

Agenda Item No 7

Resources Board

10 March 2025

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

**Treasury Management Strategy
Statement, Minimum Revenue
Provision Policy Statement and
Annual Investment Strategy for
2025/26**

1 Summary

- 1.1 This report outlines the Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Investment Strategy for 2025/26.

Recommendation to the Council

- a To adopt the clauses set out in paragraph 3.5; and**
- b To approve the Treasury Management Statement (Appendix A) and the proposed strategies for 2025/26 as detailed in Appendix B Treasury Management Strategy and Appendix C Investment Strategy.**

2 Introduction and Background

- 2.1 The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing appropriate liquidity initially before considering investment return.
- 2.2 The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

- 2.3 The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:
- “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 2.5 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.
- 2.6 ‘Investments’ in the definition above covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations. All investments require an appropriate investment management and risk management framework under the CIPFA code.
- 2.7 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities focus on their risk implications for the organisation, and any financial instruments entered into in order to manage these risks.
- 2.8 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management. These principles will be applied across all investment activities, including any more commercially based investments.

3 CIPFA Reporting / Other Requirements

- 3.1 The CIPFA Prudential and Treasury Management Codes require all Local Authorities to prepare a Capital Strategy report which provides:

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications of future financial sustainability.

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirement, governance procedures and risk appetite. The updated Capital Strategy will be reported to members by September 2025.

3.2 The Code also sets out requirements for Treasury Management. The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. These are:

- **Prudential and treasury indicators and treasury strategy** (this report) – to cover capital plans (including prudential indicators), a minimum revenue provision (MRP) policy, the Treasury Management Strategy (how investments and borrowings are organised) including treasury indicators and an Annual Investment Strategy
- **A mid-year treasury management report** – a progress report to update Members on the capital position, amending prudential indicators as necessary, and whether any policies require revision
- **An annual treasury report** – backward looking review of the year, which provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

3.3 The reports mentioned above are required to be scrutinised before being recommended to the Full Council for approval. This role is undertaken by the Resources Board.

3.4 In addition to the three major reports detailed above, quarterly reporting is also required. Monitoring reports on the position at the end of June and end of December will be brought to Resources Board but these two reports do not need to be reported to Full Council. The quarterly reports should include updated Treasury / Prudential Indicators.

3.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that the Council adopts the following four clauses:

3.5.1 This organisation will create and maintain, as the cornerstones for effective treasury and investment management:

- A treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities;

- Suitable treasury management practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control these objective;
- Investment practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6,7 and 8 of the Treasury Management Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the TM Code's key principles.

3.5.2 This organisation will receive reports on its treasury and investment management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after the close in the form prescribed in its TMPs and IMPs

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

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

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

4 **Treasury Management Strategy for 2025/26**

4.1 The suggested strategy for 2025/26 is attached as Appendix B.

4.2 The strategy covers:

- the current treasury position
- treasury indicators which will limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the MRP strategy
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

5 Annual Investment Strategy

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

6 Report Implications

6.1 Finance and Value for Money Implications

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

6.2 Environment, Climate Change and Health Implications

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

6.3 Risk Management Implications

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

6.4 Links to Council's Priorities

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

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

Treasury Management Policy Statement 2025-26

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

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

- 1.4 The Council will receive reports on its treasury management policies, practices and activities including an annual strategy and plan in advance of the year, an annual report after its close, and an update report at other intervals, so that Members are informed of activities at each Board cycle. These reports will be in the format prescribed in the Council's Treasury Management Practices (TMP).
- 1.5 The Council delegates responsibility for the implementation of its treasury management policies and practices to the Resources Board, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's statement and TMP's and if he/she is a CIPFA member, CIPFA's "Standard of Professional Practice on Treasury Management".

March 2025

TREASURY MANAGEMENT STRATEGY FOR 2025/26

The strategy for 2025/26 covers two main areas:

Capital Issues

- The capital expenditure plans and the associated prudential indicators
- The minimum revenue provision (MRP) policy

Treasury management issues

- The current treasury position
- Treasury indicators which limit the treasury risk and activities of the Authority
- Prospects for interest rates
- The borrowing strategy
- Policy on borrowing in advance of need
- Debt rescheduling
- The investment strategy
- Creditworthiness policy; and
- The policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

The code also states that “all organisations are expected to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making”.

The scale of this depends on the size and complexity of the organisation’s treasury management needs. However, consideration should be given to how to assess whether treasury management staff and board / council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, the Council will carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified
- Prepare learning plans for treasury management officers and board / council members

- Require treasury management officers and board / council members to undertake self-assessment against the required competencies
- Have regular communication with officers and board / council members, encouraging them to highlight training needs on an ongoing basis.

It is some time since Members have undertaken Treasury Management training, so training will be organised during 2025. The training needs of officers involved in treasury management activity are reviewed annually as a minimum.

A formal record of training undertaken by both Officers and Members will be maintained by the Section 151 Officer.

Treasury Management Consultants

The Council uses Link Group, Link Treasury Services Limited as its external treasury management advisers.

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

THE CAPITAL PRUDENTIAL INDICATORS 2025/26 – 2027/28

The authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

Capital Expenditure and Financing

This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those which were included in the recent budget cycle.

	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

The table below summarises the above capital expenditure plans and how these plans are being financed by revenue or capital resources. Any shortfall of resources results in a borrowing need.

Financing of Capital Expenditure £000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital receipts	3,078	1,078	563	561	561
Capital grants	1,286	2,483	0	0	0
Capital reserves	7,476	1,182	5,503	143	1,186
Year End Creditors	0	0	0	0	0
Revenue	452	5,677	6,738	5,938	6,095
E M Revenue	0	0	0	0	0
Total	12,292	10,420	12,804	6,642	7,842

The Authority's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resources, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The Authority has approved the CFR projections below:

£000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA	11,806	14,575	14,227	13,882	13,543
HRA	50,389	49,228	47,766	46,154	44,742
Total CFR	62,195	63,803	61,993	60,036	58,285
Movement in CFR		1,608	(1,810)	(1,957)	(1,751)

Movement in CFR represented by					
Net financing need for the year (above)		2,150	(1,150)	(1,300)	(1,100)
Less MRP/VRP and other financing movements		(542)	(660)	(657)	(651)
Movement in CFR		1,608	(1,810)	(1,957)	(1,751)

Liability Benchmark

The Authority is required to estimate and measure the LB for the forthcoming years and the following two financial years, as a minimum.

There are 4 components to the LB:

- **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP
- **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast
- **Liability Benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Loan debt o/s	62,195	63,803	61,993	60,037	58,285
Loans CFR	62,195	63,803	61,993	60,037	58,285
Net loan Req't	29,195	30,802	28,992	27,036	25,284
Liability Benchmark	(28,000)	(28,001)	(28,001)	(28,001)	(28,001)

The liability benchmark indicates that the net loan requirement is less than the external borrowing held by the Council. This highlights the fixed term nature of the borrowing taken out for the HRA in 2014 and some further borrowing in 2024, and the expectation that the Council's treasury investments continue at similar levels in the future. This will change as reserves are used.

Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc). Detailed below are estimates of year end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Fund balances/ reserves	36,536	35,449	24,267	18,705	14,474
Capital Receipts	1,683	1,078	563	562	560
Provisions	3,121	3,121	3,121	3,121	3,121
Other	2,256	1,000	1,000	1,000	1,000
Total Core Funds	43,596	40,648	28,951	23,388	19,155
Working capital	(9,904)	(9,959)	(10,502)	(6,952)	(10,558)
Expected Investments	33,692	33,689	18,449	16,436	8,597

Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full council approval (or closest equivalent level) in advance of each financial year.

For expenditure incurred before 1 April 2008 which forms part of supported capital expenditure, the MRP Policy will be the 4% reducing balance (of the opening GF CFR balance less adjustment A), in accordance with the recommendations and intent of Option 1 and the discretion available under the Guidance.

From 1 April 2008 for all unsupported borrowing the MRP Policy will be the asset life method (straight line).

The Council will not charge MRP on capital expenditure incurred until the year after the scheme or asset to which it relates is completed and/or becomes operational. MRP will be spread over a period which reflects the life/beneficial use of the associated asset or item.

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

recommends only that the life period should bear some relation to that over which the asset is estimated to provide a service.

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

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP. Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan. Where a loan to a third party is spread over a period, and repayment of principal will only commence once the loan is fully given, no MRP will be made in the interim.

MRP Overpayments – Under the MRP Guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

No VRP overpayments have been made to date.

BORROWING

The capital expenditure plans reported to the Executive Board on 10 February 2025 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cashflow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

Current Portfolio Position

The overall treasury management portfolio as at 31.03.24 and the position as at 31.1.25 are shown below for both borrowing and investments.

	Actual 31.03.24 £000	Actual 31.03.24 %	Actual 31.1.25 £000	Actual 31.1.25 %
Treasury Investments				
Banks	-	-	-	-
Money Market Funds	-	-	15,000	4.71
Certificates of Deposit	27,000	5.81	21,000	4.90
Total Managed In House	27,000	5.81	36,000	4.82
Property Funds	6,000	5.89	6,000	4.58
Total Managed Externally	6,000	5.89	6,000	4.58
Total Treasury investments	33,000	5.83	42,000	4.79
Treasury External Borrowing				
PWLB	46,229	3.47	46,229	3.47
Total External Borrowing	46,229	3.47	46,229	3.47
Net treasury investments / (borrowing)	(13,229)		(4,229)	

The authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital financing Requirement – CRF), highlighting any over or under borrowing.

	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£000	£000	£000	£000	£000
Debt at 1 April	41,979	46,229	48,379	47,229	45,929
Expected change in debt					
Repayment of Debt	(2,350)	(2,350)	(2,450)	(2,600)	(3,100)
New Debt	6,600	4,500	1,300	1,300	2,000
Actual gross debt at 31 March	46,229	48,379	47,229	45,929	44,829
The Capital financing Requirement	62,195	63,803	61,993	60,036	58,285
Under / (over) borrowing	15,966	15,424	14,764	14,107	13,456

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not exceed, except in the short-term, the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Section 151 officer reports that the Authority complied with this prudential indicator in the current financial year.

Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by any other cash resources.

Operational Boundary £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000	Estimate 2027/28 £000
Total	70,420	68,695	66,826	65,166

The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority has approved the following authorised Limit:

Authorised Limit £000	Estimate 2024/25 £000	Estimate 2025/26 £000	Estimate 2026/27 £000	Estimate 2027/28 £000
Total	78,037	76,396	74,615	73,047

Prospects for Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the council to formulate a view on interest rates. Link provided the following forecasts on 24 February 2025. These are forecasts for certainty rates, gilt yields plus 80 basis points.

	Mar 25	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26	Sep 26	Dec 26
Bank rate	4.50%	4.25%	4.75%	4.00%	3.75%	3.75%	3.75%	3.50%
5 Yr PWLB	5.00%	4.90%	4.80%	4.70%	4.60%	4.50%	4.40%	4.40%
10 Yr PWLB	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%	4.70%
25 Yr PWLB	5.80%	5.70%	5.60%	5.50%	5.40%	5.30%	5.20%	5.10%
50 Yr PWLB	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%

PWLB Rates

Yield curve movements have become less volatile. PWLB 5 to 50 years Certainty rates are, generally, in the range of 5.05% to 5.79%. peaking in the year bands 25 to 31 years at 6.10%

It is considered that the markets have already priced in nearly all the effects on gilt yields of the likely movements in Bank Rate and the poor inflation outlook but markets are volatile and further movements of gilt yields across the whole spectrum of the curve is possible.

The overall balance of risks to economic growth in the UK is to the downside, with the Bank of England projecting two years of negative growth.

Downside risks include labour and supply shortages, the Bank of England acting too quickly or too heavily in changing bank rate impacting on economic growth, EU trade arrangements impact on trade flows and geopolitical risks abroad that impact on the UK. Upside risks include the Bank of England acting too slowly in changing bank rate leading to inflationary pressures, the Government acts too slowly in managing public finances, a weak pound and foreign monetary policy impacts on the investment market.

Borrowing Advice is that better value is currently found at the shorter end of the curve and longer-term borrowing is better left until rates fall, if possible.

Borrowing Strategy

The authority is currently maintaining an under borrowed position. This means that the capital borrowing need has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra funds borrowed. Any decision to borrow in advance will be within the forward Capital Financing Requirement estimates and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

If rescheduling is to be undertaken, it will be reported to the Resources Board at the earliest meeting following its action.

New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities – shorter term borrowing is generally still cheaper than the Certainty Rate
- Financial institutions - primarily insurance companies and pension funds where the objective is to avoid a cost of carry.

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

Approved Sources of Long and Short-term Borrowing

On Balance Sheet

	Fixed	Variable
PWLB	•	•
UK Municipal Bond Agency	•	•
Local Authorities	•	•
Banks	•	•
Pension Funds	•	•
Insurance Companies	•	•
UK Infrastructure Bank	•	•
Market (long term)	•	•
Market (temporary)	•	•
Market (LOBOs)	•	•
Stock Issues	•	•
Local Temporary	•	•
Local Bonds	•	
Local Authority Bills	•	•
Overdraft		•
Negotiable Bonds	•	•
Internal (capital receipts & revenue balances)	•	•
Commercial Paper	•	
Medium Term Notes	•	
Finance Leases	•	•

INVESTMENT STRATEGY 2025/26

Investment Policy – Management of Risk

The Department of Levelling Up, Housing and Communities and CIPFA have extended the meaning of investments to include both financial and non-financial investments. This Investment Policy largely deals with treasury (financial) investments.

The Authority's investment policy has regard to the following:

- DLUHC's Guidance on Local Governments Investments
- CIPFA Treasury Management in Public services Code of Practice and Cross Sectoral Guidance Notes 2021
- CIPFA Treasury Management Guidance Notes 2021

The Authority's investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cash flow needs but to also consider 'laddering' investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated.

The DLUHC and CIPFA guidance places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
- **Other information:** ratings will not be the sole determinant of the quality of an institution, it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

This Authority has defined the list of types of investment instruments that the finance team are authorised to use. There are two lists in Appendix A under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.
- **Non-specified investments** are those with less high level of credit quality, may be for periods in excess of one year and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

Non-specified and loan investment limits. The Authority has determined that it will limit the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments.

Lending Limits, (amounts and maturity), for each counterparty will be set through applying the matrix table below:

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

Transaction limits are set for each type of investment in the table below:

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

Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, as set out below:

Approved countries for investment
AAA Australia Denmark Germany Netherlands Norway Singapore Sweden Switzerland Canada Luxembourg AA+ Finland United States of America AA Abu Dhabi (UAE) Ireland Belgium Qatar United Kingdom AA- France

This Authority has engaged external consultants to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.

All investments will be denominated in sterling.

As a result of the change in accounting standards, some investment instruments could result in an adverse movement in the value of the amount invested, which would result in charges at the end of the year to the General Fund. Any such investments will be kept under consideration.

However, this Authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

Creditworthiness Policy

This Council uses the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's(S&P).

Typically, the minimum credit ratings criteria the Council use will be a Short-Term rating (Fitch or equivalents) of F1 and a Long-Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

The Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

The credit ratings of counterparties are supplemented with the following overlays:

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

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information and information on any external support for banks to help support its decision-making process.

Limits

Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups, and sectors.

- **Non-specified treasury management investment limit.** The Authority has determined that it will limit the maximum total exposure of treasury management investments to non-specified investments as detailed in Appendix A.
- **Country Limit.** The Authority will only use approved counterparties from the UK and from other countries with a minimum sovereign credit rating of AA- from Fitch or equivalent. The list of countries that qualify using this criteria are shown in the table detailed earlier in the document. This list will be amended by officers should rating change, in accordance with the Policy.

Other limits. In addition:

- No more than 20% of investments will be place with any non-UK country at any time
- Limits in place will apply to a group of companies
- Sector limits will be monitored regularly for appropriateness.

Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (for periods up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate having peaked in the second half of 2023 and reducing from the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully

assessed. Cash balances and money market funds are used to ensure short term cash flow.

Investment treasury indicator and limit – total principal funds invested for greater than 365 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need of early sale of an investment and are based on the availability of funds after each year end.

Investment Performance / Risk Benchmarking

The Council will use an investment benchmark to assess the investment performance of its investment portfolio. The SONIA rate will be used. This rate is 4.45% at the end of February 2025.

The Council is also part of a Warwickshire and West Midlands Investment Benchmarking Group, and also monitors its performance against other members of that group.

End of Year Investment Report

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

External Fund Managers

The Council makes only limited use of external fund managers. This use occurs due to the investments the Council currently holds with Money Market Funds (MMF's). all other investments are managed directly by Officers.

LOCAL GOVERNMENT INVESTMENTS (England)

SPECIFIED INVESTMENTS

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

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

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

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

Support: Banks eligible for support under the UK bail-out package and which have debt guaranteed by the Government are eligible for a continuing guarantee when debts mature and are refinanced. The banks which have used this explicit guarantee are:

Bank of Scotland; Barclays; Clydesdale; Coventry Building Society; Investec Bank; Nationwide Building Society; Rothschild Continuation Finance plc; Standard Life Bank; Royal Bank of Scotland; Tesco Personal Finance plc; West Bromwich Building Society; Yorkshire Building Society.

LOCAL GOVERNMENT INVESTMENT (England)

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

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

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

Bond Funds Gilt Funds (Collective Investment Schemes structured as Open-Ended Investment Companies)	<p>A) Enhanced income – potentially higher return than using a term deposit with similar maturity</p> <p>B) Interest rate risk. However, if held to maturity, both principal and interest will be paid. Price will move throughout the life of the bond</p>		AAA	To be used in-house after consultation/advice from Link		<i>Suggested limit 10 years</i>
Sovereign Bonds (i.e. other than the UK Government)	<p>A) Enhanced income – potentially higher return than using a term deposit with similar maturity</p> <p>B) Interest rate risk. However, if held to maturity, both principal and interest will be paid. Price will move throughout the life of the bond</p>		AAA	To be used in-house after consultation/advice from Link		<i>Suggested limit 10 years</i>
Bonds issued by Multilateral Development Banks	<p>(A) (i) Excellent credit quality. (ii) relatively liquid. (although not as liquid as gilts)</p> <p>(iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts.</p> <p>(iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity)</p> <p>(B) (i) 'Market or interest rate risk' : Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss.</p> <p>(ii) Spread versus gilts could widen</p>	No	AAA or government guaranteed	Buy and hold to maturity : to be used in-house after consultation/ advice from Link		<i>Suggested limit 10 years</i>

Sub- Regional Materials Recycling Facility	<p>(A) Enhanced income - Investment opportunity to provide good returns.</p> <p>(B) (i) Limited market if there is a wish to sell shares.</p> <p>(ii) Commercial risks have been taken into account in the business case modelling.</p>		N/A	8 local authorities are in partnership to develop a wholly local authority owned/operated Materials Recycling Facility.		<i>Limit 25 years</i>
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Agenda Item No 7

Executive Board

17 March 2025

**Report of the
Head of Corporate Services**

Contract Standing Orders

1 Summary

- 1.1 This report seeks approval for the revised Contract Standing Orders (CSOs).

Recommendation to the Council

That the updated Contract Standing Orders provided as Appendix 1 are approved.

2 Consultation

- 2.1 Management Team and the Head of Legal Services have been consulted on the changes and have agreed the attached draft (Appendix 1).

3 Background

- 3.1 Contract Standing Orders (CSOs) are a set of rules which primarily guide how the Council buys goods, services and works. Councils are legally obliged to have these rules.
- 3.2 The current CSOs were last updated and approved in 2018. Since then, minor updates have been made. CSOs form part of the Council's Constitution. Some amendments have been made in the intervening years to update terminology and reflect minor changes to legislation.
- 3.3 Practical experience of using our current CSOs has highlighted a few areas that need to be more clear, robust and straightforward for officers to follow.
- 3.4 We have carried out a review of the CSOs due to the new Procurement Act (PA23) which came into effect on Monday 24 February 2025 and have carried out briefing for senior managers and principal officers on the key changes or the new Procurement Act.

- 3.5 In general the new Procurement Act 23 which came into force on Monday 24 February 2025 apply when the value of the goods, services or works is above a monetary Threshold¹ set by the EU. However, the Act is accepted as good practice for all procurements and as such used by the Council and other Public Sector organisations to guide purchasing.

4 Contract Standing Orders

- 4.1 The main changes are summarised below: -
- Modernised the CSOs,
 - Revised the procurement routes and values,
 - Removed the option for obtaining any verbal quotes,
 - Documented the procurement process for the new levels,
 - Documented the new exemption process,
 - Changes made to accommodate for the new Procurement Act (PA23).

5 Report Implications

5.1 Finance and Value for Money Implications

- 5.1.1 The draft CSOs have been developed to work with, and support, the Council's Financial Regulations.
- 5.1.2 One of the main aims of CSOs is to ensure the Council purchases goods, services and works which are best value for money.

5.2 Safer Communities Implications

- 5.2.1 The Council will comply with Contract Standing Orders for any procurement, which they take the lead responsibility for.

5.3 Legal and Human Rights Implications

- 5.3.1 These Standing Orders have been written to help ensure legal compliance in all procurement and contracting activity.
- 5.3.2 Other legislation and related Council Policy has an impact on how procurement is carried out, on how suppliers are expected to work with us and the nature of the contracts that are ultimately signed. Senior Officers and others involved with procurements are expected to ensure relevant legislation is accommodated and Council Policy applied as necessary.
- 5.3.3 There are no human rights implications.

¹ Thresholds are currently £213,447 for services and supplies and £5,374,609 for works.

5.4 Environment and Sustainability Implications

- 5.4.1 The Council is aware of its duties under the Public Sector (Social Value) Act 2012 to consider how what is to be procured might improve the economic, social or environmental well-being of the Borough. Officers are encouraged to consider how their actions could improve the well-being of communities. Any procurement generated through the work of the North Warwickshire Community Partnership, which the Council takes the lead responsibility for, will comply with Contract Standing Orders. Other partners will comply with their procurement regulations as necessary.

5.5 Health, Wellbeing and Leisure Implications

- 5.5.1 The Public Sector (Social Value) Act will help contribute towards improving the well-being of communities. Any initiatives supported by the Council, under this theme, which require procurement of goods and services will comply with Contract Standing Orders.

5.6 Human Resources Implications

- 5.6.1 Significant numbers of Officers and some Members will be involved in procurements at various times. It is important that they understand their roles and levels of responsibility. Briefing notes on the revised CSOs will be developed for staff. The Procurement Team provides advice, guidance and support for Officers who are required to procure on behalf of the Council.

5.7 Risk Management Implications

- 5.7.1 The Council is required to have rules for procuring goods and services. One of the main aims of the Council's CSOs is to help mitigate the risks that could arise through poor or illegal procurement practices.
- 5.7.2 Published advice on the new Procurement Act Regulations, other Council's Contract Rules and templates suggested by legal practices have been reviewed to ensure the draft CSOs are comprehensive, accurate and up to date.

5.8 Equalities Implications

- 5.8.1 Contract Standing Orders require the Council to apply relevant legislation to its procurement activities this includes the commitment to implementing the duties laid down under the Equality Act 2010 as they relate to procurement. We will use the best practice defined by the Equality and Human Rights Commission guidance on the specific duties relating to procurement.
- 5.8.2 The general equality duty applies to procurement and commissioning activity, regardless of the value, by public bodies such as the Council. However, the value of the contract may impact upon the relevance and proportionality of equality considerations.

6 Links to Council's Priorities

- 6.1 Good procurement and commissioning practices, as defined in Contract Standing Orders, support the Council's priority of achieving a balanced budget. However, the outcomes of the various procurement exercises could support and contribute to any one of the Council's priorities.

The Contact Officers for this report are Trudi Barnsley (01827 719388) and Tracey Franik (01827 719474).

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

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NORTH WARWICKSHIRE
BOROUGH COUNCIL



CONTRACT STANDING ORDERS

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	Officer	Date
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Document owner	Head of Corporate Services	
Legal advice	Head of Legal Services	February 2025
Consultation	Management Team, Executive Board and Full Council	4 March 2025
Approved by	[Insert Board if relevant]	
Review date	2028	
Version		

PURPOSE OF CONTRACT STANDING ORDERS

Procurement decisions and processes are important because the money involved is public money. These Contract Standing Orders (CSOs) are made in accordance with the requirements of Section 135 of the Local Government Act 1972. The purpose of these CSOs is to provide a structure within which purchasing decisions are made and ensure that the Council:

- furthers its corporate objectives,
- uses its resources efficiently,
- purchases quality goods, services and works that are best value for money,
- grants service concessions,
- safeguards its reputation from any implication of dishonesty or corruption, and
- protects individuals from undue criticism or allegations of wrongdoing.

Procurement by the Council, from planning to delivery, shall incorporate (where applicable):

- sustainability,
- efficiency,
- equality,
- social value,
- whole life costings, and
- cost savings.

Senior officers are accountable for purchasing and compliance in the sections or divisions for which they are responsible.

Council employees and all contracts entered into by the Council must comply with these CSOs, the Councils Financial Regulations (FRs) and the Council's Procurement and Commissioning Strategy.

Any dispute or difference in the interpretation of CSOs and the FRs or any other relevant policy or document shall be resolved by the Head of Legal Services or the Chief Executive.

Advice on the application of these CSOs is available from the Procurement Manager and the Head of Corporate Services.

SCOPE

These CSOs apply to:

- the purchase of works,
- the purchase of goods,
- the purchase of services ,
- contracts entered into by, or on behalf of, the Council, including purchase orders,
- the granting of exemptions,
- concession contracts, (these are subject to the Concession Contracts Regulations 2016),
- the disposal of land, property, or other assets (including surplus goods), and
- involvement by the Council in partnerships and other joint working where the money, including external funding, passes through the Council's financial accounts.

CSOs **do not** apply to service contracts under Regulation 10 of the Public Contract Regulations, e.g.:

- the purchase or hire of property,
- arbitration and conciliation services,
- permanent, interim or agency staffing,
- engagement of legal Counsel or expert witnesses, or instructions to Solicitors to act on the Council's behalf provided this is done with prior approval of the Head of Legal Services,

- loans - lending or borrowing of money,
- grants from the Council (except where they are to buy services),
- sponsorships,
- goods, services or works purchased through an existing, valid contract, and
- services provided by another division within the Council.

PRINCIPLES APPLYING TO ALL CONTRACTS AND PROCUREMENTS

All purchases shall be electronic, and a purchase order must be raised on the Council's finance system prior to goods or services being ordered or works commenced. The Council operates a 'No PO No Payment' system for invoices.

The Council must comply with relevant legislation and directives and with Codes of Conduct, Protocols and FRs as set out in the Council's Constitution when dealing with procurement and contractual matters.

To minimise the risk of fraud, bribery, and corruption within procurement, tendering and contracts particular attention should be made to:

- the Council's Counter Fraud Policy,
- the Modern Slavery Act 2015,
- the Council's Anti-Bribery Policy,
- the Council's Information Security Policy,
- the Local Government Transparency Code,
- GDPR,
- Freedom of Information, and
- Subject Access Requests.

The Council must take appropriate measures to avoid, or properly declare, possible conflicts of interest (economic, financial, or personal interests) which might be seen to compromise their impartiality or independence in the context of a competitive tendering procedure.

Every contract entered into on behalf of the Council must comply with these CSOs. However, national legislation, regulations and directives take precedence.

All purchases made, or procurements carried out, must be approved by officers with the appropriate delegated authority regardless of the value, procurement route or method of payment.

An officer may only procure, raise an order, or enter into a contract where there is approved funding, e.g. provision in the Revenue budget or as part of a scheme in the agreed Capital Programme.

Any contract award that involves the transfer of staff (TUPE) from the Council to a third party needs the involvement of the Human Resources Manager and the approval of the Chief Executive.

Officers are expected to manage contracts to cost, quality, time and budget. In the event of variation to any one of these, officers will follow the relevant guidelines in the Procurement Act 2023 (PA23).

The length of a contract should be appropriate for the goods, services or works being procured. A contract should be for no longer than 4 years unless it is tied to:

- the completion of a specific job or project,
- the supply of a fixed quantity of goods, or
- the nature of the procurement demands a longer timeframe, and an extension is available.

When using a framework agreement or a contract let by another public sector body the procuring officer must ensure they comply with the contract terms and any award conditions or restrictions.

All contracts must be checked and agreed by the Head of Legal Services, the Chief Executive (if practising solicitor) or in their absence a member of the Legal team prior to signing by completing the [Contracts Register](#) form, to enable the Council's contract register to be updated automatically. The Council is obliged by the Local Government Transparency Code 2015 and FRs to publish to the Councils website annually.



PROCUREMENT PLANNING

NEED & SPECIFICATION

Before starting any procurement, it is essential that the procuring officer:

- is satisfied that the goods, service or works are needed,
- has considered any alternative options for meeting the need, and
- sought advice from the Procurement Manager or Head of Corporate Services if the procurement is at tender levels or if unsure about how to proceed.

The procuring must consider which procurement route is most appropriate at level B and above. The routes are:

1. Competitive process,
2. Framework Agreement, or
3. Exemption.

A specification of what is needed must be produced, regardless of the value of the procurement. This may range from a simple description and an estimated price to detailed specifications for high value, complex procurements. Specifications must not include requirements that are discriminatory, or which may distort competition or contain non-commercial interests.

The Councils [Terms and Conditions](#) will form part of any tender specification and contract documentation, and the procuring officer must inform the supplier of these.



OVERALL VALUE FOR CONTRACTS

An estimate of the total value of the procurement must be calculated at the outset to ensure the correct procurement route is selected. The whole life cost, including VAT, must be used to calculate the **Overall Estimated Value** which can be established by using one of the following methods:

- the expected annual amount (purchase cost and on-going cost) multiplied by the number of years the contract is expected to operate, (e.g. if the contract is a 2+1+1 the years should be equal to 4),
- the value of past annual expenditure multiplied by the number of years the contract is expected to operate,
- the estimated cost of the goods or service for a one-off purchase, or
- a value established through market testing e.g. indicative costs from suppliers.
- this must also include any potential extensions to the contract.

The Council has a duty, under the Public Services (Social Value) Act 2012, to consider how what is being procured might improve the economic, social, or environmental well-being of the Borough.

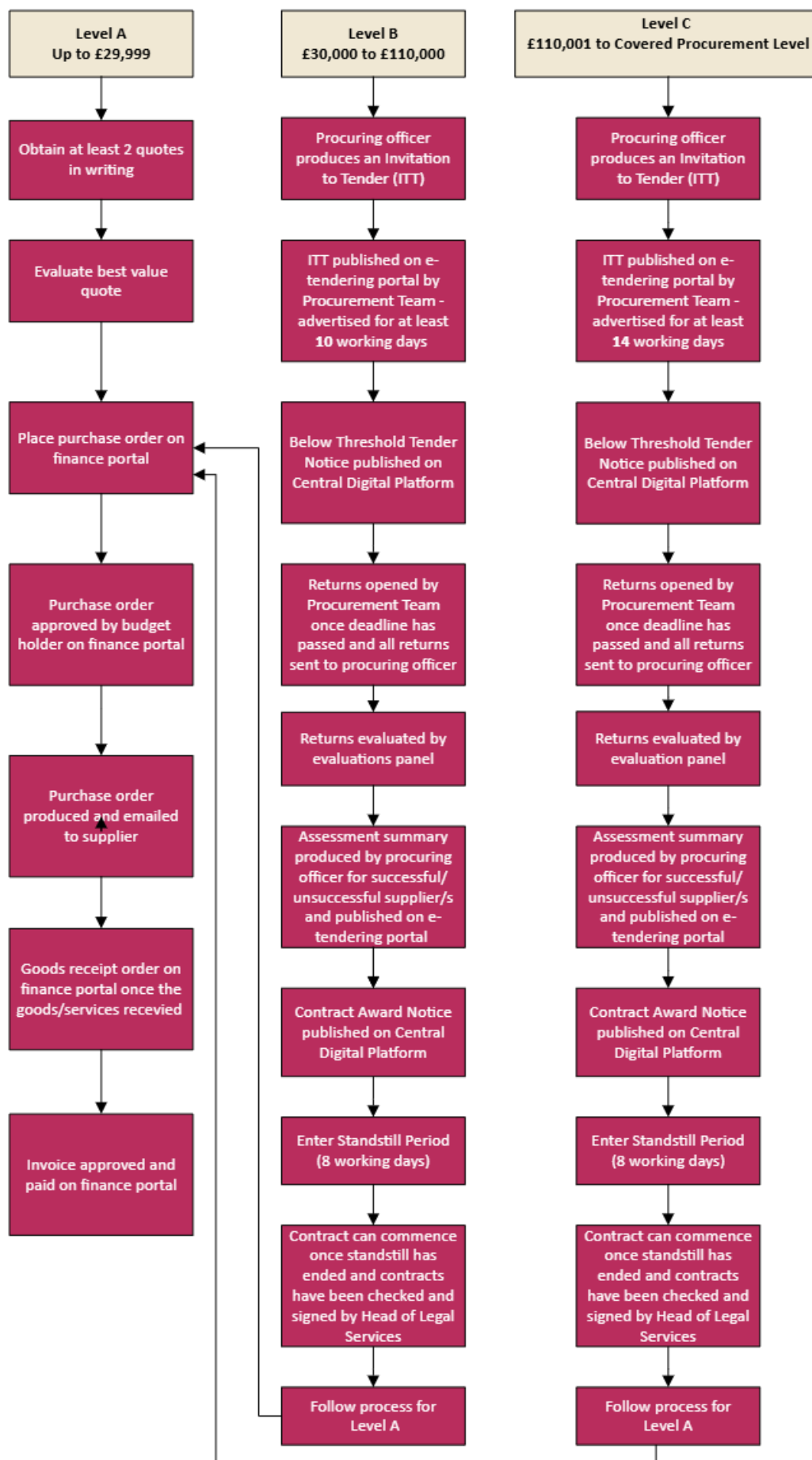
Officers must not deliberately split requirements to reduce the value of a contract in order to avoid certain procurement routes or to fall below procurement thresholds.

PROCUREMENT ROUTES AND VALUES

The Corporate Director - Resources, the Chief Executive or the Head of Corporate Services or the Head of Legal Services may revise these figures, however they must be approved by the relevant Board.

Levels and Procurement Route					
Level	Amount	Route	Competitive Tendering Procedure	Award	Notices
Level A	Up to £29,999	Quotations in writing, from at least 2 suppliers and procuring officer must retain an electronic copy for evidence	Not required	Ordered using an official Purchase Order or purchase card.	None required
Level B	£30,000 to £110,000	Tender procedure-responses in writing, responses from at least 3 suppliers	Invitation to Tender on relevant procurement portal for at least 10 working days.	Confirmed by Contract Award Notice & ordered against contract and/or Council Purchase Order (PO)	Below Threshold Tender Notice & Contract Details Notice
Level C	£110,001 to FTS Levels	Tender Procedure-Responses in writing, responses from at least 3 suppliers	Invitation to Tender on relevant procurement portal for at least 14 working days.	Confirmed by Contract Award Notice & ordered against contract and/or Council Purchase Order (PO) and Contract must be sealed	Below Threshold Tender Notice & Contract Details Notice
Covered Procurement	Services and Supplies = £213,447 inc VAT Works = £5,372,609 inc VAT	Covered procurement/ Find a Tender Service	Covered procurement rules	Seek advice from Procurement Manager and Contract must be sealed	Seek advice from Procurement Manager

COMPETITIVE TENDERING PROCEDURE



LEVEL A QUOTATIONS

All quotations must be electronic and must be kept as evidence. These may be required by:

- Internal or external Audit,
- the budget holder, or
- the Procurement Team.

Level B tender value

Where the minimum number of required suppliers has not been achieved, approval must be sought from the Procurement Manager or the Head of Corporate Services so they can determine that no discrimination has taken place to limit participation prior to continuing with the tender.

Level C tender value

Where the minimum number of required suppliers has not been achieved, approval must be sought from the Procurement Manager or the Head of Corporate Services so they can determine that no discrimination has taken place to limit participation, and further approval must be sought from the Corporate Director – Resources or the Chief Executive prior to continuing with the tender.

Covered Procurement

Contracts to which covered competitive tendering procedures apply will be awarded in accordance with the rules and approved procedures set out in PA23

Competitive tendering procedure (for Level B and above)

The following characteristics can help determine which procedures could be used:

OPEN PROCEDURE	COMPETITIVE FLEXIBLE PROCEDURE	DIRECT AWARD
Known requirement	Unknown solution	Prototypes and development
Simple requirement	Complex requirement	Single supplier where only one supplier exists due to technical or IP reasons
Emerging market (SMEs)	Novel/innovative goods and services	Purchase of any additional or repeat goods from existing supplier
Small market	Large market	Pursuant to regulations made by a Minister of the Crown
Established/known market	Would require formal engagement with bidders during the process (i.e. negotiation or dialogue)	Purchase of commodities
	Small specialist market	Urgent requirements

The Procurement Manager or Head of Corporate Services must be consulted well in advance of any planned covered procurements to ensure compliance with regulations, directives, timescales and procedures.

Any Level B or above tender must be advertised and processed on the Council's e-tendering portal. This function is carried out by the Procurement Team, including publishing and administration of the tender. The procuring officer must ensure that an officer is available during this duration to answer any clarification questions.

EXEMPTIONS TO CONTRACT STANDING ORDERS

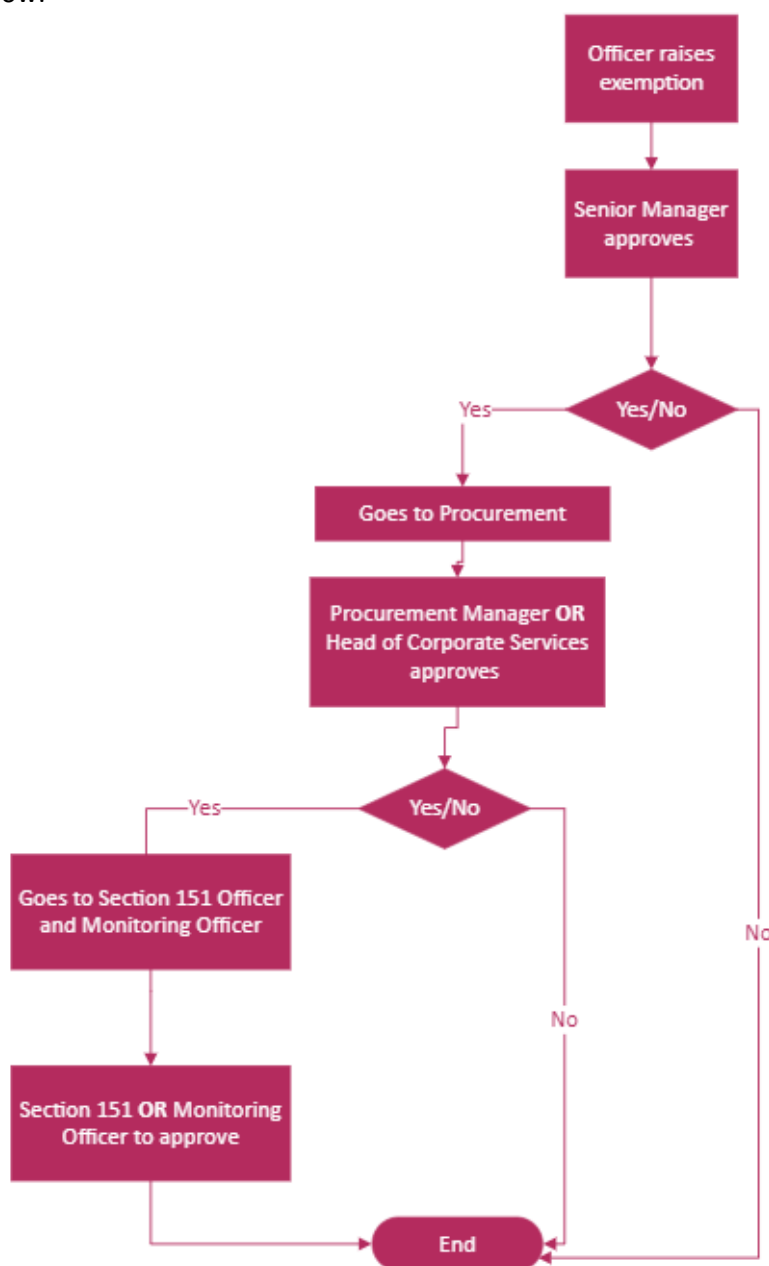
The requirement for the Council to purchase using a [competitive process](#) can be waived in certain circumstances.

Level A

Exemptions are not required if two or more quotes can be obtained, however if only one quote can be sourced an exemption must be done over the value of £10,001, under £10,001 authorisation must be obtained from the procuring officers line manager.

Level B and C

Where an officer is intending to seek an exemption they should complete [Contract Standing Orders – Exemption Request Form Updated with Manager Approval](#). All exemptions must be authorised by a senior manager, the Procurement Manager or Head of Corporate Services and Section 151 Officer or the Monitoring Officer. The exemption process for level B and C is listed below:



Covered Procurement

Approval must be sought from the Chief Executive (CE) and the relevant Board or CE using emergency powers.

Reasons for an exemption are: -

1. **Framework or collaboration**
Purchases made using a Framework Agreement made by a Central Purchasing Body or collaborative contracts, e.g. with other Contracting Authorities
2. **Emergency or in exceptional circumstances**
The purchase of works, goods or services required in an emergency or in exceptional circumstances or so urgently that competition would not be in the Council's best interests or possible.
3. **Disproportionate technical difficulties or financial disbenefit**
Where the purchase of goods, services or works from a different supplier would result in incompatibility with existing goods, services or assets or would result in disproportionate technical difficulties or financial disbenefit.
4. **Unique supply**
When there are justifiable technical, specialist or supply market reasons and the works, goods, materials or services can only be obtained from one supplier, and no reasonably satisfactory alternative is available.
5. **Best value for money by purchasing pre-owned items**
Best value for money can be achieved by the purchase of used or pre-owned vehicles, plant, equipment or materials.
6. **Purchase or sale of properties, equipment or vehicles**
The purchase or sale of property or articles at an auction sale.
7. **Extension to existing contract**
Where the work to be done or the goods to be supplied constitute a valid extension to an existing contract and it is in the Council's best interest to negotiate with the existing contractor/supplier.
8. **Unsuccessful competitive tendering procedure**
Due to an unsuccessful competitive tendering procedure, the Council is permitted to continue with the incumbent supplier, subject to evidence.
9. **Contract or co-operation between public bodies**
When the contract or co-operation is between public bodies and provided that specific conditions around control, service provision and private sector involvement are met, (for example grants).

QUOTATIONS AND TENDERING

Before seeking quotations or tenders the procuring officer must:

- satisfy themselves that the Council does not already have a contract in place for supplying the required goods, services or works,
- decide if there is a case for an exemption, and
- decide if the potential works or services could be carried out or supplied by another division of the Council.

All tenders must be published on the Council's e-tendering portal and set out details of the proposed procurement by:

- describing the required goods, services or works to be carried out,
- a timetable for submitting bids, including closing date and contract award date,
- include the criteria that the Council will be using to evaluate responses and award the contract, including scoring weightings,
- request relevant supplier declarations, and
- financial information for credit checks.

The procuring officer must decide on the process, any relevant criteria and weightings that will be ultimately used to select a successful supplier, which must be documented and published.

The aim of the evaluation process is to ensure that a supplier that submitted a tender can understand why the tender was either successful or unsuccessful. It also allows unsuccessful suppliers to see how the

Council has determined the most advantageous tender (MAT) in accordance with the award criteria and assessment methodology.

The Procurement Team can advise on weightings.

TENDERING PROCEDURES –LEVEL B, C AND COVERED PROCUREMENTS

Prior to any tender the following must be adhered to:

- any early market engagement or discussions with suppliers, or subject matter experts, prior to starting the procurement have ceased,
- authority to tender and budget provision has been obtained and that the appropriate tender procedure has been selected,
- that relevant evaluation and tender documentation has been produced in terms of the specification of requirements, selection and award criteria and evaluation method, and
- the Council will produce an advert, relevant notice(s) and documentation for potential suppliers of the Council's requirements in line with PA23 regulations.

COMMUNICATIONS

All communications with potential suppliers during a tender stage will be handled by the Procurement Team on the e-tendering portal. Officers must not have any contact with potential suppliers at this stage. This includes any alterations to tenders, abnormal tenders or post tender negotiations.

RECEIPT, OPENING AND REGISTRATION OF TENDERS

Tenders and quotes received via the e-tendering portal are held securely and will not be opened until the published closing date and time, after which they will be opened by a member of the Procurement Team who will then send electronically to the procuring officer.

All tenders must be evaluated by at least three knowledgeable officers, one of whom should be the procuring officer and one of whom should be a subject matter expert. For a complex tender you may wish to appoint a panel of subject matter experts for specific areas of the tender (e.g. HR, IT or Finance).

ALTERATIONS TO TENDERS, ABNORMAL TENDERS AND POST TENDER NEGOTIATIONS

No alteration of any tender will be allowed after the date and time specified for the receipt of tenders, except:

- Alterations - where typographical, arithmetical errors or discrepancies are found. The tenderer can be given an agreed period to confirm or correct the error or to withdraw the tender,
- Abnormal tenders - if the procuring officer believes a tender to be abnormal given the requirements, the overall estimated value or in comparison with other tenders, the tenderer may be asked to explain and clarify its tender or parts of it,
- Post tender negotiation - this is permissible when a procurement route which allows some negotiation (i.e. Competitive Flexible Procedure) has been used. Otherwise, discussions with tenderers after the submission of a tender and before award with a view to obtaining adjustments in price, delivery or content must only take place in consultation with Legal Services and the Procurement Team and in exceptional circumstances such as where the lowest tender received exceeds the approved budget,
- Disqualified tenders - no tender responses have been submitted or the budget has been exceeded. The procuring officer must terminate the current tender and then revise tender documentation and republish should they so wish.

SELECTION AND CONTRACT AWARD

TENDERER NOTIFICATION AND NOTICES

Once the decision to award a contract is made, each tenderer, including unsuccessful tenderers, must be notified electronically. The procuring officer must produce an Assessment Summary and Contract Award Notice and send to the procurement team so they can publish to the e-tendering portal. They should cover:

Unsuccessful tenderer(s)	Successful tenderer
Issue Assessment Summary (stating why they did not win the tender)	Issue Assessment Summary (stating why they did win the tender)
The title, breakdown, weighting, score and the reason behind the scoring of the criterion	The title, breakdown, weighting, score and the reason behind the scoring of the criterion
the score of the successful tenderer	their score against the criteria
the name of the successful tenderer	the standstill period
their score against the criteria	
the standstill period	

If the Council disqualifies a tender at the evaluation stage, then an Assessment Summary is still required stating the reasons for disqualification.

You must not issue the Contract Award Notice until after issuing the Assessment Summary to all tenderers. Once the Assessment Summary has been produced and the tenderers have been notified you must publish the Contract Award Notice to the successful tenderer.

Assessment summaries are not required for:

- Contracts awarded under a framework, and
- Below threshold contracts (level A, B & C procurements).

Consultation with the Procurement Manager or Head of Corporate Services should take place.

Assessment Summaries will be published on the e-tendering portal, the Contract Award Notice will be published on the Central Digital Platform and is available publicly. These functions will be carried out by the Procurement Team.

STANDSTILL PERIOD

For all tenders (level B and above) the standstill period starts on the day that the Contract Award Notice is published and is for a minimum **8** working days between the publishing of the Contract Award Notice and signing of the contract. There should be no direct communication with any of the tenderers during this period and the contract cannot be commenced until the standstill period has expired, dependant on there being no challenges received, and an official purchase order must be raised. This may be extended if a challenge is lodged by a tenderer, in which case the Procurement Team will advise.

NOMINATED OR NAMED SUB-CONTRACTORS AND NOMINATED SUPPLIERS

These CSOs apply where a sub-contractor or a supplier is to be nominated to an existing main contractor or contract (subject to contract terms and conditions): -

- Where it is not reasonably practicable to obtain competitive tenders, the appropriate senior officer may nominate or agree the nomination of a sub-contractor or supplier,
- Where competitive quotes or tenders are available, then dependent on the estimated value of the sub-contract or the estimated value of goods or materials to be supplied by a nominated supplier, tenders or quotations must be invited,
- The terms of any invitation for nominated sub-contractors or suppliers must require that, if selected, the firms would be willing to enter into: -
 - (a) a contract with the main contractor on terms which indemnify the main contractor against the main contractor's own obligations under the main contract in relation to the work and goods or materials included in the subcontract; and
 - (b) an agreement to indemnify the Council in such terms as may be prescribed.

The provisions of these CSOs relating to the submission of quotes or tenders; their opening and registration; late tenders; alterations to tenders; and tender acceptance apply to this CSO.

CONTRACTS AND TERMS

Before entering into a contract with any supplier, the appropriate senior officer must:

- ensure that a financial check of all suppliers is carried out by our Financial Services Team,
- ensure that all Contracts at Level C and above are signed under seal by the Legal Team,
- at the senior officer's discretion and for all tenders at Level B and above the procuring officer must consult with the Corporate Director - Resources to determine if the contract is to include Parent Company Guarantees, Bonds or Liquidated Damages,
- ensure that the supplier is aware of the Council's terms and conditions
- if processing personal data, a Data Protection Impact Assessment must be carried out.

USING OTHER ORGANISATIONS OR FRAMEWORK CONTRACTS

The Council may choose to use contracts and contract terms other than its own, if the senior officer determines the needs of the Council can be met. This can be efficient, reducing contracting activity, and may include the following types of contracts:

- ICE (Institute of Civil Engineers) and JCT (Joint Contracts Tribunal) Contracts and Agreements and NEC Contracts,
- contracts established by organisations with the legal remit to award public contracts such as Professional Buying Organisations e.g. ESPO,
- contracts tendered and awarded by Government or public sector organisation, which are open to Local Government or this Council, provided they have been let compliantly, legally and under their CSOs.

It is the responsibility of the procuring officer or senior officer to ensure that such contract terms are appropriate, and that Legal Services has had the opportunity to review any contract and decide if such a contract is applicable and acceptable to the Council.

If necessary, it is the responsibility of the senior officer to negotiate modifications to the contract to properly represent the requirements of the Council. Any substantive change must be agreed with the Head of Legal Services. The grounds for modifications under PA23 are as follows:

- urgency and the protection of life, etc,
- materialisation of a known risk,
- for defence authority contracts on developments in technology,
- for defence authority contracts to ensure continuous supply,
- provided for in the contract,

- unforeseeable circumstances,
- additional goods, services or works,
- transfer on corporate restructuring,
- non-substantial modifications, and
- below-threshold modifications

VARIANCES TO TERMS AND CONDITIONS

Any variations to the Councils Standard Contract Terms and Conditions submitted by suppliers shall not be accepted without advice from the Head of Legal Services.

CONTRACT DISPUTES

The Council will identify a Dispute Resolution Process. The principles of such will be to establish mutually acceptable resolution of any dispute; to maintain good working relations and avoid lengthy and costly delays.

USING CONTRACTS

VARIATIONS WITHIN CONTRACTS

All variations must be in the form of written instruction to the contractor. The validity and likely cost effect of each variation should be assessed before the issue of the instruction to proceed.

If the variation is valid and its cost can be contained within the contract price and approved budget the instruction may be approved by the procuring officer at level A and by the relevant senior officer at level B and above.

Any variation, which will result in the approved budget being exceeded by £10,000 or 10% of the contract sum (whichever is the greater) must be reported to the appropriate board by the senior officer in accordance with FRs.

If the variation would cause the contract price to be exceeded but is within the tolerance defined in FRs (£10,000 or 10% of the contract sum), the senior officer should liaise with the Corporate Director - Resources to establish how any overspend could be contained within approved budgets. If alternative funding cannot be found, the appropriate board will need to submit a supplementary estimate request to Executive Board.

In cases when a variation is urgent and requires immediate action the instruction may be issued by the appropriate senior officer in consultation with the Chief Executive with regard to using their emergency powers. Details of the cost of the variation or overspend and the reason(s) for it, must be reported to board as soon as practicable in accordance with FRs.

ADJUSTMENTS AND EXTENSIONS TO CONTRACTS

Where the timing of any contract changes for reasons beyond the control of the procuring officer, a contract may be lengthened or adjusted with the approval of the appropriate senior officer. Such discretion is to recognise the efficiency in procurement in situations where issues pull forward or delay a particular programme of expenditure.

TERMINATING CONTRACTS

The Council is obliged under PA23 to publish a Contract Termination Notice when a contract is terminated or expires on the Central Digital Platform, this function is carried out by the Procurement Team.

DISPOSAL OF ASSETS

Assets are:

- property,
- land,
- vehicles,
- equipment (IT kit, tools, leisure equipment, etc.),
- furniture.

If assets are no longer required, they should be sold or disposed of in accordance with the law, FR and any Council Protocol for Disposal of Assets.

Assets may be disposed of by submission of electronic bid for “highest bidder wins” on the Councils website and social media up to the value of £10,000.

The Facilities Team, the Financial Services Team and the Legal Team (if property) should be informed of disposals to ensure the Councils Asset Register is maintained.

LAND AND PROPERTY TRANSACTIONS

The CSOs applies where there is a land transaction. Except for any reference to the Council’s Constitution.

APPROVAL OF MAJOR DISPOSALS

The method of each major disposal must be approved by the Chief Executive. When determining such matters the Chief Executive shall:

- specify the land to be disposed of,
- confirm that the land has been declared surplus to Councils requirements,
- advise upon the proposed method of disposal and set out the reasons for selecting that method,
- in matters where the Council must achieve best consideration, confirm that the proposed method of disposal which has been selected, is most likely to achieve this; and
- in matters where it is proposed that the disposal is for less than best consideration, give reasons for and against and detail the relevant legal powers of the Council.

The principal terms of major disposals (except where the approved method of disposal is by auction) must be approved by the Council on the recommendation of the Resources Board. When determining such matters, the Board shall ensure, after considering advice from a valuation carried out on behalf of the Council, either that the consideration agreed represents best consideration, or following advice from Head of Legal Services that the Council has the relevant legal powers to accept less than best consideration.

In major disposals where the approved method of disposal is the inviting of formal tenders or informal offers, the disposal must be advertised on the Council’s website and social media, and in at least one local, national or specialist newspaper or publication as determined by the Head of Legal Services. Tenders shall be submitted in accordance with the Councils e-tendering portal, this function will be carried out by the Procurement Team.

OTHER DISPOSALS

The CSOs applies to vehicles, equipment (IT kit, tools, leisure equipment, etc.) and furniture.

APPROVAL OF OTHER DISPOSALS

The method of each major disposal must be approved by the Head of Legal Services or Corporate Director - Resources. When determining such matters the Head of Legal Services or Corporate Director - Resources shall:

- specify the asset(s) to be disposed of,
- confirm that the asset(s) has been declared surplus to Councils requirements,
- advise upon the proposed method of disposal and set out the reasons for selecting that method,
- in matters where the Council must achieve best consideration, confirm that the proposed method of disposal which has been selected, is most likely to achieve this; and
- in matters where it is proposed that the disposal is for less than best consideration, give reasons for and against and detail the relevant legal powers of the Council.

For disposals more than £10,000 they must be advertised on the Council's website and social media, as determined by the Head of Legal Services.

TENDER PROCEDURES

Dealing with formal tenders and informal offers

All tenders and offers shall be opened by the Procurement Team. All contracts must be checked by the Legal team or the Chief Executive (if practising solicitor) and contracts above £110,000 must be sealed and must be electronic.

Alteration or errors in tenders and offers and late or otherwise invalid tenders and offers shall be dealt with in consultation with Legal Services.

DISPOSALS BY AUCTION

In disposals where the approved method of disposal is by auction, the auction shall be conducted by a practising auctioneer instructed by the Council.

The Council will pre-determine the lowest and most acceptable price. The price must be disclosed only to the auctioneer and one of the Council's legal team who attends auction.

ACCEPTING TENDERS FOR THE DISPOSAL OF LAND, PROPERTY AND OTHER MARKETABLE ASSETS.

Decisions on the acceptance of tenders for the disposal of land, property and other marketable assets will be taken as follows: -

Disposal of Land, Property and Assets	
Circumstance	Acceptance by
(a) The highest tender, provided that it is considered to be in the Council's interests, after taking professional advice.	The Chief Executive, (or in their absence the Section 151 Officer) after consultation with the Leader of the Council
(b) A tender other than the highest received, provided that it is considered to be in the Council's interests; is in accordance with statutory requirements; and a written report has been submitted to the appropriate Board by the relevant Senior Officer.	Appropriate Board
Any other circumstances	Appropriate Board

Agenda Item No 8

Executive Board

17 March 2025

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

Pay Policy Statement 2025/26

1 Summary

- 1.1 There is a requirement under Section 38 of the Localism Act 2011 for Councils to have and to publish a Pay Policy Statement, agreed by full Council, which will be subject to review at least annually. This report details the purpose for and the areas to be covered in the Pay Policy Statement.

Recommendation to Council

To adopt the Pay Policy Statement 2025/26.

2 Introduction

- 2.1 The purpose is to provide transparency by identifying
- The methods by which the salaries of all employees are determined;
 - The detail and level of remuneration of the Council's most senior staff.
- 2.2 The policy has been reviewed in line with the requirements and is attached at Appendix A.
- 2.3 Since the policy was adopted at Full Council on 4 July 2012, it has been reviewed and updated on an annual basis.

3 Report Implications

3.1 Human Resources Implications

- 3.1.1 As detailed in the report.

3.2 Links to Council's Priorities

- 3.2.1 This policy statement ensures that the Council meets its obligation under Section 38 of the Localism Act 2011 for Councils and therefore ensuring compliance with legislation.

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

PAY POLICY STATEMENT 2025/26

Introduction and Purpose

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the Authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Councils approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
- the Group/Board responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

This policy statement is subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

Pay Structure

Based on the application of the Job Evaluation process, the Council uses the nationally negotiated pay spine as the basis for its local grading structure. This determines the salaries of the large majority of the workforce, together with the use of other nationally defined rates where relevant. The Council remains committed to adherence with national pay bargaining in respect of the national pay spine. No pay award has yet been agreed for 1 April 2025 onwards.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain

employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time, it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

Senior Management Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 31 January 2025;

- a) Chief Executive
The current salary of the post is £132,225. The salary falls within a range of four incremental points between £128,125 rising to a maximum of £132,225.
- b) Corporate Director (Resources)
The post is currently vacant. The salary falls within a range of four incremental points between £90,200 rising to a maximum of £96,350. The Corporate Director (Resources) is the Council's Section 151 Officer and this was included in the evaluation of the role.
- c) Corporate Director (Streetscape)
The post is currently vacant. The salary falls within a range of four incremental points between £90,200 rising to a maximum of £96,350.
- d) Directors
The salaries of posts designated as Directors fall within a range of four incremental points between £70,532 rising to a maximum of £75,713.

Chief Officers' roles are subject to job evaluation under the JNC Job Evaluation Scheme and are paid a salary, which is considered a market rate within districts in the local government sector.

Employment of Chief Officers is in accordance with collective agreements negotiated from time to time by the Joint Negotiating Committee for Chief Officers of Local Authorities for Local Government Services, those set out in the National Agreement on Pay and Conditions of Service (currently known as The Blue Book) and as supplemented by:-

- local collective agreements reached with trade unions recognised by the Council
- the rules of the Council

Recruitment of Chief Officers

When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Recruitment, and Redeployment Policies. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements.

Where the Council remains unable to recruit Chief Officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive Chief Officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council currently has four Chief Officers engaged under such arrangements.

Elected Members appoint all Chief Officers. The pay level offered, on recruitment is typically the bottom point of the salary grade. In situations, however, where the individual recruited has a high level of knowledge or skills, and/or previous relevant experience, a higher salary, up to the maximum salary for that post, may be authorised, by the Chief Executive and the Elected Member recruitment panel. The recruitment panel would authorise this for an appointment of a Chief Executive.

Additions to Salary of Chief Officers

The Council does not apply any bonuses or performance related pay to its Chief Officers.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties;

- All Chief Officers were entitled to a lease car. Following consultation this was phased out by April 2015. There is some protection in that when the car was returned the Chief Officer received the 'spot value' less 10% as a travel allowance so long as he/she remains in the role. The 'spot value' depends on the officer's grade. The 'spot values' for each grade are detailed at Appendix 1.

Newly appointed Chief Officers will use their own vehicle and receive an Essential User Allowance. Employees who are not Chief Officers may also receive the Essential User allowance. Essential User Allowances are also detailed at Appendix 1.

The Chief Executive is the Council's Returning Officer and the Electoral Registration Officer (who also manages the elections service) and receives an Election Allowance. The relevant bodies set this allowance. It varies each year depending on the number and type of elections in each year. There is the Warwickshire County Council election during 2025/26.

A Chief Officer may be awarded an honorarium when they 'act up' in a role. The Special Sub Group of Executive Board can authorise these. An honorarium either is a one off payment or can be a monthly allowance for a temporary period. The Council does not currently have any Chief Officers receiving an honorarium.

Payments on Termination

In the case of redundancy, a redundancy payment would be made to a Chief Officer in line with the Council's Retirement Policy & Procedure, and the Redundancy Policy & Procedure, which applies to all staff.

In the case of termination due to ill health, then there would be no termination payment but a higher pension benefit may be approved by the Warwickshire local government pension scheme. The pension benefit may include a lump sum in addition to an on-going pension payment.

On termination of employment, if it is not possible or desirable for the Chief Officer to serve their contractual or statutory notice period, then a payment may be made in lieu of the notice period not worked.

Any contractual payments such as outstanding annual leave are usually included in payments on termination of employment. Similarly, any monies owing to the Council would be deducted from payments made on termination.

The Council may choose to make a payment under a Settlement Agreement to protect against compensation claims that could be expensive or bring the Council into disrepute. The Special Sub Group of the Executive Board would approve any such payment.

Where a Section 151 Officer or Monitoring Officer cease carrying out these statutory roles, then the post would be re-evaluated to exclude these duties.

Increases to Pay

Any cost of living increases agreed through JNC are applied to Chief Officers pay. This is typically on 1st April each year.

Chief Officers appointed on a salary scale will receive an incremental increase to their pay as follows:

Chief Officers appointed between 1st October and 31st March will receive an increment after six months service.

Chief Officers appointed between 1st April and 30th September will receive an increment on the following 1st April.

Thereafter, all Chief Officers will receive increments annually on 1st April.

Chief Officers' pay will be measured against the market, normally on a three to five yearly basis, to ensure we maintain consistency with peer local authorities.

Where there are significant changes in market rates then a pay benchmarking assessment will be carried out for Chief Officers.

A full pay benchmarking assessment on the Chief Executive and Chief Officers posts was undertaken during 2023/24. West Midlands Employers (WME) conducted the assessment, and the analysis report received was considered as part of the review of the senior management structure. The revised pay for the Chief Executive and Chief Officer posts was approved by Executive Board in February 2024. The Council's Executive Board approves increases to Chief Officers pay.

Publication

Upon approval by the full Council, this statement will be published on the Council's Website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above

This policy will be available on our website www.northwarks.gov.uk

Lowest Paid Employees

Our lowest paid employees' salary is determined by the grade for their post, which is underpinned by a job evaluation scheme, rather than being paid a market rate for their job. Market supplements are given to some posts where there are recruitment and retention difficulties. Currently none of our lowest paid employees receives a market supplement on their salary to bring it up to market rates.

Whilst we may employ apprentices on a lower wage, i.e. the minimum wage, during their apprenticeship they do have a structured training plan leading to a qualification.

With regard to other aspects of remuneration policy, there is equity across all our employees. The same policies set out above apply to our lowest paid employees.

Relationship Between Remuneration of our Chief Officers and Other Employees

Currently the average (mean) of our Chief Officers pay is 2.41 times that of the rest of our employees. Our top earning Chief Officer earns 4.20 times the mean of the rest of our employees.

Currently the average (mean) of our Chief Officers pay is 3.20 times that of our lowest paid employees. Our top earning Chief Officer earns 5.59 times the mean of our lowest paid employees.

Currently the median Chief Officers pay is 2.52 times that of the rest of our employees. Our top earning Chief Officer earns 4.40 times the median salary of the rest of our employees.

These figures are as at 31 January 2025 and do not include travel allowances or essential car user allowances.

Our policy for 2025/26 is to maintain Chief Officers pay within the following maximums:

Ratio of mean pay (Chief Officers: rest of employees) = 3.31

Ratio of median pay (Chief Officers: rest of employees) = 3.67

And not to exceed the following multipliers for our top earning Chief Officer:

5.5 X mean pay of other employees

5.5 X median pay of other employees

Accountability and Decision Making

In accordance with the Constitution of the Council, the Special Sub Group and the Executive Board are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

RELATED DOCUMENTS

Retirement Policy & Procedure
Redundancy Policy & Procedure
Recruitment Policy
Disciplinary Procedure
JNC Job Evaluation Scheme Outline

Date of this review	February 2025
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Appendix 1

Annual Spot Value Less 10%

Chief Executive	£3,456
Corporate Director (Resources)	£3,456
Corporate Director (Streetscape)	£3,456
Directors	£3,456

Annual Essential Car User Allowance

451-999cc	£846
1000-1199cc	£963
1200cc & above	£1,239

Agenda Item No 10

Executive Board

17 March 2024

**Report of the
Chief Executive**

**Corporate Plan 2023-27: Annual
refresh 2025**

1 Summary

- 1.1 The purpose of this report is to recommend to the Board the 2025 annual refresh of the Council's 2023-27 Corporate Plan.

Recommendation to the Council

- a That the main issues set out in the Appendix be agreed as the basis for the 2025 Corporate Plan Annual refresh; and**
- b That the Chief Executive be given delegated authority to finalise the format of the Plan;**

2 Report

- 2.1 Members will recall that the Council has adopted a high level Corporate Plan for the life of this Council, from 2023 to 2027. This has been subject to annual refreshes and this is the second one

- 2.2 The current Corporate Plan is appended to the Corporate Plan Performance Update elsewhere on this agenda and it is proposed to use the same format/style.

- 2.3 It is suggested that the majority of the key issues such as the vision and key aims remain the appropriate aspirations and key outcomes that the Council should work towards achieving. There are some suggested changes to the strategic aims and particular to the key actions to reflect the current set of key issues. The main ones relate to the Devolution/Local Government Reorganisation agenda and the announcements (particularly on Planning) from the new Government.

- ... 2.4 The vision, aims and actions are set out in Appendix 1 to this report.

- 2.5 As in previous years, delegated authority is sought to finalise the Plan.

3 Report Implications

3.1 Finance and Value for Implications

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

3.2 Risk Management Implications

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

3.3 Other Report Implications

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

3.4 Links to Council's Priorities

- 3.8.1 These are set out in the Appendices.

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

Revised Corporate Plan – Context

Appendix 1

- Devo/LGR
- Budget
- Residents' Survey
- MTFS
- LGA Peer Review September
- Local Plan review
- Demographics
- New Government – new NPPF, funding review, waste changes etc



Revised Corporate Plan – Priorities

Foundational aims:

- Efficient **and sustainable** organisation:
 - Finances, lean, responsive
- Safe, Liveable, Locally Focussed communities:
 - Feeling safe, place based enforcement, Quality of life

Quality of life aims:

- Prosperous, **active** and healthy:
 - Jobs, Infrastructure, connectivity, health
- Sustainable growth, protected rurality:
 - Vibrant growth, sense of place, recognisably home

Priorities – Efficient and Sustainable Organisation

– Strategic Aims - Revised

- Focussed and prioritised organisation
- Skilled staff in the right place
- Know what we are about
- Harness the power of the community particularly with the Community Grants and additional year of the UKSPF
- Advocacy for the area
- Responsiveness – know the area and be relied on
- Complex problem solving, focussed on individuals

Priorities – Efficient and Sustainable organisation

– How? - Revised

- Delivery the Medium Term Financial Strategy to improve the Council's financial sustainability (Instead of 'Savings')
- Transformation
- Sustainability
- Identifying the resources to deliver the Council's plan
- Consider new models of working including proportionate commercial activity
- Develop staff and improve retention particularly in the light of possible LGR
- Develop our vulnerability work
- Ensure as many services as possible as based in North Warwickshire
- Review our customer service arrangements and how we communicate with residents (RS)
- Further analysis of the key issues raised in the Residents' Survey
- LGR submissions

Priorities – Safe, Liveable, Locally Focussed Communities – Strategic Aims - Revised

- Sense of place – WM but connected to other areas
- Quality of life
- Feeling safe
- Place based enforcement

Priorities – Safe, Liveable, Locally Focussed Communities – How? Revised

- Community Safety Partnership Plan
- Focus on safety after dark (RS)
- Services in the Borough, particularly Police
- Address anti social behaviour
- High standard of street cleanliness using the increased funding from the Budget and tackle litter and flytipping asap (RS)
- Support for High Streets via the funding provided in the budget and in support of the Town Centre Plans commissioned by UKSPF funding
- Coordinate enforcement activity using the extra resources allocated – Planning Enforcement Officer and extra resources in Environmental Health

Priorities – Prosperous, active and healthy – Strategic Aims - Revised

- Jobs
- Infrastructure
- Connectivity
- Health
- Improved leisure provision

Priorities – Prosperous, Active and Healthy – How? Revised

- Healthy, inclusive economy
- Increase in skills
- UKSPF measures on business support and people and skills
- Revised Local Plan
- Infrastructure delivery
- Bring quality to growth
- Connected - transport and technology
- Improved health outcomes
- Increased use of improved leisure facilities and services (RS)
- Implement new Leisure facilities and review how operated in line with our Leisure Strategies (RS), implement another pump track and review changing facilities

Priorities – Sustainable growth, protected rurality

Strategic Aims - Revised

- Vibrant growth
- Sense of place
- Recognisably home

Priorities – Sustainable Growth, Protected Rurality – How? - Revised

- Review the Local Plan to ensure we maintain an up to date Local Plan aligned to regional needs and revised national guidance, including a Green Belt review
- Design Champions
- Protection of best of built, rural and natural heritage including a Civic Award scheme
- Mitigate and benefit from HS2 and press for A5 funding and rail connectivity from repurposed HS2 funding
- Implement the revised Green Space and Playing Pitch strategies including exploring the opportunities from Bio Diversity Net Gain and assist with climate change (RS)
- Homeless strategy and improve private sector housing including appraising the business case for a commercial Housing Company and new ways of providing affordable housing
- LGR submissions

Agenda Item No 11

Executive Board

17 March 2025

Report of the Chief Executive

**English Devolution and Local
Government Reorganisation**

1 Summary

- 1.1 Members are asked to recommend for Council's approval the Interim Plan regarding unitary local government.

Recommendation to the Council

- a That the Interim Plan be agreed; and**
- b That the Chief Executive, in consultation with the Leader of the Council, be given delegated powers to make any necessary amendments to the Interim Plan ahead of submission to Government.**

2 Report

- 2.1 Members will recall from the Council meeting on the 15 January that the Government has issued a [English Devolution White Paper](#) with the stated aim of ensuring all areas in England are covered by a Mayoral Strategic Authority. The White Paper also sets out the Government's aspiration that all remaining two tier local government areas are replaced by single tiers of unitary Councils.
- 2.2 Since then the Member Working Group has met twice (20 February and 6 March) and, by the time of this Board's meeting, there will have been two all Member briefings (15 January and 12 March). In addition to these Member meetings, the Leader and Chief Executive have had extensive discussions with those from the other Councils in Warwickshire, and there have been a considerable number of meetings and webinars with Ministers, Officials and other Councils across the country.
- 2.3 Since the White Paper was published, the Government wrote on the 5 February to all two tier areas asking for submission of Interim Plans relating to Local Government reorganisation (LGR) by 21 March and then full submissions by 28 November. Officials have confirmed that the Interim Plans are by way of position statements on work and thoughts to date, have no statutory basis or influence on the final submissions and decisions to be made thereon but are a useful opportunity for Councils to share initial thinking and to receive feedback ahead of the final submissions.

- 2.4 The Government have confirmed that LGR proposal can include either a single unitary Council for the County, more than one unitary Council for the County or one or more unitary Council for an area larger than the County.
- 2.5 On this latter point, Coventry City Council and Solihull Metropolitan Borough Council were initially written to in December as 'small neighbouring unitary Councils'. However they were not written to on the 5 February and Officials have confirmed that the Government has not asked those Councils for LGR proposals, in contrast to a number of areas, such as Leicestershire, Derbyshire and Nottinghamshire, where adjacent unitary Councils have been asked for their proposals.
- 2.6 On that basis therefore, a realistic assessment suggests there are only two credible options – a single unitary council and two, based on 'North/South' geography (North Warwickshire, Nuneaton and Bedworth and Rugby and Warwick and Stratford).
- 2.7 Member have informally indicated that they would wish to openly and thoroughly consider both options in order to suggest a final submission which is in the best interests of the area within the criteria identified by the Government.
- ... 2.8 The draft Interim Plan attached has therefore been agreed by the five Borough and District Councils in Warwickshire, given that Warwickshire County Council have [proposed](#) a separate response.
- 2.9 The draft Interim Plan reflects, as mentioned above, that only two credible options remain for LGR however it flags up that, whilst theoretically therefore LGR is a straight forward matter for Warwickshire, the consequences with regard to Devolution, namely the choice of Strategic Authority, is more complex and this needs to be borne in mind when a LGR option is chosen by the Government.
- 2.10 Finally, the Interim Plan sets out the engagement that has been done to date and that further engagement will be undertaken ahead of the November deadline. To date this Council has engaged with the two MPs for the area and Town and Parish Council representatives.
- 2.11 The recommendation therefore is that this Board agrees the Interim Plan for approval by Council. Given the aim of coordinating this response across the other Warwickshire Councils, as requested by Government, it is suggested that the Chief Executive is given delegated powers to make any necessary adjustments to the Interim Plan, in consultation with the Leader of the Council, that may arise out of this coordination process.

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

Interim plan for local government reorganisation in Warwickshire

1) Introduction

This interim plan has been prepared following the receipt of the formal invitation for local government reorganisation proposals received from the Minister of State for Local Government and Devolution by all six principal councils in Warwickshire on 5 February 2025. It has also been assisted in further discussion with officials from the Ministry of Housing, Communities and Local Government.

This interim plan has been developed by the five districts and boroughs within Warwickshire and has been constructed around the eight points included within the invitation letter.

At this stage this interim plan, following clarification from Ministry of Housing, Communities and Local Government officials, is regarded as a "progress check". This interim plan simply identifies potential options for local government reorganisation. Given that there is significant additional engagement, evaluation and analysis to be undertaken before the formal response to the invitation no decisions have been made in relation to the preferred local government structures. To assist in consideration of all options clarification on the deliverability of certain proposals will be required from central government.

This interim plan identifies the significant additional work which will need to be completed before the formal submission in November 2025.

The five districts and boroughs are in dialogue with the County Council in relation to the preparation of the formal proposals and will work positively and collaboratively on such submission.

2) Warwickshire: Background and context

Warwickshire is a mainly semi-rural county area which covers a total of 1,975 km². The economy of Warwickshire is strong with an average GVA per head of £33,105. The population of the county area has grown significantly over the last decade, the current estimate for the county is a resident population of 617,823, this compares to 549,517 in 2013 (68,306 or 12.4%), similar or even higher growth is expected in the future.

Warwickshire as a ceremonial county council has undergone several changes over the years. Various parts of the historic county have been ceded as local government structures have developed and areas such as Birmingham and Coventry have grown.

Elected county councils were created in 1889 under the Local Government Act 1888, taking over many administrative functions which had previously been performed by unelected magistrates at the quarter sessions. The cities of Birmingham and Coventry were considered large enough to provide their own county-level services and so were made county boroughs, independent from Warwickshire County Council. The administrative county also ceded Aston Manor and Erdington to Birmingham in 1911. Solihull was made a county borough in 1964.

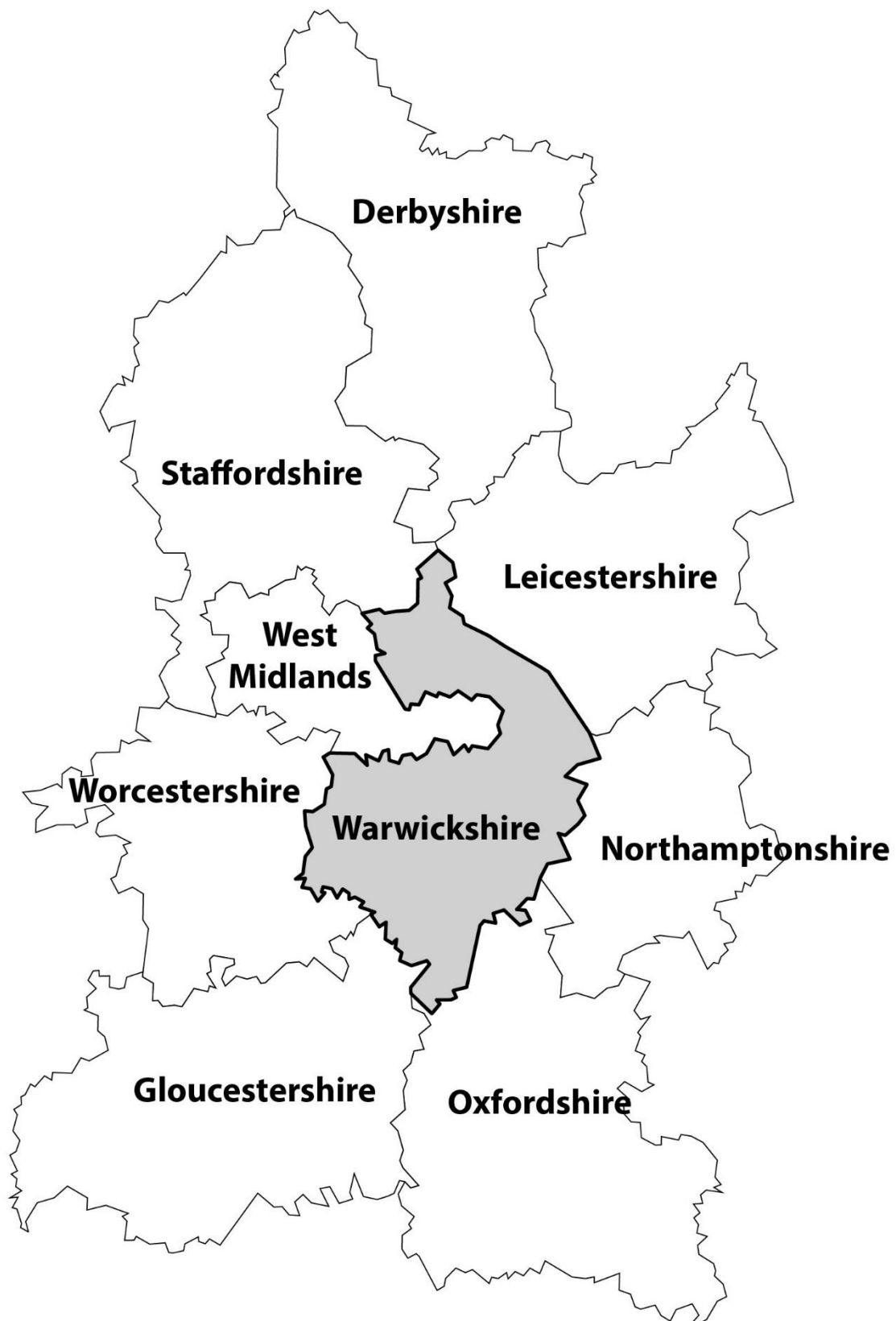
The current administrative county was reformed in 1974 to become a non-metropolitan county, at which point it also ceded Sutton Coldfield, Hockley Heath and much of the Meriden Rural District to the new West Midlands metropolitan county, which also covered the already independent county boroughs of Birmingham, Coventry and Solihull, alongside other territory from Staffordshire and Worcestershire. At the same time, Warwickshire was divided into five non-metropolitan districts/boroughs which form a lower tier of local government.

As a result of these changes Warwickshire as a County now wraps around the areas of Solihull and Coventry. Coventry has very close economic and administrative links with Warwickshire. There is significant cross border working with between areas this includes:

- Coventry and Warwickshire Growth Hub
- Coventry and Warwickshire Destination Partnership; and
- Coventry and Warwickshire Integrated Care Board covers the whole of the County area as well as Coventry.

The area over which Warwickshire Police operates is fully aligned with the County Council area, as is Warwickshire Fire & Rescue (a department of the County Council).

This map shows Warwickshire and the ceremonial counties that surround it.



This map shows the five districts/boroughs in the county of Warwickshire, all of which have been on their present boundaries since 1974.



The table shows the population of the districts and county area using ONS's 2023 mid-year estimates and ONS's population projections for 2043 (ONS, 2018-based projections, 24 March 2020).

	Mid-year estimate, 2023	Projection, 2043
North Warwickshire	66,166	79,123
Nuneaton and Bedworth	137,794	148,345
Rugby	118,781	126,528
<i>Sub-total: North Warwickshire</i>	<i>322,741</i>	<i>353,996</i>
Stratford on Avon	141,929	164,750
Warwick	153,153	165,564
<i>Sub-total: South Warwickshire</i>	<i>295,082</i>	<i>330,314</i>
Warwickshire	617,823	684,310

It should be noted that a revised population projection is expected from the ONS in March 2025, these are expected to be higher than shown in the table and will be available for the November 2025 submission.

In addition, the new housing projections included within the National Planning Policy Framework published in December 2024 expect significant more housing to be delivered in Warwickshire. In developing the South Warwickshire Local Plan this is expected to lead to a growth in population of c129,000 from current figures between now and 2050.

3. Devolution arrangements

Government is seeking to devolve powers to Strategic Authorities which have an elected Mayor. In undertaking initial analysis of options, the ultimate strategic authority solution for Warwickshire will have a significant bearing on the local government structure which underpins these arrangements.

This interim plan identifies three potential options for devolution/strategic authorities:

a. West Midlands Combined Authority

Whilst sharing a border with six other counties, the West Midlands Combined Authority (WMCA) (Dudley, Sandwell, Walsall, Wolverhampton, Coventry, Solihull and Birmingham) is the only strategic authority in the region. The WMCA is an Established Mayoral Strategic Authority.

The WMCA was formed in 2016 on the footprint of the three Local Enterprise Partnerships (LEP) – Birmingham and Solihull, the Black Country and Coventry & Warwickshire.

All six Warwickshire principal Councils are non-constituent members of the WMCA. Given the historic ties mentioned above all Warwickshire Councils are engaged in the work of the WMCA, and whenever possible, ensure our strategic approaches align and interface with each other. It is worth noting that the Local Plans for the districts and boroughs are based on accepting housing/employment growth from the Housing Market Areas of Birmingham and Coventry, both in the WMCA.

A single unitary Council for Warwickshire would if it joined the West Midlands Combined Authority become the second largest authority and between twice and three times the population of the other authorities, which would not comply with the sensible population ratios required by Government.

b. Single County Strategic Authority (Cumbria Model)

Warwickshire is bordered by six other county council areas. However, due to the geography of the remaining County of Warwickshire there is no one county council area which would be a strong fit for the whole of Warwickshire.

An alternative approach therefore could be to implement arrangements like that which has been selected for Cumbria. In Cumbria, a strategic authority has been formed on the previous county boundary and includes unitary authorities of Cumberland Council and Westmorland & Furness Council. This type of arrangement could continue the very close working arrangement with the West Midlands Combined Authority.

This option however would not meet the government's objective of establishing a strategic authority with a population of 1.5m, the population of Warwickshire being 618,000.

Under this option there would be the requirement for two unitary authorities, as a single council cannot make up the geography of a strategic authority.

c. Other County Areas (in whole or in part)

As discussed in the previous option there is not a single county council area which borders Warwickshire which has strong economic links with the whole county area.

For instance, in the South of the County there are links with areas in Worcestershire, however, these links are not shared in the North. Likewise, there are links in the North with Staffordshire and Leicestershire which are not shared with the south.

It is therefore difficult under this scenario to identify a solution for the whole of the county area. If this option is ultimately taken forward it would only work effectively alongside a two unitary solution for the county area.

It will be necessary for clarity as soon as practicably possible as to what the position is in relation to the option of an expanded WMCA. Whilst the Mayor of the WMCA is reported to have initially rejected the concept it is unclear as to whether this is the formal position.

There are also potential different configurations of strategic authority which may be available involving specific elements of the existing West Midlands Combined Authority, e.g. Coventry and Solihull Councils joining Warwickshire to form a new strategic authority. These have not been discussed within this interim plan, guidance would be appreciated on whether such an approach would be supported from Government.

4. Options for a unitary structure

The Government's policy set out in the English Devolution White Paper makes it clear that the move to unitary government across England is required to support the devolution agenda. Whilst some Councils would welcome the retention of the two-tier system which has served our communities well over the last 50 years, it is accepted that the move to a unitary system is the way forward.

Warwickshire County Council has historically been an advocate of moving to a unitary system. In September 2020, the County Council commissioned a report from PWC "The Case for Change", this report identified a single option for unitary government in Warwickshire based on the existing county boundary.

In response the districts and borough reviewed all potential options and concluded that there was a viable alternative option of a North and South Warwickshire Unitary. These proposals were not progressed at the time as there was no invitation from central government for local government reorganisation, and there was not agreement between the principal councils.

It is in that context that the six principal councils of Warwickshire expect reorganisation on 1 April 2028 as well as the county's participation in devolution. To assist in our preparations, we would welcome feedback from the Government on this interim plan.

The six principal Councils in Warwickshire authorities have agreed to work positively together in the preparation of the formal submission in November 2025. The Councils will share information as required to ensure that the submissions are as informed as possible. Whilst ultimately, the six councils may not agree on the preferred option for local government reorganisation in Warwickshire, when government determines the way forward all Councils will work together to deliver this option to best serve our residents, businesses, staff and stakeholders.

Government have advised that the earliest that local government reorganisation will be implemented in Warwickshire is April 2028. The Councils believe that a unitary structure in this scenario should be implemented across from this date and with shadow elections being held in May 2027. Warwickshire Councils and the Government should provide this clarity on the timetable, as it is essential to provide certainty for staff, councillors, partners and others.

Any proposal submitted should address the full range of the Government's criteria set out in the statutory guidance issued on 5 February. As mentioned above for the interim plan, it has not been possible in the time available to undertake detailed assessment against all criteria and the borough and district Councils do not want to form any premature conclusions without having considered the options in full consideration of the facts.

The six Councils support reorganisation being within the boundaries of the county of Warwickshire only and using whole districts and boroughs as building blocks.

There are six criteria which will need to be considered when making the formal submission for local government reorganisation, population is just one of these factors. Issues surrounding our communities, culture and local identity will be crucial in the final submission.

However, as required within the interim plan, it is informally agreed between the Warwickshire principal councils, that there are two options for a unitary structure in respect of size and boundaries:

- (a) **a unitary council** for the whole county of Warwickshire, population 617k (2023 mid-year estimate). This accords with the statutory guidance that "As a guiding principle, new councils should aim for a population of 500,000 or more".
- (b) **two unitary councils** in Warwickshire, these being made up as follows:
 - i. one comprising the districts of North Warwickshire, Nuneaton and Bedworth and Rugby (population 323k) and
 - ii. the other comprising the districts of Stratford on Avon and Warwick (population 295k).

Any proposal for this option would set out the rationale for it, relying on the statutory guidance that *"there may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution"*.

Whilst all Councils accept that these are the only two options, they all recognise that views differ on whether both options meet the full range of the Government's criteria.

At present, there is not unanimity among the six principal Councils. More work will be done to identify which structure will feature in the proposal submitted by 28 November, with a view to reaching agreement upon it. However, all Councils recognise that ultimately there might be competing proposals.

5. Potential Costs and savings of a unitary structure

Work is being done on the costs and savings associated with moving to a unitary structure. To ensure that the submission in November is as informed as possible the districts and boroughs have jointly commissioned Deloitte's to help provide robust evidence on which to base the estimates of costs and savings.

Transitioning to any new organisational structure inevitably involves costs associated with the change process itself. Whilst the support from Deloitte is at an early stage, an initial financial analysis of the estimated change costs associated with each proposed unitary model for Warwickshire indicates that costs would be similar for either a single or two unitary solution. The indicative costs at this stage are estimated to be within the range of £15-£17m for both options.

Transitioning to a unitary system for Warwickshire necessitates a careful examination of the existing Council Tax landscape and its implications for each proposed model. Currently, significant disparities in Council Tax rates across the county present challenges.

Addressing these disparities will be essential to ensure fairness and transparency in local taxation under a new unitary structure. Harmonizing rates will likely involve a multi-year approach, with some areas experiencing a freeze in Council Tax while others see gradual increases to avoid placing undue financial burden on residents.

The types of costs which would need to be fully considered relates to areas such as Redundancy, Integrated Project Management Office, Digital and ICT, Estates and Assets along with issues associated with Council Tax harmonisation as discussed above. In coming to a robust and transparent basis for estimating the costs and savings associated with each unitary model, an analysis will utilise a set of clearly defined assumptions. These assumptions will be based on industry best practices, benchmarking data, and insights from previous local government reorganisations.

By comparing the assumptions made around costs with the assumptions made around benefits, the financial assessment seeks to provide high-level financial insights necessary to evaluate the feasibility of each option against the Government's criteria.

Again, further detailed analysis will be required in order to properly estimate the level of savings which could be achieved. An initial high-level estimate at this stage undertaken by Deloitte's on behalf of all 5 districts and borough councils identifies savings of c£21m could be delivered through a single unitary Warwickshire (this estimate accords to the initial estimate from Warwickshire County Council), and the potential savings from a 2 unitary model of c£18m.

Further detailed analysis will be undertaken ahead of to help provide a high-level understanding of the financial implications associated with each model, enabling informed and responsible decision-making, ahead of the submission in November 2025.

6. Electoral arrangements

The current number of elected members for each principal council in Warwickshire is as follows:

Council	Number of Councillors
North Warwickshire	35
Nuneaton and Bedworth	38
Rugby	42
Stratford on Avon	41
Warwick	44
Warwickshire County	57
Total	257

There are currently 57 electoral divisions for Warwickshire County Council. In a recent review, by officers, these now meet all three criteria for the Local Government Boundary Commission for England (LGBCE) to undertake a review. This is mainly due to population growth which is not consistently spread across all areas of the County leading to voter imbalance. Whilst the May 2025 elections will be based on the existing electoral divisions, it would be preferable to review these to correct such imbalance, especially if these electoral divisions are used as the building blocks for elections for any shadow authorities.

As a working assumption one option for future temporary electoral arrangements could be simply to double the number of councillors in each division (this approach has been used in a number of areas), a simple solution would provide councils of the following sizes:

Option (a) – a unitary council of 114 members;

Option (b) – a unitary council for northern Warwickshire of 60 members and a unitary council for southern Warwickshire of 54 members.

This would represent a reduction of 143 councillors (-55%) compared to the current structure of 257 councillors. The reduction in Councillors whilst providing savings would result in additional electors per councillor. Across Warwickshire currently at district and borough level on average there are 2,244 electors per councillor and on average 7,875 electors per councillor at Warwickshire County Council. Such a reduction in councillor as identified above would result in an average of 3,937 per councillor, almost twice that at the current district and borough level.

The current schedule for elections in each of the district and boroughs is as follows:

- North Warwickshire Borough Council, Stratford on Avon District Council and Warwick District Council have whole council elections scheduled for May 2027.
- Rugby Borough Council have elections in thirds, the next scheduled elections are in May 2026.
- Nuneaton and Bedworth Borough Council have elections in halves, the next scheduled elections are in May 2026.

The district council elections in May 2027 would need to be cancelled and the term of office of district councillors that was due to end then should be extended to 31 March 2028. Consideration would need to be given to those elections which are scheduled for 2026. In line with arrangements for unitary councils elsewhere, elections to the new structure should be held every four years from 2027 i.e. 2031, 2035 etc.

Adopting the proposed arrangements for the first elections to the unitary structure would not preclude a subsequent review by the LGBCE, for example to reduce councillor numbers further or to create single member divisions.

If mayoral elections were held in May 2027 (for example in the case where Warwickshire, as one or two Councils does not join the WMCA), at the same time as elections to the unitary structure, we advocate a different timetable for subsequent mayoral elections.

Holding elections in different years is preferable as it ensures that there is a clear, separate mandate for a mayor and for unitary councillors. If the first mayoral elections were held in 2027 at the same time as elections to the unitary structure, this could be achieved by the first term of office for a mayor being either three or five years, so that subsequent mayoral elections would be in 2030 or 2032. We will address this issue as appropriate in discussions with neighbouring areas about devolution.

7. Engagement

We are committed to working closely and collaboratively with all Councils in Warwickshire to develop future proposals. In preparing this initial response to the Government, we have held meetings between County, District and Borough Council Leaders and Chief Executives to discuss both local government re-organisation and options for future Strategic Authority arrangements. We have also entered early discussions with public sector partners.

We have begun to raise public awareness of the process and provide updates to our residents on the approach we are taking and our commitment to involve local people in developing any proposals through independent public consultation.

In the four Districts where there are Town and Parish Councils, we have begun early engagement and there has already been a mixed reaction from this sector.

In those areas which are not fully parished, under both options for unitary government within Warwickshire, there will need to be consideration of whether new town or parish Councils will need to be formed where they currently do not exist.

The current numbers of town and parish councils within Warwickshire are as follows:

Council	Number of Parishes
North Warwickshire	33
Nuneaton and Bedworth	0
Rugby	41
Stratford on Avon	110
Warwick	35
Total	219

In the next stage of the process, we will undertake further and more formal stakeholder engagement with:

- public sector partners in the NHS, education and policing, through strategic involvement in the development of proposals
- Members of Parliament, through one-to-one meetings to seek views and feedback as proposals develop
- Town and parish councils, with further meetings to discuss community governance in the context of future local authority arrangements
- residents, through consultation events in communities and running a formal independent public consultation to gather views.
- community groups and voluntary organisations through consultation events
- business, through groups such as Chambers of Commerce, along with meetings with individual businesses

The insights gathered through this engagement process will be instrumental in shaping the final submission to the Government, ensuring that any reorganisation of local government is developed collaboratively with our partners and communities and is supported by them.

8. Preparatory costs

This interim plan has identified options that will be further considered ahead of the determination and submission of the formal response to Local government reorganisation for Warwickshire. As highlighted in the letter from the Minister it is vital that when respective councils are required to make their decisions on which option is supported this is made on *"robust evidence and analysis and include an explanation of the outcomes it is expected to achieve"*.

In the time allowed from the publication of the letter inviting responses there will be the need for significant additional investigations before such decisions can be made.

Further detailed review will be required in each of the six criteria areas by which Government will assess responses. The Councils will need to commission external support to ensure that responses are based on the latest information available from experiences from unitarization across the Country, small District and Borough Councils do not have large teams to prepare such analysis.

It is likely that costs of between £150k to £250k may need to be incurred in preparing the full review of options ahead of submission. Such work is a new burden on already stretched local authority budgets and as such should be reimbursed by government. In addition to these external costs there will need to be significant officer time required to ensure that the reports that elected members consider provide all relevant information.

9. Joint working on reorganisation and devolution

The six principal Councils in Warwickshire have a strong record of working together positively.

Whilst it is possible that ultimately all principal Councils will not agree on a single submission for Warwickshire, as previously mentioned, all Councils will cooperate fully with each other and share information in a positive way.

The leaders have met on two occasions following the publication of the English Devolution Deal White paper, there would be regular ongoing discussions which initially will concentrate on the preparation of the November 2025 submission.

When the Government has determined the structure for local authorities within Warwickshire all councils will commit to ensuring that the transition to these structures is conducted professionally.

10. Barriers or challenges requiring Government action

This interim plan has been prepared following the receipt of the letter on 5 February 2025, therefore, seeks to identify the key principles and options, without at this stage discounting one or other options.

Early feedback and views from Government following submission of the interim plan is welcomed and will ensure that no abortive work will be undertaken.

A significant issue for Warwickshire and the shape of future local government arrangements relates to questions surrounding which strategic authority options will be available. An early clarification surrounding the potential strategic authority options is therefore vital to assist our future considerations.