data Protection Officer in resolving breaches; and
 - 4.12.6 Where there is uncertainty around a data protection matter advice is sought from the Data Protection Officer.
- 4.13 Employees who are unsure about who are the authorised third parties to whom they can legitimately disclose personal data should seek advice from the Data Protection Officer

Third Party Data Processors

- 4.14 Where external companies are used to process personal data on behalf of the Council, responsibility for the security and appropriate use of that data remains with the Council.
- 4.15 Where a third-party data processor is used:
- 4.15.1 A data processor must be chosen which provides sufficient guarantees about its security measures to protect the processing of personal data;
 - 4.15.2 Reasonable steps must be taken that such security measures are in place.
 - 4.15.3 A written contract establishing what personal data will be processed and

- for what purpose must be set out; and
- 4.15.4 A data processing agreement, available from the Data Protection Team, must be signed by both parties.
- 4.16 For further guidance about the use of third-party data processors please contact the Data Protection Team.

Data Subject Access Requests

- 4.17 Data subjects have the right to receive copy of their personal data which is held by the Council. In addition, an individual is entitled to receive further information about the Council's processing of their personal data as follows:
 - 4.17.1 The purposes
 - 4.17.2 The categories of personal data being processed
 - 4.17.3 Recipients/categories of recipient
 - 4.17.4 Retention periods
 - 4.17.5 Information about their rights
 - 4.17.6 The right to complain to the ICO
 - 4.17.7 Details of the relevant safeguards where personal data is transferred outside the EEA
 - 4.17.8 Any third-party source of the personal data.
- 4.18 You should not allow third parties to persuade you into disclosing personal data without proper authorisation.
- 4.19 The entitlement is not to documents per se, but to such personal data as is contained in the document. The right relates to personal data held electronically and to limited manual records.
- 4.20 You should not alter, conceal, block or destroy personal data once a request for access has been made. You should contact the IT team or obtain guidance from the DPO before any changes are made to personal data which is the subject of an access request.

Reporting a Personal Data Breach

- 4.21 The DPA and UK GDPR requires that we report to the Information Commissioner's Office (ICO) any personal data breach where there is a risk to the rights and freedoms of the data subject. Where the personal data breach results in a high risk to the data subject, they must also be notified unless subsequent steps have been taken to ensure that the risk is unlikely to materialise, security measures were applied to render the personal data unintelligible (e.g. encryption) or it would amount to disproportionate effort to inform the data subject directly. In the latter circumstances, a public communication must be made, or an equally effective alternative measure must be adopted to inform data subjects, so that they themselves can take any remedial action.
- 4.22 The Council have put in place procedures to deal with any suspected personal data breach and will notify data subjects or the ICO where we are legally required to do so.
- 4.23 If you know or suspect that a personal data breach has occurred, you should immediately contact the Data Protection Officer and follow the instructions in the personal data breach procedure. You must retain all evidence relating to

personal data breaches in particular to enable the Council to maintain a record of such breaches, as required by the DPA and UK GDPR.

Limitations on Transfer of Personal or sensitive data

- 4.24 The DPA and UK GDPR restricts data transfers to countries outside the EU in order to ensure that the level of data protection afforded to individuals by the DPA and UK GDPR is not undermined. You transfer personal data originating in one country across borders when you transmit or send that data to a different country or view/access it in a different country.
- 4.25 You may only transfer personal data with the explicit permission of the Data Protection Officer.

Record Keeping

- 4.26 The DPA and UK GDPR requires us to keep full and accurate records of all our data processing activities. You must keep and maintain accurate corporate records reflecting our processing, including records of data subjects' consents and procedures for obtaining consents, where consent is the legal basis of processing.
- 4.27 These records should include, at a minimum, the name and contact details of the Council as Data Controller and the DPO, clear descriptions of the personal data types, data subject types, processing activities, processing purposes, third-party recipients of the personal data, personal data storage locations, personal data transfers, the personal data's retention period and a description of the security measures in place.
- 4.28 Records of personal data breaches must also be kept, setting out:
- 4.28.1 The facts surrounding the breach;
 - 4.28.2 Its effects; and
 - 4.28.3 The remedial action taken.

Data Privacy by Design and default and Data Protection Impact Assessments (DPIAs)

- 4.29 We are required to implement privacy-by-design measures when processing personal data, by implementing appropriate technical and organisational measures (like pseudonymisation) in an effective manner, to ensure compliance with data protection principles. The Council must ensure therefore that by default only personal data which is necessary for each specific purpose is processed. The obligation applies to the volume of personal data collected, the extent of the processing, the period of storage and the accessibility of the personal data. In particular, by default, personal data should not be available to an indefinite number of persons. You should ensure that you adhere to those measures.
- 4.30 As well as complying with the Council-wide practices designed to fulfil reasonable expectations of privacy, you should also ensure that your own data-handling practices default to privacy to minimise unwarranted intrusions in privacy e.g. by disseminating personal data to only those who need to receive it.
- 4.31 The Council must also conduct DPIAs in respect of high-risk processing

before that processing is undertaken.

4.32 You should conduct a DPIA (and discuss your findings with the DPO) in the following circumstances:

4.32.1 The use of new technologies (programs, systems or processes), or changing technologies (programs, systems or processes);

4.32.2 Automated processing including profiling;

4.32.3 Large scale processing of personal and sensitive (special category) data; and

4.32.4 Large scale, systematic monitoring of a publicly accessible area.

4.33 A DPIA must include:

4.33.1 A description of the processing, its purposes and the Data Controller's legitimate interests if appropriate;

4.33.2 An assessment of the necessity and proportionality of the processing in relation to its purpose;

4.33.3 An assessment of the risk to individuals; and

4.33.4 The risk-mitigation measures in place and demonstration of compliance.

Sharing personal data

4.34 In the absence of consent, a legal obligation or any other legal basis of processing, personal or sensitive data should not be disclosed to third parties who are unrelated to the Council.

4.35 There are some bodies that have statutory powers to obtain information such as regulatory bodies, e.g. other Councils, Revenues, DWP, government agencies such as the Child Support Agency or the Police. All requests should be sent to the Data Protection Officer at dataprotection@northwarks.gov.uk

4.36 In certain circumstances sharing of personal data for research purposes may be permissible, subject to certain safeguards and subject to the approval of the Data Protection Officer.

4.37 If you require guidance, please contact the Data Protection Officer.

Performance Measures

4.38 Annual registration as required by the Information Commissioner's Office.

4.39 Subject Access requests to be responded to within one calendar month.

4.40 Data breaches will be investigated and reported within 72 hours.

4.41 The DPO will ensure that all employees are provided training to ensure compliance with the Data protections legislation.

Audit and compliance checks

4.42 The Council will undertake periodic compliance checks to test whether its policies and procedures are being adhered to and to test the effectiveness of its control measures. Corrective action will be required where non-conformance is found. Records will be kept of all such audits and compliance checks including corrective action requests raised.

Training

4.43 The Council will ensure that all employees undertake adequate training to enable them to comply with the Data Protection Legislation.

4.44 The Council will ensure that systems and processes are tested to assess

compliance.

Employees must undergo all mandatory data privacy training via e-modules and face to face training delivered by the DPO.

Monitor and Review

4.45 This policy will be monitored by the Head of Legal Services and DPO every two years and approved by the Executive Committee.

4.46 Associated Documents, Policies and procedures

4.46.1 Information Security Policy

4.46.2 Data Retention Policy (New)

4.46.3 Data Subject Rights Procedure (New)

4.46.4 Information Security Breach Procedure (New)

4.46.5 Colleague Code of Conduct (New)

4.46.6 Colleague and Website Privacy Notices (New)

Document author	Sofia Ali- Head of Legal Services
Document owner	Sofia Ali- Head of Legal Services
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Review Date	
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Key changes made	New

APPENDIX 1

Principle 1 of UK GDPR – Processing personal data lawfully, fairly and transparently

1. Lawfulness and fairness

You may only process personal data fairly and lawfully and for specified purposes. These restrictions are not intended to prevent processing but ensure that we process personal data for legitimate purposes without prejudicing the rights and freedoms of data subjects. In order to be justified, the Council may only process personal data if the processing in question is based on one (or more) of the legal bases set out below. Section 4.3 below deals with justifying the processing of sensitive personal data. Including special category data.

The legal bases for processing non-sensitive personal data are as follows:

1. The data subject has given his or her consent
2. The processing is necessary for the performance of a contract with the data subject (e.g. monitoring academic performance in order to provide the relevant qualification for which the student has enrolled)
3. To meet our legal compliance obligations
4. To protect the data subject's vital interests (i.e. matters of life or death)
5. To pursue our legitimate interests (or another's legitimate interests) which are not overridden because the processing prejudices the interests or fundamental rights and freedoms of data subjects. The specific legitimate interest or interests that the Council is pursuing when processing personal data will need to be set out in relevant Privacy Notices. This ground can only be relied upon for private functions e.g. marketing, fundraising and not for public functions.

You must identify the legal basis that is being relied on for each processing activity, which will be included in the Privacy Notice provided to data subjects.

(a) Consent

You should only obtain a data subject's consent if there is no other legal basis for the processing. Consent requires genuine choice and genuine control.

A data subject consents to processing of his/her personal data if he/she indicates agreement clearly either by a statement or positive action to the processing. Silence, pre-ticked boxes or inactivity are therefore unlikely to be sufficient. If consent is given in a document that deals with other matters, you must ensure that the consent is separate and distinct from those other matters.

Data subjects must be able to withdraw consent to processing easily at any time. Withdrawal of consent must be promptly honoured. Consent may need to be renewed if you intend to process personal data for a different and incompatible purpose which was not disclosed when the data subject first consented, or if the consent is historic.

You will need to ensure that you have evidence of consent, and you should keep a record of all consents obtained so that we can demonstrate compliance.

Consent is required for some electronic marketing and some research purposes.

(b) Legal bases for Processing Sensitive Personal Data, including Special Category

Data

Special Category Personal Data is data revealing:

1. Racial or ethnic origin
2. Political opinions
3. Religious or philosophical beliefs,
4. Trade union membership,

It also includes the processing of:

5. Genetic data
6. Biometric data for the purpose of uniquely identifying a natural person,
7. Data concerning health
8. Data concerning a natural person's sex life or sexual orientation.

Personal data relating to criminal convictions and offences including the alleged commission of offences or proceedings for offences or alleged offences should be treated in the same way to special category data.

The processing of sensitive personal data by the Council must be based on one of the following (together with one of the legal bases for processing non-sensitive personal data as listed above):

1. The data subject has given explicit consent (requiring a clear statement, not merely an action);
2. The processing is necessary for complying with employment law;
3. The processing is necessary to protect the vital interests of the data subject or another person where the data subject is physically or legally incapable of giving consent;
4. The processing relates to personal data which are manifestly made public by the data subject;
5. The processing is necessary for the establishment, exercise or defence of legal claims;
6. The processing is necessary for reasons of substantial public interest (provided it is proportionate to the particular aim pursued and takes into account the privacy rights of the data subject);
7. The processing is necessary for the purposes of preventive or occupational medicine, etc. provided that it is subject to professional confidentiality;
8. The processing is necessary for reasons of public interest in the area of public health, provided it is subject to professional confidentiality; and
9. The processing is necessary for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes if it is subject to certain safeguards (i.e. pseudonymisation or anonymisation where possible, the research is not carried out for the purposes of making decisions about particular individuals (unless it is approved medical research) and it must not be likely to cause substantial damage/distress to an individual and is in the public interest).

Examples of sensitive personal data processed by the Council will include:

1. Details of relevant unspent convictions for the purposes of assessing eligibility to enrol on the Council's academic programmes
2. Details of relevant unspent convictions for the purposes of recruiting relevant staff
3. Checks conducted by the Disclosure and Barring Service for the purposes of assessing eligibility of staff or students to engage in work with children and vulnerable adults, as permitted by legislation relating to the rehabilitation of offenders or for determining fitness to practise relevant professions
4. Unspent convictions or allegations of sexual misconduct for staff and student disciplinary purposes
5. Health data for the purposes for assessing eligibility to undertake relevant professional programmes, assessing fitness to study or to engage in Council activities or for assessing fitness to work/occupational health
6. Details of disability for the purposes of assessing and implementing reasonable adjustments to the Council's policies, criteria or practices
7. Details of racial/ethnic origin, sexual orientation, religion/belief for the purposes of equality monitoring

Processing sensitive personal data represents a greater intrusion into individual privacy than when processing non-sensitive personal data. You must therefore take special care when processing sensitive personal data and ensure that you comply with the data protection principles (as set out in the main body of this policy) and with this policy, in particular in ensuring the security of the sensitive personal data.

2. Transparency (notifying data subjects)

Under the DPA and UK GDPR the Council is required to provide detailed, specific information to data subjects depending on whether the information was collected directly from data subjects or from elsewhere. That information must be provided through appropriate Privacy Notices which must be concise, transparent, intelligible, easily accessible, and in clear and plain language so that a data subject can easily understand what happens to their personal data.

Whenever we collect personal data directly from data subjects, for example for the recruitment and employment of staff and for the recruitment and enrolment of students, at the time of collection we must provide the data subject with all the prescribed information which includes:

1. The Council's details
2. Contact details of DPO
3. Purposes of processing
4. Legal basis of processing
5. Where the legal basis is legitimate interest, identify the particular interests (e.g. marketing, fundraising)
6. Where the legal basis is consent, the right to withdraw
7. Where statutory/contractual necessity, the consequences for the data subject of not providing the data of non-provision.

When personal data is collected indirectly (for example, from a third party or publicly available source), you must also provide information about the categories of personal

data and any information on the source. The data subject must be provided with all the information required by the DPA and UK GDPR as soon as possible after collecting/receiving the data. You must also check that the personal data was collected by the third party in accordance with the DPA and UK GDPR and on a basis which contemplates our proposed processing of that personal data.

APPENDIX 2

Principle 2 of UK GDPR - Purpose Limitation

Personal data must be collected only for specified, explicit and legitimate purposes. It must not be further processed in any manner incompatible with those purposes.

You cannot therefore use personal data for entirely new, different or incompatible purposes from those disclosed when it was first obtained unless you have informed the data subject of the new purposes. Where the further processing is not based on the data subject's consent or on a lawful exemption from data-protection law requirements, you should assess whether a purpose is incompatible by taking into account factors such as:

1. The link between the original purpose/s for which the personal data was collected and the intended further processing.
2. The context in which the personal data has been collected – in particular the Council-data subject relationship. You should ask yourself if the data subject would reasonably anticipate the further processing of his/her personal data.
3. The nature of the personal data in particular whether it involves special categories of personal data (i.e. sensitive) or personal data relating to criminal offences/convictions.
4. The consequences of the intended further processing for the data subjects.
5. The existence of any appropriate safeguards e.g. encryption or pseudonymisation.

Provided that prescribed safeguards are implemented, further processing for scientific or historical research purposes or for statistical purposes will not be regarded as incompatible. Safeguards include ensuring data minimisation (e.g. pseudonymisation or anonymisation where possible), the research will not be carried out for the purposes of making decisions about particular individuals and it must not be likely to cause substantial damage/distress to an individual, unless it is approved medical research.

Principle 3 of the UK GDPR – Data minimisation

Personal data must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed. You should not therefore amass large volumes of personal data that are not relevant for the purposes for which they are intended to be processed. Conversely, personal data must be adequate to ensure that we can fulfil the purposes for which it was intended to be processed.

You may only process personal data when performing your job duties requires it and you should not process personal data for any reason unrelated to your job duties.

You must ensure that when personal data is no longer needed for specified purposes, it is deleted or anonymised in accordance with the Council's data retention policy and schedule.

Principle 4 of the UK GDPR - Accuracy

Personal data must be accurate and, where necessary, kept up to date. You should

ensure that personal data is recorded in the correct files.

Incomplete records can lead to inaccurate conclusions being drawn and in particular, where there is such a risk, you should ensure that relevant records are completed.

You must check the accuracy of any personal data at the point of collection and at regular intervals thereafter. You must take all reasonable steps to destroy or amend inaccurate records without delay and you should up-date out-of-date personal data where necessary (e.g. where it is not simply a pure historical record).

Where a data subject has required his/her personal data to be rectified or erased, you should inform recipients of that personal data that it has been erased/rectified, unless it is impossible or significantly onerous to do so.

Principle 5 of the UK GDPR – Storage limitation

You must not keep personal data in a form that allows data subjects to be identified for longer than needed for the legitimate educational/research or the Council business purposes or other purposes for which the Council collected it. Those purposes include satisfying any legal, accounting or reporting requirements. Records of personal data can be kept for longer than necessary if anonymised.

You will take all reasonable steps to destroy or erase from the Council's systems all personal data that we no longer require in accordance with all relevant the Council records retention schedules and policies. the Council has a document retention policy.

You will ensure that data subjects are informed of the period for which their personal data is stored or how that period is determined in any relevant Privacy Notice.

Principle 6 of the UK GDPR – Security, Integrity and Confidentiality

The Council is required to implement and maintain appropriate safeguards to protect personal data, taking into account in particular the risks to data subjects presented by unauthorised or unlawful processing or accidental loss, destruction of, or damage to their personal data. Safeguarding will include the use of encryption and pseudonymisation where appropriate. It also includes protecting the confidentiality (i.e. that only those who need to know and are authorised to use personal data have access to it), integrity and availability of the personal data. We will regularly evaluate and test the effectiveness of those safeguards to ensure security of our processing of personal data.

You are also responsible for protecting the personal data that you process in the course of your duties. You must therefore handle personal data in a way that guards against accidental loss or disclosure or other unintended or unlawful processing and in a way that maintains its confidentiality. You must exercise particular care in protecting sensitive personal data from loss and unauthorised access, use or disclosure.

You must comply with all procedures and technologies we put in place to maintain the security of all personal data from the point of collection to the point of destruction.

You must comply with all applicable aspects of our Information Security Policy and

comply with and not attempt to circumvent the administrative, physical and technical safeguards we implement and maintain in accordance with the Data Protection Law standards to protect personal data.

You may only transfer personal data to third-party service providers (i.e. data processors) who provide sufficient guarantees to implement appropriate technical and organisational measures to comply with Data Protection Law and who agree to act only on the Council's instructions. Data processors should therefore be appointed subject to the Council's standard contractual requirements for data processors.

APPENDIX 3

Glossary of Terms

Automated Decision-Making (ADM): when a decision is made which is based solely on automated processing (including profiling) which produces legal effects or significantly affects an individual. The DPA and UK GDPR prohibits Automated Decision-Making (unless certain conditions are met) but not automated processing.

Profiling: any form of automated processing of personal data consisting of the use of personal data to evaluate certain personal aspects relating to an individual, in particular to analyse or predict aspects concerning that individual's performance at work, economic situation, health, personal preferences, interests, reliability, behaviour, location or movements. Profiling is an example of automated processing.

Consent: agreement which must be freely given, specific, informed and be an unambiguous indication of the data subject's wishes by which they, by a statement or by a clear positive action, signifies agreement to the processing of personal data relating to them.

Data Controller: the person or organisation that determines when, why and how to process personal data. It is responsible for establishing practices and policies in accordance with the DPA and UK GDPR. the Council is the Data Controller of all personal data relating to it and used delivering education and training, conducting research and all other purposes connected with it including business purposes.

Data Subject: a living, identified or identifiable individual about whom we hold personal data.

Data Protection Impact Assessment (DPIA): tools and assessments used to identify and reduce risks of a data processing activity. DPIA can be carried out as part of Privacy by Design and should be conducted for all major system or business change programs involving the processing of personal data.

Data Protection Officer (DPO): the person appointed as such under the DPA and UK GDPR and in accordance with its requirements. A DPO is responsible for advising the Council (including its employees) on their obligations under Data Protection Law, for monitoring compliance with data protection law, as well as with the Council's policies, providing advice, cooperating with the ICO and acting as a point of contact with the ICO.

Personal Data: any information identifying a data subject or information relating to a data subject that we can identify (directly or indirectly) from that data alone or in combination with other identifiers we possess or can reasonably access. Personal data includes sensitive personal data and pseudonymised personal data but excludes anonymous data or data that has had the identity of an individual permanently removed. Personal data can be factual (for example, a name, email address, location or date of birth) or an opinion about that person's actions or behaviour.

Personal Data Breach: any breach of security resulting in the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or unauthorised access to, personal data, where that breach results in a risk to the data subject. It can be an act or omission.

Privacy by Design and Default: implementing appropriate technical and organisational measures in an effective manner to ensure compliance with the DPA and UK GDPR.

Privacy Notices: separate notices setting out information that may be provided to data subjects when the Council collects information about them. These notices may take the form of general privacy statements applicable to a specific group of individuals (for example, employee, student and donor privacy notices or the website privacy policy) or they may be stand-alone, one-time privacy statements covering processing related to a specific purpose.

Processing or Process: any activity that involves the use of personal data. It includes obtaining, recording or holding the data, or carrying out any operation or set of operations on the data including organising, amending, retrieving, using, disclosing, erasing or destroying it. Processing also includes transmitting or transferring Personal Data to third parties. In brief, it is anything that can be done to personal data from its creation to its destruction, including both creation and destruction.

Pseudonymisation or Pseudonymised: replacing information that directly or indirectly identifies an individual with one or more artificial identifiers or pseudonyms so that the person, to whom the data relates, cannot be identified without the use of additional information which is meant to be kept separately and secure.

NORTH WARWICKSHIRE CREST BOROUGH COUNCIL

Data Breach Reporting Policy and Procedure

Introduction

North Warwickshire Borough Council is fully committed to compliance with the requirements of the Data Protection Act 2018 ("the Act") and UK General Data Protection Regulation ("UK GDPR").

The Council will maintain a Data Protection Policy and a Data Breach Reporting Policy and Procedure and will ensure that all employees and those with access to personal data are aware of them. The breach reporting procedure sets out responsibilities, decision-making criteria and timescales for notifying Data Subjects, the Information Commissioner and the media about a personal data breach.

The Council is required to ensure that there is robust breach detection, investigation and internal reporting procedures in place. This will facilitate decision-making about whether or not there is a need to notify the Information Commissioner Office and the affected individuals.

All employees and individuals with access to personal data for which the organisation is either data controller or processor must report all personal data breaches to their Line Manager and notify the Council's Data Protection Officer as soon as they become aware of a breach.

Data Protection Officer

Please contact Sofia Ali – Head of Legal, Monitoring Officer and Data Protection Officer

Telephone: 01827 715 341

Email: dataprotection@northwarks.gov.uk

In the event of a data breach being identified when the Council House is closed please contact the Data Protection Officer via email at DataProtection@northwarks.gov.uk as a matter of urgency. or a Senior Manager of the Council. The Council has a duty to report any personal data breach to the Information Commissioner's Office ("ICO") within 72 hours unless the ICO has issued guidance to the contrary.

The Data Protection Officer will decide if the data breach should be notified to the Information Commissioner's Office taking into account the appropriate guidance prepared by them.

SCOPE

This document applies when a personal data breach is suspected. The policy and procedure is set out to be followed by:

- Employees of the Council,
- Councillors
- Committees,
- Services
- Partners
- Contractual third parties and agents of the Council who have access to Personal and Sensitive information.

Definitions

Personal Data - means any information relating to an identified or identifiable individual ("data Subject"); an identifiable individual is someone can be identified, either directly or indirectly, in particular by reference to an identifier such as name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that individual.

"Personal data breach" - means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes.

A "Personal Data breach" mean a breach of security leading to accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breach that are the result of both accidental and deliberate causes. It also means that a breach is more than just losing personal data.

A personal data breach includes, but is not restricted to, the following:

- The accidental alteration or deletion of personal data;
- The transfer of personal data to those who are not entitled to receive it;
- Unauthorised access to personal data;
- Use of personal data for purposes for which it has not been collected and which go beyond those uses that the data subject could reasonably have contemplated; and
- Theft of storage devices.
- Common incidents are listed below:

Type	Example
Technical	Data Corruption Malware Corrupt Code Hacking
Physical	Unescorted visitors in secure areas Break-ins to sites Thefts from secure sites Theft from unsecured vehicles/premises Loss in transit/post

Human
Resources

Data Input errors
Non-secure disposal of hardware or
paperwork
Unauthorised disclosures
Inappropriate sharing

A personal data breach can be broadly defined as ‘a security incident that has affected the confidentiality, integrity or availability of personal data’. In short, there will be a personal data breach whenever any personal data is lost, destroyed, corrupted or disclosed; if someone accesses the data or passes it on without proper authorisation; or if the data is made unavailable, for example, when it has been encrypted by ransomware, or accidentally lost or destroyed.

RISKS

The Council recognises that there are risks associated with the collection, use, transmission and storage of personal data in order to conduct official Council business. By following this policy and procedure, suspected personal data breaches should be identified quickly, and the impact of personal data breaches should be reduced by ensuring suspected personal data breaches are followed up correctly, and helping identify areas of improvement and training.

PRODEDURE FOR REPORTING DATA BREACHES

Personal data breaches need to be reported to the Council’s Data Protection Officer on dataprotection@northwarks.gov.uk at the earliest possible stage as the Council has a duty to report any personal data breach to the information Commissioners Office (“ICO”) within 72 hours unless the ICO has issued guidance to the contrary.

The information provided to the Data Protection Officer should include as much detail as possible of the personal data breach, those affected and the consequences. When reporting the breach to the ICO the Data Protection Officer will include the following information:

- The nature of the personal data breach including, where possible;
 - The categories and approximate number of individuals concerned;
 - The categories and approximate number of personal data records concerned;
 - The name and contact details of the data protection officer or other contact point where more information can be obtained;
 - A description of the likely consequences of the personal data breach; and
 - A description of the measures taken, or proposed to be taken, to deal with the personal data breach and, where appropriate, of the measures taken to mitigate any possible adverse effects.
- In the event that it is not possible to report the personal data breach to the ICO within 72 hours, the notification will also give the reasons for the failure to do so

If the breach is likely to result in a high risk of adversely affecting individuals’ rights and freedoms, you must also inform those individuals without undue delay.

Data protection near misses will also be recorded and investigated in the same manner as data protection breaches.

Incident Monitoring and Closure

The Data Protection Officer will evaluate and review the cause of the breach and effectiveness of the response to it. This will help reveal any systemic or ongoing problems and prevent any

Data Breach Reporting Policy and Procedure- Approved.....

future breaches from occurring. Whenever breaches happen, the Council understands the need to learn any lessons and tighten up security. In most cases, the data breach which involve human error. As a remedial action, the staff member involved will be required to undergo refresher data protection training. Further training needs may be identified and rolled out across the Council. All breaches will be recorded regardless of whether it needs to be notified to external parties, and the outcomes and decisions made in respect of them is reviewed and recorded with the Data Protection Officer.

Training & Development

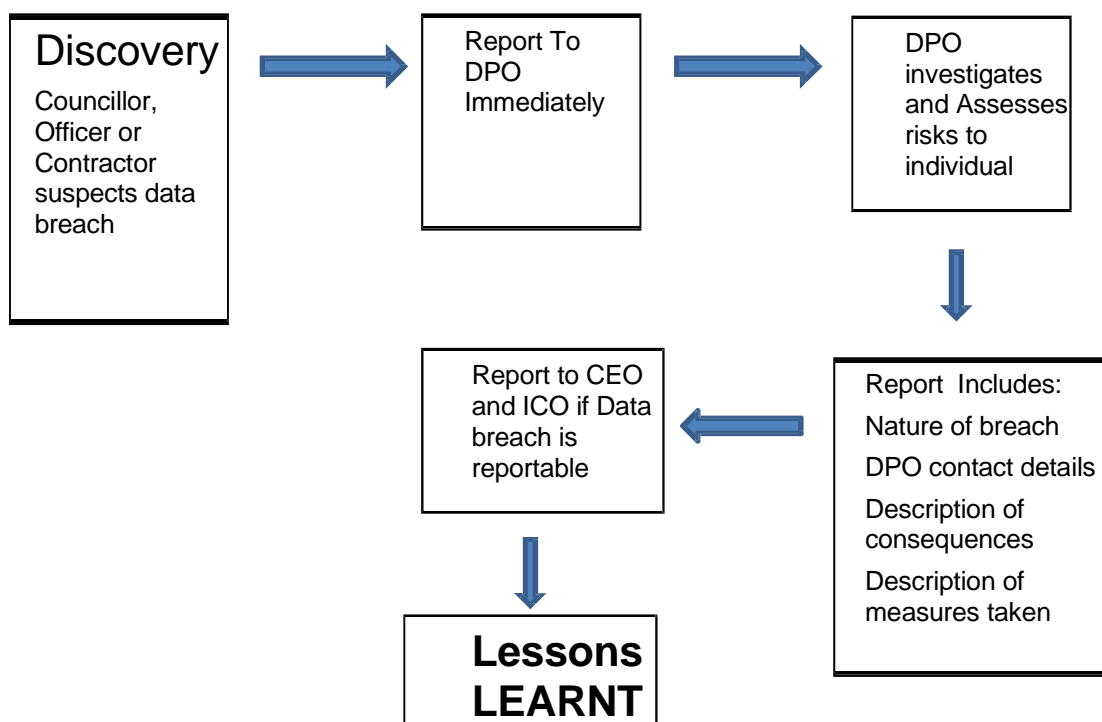
The Council is committed to ensuring the staff adopt the highest standards in relation to the processing and handling of Personal Data.

All existing staff will be trained annually. New staff and councillors will be trained as part of their induction within 3 months of their joining the Council and being able to access Personal Data.

Policy and Procedure compliance

If any officer is found to have breached this policy and procedure, they may be subject to the Council's disciplinary procedure. If any councillor is likewise found to have breached the policy and procedure, a complaint will be made to the Monitoring Officer. In either case if a criminal offence is considered to have been committed further action may be taken to assist in the prosecution of the offender(s). If you do not understand the implications of this policy or how it may apply to you, seek advice from the Data Protection Officer.

Process for reporting a personal data breach



Document author	Sofia Ali- Head of Legal Services
Document owner	Sofia Ali- Head of Legal Services
Legal advice	Yes
Consultation	NA
Approved by	Executive Board-
Review Date	
Equality Assessment	NA
Key changes made	Updated

NORTH WARWICKSHIRE CREST BOROUGH COUNCIL

Access to Deceased Person's Records Policy

1. Policy Statement

In order to operate efficiently North Warwickshire Borough Council ("Council") collects and uses information about the people we work with. This may include members of the public, current, past, and prospective employees, service users, customers, and suppliers. We may also be required by law to collect and use information in order to comply with the requirements of central government. The personal information the Council collects must therefore be safely handled and dealt with properly, no matter how it is recorded and used, and whether it is on paper, in computer records or recorded by any other means.

The Council regards the lawful and correct treatment of personal information as critical to its successful operations, maintaining confidence between the Council and those with whom it carries out business. The Council will ensure that it treats personal information correctly in accordance with the law.

This document sets out the right of access, where it exists, to the records of deceased individuals. There is no specific exemption under the Freedom of Information Act 2000 ("FoIA") dealing with access to records of the deceased, and the UK General Data Protection Regulations ("UK GDPR") does not apply directly as it only covers living individuals. However, this does not mean there is an automatic right of access by the public to information about the deceased, as certain exemptions under the FoIA can legitimately be applied.

2. Scope

This policy applies to all employees, elected Members, contractors, agents,
Access to Deceased Persons Records- approved.....

representatives, and temporary staff, working for or on behalf of the Council and to all personal information created or held by the Council, its contractors, or agents, in whatever format. For example, paper, electronic, email, microfiche, film and however it is stored, e.g. ICT system/database, SharePoint, OneDrive, drive filing structure, email, filing cabinet, shelving and personal filing drawers.

3. Responsibilities and processes

All requests for access to deceased person's records are processed by the Data Protection Team in accordance with the Subject Access Request Policy and Procedure.

Requests received directly by service areas must be forwarded to dataprotection@northwarks.gov.uk within 3 working days.

DP will log and monitor all requests and acknowledge requests within 5 working days of receipt within the Council. DP will assign requests to the relevant business area(s).

The business area(s) will ensure that all relevant databases are checked, and all information held is collated and reviewed in accordance with the Subject Access Request Policy and Procedure within the deadline provided.

The search for the information should include, but is not limited to, paper records, all database records, emails, information on OneDrive, SharePoint and handwritten notes.

The Data Protection Officer will provide support and advice in applying these procedures and on related issues. Officers, in the event they require advice, should liaise with the Data Protection Officer to determine what can and cannot be released. In complex cases the officer will arrange for a Senior Manager to review the information before release.

In addition, the UK GDPR requires the Council to consider whether providing information would also release the personal data of other parties. In other words, the Council is not able to disclose information that would contravene someone else's rights under the Data Protection Act or the UK GDPR. Additionally, information will be withheld if disclosure is likely to prejudice the Council's ability to provide a service should disclosure be considered to cause harm to any individual.

4. Consideration of requests about deceased

The main elements that will be considered when dealing with requests for information about the deceased are as follows:

- Is the information requested already publicly available?

Access to Deceased Persons Records- approved.....

- Is the requester the personal representative (the person who is entitled to administer the estate of the deceased person under the law relating to wills and probate. This will be by virtue of either a grant of probate (if the deceased person left a will) or letter of administration (if they died intestate) of the deceased.
- Is the information requested special category (as defined by the DPA or UK GDPR)?
- Was the information being requested originally provided in confidence?
- Does the information requested contain personal data relating to any third parties?

The exemptions (not limited) listed in Appendix 1 will also be considered, to determine if they apply in cases where information about deceased person(s) is requested.

5. Circumstances under which records can be released

The Council will **only** release the records of deceased individuals in the following circumstances:

- The request has been made by the deceased person's 'personal representative' (also known as the executor or administrator of their estate)
- The request has been made by an individual who held a Health & Welfare Lasting Power of Attorney for the deceased person when they were alive
- The request has been made by an individual who held a Financial Affairs Lasting Power of Attorney for the deceased person when they were alive (although they would only be entitled to information about paying their bills, collecting their benefits, or selling their home)
- The request has been made by an individual who was a Personal Welfare Deputy for the deceased person when they were alive, providing the request does not go against any decision made by an attorney acting under a Lasting Power of Attorney
- The request has been made by an individual who has proof that they have a claim arising from the deceased individual's death
- The information requested is already known to be in the public domain; the Council will attempt to signpost the requester to the information where possible
- There is sufficient evidence to support the assumption that the deceased individual would have given their consent to the release of their personal information if they were still alive, for example there is a consent form on file

If one or more of the above criteria can be met and evidenced, the request will then be dealt with under the Council's FOIA Process.

Document author	Sofia Ali- Head of Legal Services
Document owner	Sofia Ali- Head of Legal Services
Legal advice	Yes
Consultation	NA
Approved by	Executive Board-
Review Date	
Equality Assessment	NA
Key changes made	Updated

Access to Deceased Persons Records- approved.....

Appendix A

ANY EXEMPTION MUST BE APPROVED BY THE HEAD OF LEGAL-DATA PROTECTION OFFICER PRIOR TO APPLYING IT TO THE REQUEST

Exemptions under the Freedom of Information 2000 Section 21 (Reasonably Accessible Elsewhere) Exemption

If the information being requested is already in the public domain, e.g. date and cause of death, anything provided in open session at a court or inquest, or anything otherwise made public, this would not need to be disclosed under the FOIA, but where possible, the requester should be signposted to the appropriate source. In these cases, the s21 exemption (reasonably accessible elsewhere) under the FOIA could be applied.

Although the presumption is that the majority of information in social care records is confidential, it is possible that some information may have already been made public. For example, cause of death as recorded on a death certificate (a public document) would already be in the public domain. This would also apply to any information that had been made public via a court case, inquest or had otherwise been made accessible to the public.

Section 40 (Personal Information) Exemption

Records may also contain personal data relating to third parties, such as carers, relatives and/or social and healthcare staff. If/when the deceased individual's record contains information about living individuals this information is considered to be the personal data of these individuals. Where this is the case, the s40 exemption (personal information) under the FOIA could be applied.

Section 41 (information Provided in Confidence) Exemption

In the majority of cases the information being requested from the Council will relate to special category information about an individual. In accordance with guidance from the Information Commissioner ("ICO"), due to the very personal and sensitive nature of the information contained in some records, it is likely that they can continue to be subject to a duty of confidence after the death of the individual concerned.

Generally, it can be assumed that this information would have been provided in confidence. As such the s41 exemption (information provided in confidence) under the FOIA could be applied.

For the s41 exemption to apply, the Council must be able to show that we did not
Access to Deceased Persons Records- approved.....

create the information within the file and that it had been “*obtained from another person*”. In general, this requirement will be met, for example when social care records are obtained concerning the care of an individual, and the information within them will have been obtained both from the individual themselves, and from the professionals involved in providing their care.

If the Council can also show that disclosure of the information would give rise to an actionable breach of confidence (i.e. if the Council disclosed the information they could be taken to court or reported to the Information Commissioners Office (“ICO”)) then the exemption can legitimately be applied to the disclosure of records of a deceased individual.

Generally, case precedent developed by the ICO has established that following death, a duty of confidence continues, and can be transferred to the deceased individual’s personal representative. Whether a personal representative actually exists, or is known to the Council, is irrelevant, what is important is the ability to establish in principle that a personal representative might exist who could take legal action against any breach of confidence.

Appendix B

Other relevant Legislation

Environmental Information Regulations 2004

Where information about the deceased is subject to the Environmental Information Regulations 2004, the Council will consider the provisions of regulations 12(5)(f) and 13 if the information being requested is deemed to have been given in confidence or includes the personal information of living individuals.

The common law Duty of Confidentiality

In addition to any duties conferred by statute, a Local Authority owes a duty of confidentiality to service users and others from whom it obtains personal information in the discharge of its statutory functions. This means that information about an individual may not normally be disclosed to a third party without the individual's consent.

Doctrine of Public Interest Immunity

A local authority has a duty to preserve the confidentiality of its records in the interests of public policy. This means that a Local Authority has a duty not to disclose information except when required or permitted to by statute or common law as set out above. This duty is absolute and may only be overridden by a Court order.

Crime and Disorder Act 1998

Section 115 permits information to be disclosed to the police, probation service, health and local authorities, for the purpose of reducing and preventing crime and disorder.

Access to Deceased Persons Records- approved.....

NORTH WARWICKSHIRE CREST BOROUGH COUNCIL

The Data Protection Impact Assessment (DPIA) Process - a step-by-step guide

When to complete a DPIA?

There are several situations or scenarios when you will need to complete the DPIA process, some of these include:

- Procuring a new system or application
- Implementing or changing a business process
- Engaging with a third party to share information.
- Gathering new information
- Changing how we use data and information.

This is not an exhaustive list and please follow the DPIA process if you are unsure.

How to complete a DPIA:

Carrying out a DPIA is a process, not a stand-alone (or one-off) document. The diagram (below) shows the different stages of carrying out a DPIA for you to follow.

The Council DPIA templates have been designed to help walk you through the DPIA process. The templates help you to identify the need for a DPIA and then complete a DPIA:

- DPIA Initial Screening Template: this allows you to assess whether you need to complete a DPIA and can also serve to record that you have carried out a screening test for your project.
- DPIA Risk Assessment Template: this allows you to evaluate any possible risk and mitigate or eliminate such risks.



1. Identify need for a DPIA:

Carry out an initial screening to see if you need to do a full DPIA by accessing the DPIA Initial Screening Checklist document. However, in most instances you will be aware of any sharing of personal/sensitive data therefore will complete the DPIA.

2. Describe the Processing:

Explain the nature, scope, context and purpose of the data and the processing in respect of the data are understood. Utilise flow diagrams and standard operating procedures.

3. Consider consultation:

You should consult with a range interested parties, including experts relating to the activity/processing you are considering; technical data protection experts such as Information Security/Data protection/IT or Procurement colleagues and the views of the colleagues whose data you intend to process.

4. Assess necessity and proportionality:

Ensure you have a lawful basis for processing and that you can support the rights of the Data Subject whose data you intend to process. Check that the processing will achieve your purpose and consider safeguards to ensure there is no function creep.

The Six Lawful Bases for processing personal data

If you collect, manage, and hold etc., (process) personal data you must have a lawful basis to do so. Choosing the most appropriate will depend on the purpose of your data processing activity and your relationship with the individual/customer.

It is essential to determine the most appropriate lawful basis before you begin processing personal data, it is difficult to swap to a different legal basis retrospectively, as this is unfair to the individuals/customer whose data you are processing.

There are six lawful bases, and they are set out below:

1. **Vital interests:** the processing is necessary to protect someone's life.
 - For example, in a medical emergency your details may be released to the emergency services to ensure you receive appropriate treatment and to protect your interests.
2. **Contract:** the processing is necessary for a contract you have with the individual, or because they have asked you to take specific steps before entering into a contract.
 - For example, the Council processes Performance and Development Review (PDR) records to support an employee's career and development goals.
3. **Consent:** the individual has given clear consent for you to process their personal data for a specific purpose.
 - Individuals' must be given a real choice and control over whether their data is processed, and they must be aware that consent can be withdrawn at any time.
 - When using consent as a lawful basis, we must keep a record to evidence that consent was given.
4. **Legal obligation:** the processing is necessary for you to comply with the law (not including contractual obligations).
 - For example, the Council needs to process personal data to comply with its legal obligation to disclose employee salary details to HMRC.
5. **Public task:** the processing is necessary for you to perform a task in the public interest or for your official functions, and the task or function has a clear basis in law.
6. **Legitimate interests:** the processing is necessary for your legitimate interests or the legitimate interests of a third party unless there is a good reason to protect the individual's personal data which overrides those legitimate interests e.g. if the processing would cause unjustified harm or the person would not reasonably expect it.
 - This cannot apply if you are a public authority processing data to perform your official tasks.

If you are unsure which of the following legal basis applies, please contact the Data Protection Officer.

5. Carry out a Risk Assessment:

The process includes steps to identify, assess and plan actions to mitigate risks to the privacy and data protection of individuals. You should consider risks widely, including physical, material, and non-material types of risk. Risks could include economic loss, social harm, or wider impact on society, e.g. loss of public trust. Use the Council's DPIA template to help you gather and record details of risks, as well as note relevant sign-offs and actions.

6. Integrate outcomes into plan:

Ensure your considerations, conclusions and actions arising from the DPIA are incorporated into a report. This may be incorporated into a report format connected with any project methodology or governance requirements already in use.

7. Keep under review:

Ensure you keep track of any actions identified and once your processing is underway, test its operation against original purpose and data protection considerations.

Document author	Sofia Ali
Document owner	Head of Legal, Monitoring Officer and DPO
Legal advice	As above
Consultation	NA
Approved by	Executive Board
Review Date	
Equality Assessment	NA
Key changes made	New

NORTH WARWICKSHIRE CREST BOROUGH COUNCIL

LEGITIMATE INTEREST ASSESSMENT

What is the 'legitimate interests' basis?

Article 6(1)(f) gives us a lawful basis for processing where:

“processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data, in particular where the data subject is a child.”

This can be broken down into a three-part test:

1. **Purpose test:** are we pursuing a legitimate interest?
2. **Necessity test:** is the processing necessary for that purpose?
3. **Balancing test:** do the Data Subject's interests override the legitimate interest?

A wide range of interests may be legitimate interests. They can be our own interests or the interests of third parties, and commercial interests as well as wider societal benefits. They may be compelling or trivial, but trivial interests may be more easily overridden in the balancing test.

The UK GDPR specifically mentions use of client or employee data, marketing, fraud prevention, intra-group transfers, or IT security as potential legitimate interests, but this is not an exhaustive list. It also says that we have a legitimate interest in disclosing information about possible criminal acts or security threats to the authorities.

'Necessary' means that the processing must be a targeted and proportionate way of achieving our purpose. We cannot rely on legitimate interests if there is another reasonable and less intrusive way to achieve the same result.

We must balance our interests against the Data Subject's interests. In particular, if they would not reasonably expect us to use data in that way, or it would cause them unwarranted harm, their interests are likely to override ours. However, our interests do not always have to align with the Data Subject's interests. If there is a conflict, our interests can still prevail as long as there is a clear justification for the impact on the Data Subject.

When can we rely on legitimate interests?

Legitimate interests are the most flexible lawful basis, but we cannot assume it will always be appropriate for all of our processing.

If we choose to rely on legitimate interests, we take on extra responsibility for ensuring people's rights and interests are fully considered and protected.

Legitimate interests are most likely to be an appropriate basis where we use data in ways that people would reasonably expect and that have a minimal privacy impact. Where there is an impact on Data Subjects, it may still apply if we can show there is an even more compelling benefit to the processing and the impact is justified.

We can rely on legitimate interests for marketing activities if we can show that how we use people's data is proportionate, has a minimal privacy impact, and people would not be surprised or likely to object – but only if we don't need consent under Privacy and Electronic Communications Regulations (PECR).

We can consider legitimate interests for processing children's data, but we must take extra care to make sure their interests are protected.

We may be able to rely on legitimate interests in order to lawfully disclose personal data to a third party. We should consider why they want the information, whether they actually need it, and what they will do with it. We will need to demonstrate that the disclosure is justified, but it will be their responsibility to determine their lawful basis for their own processing.

We should avoid using legitimate interests if we are using personal data in ways people do not understand and would not reasonably expect, or if we think some people would object if we explained it to them. We should also avoid this basis for processing that could cause harm, unless we are confident there is nevertheless a compelling reason to go ahead which justifies the impact.

How can we apply legitimate interests in practice?

If we want to rely on legitimate interests, we can use the three-part test to assess whether it applies. This is referred to this as a Legitimate Interest's Assessment (LIA) and we should do it before we start the processing.

An LIA is a type of light-touch risk assessment based on the specific context and circumstances. It will help us ensure that our processing is lawful. Recording our LIA will also help us demonstrate compliance in line with our accountability obligations under Articles 5(2) and 24. In some cases a LIA will be quite short, but in others there will be more to consider.

First, identify the legitimate interest(s). Consider:

- Why do we want to process the data – what are we trying to achieve?
- Who benefits from the processing? In what way?
- Are there any wider public benefits to the processing?

- How important are those benefits?
- What would the impact be if we couldn't go ahead?
- Would our use of the data be unethical or unlawful in any way?

Second, apply the necessity test. Consider:

- Does this processing actually help to further that interest?
- Is it a reasonable way to go about it?
- Is there another less intrusive way to achieve the same result?

Third, do a balancing test. Consider the impact of our processing and whether this overrides the interest we have identified. We might find it helpful to think about the following:

- What is the nature of our relationship with the Data Subject?
- Is any of the data particularly sensitive or private?
- Would people expect us to use their data in this way?
- Are we happy to explain it to them?
- Are some people likely to object or find it intrusive?
- What is the possible impact on the Data Subject?
- How big an impact might it have on them?
- Are we processing children's data?
- Are any of the Data Subjects vulnerable in any other way?
- Can we adopt any safeguards to minimise the impact?
- Can we offer an opt-out?

We then need to make a decision about whether we still think legitimate interests is an appropriate basis. There's no fool proof formula for the outcome of the balancing test – but we must be confident that were legitimate interests are not overridden by the risks we have identified.

We should keep a record of our LIA and the outcome. There is no standard format for this, but it's important to record we thinking to help show we have proper decision-making processes in place and to justify the outcome.

The LIA should be kept under review and should refresh it if there is a significant change in the purpose, nature or context of the processing.

If we are not sure about the outcome of the balancing test, it may be safer to look for another lawful basis. Legitimate interests will not often be the most appropriate basis for processing which is unexpected or high risk.

If LIA identifies significant risks, consider whether we need to do a Data Protection Impact Assessment (DPIA) to assess the risk and potential mitigation in more detail.

What else do we need to consider?

We must tell people in we privacy information that we are relying on legitimate interests and explain what these interests are.

If we want to process the personal data for a new purpose, we may be able to continue processing under legitimate interests as long as our purpose is compatible with we original purpose. It is still recommended that a new LIA is conducted, as this will help to demonstrate compatibility.

If we rely on legitimate interests, the right to data portability does not apply.

If we are relying on legitimate interests for direct marketing, the right to object is absolute and we must stop processing when someone objects. For other purposes, we must stop unless we can show that we legitimate interests are compelling enough to override the Data Subject's rights.

Document author	Sofia Ali- Head of Legal Services
Document owner	Sofia Ali- Head of Legal Services
Legal advice	Yes
Consultation	NA
Approved by	Executive Board-
Review Date	
Equality Assessment	NA
Key changes made	New

Agenda Item No 12

Executive Board

10 February 2025

Report of the Interim Corporate Director – Resources (Section 151 Officer)

The Proposed 3 Year Capital Programme 2025/26 to 2027/28

1 Summary

- 1.1 This report puts forward proposals for the Three Year Capital Programme and outlines the availability of capital resources to fund the programme. The report recommends the options available.

Recommendations to the Board

- a That the Board adopts the Revised Capital Programme for 2024/25 as set out in Appendix A;**

Recommendation to Council

- b That the Three Year Capital Programme for the period 2025/26 to 2027/28 as set out in Appendix B, subject to the transfer of funding from the Business Rate Fluctuation Reserve totalling £1,831,591 to fund vehicle purchases are approved.**
- 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 meeting.**

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 if the business case for the project is affordable. Currently the General fund has no external borrowing but does have internal borrowing of £4.7m.
- 2.2 The majority of housing capital spending is funded from the revenue generated through the Housing 30 Year Business Plan. In addition, borrowing is used as needed.
- 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 are held in case of successful future appeals by ratepayers, the level of business growth achieved has been above expectations and put into a business rate fluctuation specific reserve as this income stream is volatile and difficult to predict with certainty, plus the Government will be resetting the current system which will see the income for this Council reduce significantly as built into the Medium Term Financial Strategy (MTFS). The additional income for 2024/25 and 2025/26 has been built into the base budget figures but earlier years income was put into the specific reserve, and it is recommended that this is used where appropriate to support the General Fund capital programme, reducing the need to borrow.

3 **2024/25 Revised Capital Programme**

- ...
- 3.1 In relation to capital expenditure, Appendix A shows the originally approved programme for 2024/25 alongside the in-year movements. The revised position is £7,383,675 less than the approved programme.
- 3.2 The revised budget for the HRA housing programme has increased by £990,000 as additional budgets were needed to sufficiently upgrade the fire doors of the councils housing stock in order to meet the relevant legal requirements as well as some vacant property repairs and a property adaptation.
- 3.3 Within the General Fund programme, provisions for the Replacement leisure facility in Atherstone, Replacement leisure facility at Polesworth, and the Artificial grass pitch at Royal Meadow Drive have been pushed back into 2025/26. Provisions for both the Coleshill Car Park project has also been pushed back into 2025/26. The Vehicle Replacements have taken place with some still yet to be delivered.
- 3.4 Within Information Services, the additional work involved in implementing the environmental health, planning and finance systems have had an impact on other planned work. Allocations for the planning system has been carried forward into 2025/26.
- 3.5 The final actual expenditure out-turn for 2024/25 could still differ to the revised position shown. It is difficult to predict when some work will be completed, like the Multi Trade for Private Sector Housing are reliant on the timing of various 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 2025/26, once the final spend for 2024/25 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 2034/35. However, as both expenditure and funding are difficult to predict so far in advance, a more detailed three-year programme has also been developed. The programme is kept under review and revised as new projects, service requirements are needed.

5 10-Year Capital Resource Forecast - 2025/26 to 2034/35

- 5.1 The resources for 2025/26 to 2034/35 have been estimated using the following assumptions:
- Capital receipts will be received from Right to Buy sales. 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 5 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 HRA expenditure, together with increases in borrowing where needed;
 - Transfer of funding from the Business Rate Fluctuation Reserve totalling £1,831,951 to fund future vehicle purchases between 2025/26 to 2027/28
 - Borrowing will also be used for the purchase of General Fund vehicles amounting to £6,481,215 from 2028/29 to 2034/35
- 5.2 The expected resources for the period 2025/26 to 2034/35 are shown in the table below:

	HRA £'000	Gen Fund £'000	Total £'000
Resources b/fwd	(6,480)	(5,348)	(11,828)
Revenue Contributions to capital schemes	(65,996)	(234)	(66,230)
Borrowing/Leasing	-	(14,456)	(14,456)
Capital receipts	(1,539)	-	(1,539)
Capital receipts – New Build	(4,029)	-	(4,029)
Total	(78,044)	(20,038)	(98,082)

5.3 This gives a total of £98.082 million available resources over the ten-year period to 2034/35. HRA resources include an expected £4,029 million that will be limited to use on new build schemes. In the event that these cannot be used in the required timeframe, they will have to be returned to the government with interest.

5.4 It must be emphasised that figures for 2025/26 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 – 2025/26 to 2034/35

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 2025/26 has been compiled based on the approved schemes from 2024/25. 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 A number of General Fund schemes were moved back into 2025/26, relating to IT schemes and maintenance work at the car parks. Along with the replacement Leisure Facility schemes and the Artificial Grass Pitch.

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

...

Initial Forecast 2025/26 to 2034/35	£000
HRA	(71,048)
General Fund	(23,085)
TOTAL	(94,133)

6.5 As shown in the previous section, the total estimated resources for the ten-year period are £98.082 million compared with the expenditure bids of £94.133 million. This expenditure reflects the total bids put forward for consideration that have been identified to ensure the continuity of current services.

6.6 This leaves a surplus of £3.949 million in overall terms, although each Fund needs to be considered separately. Whilst the HRA funds exceed the draft programme by £6.996 million, £4.029 million of this is subject to possible return to the Government. With regards to the General Fund, there is an expected deficit of £3.046 million in the General Fund programme over the ten-year period. The shortfall in resources is expected to start in 2025/26, as available funding will be used in 2024/25. The transfer of funding from the Business Rate Fluctuation Reserve is essential to enable the full capital programme for 2025/26 to proceed.

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, some projects which have been assessed as non-essential or unaffordable have not been included in the proposed programme. Only limited funding has been included for the replacement of Atherstone Leisure complex. When the estimated costs are clear a business case will be developed to present the financial case and the funding required.
- 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 2027/28

- 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/fwd	(6,480)	(5,348)	(11,828)
Total 3 year resources	(20,457)	(8,045)	(28,502)
Total 3 year expenditure	20,765	14,938	35,703
Total	(6,172)	1,545	(4,627)

- 8.3 If resources come in as expected, there will not be enough resource to fund the General Fund 3 year capital programme. Resources for the short term and longer term programme will need to be found. If borrowing is required this will have a revenue impact.

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 a minimum three year integrated capital and revenue spending plan to determine the indicators. These need to be set as part of the overall budget-setting process. The Code requires a number of indicators to be set and these are set out below.

9.4 **External Debt Indicators** – these include the Authorised Limit and the Operational Boundary. The Operational Boundary links to the Authority's plans for capital spending and borrowing requirement, with some provision allowed for cash flow requirements. The Authorised Limit is higher than the Operational Boundary as it provides additional headroom to allow for unusual cash movements.

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Authorised Limit for External Debt	78,037	76,396	74,615	73,047
Operational Boundary	70,420	68,695	66,826	65,166

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 2023/24 and the revised position for 2024/25.

	Actual 2023/24 £'000	Revised 2024/25 £'000	Original 2025/26 £'000	Forecast 2026/27 £'000	Forecast 2027/28 £'000
HRA	8,286	5,695	6,066	4,981	5,561
HRA - New Build	171	2,679	1,358	1,385	1,413
General Fund	3,013	3,509	13,142	343	1,453
Total	11,470	11,883	20,566	6,709	8,427

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 2024, the revised estimate for 2024/25 and estimates for the next three years are set out below. The method of calculation is set out as Appendix C.

	Actual 2023/24 £'000	Revised 2024/25 £'000	Original 2025/26 £'000	Forecast 2026/27 £'000	Forecast 2027/28 £'000
HRA	50,390	49,228	47,766	46,154	44,743
General Fund	11,806	14,575	14,227	13,882	13,542
Total	62,196	63,803	61,993	60,036	58,285

- 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 2023/24	Revised 2024/25	Original 2025/26	Forecast 2026/27	Forecast 2027/28
HRA	(21.89%)	9.68%	4.27%	10.75%	10.53%
General Fund	11.55%	11.29%	6.55%	5.19%	4.26%

- 9.7.1 HRA financing costs reflect both the scheduled repayment of the debt taken out by the Council as part of the move to self-financing and the new loans required to fund the capital programme. The movement in the General Fund amount reflects the expected changes in investment rates and the new leisure facility in Polesworth.

- 9.7.2 The 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 £46.229 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	2025/26 £	2026/27 £	2027/28 £
Financing costs	579,293	9,696	42,976

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	2025/26 £	2026/27 £	2027/28 £
Financing costs	6,888,095	6,033,934	6,194,613

The majority of the financing costs for the HRA are funded through revenue contributions to capital expenditure, although borrowing has also been used.

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 Officers for this report are Nigel Lane (719371) and Nicolas Harris (719320).

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

Revised 2024/25 Capital Programme**Appendix A**

Expenditure Proposals	Approved Budget	In Year Virements	Moved to future year	Other Changes	Revised 2024/25
HRA Assets					
Staffing	330,910	-	-	-	330,910
Electrics	309,000		-	-	309,000
Kitchens and Bathrooms	618,000	-	-	-	618,000
Heating	515,000	-	-	-	515,000
Windows and Doors	463,500	800,000	-	-	1,263,500
Energy Saving Measures	257,500	-	-	-	257,500
Insulation	-	750,000	(750,000)	-	-
Disabled Facilities Adaptations	206,000	140,000	-	-	346,000
Roofing	412,000	-	-	-	412,000
Improvement works to blocks of flats - external and common areas	1,232,773	-	-	-	1,232,773
Replacement of Housing vehicles	-	-	-	-	-
Multi Trade Contract	360,500	50,000	-	-	410,500
New Build	2,679,233	-	-	-	2,679,233
New Build					-
HRA TOTAL	7,384,416	1,740,000	(750,000)	-	8,374,416

General Fund Assets					
Decent Homes Grants & Works (Private Sector)	20,000	-	-	-	20,000
Replacement	37,698	-	-	-	37,698
Computer Hardware and Software	57,741	-	-	-	57,741
ICT Infrastructure Development	57,398	-	-	-	57,398
Backing Up	30,000	-	-	-	30,000
Network Infrastructure Replacement	74,300	-	-	-	74,300
Telephone System	20,000	-	-	-	20,000
Mobile Devices	5,000	-	-	-	5,000
Payment Management System Upgrade	30,000	-	-	-	30,000
Planning System Replacement	27,920	-	(27,920)	-	-
Replacement	34,934	-	-	-	34,934
External Works on Industrial Buildings	95,000	-	-	-	95,000
Refurbishment of Council Owned Buildings	95,000	50,000	-	-	145,000
Disabled Discrimination Adaptations	56,455	-	-	-	56,455
Car Parks - Structural Maintenance	345,000	-	-	-	345,000
Car Parking - Coleshill	1,000,000	-	(1,000,000)	-	-
Depot Works	30,600	-	-	-	30,600
Firedoors	331,100	500,000	-	-	831,100
Replacement of Vehicles	-	616,037	(26,944)	-	589,093
Replacement of Refuse Vehicles	375,000	-	-	-	375,000
Replacement of Street Cleaning Vehicles	171,670	-	-	-	171,670
Replacement of Grounds Maintenance Vehicles	46,340	-	-	-	46,340
Play Area Development	163,499	223,877	(113,499)	-	273,877
Playing Pitch Maintenance	3,070	-	-	-	3,070
Replacement Leisure Facility - Atherstone	3,750,000	-	(3,750,000)	-	-
Replacement Leisure Facility - Polesworth	4,500,000	-	(4,500,000)	-	-
Artificial Grass Pitch	372,170	-	(372,170)	-	-
Dordon Pump Track	100,000	-	-	-	100,000
Atherstone Leisure Complex - Gym Equipment	36,841	-	-	-	36,841

Leisure Equipment	24,227	-	-	-	24,227
Capital Salaries - Management	19,090	-	-	-	19,090
GENERAL FUND	11,910,053	1,389,914.00	(9,790,533)	-	3,509,434
OVERALL TOTAL	19,294,469	3,129,914	(10,540,533)	-	#####

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2025/26	2026/27	2027/28	2028/29 to 2034/35	10 Year Programme
Adaptations	Undertake adaptations to properties to improve accessibility in accordance with recommendations from social care assessors.	346,000	352,920	359,980	2,729,690	3,788,590
Windows	Programmes of window and door replacements to address older installations that are not energy efficient and those that are defective.	300,000	306,000	312,120	2,366,760	3,284,880
Fire Doors	A programme of inspection and replacement to ensure fire doors are effective	600,000	612,000	624,240	4,733,520	6,569,760
Kitchens & Bathrooms	Replacement programme to ensure these facilities meet the Decent Homes Standard.	650,000	663,000	676,260	5,128,090	7,117,350
Insulation	External Wall Insulation and Loft Insulation programmes to ensure properties meet the necessary levels for energy usage.	750,000	-	-	-	750,000
Roofing	To replace roofs (flat or pitched) which do not meet the Decent Homes Standard and cannot be repaired to extend their use.	600,000	612,000	624,240	4,733,520	6,569,760
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.	515,000	525,300	535,810	4,063,050	5,639,160
Electrics	A scheduled programme to replace consumer units and to bring wiring in Council properties up to date.	500,000	510,000	520,200	3,944,600	5,474,800

Flats Remedial works	In 2019 we started a rolling priority programme of remedial works to blocks of flats. The works will deal with blocks of flats that require extensive structural repairs.	600,000	612,000	624,240	4,733,520	6,569,760
Garages	The Demolition of Council owned garages.	150,000	-	-		150,000
Multi Trade	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.	410,500	418,710	427,080	3,238,520	4,494,810
New Build		1,358,530	1,385,700	1,413,410	10,717,840	14,875,480
Staffing		358,570	368,890	379,510	2,877,810	3,984,780
Housing Vehicles	Replacement as per the vehicle replacement schedule.	286,000	-	477,000	1,016,000	1,779,000
TOTAL		7,424,600	6,366,520	6,974,090	50,282,920	71,048,130

Draft Capital Programme - General Fund

Name of the Scheme	Basic Details of the Scheme	Year 1	Year 2	Year 3	Year 4 - 10	Total
		2025/26	2026/27	2027/28	2028/29 to 2034/35	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
General Purchasing, Replacement and updating of IT hardware and software	To Continue to provide hardware and software that meet the requirements of the increasingly complex software that is used to deliver Council services and back office functions.	80,000	85,000	80,000	570,000	815,000
Replacement of scanner/plotter	Replacement of the existing separate scanner and plotter with a single solution.	-	-	10,000	-	10,000
Telephone System	Replacement of the existing telephone system.	50,000	-	-	20,000	70,000
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.	-	-	-	15,000	15,000
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.	53,000	-	-	-	53,000
Web Development (Internet, Intranet and Extranets)	To review and assess systems to ensure they still meet user needs and replace if required.	-	-	-	100,000	100,000
Payment Management System Upgrade	Upgrade to Payment Management System to meet new encryption standards and introduce contact less payments.	7,500	7,500	7,500	30,000	52,500
Uninterruptable Power Supply	To review and assess UPS to ensure it still meets user needs and replace if required.	-	-	10,000	10,000	20,000
Refurbishment of Council Owned	To carry out improvements to all council owned	-	-	50,000	150,000	200,000
Replacement Of Firedoors In Council Premises	Replacement of Firedoors in council premises that are not up to the current legislation.	175,400	-	-	-	175,400
Car Parking in Coleshill		1,000,000	-	-	-	1,000,000
Replacement of Pool Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	54,000	54,000
Replacement of Refuse Vehicles	Replacement as per the vehicle replacement schedule.	-	-	1,096,200	4,237,000	5,333,200
Replacement of Cesspool Vehicles	Replacement as per the vehicle replacement schedule.	-	-	-	600,000	600,000
Replacement of Street Cleaning Vehicles	Replacement as per the vehicle replacement schedule.	256,000	90,000	47,000	720,614	1,113,614
Replacement of Horticulture Vehicles	Replacement as per the vehicle replacement schedule.	246,881	52,624	43,246	821,101	1,163,852
Replacement of Leisure Services	Replacement as per the vehicle replacement schedule.	-	-	-	48,500	48,500
Food Waste Vehicle	Match Defras Funding for a food waste vehicle	500,000	-	-	-	500,000
New Leisure Facility	Atherstone Leisure Complex	3,750,000	-	-	-	3,750,000

New Leisure Facility	Polesworth	4,500,000	-	-	-	4,500,000
Artificial Grass Pitch	Provision for a Leisure scheme at Royal Meadow Drive Road	372,170	-	-	-	372,170
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.	30,000	20,000	20,000	140,000	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.	250,000	-	-	250,000	500,000
Play Area Replacement Programme	Boot, Hill Grendon	-	-	50,000	-	50,000
Play Area Replacement Programme	Long Street, Dordon	50,000	-	-	-	50,000
Play Area Replacement Programme	Ridge Lane, Mancetter	50,000	-	-	-	50,000
Play Area Replacement Programme	Sycamore road, Kingsbury	-	50,000	-	-	50,000
Play Area Replacement Programme	Old Arley	50,000	-	-	-	50,000
Play Area Replacement Programme	Various	13,499	-	-	100,000	113,499
Pitch Improvements	The Queen Elizabeth Academy Pitch Improvements	75,000	-	-	-	75,000
Pavillion Changing Rooms	Provision of works to a number of our pavillions. Mancetter, Ansley Workshops, Ridge Lane, and Piccadilly. All subject to external funding	1,545,000	-	-	-	1,545,000
Capital Salaries - Management	General Fund staffing.	17,600	18,090	18,590	140,950	195,230
General Fund Total		13,142,050	343,214	1,452,536	8,147,165	23,084,965
Overall Total		20,566,650	6,709,734	8,426,626	58,430,085	94,133,095

Capital Financing Requirement
APPENDIX C

	HRA (£)	GF (£)	Grand Total
Actual CFR as at 31-3-24	50,389,473	11,806,350	62,195,823
Repayment of HRA borrowing	(2,585,000)	-	(2,585,000)
Repay Principal - Kingsbury Link	-	(2,682)	(2,682)
Repay Principal - Vehicles	-	(4,547)	(4,547)
Repay Principal - Lower House Farm	-	(9,117)	(9,117)
Repay Principal - Coleshill LC	-	(40,914)	(40,914)
Repay Principal - Recycling Container	-	-	-
Repay Principal - Office Accommodat	-	(80,735)	(80,735)
Repay Principal - Play Areas	(76,690)	(17,905)	(94,595)
New prudential borrowing	1,500,000	3,000,000	4,500,000
MRP	-	(75,116)	(75,116)
Estimated CFR as at 31-3-25	49,227,783	14,575,334	63,803,117
Repayment of HRA borrowing	(2,685,000)	-	(2,685,000)
Repay Principal - Kingsbury Link	-	(2,682)	(2,682)
Repay Principal - Vehicles	-	(4,547)	(4,547)
Repay Principal - Lower House Farm	-	(9,117)	(9,117)
Repay Principal - Coleshill LC	-	(160,914)	(160,914)
Repay Principal - Office Accommodat	-	(80,735)	(80,735)
Repay Principal - Play Areas	-	(17,905)	(17,905)
Repay Principal - Vehicles	(76,690)	-	(76,690)
New prudential borrowing	1,300,000	-	1,300,000
MRP	-	(72,111)	(72,111)
Estimated CFR as at 31-3-26	47,766,093	14,227,323	61,993,416
Repayment of HRA borrowing	(2,835,000)	-	(2,835,000)
Repay Principal - Kingsbury Link	-	(2,682)	(2,682)
Repay Principal - Vehicles	-	(4,547)	(4,547)
Repay Principal - Lower House Farm	-	(9,117)	(9,117)
Repay Principal - Coleshill LC	-	(40,914)	(40,914)
Repay Principal - Office Accommodat	-	(80,735)	(80,735)
Repay Principal - Play Areas	-	(17,905)	(17,905)
Repay Principal - Vehicles	(76,690)	-	(76,690)
Repay Principal - Polesworth LC	-	(120,000)	(120,000)
New prudential borrowing	1,300,000	-	1,300,000
MRP	-	(69,227)	(69,227)
Estimated CFR as at 31-3-27	46,154,403	13,882,196	60,036,599
Repayment of HRA borrowing	(3,335,000)	-	(3,335,000)
Repay Principal - Kingsbury Link	-	(1,800)	(1,800)
Repay Principal - Vehicles	-	(2,649)	(2,649)
Repay Principal - Lower House Farm	-	(9,117)	(9,117)
Repay Principal - Coleshill LC	-	(40,914)	(40,914)
Repay Principal - Office Accommodat	-	(80,735)	(80,735)
Repay Principal - Play Areas	-	(17,905)	(17,905)
Repay Principal - Polesworth Leisure	-	(120,000)	(120,000)
Repay Principal - Vehicles	(76,690)	-	(76,690)

New prudential borrowing	2,000,000	-	2,000,000
MRP	-	(66,457)	(66,457)
Estimated CFR as at 31-3-28	44,742,713	13,542,619	58,285,332

Capital Financing Costs Indicator - to net revenue stream
Appendix D

	Actual 2023/24 £000	Revised 2024/25 £000	Original 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000
HRA					
Interest and Investment Income	(318)	(246)	(162)	(140)	(142)
External Interest Costs	1,625	1,777	1,796	1,884	1,948
Repayment of Borrowing	2,350	2,350	2,450	2,600	3,100
New Borrowing	(6,600)	(2,500)	(3,450)	(2,700)	(3,250)
Total	(2,943)	1,381	634	1,644	1,656
Net Revenue Stream	13,442	14,264	14,849	15,296	15,729
Ratio	-21.89%	9.68%	4.27%	10.75%	10.53%
General Fund					
External Interest Costs	18	20	20	20	20
Investment Income	(1,795)	(2,035)	(1,430)	(683)	(603)
Repayment of Borrowing	154	152	152	152	152
MRP	81	75	72	69	66
Total	(1,542)	(1,788)	(1,186)	(442)	(365)
Council Tax	(5,060)	(5,142)	(5,321)	(5,531)	(5,755)
New Homes Bonus	(519)	(192)	(10)	-	-
RSG / Service / Funding Guarant	(471)	(923)	(887)	(617)	(215)
NDR multiplier	(340)	(411)	(416)	-	-
NDR	(6,960)	(9,174)	(11,484)	(2,366)	(2,592)
Net Revenue Stream	(13,350)	(15,842)	(18,118)	(8,514)	(8,562)
Ratio	11.55%	11.29%	6.55%	5.19%	4.26%

Agenda Item No 13

Executive Board

10 February 2024

Report of the Interim Corporate Director Resources (Section 151 Officer)

General Fund Revenue Budget – 2024/25 Forecast and 2025/26 Estimates

1 Summary

- 1.1 This report covers the outturn forecast for 2024/25 and an estimate of expenditure for 2025/26, together with future estimates for 2026/27, 2027/28 and 2028/29.

Recommendation to the Board

- a To accept the revised budget for 2024/25; and
- b To approve the 2025/26 estimates, as presented in this report and included in the overall budget report considered in a later agenda item.

2 Introduction

- 2.1 In consultation with the budget officers and Directors this report presents the Executive Board estimates for 2025/26 along with the outturn forecast for 2024/25, the detailed figures are in Appendices A and B.
- 2.2 At its meeting in November 2024, the Executive Board agreed the Medium-Term Financial Strategy (MTFS) for 2025-2029, which required savings of £1.5 million over a three-year period. This required budget savings of £500,000 in 2026/27 with additional savings of £500,000 in 2027/28 and £500,000 in 2028/29. Only limited growth was built into the strategy therefore any additional expenditure will impact on the funding position.
- 2.3 The figures for the outturn 2024/25 and the estimates for 2025/26 are presented in Table 1. The summary figures are presented at subjective level. Appendix A and B provide a more detailed breakdown of the figures. (The detailed cost centre pages are available but are not included as part of this report).
- 2.4 A subjective analysis of the Board's requirement is shown below:

	Approved Budget 2024/2025 £	Forecast Budget 2024/2025 £	Original Budget 2025/2026 £
Employee Costs	-	-	-
Premises	450	450	450
Supplies and Services	133,190	131,390	131,390
Transport-Related Expenditure	-	-	-
Miscellaneous	-	-	-
Earmarked Reserves	(21,370)	(19,370)	(19,370)
Gross Expenditure	112,270	112,470	112,470
Income	-	-	-
Net Controllable Expenditure	112,270	112,470	112,470
Central Support	456,350	456,350	492,860
Capital Charges	-	-	-
Net Expenditure	568,620	568,820	605,330

3 Comments on the 2024/25 Forecast Budget

- 3.1 The outturn forecast for 2024/25 is estimated to be £568,820 a movement of just £200.

4 Comments on the 2025/26 Estimates

- 4.1 The 2025/26 estimate has been prepared considering the following assumptions:
- A 3% pay award from 1 April 2025
 - Increased Employers National Insurance as directed by the Government, increasing the rate from 13.8% to 15% and reducing the NI-free amount from £9,096 to £5,000 annually.
 - Inflationary increases of 2.5% on premises related expenditure
 - Inflationary increases of 2.5% on software maintenance, vehicle fuel and insurance
 - An increase in income to reflect the increases included based on the fees and charges increases in Appendix C.
- 4.2 The estimated budget for 2025/26 is £605,330 an increase on the original 2024/25 of £36,510 due to an increase in Central support recharges.

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 risk to the budgetary position of the Council from services under the control of this Board are:

The Local Plan requires regular analysis and updating in line with changing circumstances and changes in national guidance.

The emergency planning budget may be insufficient to cover the costs of any major local emergency.

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 2025/26. The table below provides a subjective summary for those services reporting to this Board:

	Forecast Budget 2026/2027 £	Forecast Budget 2027/2028 £	Forecast Budget 2028/2029 £
Employee Costs	-	-	-
Premises	460	470	480
Supplies and Services	135,320	139,370	143,530
Transport-Related Expenditure	-	-	-
Miscellaneous	-	-	-
Earmarked Reserves	(19,370)	(19,370)	(19,370)
Gross Expenditure	116,410	120,470	124,640
Income	-	-	-
Net Controllable Expenditure	116,410	120,470	124,640
Central Support	506,170	521,360	537,000
Capital Charges	-	-	-
Net Expenditure	622,580	641,830	661,640

- 7.2 The forecasts given above have used several assumptions, which include pay awards of 3% in 2026/27 through 2028/29; increases in premises costs by 3%, increases in contracts and general increases in supplies and services of 3%.
- 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 and 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 several 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 experience and knowledge of the past and 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.

8.4 Equalities Implications

8.4.1 There are no direct equalities implications arising from the proposals in this report. Each service area referred to will have regard to the Council's varying equality duties when discharging their services.

The Contact Officer for this report is Akanksha Downing (719384).

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

Executive Board: Total

Appendix A

	Approved Budget 2024/2025 £	Forecast Budget 2024/2025 £	Variance Approved to Revised Budget £	Original Budget 2025/2026 £	Variance Revised to Original Budget £
Employees	-	-	-	-	-
Premises-Related Expenditure	450	450	-	450	-
Supplies & Services	133,190	131,390	(1,800)	131,390	-
Transport-Related Expenditure	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Balance Sheet and Earmarked Reserves	(21,370)	(19,370)	2,000	(19,370)	-
Gross Expenditure	112,270	112,470	200	112,470	-
Income	-	-	-	-	-
Net Controllable Expenditure	112,270	112,470	200	112,470	-
Central Support Charges	456,350	456,350	-	492,860	36,510
Depreciation and Capital Charges	-	-	-	-	-
Net Expenditure	568,620	568,820	200	605,330	36,510

Angela Coates

	Approved Budget 2024/2025 £	Forecast Budget 2024/2025 £	Variance Approved to Forecast Budget £	Original Budget 2025/2026 £	Variance Forecast to Original Budget £
Employees	-	-	-	-	-
Premises-Related Expenditure	-	-	-	-	-
Supplies & Services	-	-	-	-	-
Transport-Related Expenditure	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Balance Sheet and Earmarked Reserves	-	-	-	-	-
Gross Expenditure	-	-	-	-	-
Income	-	-	-	-	-
Net Controllable Expenditure	-	-	-	-	-
Central Support Charges	39,090	39,090	-	42,220	3,130
Depreciation and Capital Charges	-	-	-	-	-
Net Expenditure	39,090	39,090	-	42,220	3,130

Trudi Barnsley

	Approved Budget 2024/2025 £	Forecast Budget 2024/2025 £	Variance Approved to Forecast Budget £	Original Budget 2025/2026 £	Variance Forecast to Original Budget £
Employees	-	-	-	-	-
Premises-Related Expenditure	-	-	-	-	-
Supplies & Services	1,800	-	(1,800)	-	-
Transport-Related Expenditure	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Balance Sheet and Earmarked Reserves	-	-	-	-	-
Gross Expenditure	1,800	-	(1,800)	-	-
Income	-	-	-	-	-
Net Controllable Expenditure	1,800	-	(1,800)	-	-
Central Support Charges	63,680	63,680	-	68,770	5,090
Depreciation and Capital Charges	-	-	-	-	-
Net Expenditure	65,480	63,680	(1,800)	68,770	5,090

Steve Maxey

	Approved Budget 2024/2025 £	Forecast Budget 2024/2025 £	Variance Approved to Forecast Budget £	Original Budget 2025/2026 £	Variance Forecast to Original Budget £
Employees	-	-	-	-	-
Premises-Related Expenditure	450	450	-	450	-
Supplies & Services	131,390	131,390	-	131,390	-
Transport-Related Expenditure	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Balance Sheet and Earmarked Reserves	(21,370)	(19,370)	2,000	(19,370)	-
Gross Expenditure	110,470	112,470	2,000	112,470	-
Income	-	-	-	-	-
Net Controllable Expenditure	110,470	112,470	2,000	112,470	-
Central Support Charges	353,580	353,580	-	381,870	28,290
Depreciation and Capital Charges	-	-	-	-	-
Net Expenditure	464,050	466,050	2,000	494,340	28,290

Agenda Item No 14

Executive Board

10 February 2025

**Report of the Interim
Corporate Director – Resources (Section
151 Officer)**

**General Fund Revenue Estimates
Summary – 2024/25 Outturn and
Tax Set 2025/26**

1 Summary

- 1.1 This report presents the General Fund revenue estimates for outturn 2024/25 and original 2025/26 as presented to the individual boards and the overall Tax Set Summary for 2025/26 along with the recommendations to support the figures presented.

Recommendation to the Council

- a The outturn budget for 2024/25, as set out in Appendices A,B & C;**
- b The revenues estimates for 2025/26, in Appendices A,B & C;**
- c To note the Council Tax base for 2025/26, in Appendix D;**
- d To approve a Council Tax increase of 2.99% £7.05 per annum (14p per week) on a Band D property for 2025/26;**
- e To approve the transfer of £1,831,591 for the Business Rates Fluctuation Reserve to fund the vehicles replacement programme for 2025/26 to 2027/28, as detailed in a separate report on this agenda;**
- f To approve the transfer of £5m in 2025/26 to a specific capital reserve towards funding future capital commitments reducing borrowing;**
- g To approve minimum general fund balances of £1.2m as risk assessed by the Section 151 Officer, in Appendix F; and**
- h To approve preparation of the Council Tax resolution for consideration by the Council using the recommendations agreed by this board.**

2 The Council's Budget Requirement

- 2.1 This report summarises all Board budgets which have been presented to members of each individual board and looks at the overall expenditure requirements of the Council. Further minor variations could be made to these forecasts before the final version for approval at Executive Board and Council, to reflect any further changes that may be needed as circumstances continue to evolve.
- 2.2 The figures presented in the table and Appendix C include transferring £5m to the capital reserve in 2025/26 as a one off contribution towards capital commitments. Members have already agreed an aspiration to invest in leisure replacing the leisure centre and this funding would reduce the borrowing required which would increase ongoing revenue costs. Final figures presented to Council will include the final settlement figures and all the parish precepts.

3 The Council's Budget Requirement

- 3.1 The Council's net service expenditure requirements are summarised below. Details of individual Board requirements are shown in Appendix A & B.

	Approved Budget 2024/25	Outturn Budget 2024/25	Original Estimate 2025/26
Community & Environment	7,686,370	7,663,250	8,451,360
Planning & Development	293,250	465,510	722,110
Resources	3,845,750	3,970,990	4,056,800
Executive	568,620	568,820	605,330
Licensing	56,370	56,370	66,350
Net Service Expenditure	12,450,360	12,724,940	13,901,950
Invest to Save Initiatives	1,000,000	1,000,000	-
Capital Reserve	-	-	5,000,000
Contingencies	(51,300)	176,000	231,250
Financing Adjustment	(780,570)	(729,720)	(740,480)
Investment Interest Income	(1,000,000)	(2,035,000)	(1,430,490)
Investment Income – MRF	(94,030)	(50,000)	(230,000)
Net Expenditure Requirement	11,524,460	11,086,220	16,732,230

- 3.2 The figures in this table are also summarised in Appendix C along with the external funding figures.

4 The Council's 2024/25 Estimated out-turn

- 4.1.1 The major changes in Board budgets are set out below:
- 4.2 Community and Environment Board
- 4.2.1 A reduction of £23K on the approved budget, attributed mainly to the Sherbourne MRF, as reported in the C&E board report of 20th January and will be subject of a separate report in March.

4.3 Planning and Development Board

- 4.3.1 Increase of £172K on the approved. Fee income is currently performing over the budgeted position for Planning due to a high number of significant applications approx. £32k. The £240k increase in supplies and services includes the appeals budget increased by £225k. The income budget for local land charges has been increased to £64k from original budget at the planning board on 09th December 2024.

4.4 Executive Board

- 4.4.1 Reduction of only £1.8k on the approved budget.

4.5 Resources Board

- 4.4.1 Increase of £125K overall on the approved budget, mainly due to an increase in employee costs, the increase includes the additional pay award costs. These are not allocated and stay as a net expenditure. However, they will be recharged out to services as part of the closedown process as reported in the Resources board report on 27th January.

5 The Council's 2025/26 Expenditure Requirement

- 5.1 The main variations between the 2025/26 original budget and the 2024/25 outturn budget are set out below.

5.2 Community and Environment Board

- 5.2.1 The budget is an increase of £788K over the 24/25 approved budget. The majority is due to increases in employees costs due to pay award, employers NI and agency provision, along with increased costs of recycling, as detailed in the C&E board report on 20th January.

5.3 Planning and Development Board

- 5.3.1 The budget is an increase of £256K over the 24/25 approved budget. Mainly attributed to the increase in central support charges as detailed in the Planning board report on 03rd February.

- 5.4 All other boards the main reason for the increase is Central Support charges most of these costs are salary related, they have increased by the budgeted pay award, increments and increased National Insurance as reported in the Resources board report on 27th January.

6 Budget Projections

- 6.1 In addition to preparing the 2025/26 budget, the three following years have been forecast.

- 6.2 Specific areas of increase are considered separately, and individual rates of increase used to reflect prevailing market conditions, where they are significantly different to the general rate of inflation. These are assessed on an annual basis and depending on economic conditions, may include:
- Employee costs – pay awards and pension costs;
 - fuel and energy costs;
 - investment rates.
 - income
- 6.3 The pay award for the current financial year was approved in November 2024 at a flat rate of £1,290 which was backdated to 1st April 2024. The figures in the plan assume a pay award of 3% in 2025/26, continuing for the following 3 years. This is the largest element of expenditure and will have a significant impact on the Council's budgets.
- 6.4 The revenue implications of the proposed capital programme, covered in a separate report on the agenda, have been included for all years.
- 6.5 The forecast has been summarised and is shown below.

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Net Expenditure Requirement	16,732,230	12,139,430	12,187,030	12,205,030

7 Summary of the 2025/26 Finance Settlement

- 7.1 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 (RSG) and Business Rates (NDR).
- 7.2 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.
- 7.3 The figures presented are still the provisional settlement, they will be updated for the final figures as part of the updated report to Council. Based on provisional settlement figures:

	2024/25 £'000	2025/26 £'000
NDR Baseline Funding	2,106	2,136
RSG	86	117
Sub-total – SFA	2,192	2,253
Assumed Council Tax	5,196	5,400
S31 Grant – Business rates multiplier	375	416
New Homes Bonus	192	10
Recovery Grant	-	128
Services Grant	13	-
Funding Guarantee Grant	824	624
Total Core Spending Power	8,792	8,831

- 7.4 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 2025/26, by whichever is the greater of £5 or 3% and the taxbase increases by 1%.
- 7.5 Notification of New Homes Bonus of £10,000 has been received for 2025/26. It has been assumed in the projections It had been assumed that here would be no funding in 2025/26 as the scheme is ending and growth has been low. The new funding reforms will commence from 1 April 2026 and it is predicted that New Homes Bonus will not be part of the new funding mechanism.
- 7.6 The minimum Funding Guarantee was new in the 2023/24 settlement and has continued for 2025/26. It has been assumed that the Funding Guarantee grant will continue but reducing significantly.
- 7.7 The figures do not include the grant in 2025/26 the Government have committed to giving Councils for the impact of the National Insurance increase, this is estimated at £93,000 for this Council. The final provisional settlement may confirm this figure and if appropriate this can be built into the final figures for Tax Set Council.
- 7.8 The provisional settlement announced in December 2024 was for 2025/26 only with a commitment that Local Government funding reform would be in place from 2026/27 and this would then provide multi-year settlements which assist with financial planning. With the lack of information on future funding it is difficult to plan over the medium term. The figures presented assume that business rates will be reset back to baseline which has a significant impact on this Councils funding as business rates is substantially over baseline. It is likely that a transitional period will be put in place but this has not been assumed in the figures presented.

8 Council Tax

- 8.1 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 2025/26 and is 21,909.90, attached as Appendix D.

...

- 8.2 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 low growth rate of 0.19% in the tax base has been used in projecting Council Tax income for 2025/26, which is based on the house building in the Borough. The economic climate with cost of living and high interest rates has really impacted on house building as this can be seen in the growth projections for next year, 1% has been assumed for 2026/27 onwards as it is hoped with inflation reducing and in turn interest rates potentially going down the house building will start again.
- 8.3 The Authority has estimated the Council Tax position that will be brought forward from 2024/25, and a small surplus is expected. All major precepting authorities have been notified of the amounts they will receive. North Warwickshire Borough Council will receive a sum of £2,070 for 2025/26.
- 8.4 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 a permitted increase of 2.99% in 2025/26 and has assumed a further 2.99% increase each year in subsequent years.
- 8.5 A Council Tax increase of 2.99% per annum for ratepayers gives the Council an additional £164,091 in income in 2025/26. It increases the Band D council tax by £7.05 per annum (14p per week) 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. The table below illustrates the loss of revenue if the tax does not increase for 2025/26 and in line with the assumptions in the MTFs. This decision would have a cumulative impact of £1.6m.

Year	Tax Base	2.99% Increase	Council Tax Income £	0% Increase	Council Tax Income £	Loss of Income £
2025/26	21,909.90	242.75	5,318,628	235.70	5,164,163	154,465
2026/27	22,129.00	250.01	5,532,471	235.70	5,215,805	316,666
2027/28	22,350.29	257.48	5,754,752	235.70	5,267,963	486,789
2028/29	22,573.79	265.18	5,986,118	235.70	5,320,643	665,475
TOTAL			22,591,969		20,968,574	1,623,395

- 8.6 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/Borough that proposes a Council Tax increase over 2.99%.

9 Expected Resources

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

Funding	2025/26	2026/27	2027/28	2028/29
Council Tax	(5,319)	(5,533)	(5,755)	(5,986)
National Non Domestic Rates (NDR) – Baseline	(2,136)	(2,366)	(2,592)	(2,813)
NDR – Gain estimated above baseline	(9,348)	-	-	-
Section 31 Grant – business rate multiplier	(416)	-	-	-
Revenue Support Grant (RSG)	(117)	(120)	(123)	(123)
New Homes Bonus	(10)	-	-	-
Recovery Grant	(128)	(128)	(128)	(128)
Funding Guarantee Grant	(642)	(369)	(87)	(87)
Collection Fund (Surplus)/Deficit	(2)	1	-	(1)
TOTAL	(18,118)	(8,515)	(8,685)	(9,138)

Note: The figures are based on Local Government Funding Reform changing the funding mechanism from 2026/27.

- 9.2 The figures are based on the Government finally implementing funding reform from 2026/27 which is expected to include business rates reset and the figures assume no transitional arrangements, which as illustrated by the table above has a significant impact on income for this Council. This is why its essential for this Council over the medium term to use balances to deliver sustainable reductions to reduce net expenditure in the long term.

10 Reductions and Increased Income

- 10.1 To deliver a medium term sustainable budget reductions are required from 2026/27 onwards as this Council can't sustain using £3-3.5m of balances per year. Therefore, it is essential that this Council uses balances to ensure the projects/initiatives to deliver reductions/increased income can be developed and implemented but the budget is still balanced, see Appendix E and the Balancing the Medium Term Budget table;

...

	2024/25 Forecast £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Net Service Expenditure	10,087	11,733	12,640	13,187	13,705
Invest to Save Fund	1,000	0	0	0	0
Capital Reserve	0	5,000	0	0	0
Reductions/Increased Income Target	0		-500	-1,000	-1,500
Total Expenditure	11,087	16,733	12,140	12,187	12,205
Total Income	15,842	18,118	8,515	8,685	9,138
Net Expenditure	-4,755	-1,385	3,625	3,502	3,067
Use of/ (Contribution to)Balances	-4,755	-1,385	3,625	3,502	3,067
Balances at the Year End	-11,657	-13,042	-9,417	-5,915	-2,848

10.2 Members approved the strategy to delivering a balanced medium budget, a programme for Reductions/Increased Income over the medium term will need to be developed to deliver the target figures. Listed below is the of projects this needs to be developed further into an action plan with timelines, resources required and responsible officer.

10.3 Detailed below is the initial list of projects/initiatives:

- Transformation projects – These need individual business cases with target reductions for improved efficiency both cashable and non cashable, these will include new IT systems and processes.
- Invest to save – The fund of £1m can be used to deliver these initiatives such as rationalisation of assets.
- Service redesign – This links with transformation, an example is reviewing the current Waste & Recycling rounds to achieve optimisation.
- Income Generation – Continue with Fees and Charges review, are there areas we are not charging?
- Commercialism – Where appropriate we should be looking to operate services commercially delivering VFM for residents and a high level of service.
- Structure Fit for Purpose – sustainable structure with the capacity and skills to deliver corporate plan priorities and excellent service to customers.
- Treasury Management – Review Investments to ensure income is maximised, this may include assessing the risk appetite.

In order to keep the level of balances above the minimum level of £1.2m, and reduce the reliance on balances with the net expenditure of the Council at £3 - £3.5m per annum, reductions/ increased income is required. In the figures presented this has been set at £500,000 for 2026/27, with a further £500,000 for 2027/28 and 2028/29.

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 significant income above baseline for 2024/25 and 2025/26. Plans to reset business rates have been delayed but are expected from 2026/27, and this will remove the growth mentioned above. In this event, the Volatility Reserve will be used to provide an additional funding to prevent an immediate revenue impact and the MTFS has been presented on this basis.
- 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 increased valuations resulting from the 2022 valuation and the current economic uncertainty, this risk has increased.
- 11.6 **Local Authority Funding Reform** – 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.
- 11.7 **Growth in the Borough** – currently the growth has slowed down which has led to very low Tax Base increases, however if new homes and estates are delivered in line with expectations in future years, there will be a significant impact on some Council services, for example, refuse and recycling and grounds maintenance.
- 11.8 **Other Risks** – the current economic position could increase 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.
- 11.9 An overall risk assessment for 2025/26 has been completed to determine the minimum level of general reserves that the Section 151 Officer considers it is appropriate for the Authority to hold, and this is shown in Appendix F. This is based on the expected or 'most likely' position and the assumption that not all risks will occur within the next year.
- ...

- 11.10 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 above £1.2 million over the next four years, although careful monitoring of this will still be necessary.
- 11.11 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.
- 11.12 However, if a general reserve of £1.2 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 2025/26, there is a real possibility that the position could be worse than that anticipated. It could also be better. The Authority would need to adjust its financial strategy, and manage any changes required in 2025/26. 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 Section 151 Officer 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 was made with regards to the pandemic and has also been needed in 2022/23 due to the significant pressures brought about by the current economic position. 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 Business Rate Volatility Reserve has been used to fund the capital vehicle replacement programme over the next 3 years.

- 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.
- 12.6 The expected position on earmarked reserves at the end of 2024/25 relating to the General Fund is outlined below.

Earmarked Reserves	Expected Balance 31 March 2025 £000
Capital	4.726
Revenue	8,646
Total	13,372

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

- 12.7 For the majority of earmarked reserves, there is little or no risk to the financial standing of the Council. Reserves set up to manage timing differences or hold funding received in advance match expenditure to the income available. Reserves held to allow risks to the base budget to be managed are estimated using the best available information. A review of earmarked reserves is planned, so that previous priorities can be reassessed in light of the current financial position and if the fund is no longer required the balance will be transferred to the general fund balance.

13 **Budget Consultation**

- 13.1 No specific budget consultation has taken place but in 2024/25 a residents survey was completed and this had feedback on the budget which is being used as part of the corporate plan which links with the budget process.

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 and final figures for the settlement and parish precepts.

15 **Delivering Value for Money**

- 15.1 All Councils will be looking for reductions/increased income in net expenditure within their MTFS, to sustain their financial position. Efficiencies will be introduced wherever possible to minimise the impact on service provision.

16 **Conclusion**

- 16.1 It is clear that even with Council Tax increases of 2.99%, there is an imperative need to reduce the net expenditure of the Council as its operating at £3.5m net expenditure when business rate growth above baseline is removed. Reductions of around £1.5m over the period of the MTFS. However, if these expenditure

reductions can be achieved, current forecasts indicate that reserves will remain around just above the minimal acceptable level of £1.2 million by the end of 2028/29, although this is subject to the uncertainties inherent in budgetary forecasting, and subject to the level of Council Tax increase agreed.

16.2 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 has an underlying borrowing requirement, which may increase costs in the future particularly to fund the New Leisure Facility .

16.3 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.

17 Report Implications

17.1 Financial Implications

17.1.1 As detailed in the body of the report.

17.2 Legal Implications

17.2.1 As referred to at section 12 above, the Section 151 Officer has a statutory duty to prepare a report to the council including information about the robustness of the estimates provided for calculating the budget and the adequacy of proposed financial reserves. In turn, the legislation concerned requires the Council to have regard to the content of the report when making the budget calculations concerned.

17.3 Safer Communities Implications

17.3.1 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.

17.4 Environment and Sustainability Implications

17.4.1 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.

17.4.2 Parts of the corporate and service plans directly support the climate change agenda, for example, recycling and the green space strategy.

17.5 Equality Implications

17.5.1 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 Alison Turner (719234).

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
ALL BOARD SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Appendix A

Code	Description	Actual 2023/2024 £	Approved Budget 2024/2025 £	Forecast Outturn 2024/2025 £	Original Budget 2025/2026 £
NW5000	Domestic Refuse Collection	1,254,127	1,288,100	1,297,290	1,322,930
NW5001	Streetscene Grounds Maintenance	125,578	198,620	131,080	279,630
NW5002	Trade Refuse Collection	(10,286)	12,220	17,100	(5,820)
NW5003	Cesspool Emptying	52,787	81,420	82,990	92,500
NW5004	Recycling	1,756,060	1,071,610	1,158,360	1,293,950
NW5007	Green Waste Service	(314,508)	131,450	120,500	162,230
NW5010	Amenity Cleaning	824,068	837,430	849,520	953,240
NW5013	Unadopted Roads	25,898	22,840	21,030	23,980
NW5014	Drain Unblocking And Land Drainage	24,838	19,710	19,710	21,070
NW5015	Street Furniture	10,050	8,630	8,630	9,200
NW5016	Atherstone Market	3,237	3,480	3,440	3,590
NW4002	Commercial Pollution Control	398,916	521,200	529,210	570,630
NW4003	Domestic Pollution Control	16,907	41,070	43,320	46,320
NW5005	Animal Control	33,840	35,710	35,710	37,310
NW5006	Abandoned Vehicles	5,511	5,760	5,760	6,030
NW5021	Public Health Act 1984 Burials	9,489	5,700	5,700	6,000
NW5023	Consultation	18,641	11,160	11,160	11,650
NW5025	Corporate Policy	71,435	42,270	42,270	44,200
NW5034	Landscape	6,794	13,750	13,750	13,910
LL9000	Polesworth Sports Centre	(6,429)	(3,710)	(4,500)	360
LL9001	Polesworth Gym (Prv Workspace Units)	214,616	239,940	233,360	248,050
LL9002	Coleshill Leisure Centre	531,457	581,470	552,880	606,030
LL9003	Atherstone Leisure Complex	604,959	1,129,250	1,093,310	1,181,630
LL9004	Memorial Hall (Sport)	132,465	180,360	182,980	220,720
LL9007	Qe School Artificial Grass Pitch	249	(1,020)	(7,050)	(5,170)
NW5019	Green Space Budget	746,602	715,650	723,830	780,390
NW5030	Rural Regeneration	85,039	4,440	4,440	4,680
NW5040	Marketing And Market Research	14,207	15,880	15,880	16,490
NW5044	Support To Voluntary Organisations	48,951	54,740	54,740	57,260
NW5055	Health Improvement	93,464	17,860	17,470	18,520
NW5056	Safer Communities	105,498	399,380	399,380	429,850
	COMMUNITY AND ENVIRONMENT Total	6,884,460	7,686,370	7,663,250	8,451,360
NW4009	Planning Control	183,458	135,470	329,140	494,150
NW4010	Building Control	46,416	62,840	62,840	108,610
NW4014	Local Land Charges	14,088	29,930	5,230	45,590
NW4012	Conservation And Built Heritage	68,616	68,300	68,300	73,760
NW4018	Street Naming And Numbering	(2,037)	(3,290)		
	DEVELOPMENT CONTROL Total	310,541	293,250	465,510	722,110
NW2000	Housing Strategic Service Review	39,267	39,090	39,090	42,220
NW2003	Community Strategy	134,396	66,260	66,260	72,720
NW2007	Emergency Planning	63,437	27,730	27,730	29,220
NW2009	North Warwickshire Development Plan	270,506	366,450	366,450	386,500
NW5050	Support To Parishes	16,353	3,610	3,610	3,900
NW2002	Corporate Communications	57,283	65,480	63,680	68,770
	EXECUTIVE Total	581,242	568,620	566,820	603,330
NW4000	Licensing Authority	(32,732)	(15,400)	(15,400)	(13,600)
NW4019	Gambling Act Authority	(2,111)	(660)	(660)	(240)
	LICENSING (Alcohol and Gambling) Total	(34,843)	(16,060)	(16,060)	(13,840)
NW4001	Licences And Registration	22,639	28,750	28,750	31,920
NW4008	Hackney Carriages/Private Hire Vehicles	27,183	43,680	43,680	48,270
	LICENSING (Taxi and General) Total	49,822	72,430	72,430	80,190

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

Appendix A

Code	Description	Actual 2023/2024 £	Approved Budget 2024/2025 £	Forecast Outturn 2024/2025 £	Original Budget 2025/2026 £
NW3084	Homeless Persons	120,682	199,440	202,720	244,250
NW5008	Private Sector Housing Assistance	136,878	147,310	147,310	159,090
NW5035	Cctv	93,130	22,610	26,500	61,280
NW3000	Democratic Process	575,287	621,660	623,670	666,020
NW3003	Business Rates	85,358	112,040	91,370	108,030
NW3004	Council Tax Collection	269,952	466,520	426,110	469,210
NW3050	Finance Miscellaneous	-	1,420	1,420	1,530
NW3051	Compensation and Pension Increases	235,155	244,380	241,160	249,230
NW3052	Assisted Car Purchases	622	1,040	1,010	1,100
NW3059	Finance Unused Land and Assets	21,540	2,540	101,520	101,640
NW3060	Corporate and Democratic Core	948,612	818,690	789,750	837,190
NW3061	Unallocated CSS	88,893	288,290	314,880	332,440
NW3097	Rent Allowances	350,476	213,620	118,700	140,120
NW3098	Housing Rent Rebates	70,338	202,910	164,270	181,140
NW3101	Council Tax Support	350,782	357,430	340,510	367,530
NW3054	Electricity at Work	28,879	29,160	15,250	29,900
NW3066	Carlyon Road Industrial Estate	(118,309)	(122,820)	(135,260)	(137,840)
NW3067	The Pavilions Holly Lane	(79,879)	(77,300)	(75,550)	(76,480)
NW3069	Innage Park Industrial Estate	(58,391)	(68,740)	(71,160)	(71,500)
NW3079	Maya Bar & Restaurant	(2,394)	(13,330)	(13,170)	(13,180)
NW3089	Public Conveniences	503	770	790	830
NW3120	Car Parks	112,909	170,310	172,230	177,440
NW3001	Election Expenses	89,887	134,410	134,410	137,060
NW3002	Registration Of Electors	90,722	93,390	93,390	98,580
NW4018	Street Naming And Numbering	-	-	(3,290)	(3,450)
	RESOURCES (Remaining) Total	3,411,629	3,845,750	3,708,540	4,061,160
	RESOURCES (Recharged) Total	-	-	262,450	(4,360)
	Grand Total	11,202,852	12,450,360	12,722,940	13,899,950

All Boards Total	Approved Budget 2024/2025 £	Outturn Forecast 2024/2025 £	Original Budget 2025/2026 £	Variance Approved to Forecast Budget £	Variance Revised to Original Budget £
Employees	4,793,040	14,015,720	14,966,210	9,222,680	950,490
Premises-Related Expenditure	1,433,730	2,002,060	2,060,770	568,330	58,710
Supplies & Services	11,425,780	13,211,680	13,065,710	1,785,900	(145,970)
Transport-Related Expenditure	1,018,680	792,060	750,570	(226,620)	(41,490)
Balance Sheet and Earmarked Reserves	(637,210)	(417,220)	14,570	219,990	431,790
Gross Expenditure	18,034,020	29,604,300	30,857,830	11,570,280	1,253,530
Income	(14,389,990)	(28,286,540)	(29,082,700)	(13,896,550)	(796,160)
Net Controllable Expenditure	3,644,030	1,317,760	1,775,130	(2,326,270)	457,370
Central Support Charges	7,857,290	10,209,290	10,928,930	2,352,000	719,640
Depreciation and Capital Charges	949,040	1,195,890	1,195,890	246,850	-
Net Expenditure (Recharged to Services)	12,450,360	12,722,940	13,899,950	272,580	1,177,010

Community and Environment Board	Approved Budget 2024/2025 £	Outturn Forecast 2024/2025 £	Original Budget 2025/2026 £	Variance Approved to Forecast Budget £	Variance Revised to Original Budget £
Employees	4,359,920	4,271,990	4,731,840	(87,930)	459,850
Premises-Related Expenditure	1,243,520	1,239,120	1,264,570	(4,400)	25,450
Supplies & Services	1,446,780	1,625,510	1,323,020	178,730	(302,490)
Transport-Related Expenditure	1,003,040	768,880	727,200	(234,160)	(41,680)
Balance Sheet and Earmarked Reserves	(385,650)	(385,650)	1,350	-	387,000
Gross Expenditure	7,667,610	7,519,850	8,047,980	(147,760)	528,130
Income	(3,857,850)	(3,733,210)	(3,712,860)	124,640	20,350
Net Controllable Expenditure	3,809,760	3,786,640	4,335,120	(23,120)	548,480
Central Support Charges	2,995,250	2,995,250	3,234,880	-	239,630
Depreciation and Capital Charges	881,360	881,360	881,360	-	-
Net Expenditure (Recharged to Services)	7,686,370	7,663,250	8,451,360	(23,120)	788,110

Development Control Board	Approved Budget 2024/2025 £	Outturn Forecast 2024/2025 £	Original Budget 2025/2026 £	Variance Approved to Forecast Budget £	Variance Revised to Original Budget £
Employees	-	-	-	-	-
Premises-Related Expenditure	-	-	-	-	-
Supplies & Services	157,130	397,580	505,920	240,450	108,340
Transport-Related Expenditure	-	-	-	-	-
Balance Sheet and Earmarked Reserves	-	(25,000)	(25,000)	(25,000)	-
Gross Expenditure	157,130	372,580	480,920	215,450	108,340
Income	(859,500)	(899,480)	(829,300)	(39,980)	70,180
Net Controllable Expenditure	(702,370)	(526,900)	(348,380)	175,470	178,520
Central Support Charges	979,230	976,020	1,054,100	(3,210)	78,080
Depreciation and Capital Charges	16,390	16,390	16,390	-	-
Net Expenditure (Recharged to Services)	293,250	465,510	722,110	172,260	256,600

Executive Board	Approved Budget 2024/2025 £	Outturn Forecast 2024/2025 £	Original Budget 2025/2026 £	Variance Approved to Forecast Budget £	Variance Revised to Original Budget £
Employees	-	-	-	-	-
Premises-Related Expenditure	450	450	450	-	-
Supplies & Services	133,190	131,390	131,390	(1,800)	-
Transport-Related Expenditure	-	-	-	-	-
Balance Sheet and Earmarked Reserves	(21,370)	(21,370)	(21,370)	-	-
Gross Expenditure	112,270	110,470	110,470	(1,800)	-
Income	-	-	-	-	-
Net Controllable Expenditure	112,270	110,470	110,470	(1,800)	-
Central Support Charges	456,350	456,350	492,860	-	36,510
Depreciation and Capital Charges	-	-	-	-	-
Net Expenditure (Recharged to Services)	568,620	566,820	603,330	(1,800)	36,510

Licensing Board	Approved Budget 2024/2025 £	Outturn Forecast 2024/2025 £	Original Budget 2025/2026 £	Variance Approved to Forecast Budget £	Variance Revised to Original Budget £
Employees	-	-	-	-	-
Premises-Related Expenditure	-	-	-	-	-
Supplies & Services	6,830	6,830	6,880	-	50
Transport-Related Expenditure	3,400	3,400	3,400	-	-
Balance Sheet and Earmarked Reserves	-	-	-	-	-
Gross Expenditure	10,230	10,230	10,280	-	50
Income	(98,660)	(98,660)	(100,310)	-	(1,650)
Net Controllable Expenditure	(88,430)	(88,430)	(90,030)	-	(1,600)
Central Support Charges	144,800	144,800	156,380	-	11,580
Depreciation and Capital Charges	-	-	-	-	-
Net Expenditure (Recharged to Services)	56,370	56,370	66,350	-	9,980

Resources Board (Recharged)	Approved Budget 2024/2025 £	Outturn Forecast 2024/2025 £	Original Budget 2025/2026 £	Variance Approved to Forecast Budget £	Variance Revised to Original Budget £
Employees	-	9,118,910	9,635,560	9,118,910	516,650
Premises-Related Expenditure	-	590,560	605,470	590,560	14,910
Supplies & Services	-	1,282,390	1,319,770	1,282,390	37,380
Transport-Related Expenditure	-	7,530	7,420	7,530	(110)
Balance Sheet and Earmarked Reserves	-	-	-	-	-
Gross Expenditure	-	10,999,390	11,568,220	10,999,390	568,830
Income	-	(13,339,000)	(14,265,960)	(13,339,000)	(926,960)
Net Controllable Expenditure	-	(2,339,610)	(2,697,740)	(2,339,610)	(358,130)
Central Support Charges	-	2,355,210	2,446,530	2,355,210	91,320
Depreciation and Capital Charges	-	246,850	246,850	246,850	-
Net Expenditure (Recharged to Services)	-	262,450	(4,360)	262,450	(266,810)

Resources Board (Remaining)	Approved Budget 2024/2025 £	Outturn Forecast 2024/2025 £	Original Budget 2025/2026 £	Variance Approved to Forecast Budget £	Variance Revised to Original Budget £
Employees	433,120	624,820	598,810	191,700	(26,010)
Premises-Related Expenditure	189,760	171,930	190,280	(17,830)	18,350
Supplies & Services	9,681,850	9,767,980	9,778,730	86,130	10,750
Transport-Related Expenditure	12,240	12,250	12,550	10	300
Balance Sheet and Earmarked Reserves	(230,190)	14,800	59,590	244,990	44,790
Gross Expenditure	10,086,780	10,591,780	10,639,960	505,000	48,180
Income	(9,573,980)	(10,216,190)	(10,174,270)	(642,210)	41,920
Net Controllable Expenditure	512,800	375,590	465,690	(137,210)	90,100
Central Support Charges	3,281,660	3,281,660	3,544,180	-	262,520
Depreciation and Capital Charges	51,290	51,290	51,290	-	-
Net Expenditure (Recharged to Services)	3,845,750	3,708,540	4,061,160	(137,210)	352,620

SUMMARY OF REVENUE REQUIREMENTS

Outturn Budget			Original Budget		
2024/2025 Gross Expenditure	2024/2025 Gross Income	2024/2025 Net Expenditure	2025/2026 Gross Expenditure	2025/2026 Gross Income	2025/2026 Net Expenditure
£	£	£	£	£	£
11,396,460	3,733,210	7,663,250	12,164,220	3,712,860	8,451,360
1,364,990	899,480	465,510	1,551,410	829,300	722,110
155,030	98,660	56,370	166,660	100,310	66,350
27,526,180	23,555,190	3,970,990	28,497,030	24,440,230	4,056,800
568,820	-	568,820	605,330	-	605,330
14,576,200	14,576,200	-	14,998,860	14,998,860	-
176,000	-	176,000	231,250	-	231,250
1,000,000	-	1,000,000	-	-	-
-	2,085,000	(2,085,000)	5,000,000	-	5,000,000
-	729,720	(729,720)	-	1,660,490	(1,660,490)
-	-	-	-	740,480	(740,480)
56,763,680	45,677,460	11,086,220	63,214,760	46,482,530	16,732,230
-	-	4,754,840	1,385,470	-	1,385,470
56,763,680	45,677,460	15,841,060	64,600,230	46,482,530	18,117,700
1,264,313	-	1,264,313		-	-
58,027,993.00	45,677,460	17,105,373.00	64,600,230	46,482,530	18,117,700
		(9,174,000)			(11,484,000)
		(411,000)			(416,000)
		(192,000)			(10,000)
		(13,000)			-
		-			(128,000)
		(824,000)			(642,000)
		(86,000)			(117,000)
		13,480			(2,070)
		6,418,853			5,318,630

North Warwickshire Borough Council Tax Base 2025/26

	Band A disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
No. of dwellings		6,752.00	7,507.00	6,507.00	4,059.00	2,604.00	1,416.00	789.00	81.00	29,715.00
Plus additions		33.25	57.00	53.50	36.50	37.50	11.00			229.00
Less reductions										
Less exemptions	-	(160.00)	(160.00)	(111.00)	(65.00)	(36.00)	(26.00)	(10.00)	(2.00)	(570.00)
Less orig. band for disabled		(34.00)	(57.00)	(54.00)	(54.00)	(39.00)	(20.00)	(17.00)	(4.00)	(268.00)
Plus new band for disabled	34.00	57.00	54.00	54.00	39.00	20.00	17.00	4.00		268.00
(a) Chargeable dwellings	34.00	6,648.25	7,401.00	6,449.50	4,015.50	2,586.50	1,424.00	766.00	75.00	29,145.00
25% discounts	9.00	3,472.00	2,942.00	2,005.00	976.00	487.00	232.00	111.00	13.00	10,247.00
50% discounts - Adjusted due to annexe disc	1.00	12.00	11.00	5.00	6.00	5.00	8.00	7.00	7.00	62.00
Total discounts	10.00	3,516.00	2,980.00	2,038.00	999.00	500.00	251.00	127.00	20.00	10,441.00
(b) Discount deduction	(2.75)	(874.00)	(741.00)	(503.75)	(247.00)	(124.25)	(62.00)	(31.25)	(6.75)	(2,592.75)
Former A exemptions (25%)		5.00	2.00	3.00	2.00	2.00	-	-	-	14.00
Former C exemptions (2 weeks)		12.00	9.00	9.00	3.00	3.00	1.00	-	-	37.00
Total former exemptions (single equivalent)		1.71	0.85	1.10	0.62	0.62	0.04	-	-	4.92
Long Term Empty Premium		20.00	17.00	19.00	14.00	5.00	10.00	9.00	-	94.00
Council Tax Support	8.44	1,240.80	834.33	366.93	116.94	48.46	28.54	9.03	0.93	2,654.40
Band D equivalent	4.54	782.46	635.08	318.09	111.05	56.42	38.70	12.82	1.72	1,960.87
(c) Adjustments	-	-	-	-	-	-	-	-	-	-
(a)-(b)+(c) Net dwellings	23.95	4,521.75	5,826.50	5,575.00	3,647.74	2,415.00	1,307.00	730.00	69.00	26,835.00
Band D equivalents	13.31	3,014.50	4,531.72	4,955.56	3,647.74	2,951.67	1,887.89	1,216.67	138.00	22,357.05
Total Band D		22,357.05								
Collection rate		98.00%								
Taxbase		21,909.90								

UPDATED MEDIUM TERM FINANCIAL FORECAST

	2024/25 Forecast £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Net Service Expenditure	13,902	14,133	14,312	14,843	15,141
Investment Income	(2,085)	(1,660)	(903)	(833)	(710)
Financing Adjustment	(730)	(740)	(769)	(823)	(726)
Requirement to reduce expenditure- 2026/27	-	-	(500)	(500)	(500)
Requirement to reduce expenditure- 2027/28	-	-	-	(500)	(500)
Capital Reserve	-	5,000	-	-	-
Requirement to reduce expenditure- 2028/29	-	-	-	-	(500)
Net Expenditure	11,087	16,733	12,140	12,187	12,205
Council Tax	(5,155)	(5,319)	(5,533)	(5,755)	(5,986)
NDR Baseline	(2,106)	(2,136)	(2,366)	(2,592)	(2,813)
NDR Multiplier Compensation	(411)	(416)	-	-	-
NDR Above Baseline	(7,068)	(9,348)	-	-	-
New Homes Bonus	(192)	(10)	-	-	-
Revenue Support Grant	(86)	(117)	(120)	(123)	(123)
Service Grant	(13)	-	-	-	-
Recovery Grant	-	(128)	(128)	(128)	(128)
Lower tier Services Grant	-	-	-	-	-
Funding Guarantee Grant	(824)	(642)	(369)	(87)	(87)
Collection Fund (Surplus) / Deficit	13	(2)	1	-	(1)
Use of / (Contribution to) Balances	(4,755)	(1,385)	3,625	3,502	3,067
Balances at the Year End	(11,657)	(13,042)	(9,417)	(5,915)	(2,848)

APPENDIX F**COUNCIL WIDE - RISK ANALYSIS**

	Likelihood	Provision
Income Generation - decrease in fees and charges 10%	High	350,000
Lower vacancies than expected increase in costs due to Interim appointments (provision for vacancies = £200k)	High	200,000
Investment Income - loss of cash flow 10%	Medium	150,000
Further Public Inquiries	High	100,000
Housing Benefit - reduction in subsidy reimbursement	Medium	50,000
Overspending on agreed budget	Medium	150,000
Housing Benefit - Local Authority Error & Overpayments	Medium	50,000
Increased cost of maintaining Corporate Buildings	Medium	50,000
General Contingency	Medium	140,000
Total		1,240,000

Likelihood of Risk

High	100%
Medium	50%
Low	0-10%

Agenda Item No 15

Executive Board

10 February 2025

**Report of the
Chief Executive**

Exclusion of the Public and Press

Recommendation to the Board

To consider, in accordance with Section 100A(4) of the Local Government Act 1972, whether it is in the public interest that 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.

Agenda Item No 16

Staffing Matter – Report of the Chief Executive

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

Agenda Item No 17

Exempt Extract of the Minutes of the meeting of the Executive Board held on 25 November 2024

Paragraph 1 – Information relating to any individual.

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 Amanda Tonks (719221).