

Warwickshire County Council



STATEMENT OF ACCOUNTS 2021-2022



Warwickshire County Council

Statement of Accounts

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Introduction

I am pleased to introduce our Financial Accounts for 2021/22. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the year.

This narrative report is set out in five parts. The first provides some key information on what the Council does, how it does it and its plans for the future. The second part provides further detail on how we plan to resource the Council's activities. This section also considers the factors in the external environment that influence our decisions and highlights some of the key risks that we have identified to the delivery of our priorities. The third part summarises our financial and other performance in 2021/22 and our effectiveness in the use of our resources, while the fourth part describes our outlook moving forward into the new financial year. It includes some of the key pressures facing the Council over the next few years and the changes taking place in the Council to respond to those challenges. Finally, this report explains how the

Financial Accounts for 2021/22 are prepared and set out.

The Covid-19 Pandemic has continued to have profound impacts, globally and locally, for public health, the economy, society and the environment. The County Council rose to the challenge of delivering a range of new services at short notice and provide existing services in different ways whilst reducing income generation opportunities and causing delays in the delivery of some of our key revenue and capital projects. Alongside responding to the immediate challenge presented by the Pandemic we have completed the delivery of our recovery strategy and developed a new Council Plan for the next 5 years to ensure the Council, residents and Warwickshire as a whole emerges from the Pandemic stronger than ever. Our efforts were supported by additional Government funding allowing us to continue this crucial work beyond the end the current financial year. The result is a highly unusual financial year with the impact of Covid visible throughout our financial statements.



Rob Powell
Strategic Director for Resources

Organisational overview

In February 2022 our new Council Plan was approved. The purpose of the Council Plan is to set out the top-level strategic direction of the Council and to articulate the Council's vision and ambition for Warwickshire. The Council Plan provides the necessary framework to deliver on

our ambitions, through change management and innovation, and ensures there is a clear line of sight on delivery of the Council's core purpose and outcomes. Our ambition remains to make Warwickshire the best it can be, sustainable now and for future generations.

Our ambition for Warwickshire

Three strategic priorities



We want Warwickshire to have a **thriving economy and places** that have the right jobs, skills, education, and infrastructure.



We want to be a County where all **people can live their best lives**; where communities and individuals are supported to live safely, healthily, happily and independently.



We want to be a **County with a sustainable future** which means adapting to and mitigating climate change and meeting net zero commitments, so that our generation ensures future generations can live well and reap the benefits of a sustainable and thriving Warwickshire.

Seven areas of focus



Create vibrant places with safe and inclusive communities



Deliver major infrastructure, digital connectivity and improved transport options



Promote inclusive, sustainable economic growth, successful business, good quality jobs and future skills



Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero



Deliver our Child Friendly Warwickshire strategy - Happy, healthy, safe children



Through education, improve life opportunities for children, young people and those with special educational needs and disabilities



Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities

To make this happen, we will be a great Council and partner: One which harnesses community power, uses data and digital solutions to improve service efficiency and is a great organisation to work in with outstanding leadership and a talented agile workforce.

The approach to developing the new Council Plan this year was fully integrated and can be described as - One Council, One Plan, One Budget. The Council Plan communicates our priorities over the next 5 years. It seeks simplicity within the complexity, breadth and inter-dependence of the Council's strategic role and service delivery, while ensuring sufficient flexibility to respond to rapidly changing, volatile and often ambiguous external conditions. Our Budget and Medium-Term Financial Strategy (MTFS) will translate the direction set out in the Council Plan into a sustainable financial strategy. This helps us to plan ahead, so we are able to meet our spending requirements, taking into account Government grants, Business Rates and Council Tax income. The financial strategy helps us to ensure our financial resilience and medium-term financial sustainability, so we can continue to provide high quality services to our residents.

There are a number of key themes to the strategy, setting out our areas of focus:

- The strong foundations through delivery against the Covid-19 Recovery Plan and our transformation programme, as reported to Cabinet in December 2021, and a continuation of work we have started;
- Early thinking and commitment to work with partners to develop a clear policy approach to the levelling up agenda;
- Joining up, connecting, and working as One Council to focus our collective efforts and maximise their impact for communities and residents;
- Building on our work on Community Powered Warwickshire and work done including our Social Investment and Green Shoots funds, Shielding hubs, Food Forum, Community testing etc.;
- A sharper focus on prioritisation to balance rapidly increasing demand with available resource and funding, and to optimise the

Council's impact on our communities and residents; and

- Our commitment to working with partners and communities to identify solutions to the challenges we face; to build on existing strengths and successes and to learn and improve from our experiences.

We use reserves to manage financial risk and promote financial sustainability. Any reserves not needed to manage financial risk are used for time-limited investment to support the delivery of the Council's ambitions, to deliver savings and to reduce demand in future years.

The medium-term financial strategy will require regular reviews in order to remain dynamic, robust, ambitious and deliverable, and will be updated at least annually.

Politically, Warwickshire County Council has 57 councillors, who are elected every four years. The last elections were held on 6 May 2021. The current political composition of the Council is 42 Conservative members, 6 Labour members, 5 Liberal Democrat members, 3 Green Party members and one Independent. The Council makes its decisions via a Cabinet of nine members (in 2021/22) including the Leader of the Council, Cllr Izzi Seccombe OBE. Warwickshire's Councillors are responsible for setting the strategic direction of the Council and for scrutinising performance. Further details of the governance arrangements in the Council are included in the Annual Governance Statement, included within this document.

Organisationally, in 2021/22 Warwickshire operated through three Directorates: Communities (including Fire and Rescue and Education), People (including Public Health) and Resources. Each Directorate is headed by a Strategic Director who sits on the Council's Corporate Board along with the Chief Executive. Services within each Directorate have plans in place which correspond to the budget set for them by Council and the key

outcomes within the Council Plan. Each service has Key Performance Indicators which are monitored and included in quarterly performance reports to Directorate Leadership Teams and Members.

At the end of the year we had the equivalent of 4,156 full-time employees and just under a third of our spending each year is on staffing. This is an increase of 120 full-time employees from last year as planned organisational change and Pandemic response has resulted in a strengthening of our teams in several areas. Warwickshire's employees are responsible for translating Councillors' strategic decisions into actions. Our Workforce Strategy sets out the key principles to ensure we have a workforce that is fit for purpose to deliver the Council Plan.

The Council collaborates with a number of external partner organisations to plan and deliver its intended outcomes. These include the neighbouring councils of Coventry City Council, Solihull Metropolitan Borough Council, and the five Warwickshire District and Borough Councils.

We are a non-constituent member of the West Midlands Combined Authority and a member of the Coventry and Warwickshire Local Enterprise Partnership. We work closely with local NHS organisations, particularly through the Health and Wellbeing Board and the Coventry and Warwickshire Integrated Care System. We also work with a number of other bodies, including:

- Central Government departments and ministries;
- National and local voluntary and community sector organisations, and charities;
- Academy schools and academy trusts in Warwickshire;
- Local universities and other academic organisations;
- Local industry and businesses; and
- Town and parish councils in Warwickshire.

Further details of the Council's key priorities, plans and outcomes are available in the Council Plan.

Resourcing our activities

The medium-term financial strategy underpins the delivery of the Council Plan and is agreed as part of the budget-setting process which concludes in February each year. Taking a medium-term approach allows for a more coordinated and planned approach to

prioritisation and allows services to focus on delivery knowing the financial limits and constraints within which they are required to operate. Within the budget resolutions, the Council confirms and applies a number of fundamental financial strategies and policies.

Revenue and capital spending

We spend our resources in two ways, through revenue and capital spending. Broadly, our revenue spending relates to income received in year and spending on items used in the year. Most of our salary costs are included in revenue expenditure. Our capital spending relates to items we have bought, created, or improved and which will be used for more than one year. An annualised amount is charged to our revenue accounts to reflect the economic use of assets each year to provide services. This accounting charge does not reduce our revenue resources

but borrowing to fund our capital expenditure does.

Revenue allocations are made to services through a process which balances demand forecasts, inflation and other price increases, commitment to our statutory duties and the investment choices which the Council wishes to make to improve services or reduce costs. By law, we must set a balanced budget which ensures that the Council meets not only its existing commitments but also remains on a firm footing for the future.

Revenue Resources	2021/22	2022/23
Original gross budget at start of year	£m	£m
Business Rates	67.7	73.6
Council Tax	293.0	305.2
Total Unconditional Revenue Resources (Gross)	360.7	378.8
Specific Government Grants	84.3	115.0
Adult Social Care Levy	30.7	38.0
Customer and Client Receipts	131.2	107.8
Dedicated Schools Grant	246.3	249.1
Total Revenue Resources	853.2	888.7

Adult Social Care is the third largest area of revenue spending after schools and Children and Education. Each year since 2016-17 the Government has permitted local authorities to levy an additional amount on top of their normal council tax increase each year, with this additional funding to be ring-fenced for use in adult social care. We have taken the additional levy (2% for each year between 2016/17 and 2020/21 as well as for 2022/23, and 1% in 2021/22) and have increased the resources available to deliver adult social care by at least the amount raised this way.

The figures shown above for specific Government grants include a number of grants which come with conditions that limit our

discretion in how they can be used. The largest of these is the Dedicated Schools Grant which we receive from Government to meet the cost of funding schools and relevant pupil-related services; this is presented separately in the table above. We are continuously reviewing how we deploy these resources for maximum strategic effectiveness.

Our capital spending power is the combination of external income which must be spent on capital (such as specific grants or contributions and the receipts from the sale of our assets) and the extent to which the Council is willing to meet the costs associated with borrowing money from its revenue resources.

Capital Resources	2021/22	2022/23	2023/24 and later
Budget for the year after adjusting for previous year's outturn	£m	£m	£m
Capital Grants and Contributions	148.8	90.7	109.1
Receipts from the Sale of Assets	29.2	9.0	125.3
Direct Application of Revenue Resources	1.3	0.5	0.1
Borrowing (to be repaid from revenue resources)	39.9	74.9	216.1
Total Capital Resources	219.2	175.1	450.6

(Note: the 2022/23 and later years' figures will be updated before the accounts are finalised to reflect the rephasing of the capital programme as a result of the 2021/22 end of year position)

Our capital allocations are made in line with our Capital Strategy, which includes three key elements: capital maintenance works to ensure our assets continue to be fit for purpose and able to support the provision of services;

replacement of assets that have reached the end of their useful life and capital investment to create and develop new assets. Each element has a number of strands that ensure a clear focus on the purpose of capital spending and

the prioritisation of proposals, underpinned by specific service asset management strategies.

Allocations included in the maintenance programme meet one of the following three criteria:

- Maintaining our assets to ensure services can continue to be delivered;
- Statutory health and safety and other regulatory requirements; and
- Annual equipment and/or vehicle replacement programmes.

Our annual maintenance programme includes allocations from the Government grants received for schools and highways maintenance plus revenue funding used for the replacement of vehicles, where this is more cost effective than leasing the vehicle. We also finance some maintenance from borrowing.

For 2022/23 a new Asset Replacement Fund has been created to alleviate pressure on service revenue budgets accumulating underspends to fund costs of replacing vehicles, plant and equipment and to avoid the depletion of capital resources set aside for investment. This will be funded from corporate borrowing.

Savings and efficiencies

The resource estimates shown above reflect the impact of Pandemic and the broader economic outlook. The Council has a strong track record of delivering savings which has served us well this year through some challenging financial times. The Council Plan and the Medium-Term Financial Strategy aim to further this success, maintaining strategies of investment for longer term savings and, as far as possible in an

Investment schemes are, by their nature, not routine and so are only considered if they move the organisation towards the delivery of our outcomes or are invest-to-save schemes. Where we have discretion in how to apply capital financing, we use a structured evaluation process that assesses:

- What we are trying to achieve for the Warwickshire residents, businesses and visitors by investing in particular assets;
- The contribution of the new assets to the delivery of corporate outcomes;
- The financial costs and benefits over the short, medium and long-term;
- The risks inherent in the delivery of the scheme itself and the expected benefits, with a focus on better up-front planning and timetabling; and
- The contribution the new asset can make to addressing the Climate Change Emergency.

Investment schemes may be funded by any of the sources in the above table, and often a combination of these.

environment of high and rising inflation, prioritising finding new ways of working rather than service reductions. The key themes are better procurement, improvements in efficiency, increased income and delivering reductions in demand. The Medium-Term Financial Strategy tasks the authority with finding £65.7m of savings over the next 5 years.

Reserves

Reserves are resources we have accumulated over time and set aside for a particular purpose as part of an integrated approach to the effective financial management of the authority over the short, medium and long-term.

We hold reserves to:

- Ensure future events outside of our control do not undermine the authority's overall financial position or impact on service delivery;
- Plan for the effective use of resources over time for a specific purpose;
- Ensure we meet funding conditions (set either by an external funding body or a specific decision of Members) in our use of any available resources; and
- Retain any other accumulated underspends prior to decisions on their use.

Our budget is set to include anticipated levels of reserves added or drawn down in the year; these plans may change as the year progresses to react to emerging pressures or other events and are approved in our quarterly monitoring process. Some reserves are held at a corporate level to support overarching risks and strategies.

The level of general reserves is consistent with the overall financial environment and the key financial risks faced by the Council. These risks are assessed at least annually and take account of circumstances at the time of assessment as well as trends into the future.

The Medium-Term Financial Strategy includes the planned use of £41.1m of the Available-for-Use reserve.

Reserves Balances at start of year	2021/22 £m	2022/23 £m
Management of Risk	18.8	15.6
Available to Use Reserve	42.0	48.8
Earmarked Reserves	70.7	83.3
General Reserves	21.4	26.0
Specific Investment (including Covid funding)	70.2	47.7
Schools	21.3	23.1
Total Reserves	244.4	244.5

Borrowing and investments

We undertake treasury management activities in a prudent and flexible manner so as to ensure we retain sufficient liquid funds to provide for day-to-day cashflow requirements whilst funding our capital spend at the lowest cost. These activities are managed within an overall

framework determined by the Treasury Management Strategy which is updated and approved by Members annually. Interest income and expenditure as a result of investments or borrowing is reflected in our revenue budgets.

Pensions

The majority of the Council's employees (excluding schools) are members of the Warwickshire Local Government Pension Scheme, and the Council administers the fund that supports the Scheme. As a defined benefit scheme, the Scheme is shown as a long-term liability in our accounts. However, statutory arrangements for funding this deficit are in place, including increased contributions over the working life of employees, and means that our financial position remains healthy.


Both the accounts for the County Council and the Pension Fund are included in this document, though they are operated as independent entities. The County Council's accounts reflect the pension disclosures relating only to its own employees. This includes disclosures for those staff with alternative pension schemes, such as Teachers and Firefighters.

Management of Risk


The successful delivery of the Council Plan and our sustainability into the future are dependent on our ability to manage and respond to the risks we face. Many potential issues will remain on the strategic risk register and be regularly

monitored, while others are actively managed to reduce the risk or its impact. Further information can be found in the Annual Governance Statement section within this document.

Our performance in 2021/22




£4 million
of external funding
secured by Economy
and Skills Team.



61%
of people open
to Adult Social Care
over the age of 80
receiving care at home.



Received approximately
660,000 visits to our
recycling centres.




There has been a **21% increase**
in e-books and audio loans.



Our Registration Service
conducted **2880** marriage
ceremonies and delivered **772**
citizenship ceremonies online.




Delivered road safety
education sessions to
98,000 people.



87%
of planning applications
determined as County Planning
Authority within their statutory
time period.



98%
of Warwickshire
broadband coverage.



76%
of Warwickshire all
pupils achieved grades
4 or above in English and
mathematics GCSEs.

Over the last year we have continued to respond to the changing demands of the COVID-19 Pandemic, following Government guidelines and advice. As the national focus moved towards learning to live with COVID-19, locally our Recovery Plan which identifies our priorities and aids us to get back to a more normal state was implemented, following final Cabinet approval in September 2020. Our key principles have shaped our response this year:

- Target recovery activity and support to where most needed through evidence-based decisions and focusing on priority outcomes and agreed priorities.
- Stabilise and accelerate the recovery for Warwickshire's people, places, and businesses, including the recovery of Council Tax and Business Rates;
- Tackle inequalities - helping our most vulnerable and disadvantaged citizens and communities overcome the negative impacts of COVID-19;
- Join up and work in Partnership - maximise connections with partners (public services, private sector, communities, voluntary sector, and citizens) to speed up recovery;
- Focus on long-term environmental challenges - use recovery efforts to accelerate Warwickshire's climate change ambitions; and
- Apply our learning from COVID-19 - utilise learning and good practice to improve the Council as an organisation, deepen collaboration and partnership working, and strengthen place and systems-based working across Warwickshire.

The full COVID-19 Recovery Plan comprises 10 recovery priorities and the key achievements are summarised below.

Priority 1 - Contain the virus and promote physical and mental health and well-being: Promote the health and wellbeing of our communities, contain the spread of COVID-19 locally and target action to protect our most vulnerable residents and communities.

Across the last year there are numerous key achievements in this priority area. Our outbreak

control plan continues to be utilised as and when required. Encouragingly, over the course of the Pandemic, the overall number of COVID-19 cases and death rates in Warwickshire per 100,000 population is lower than both the national and regional figure. The County Council's contact tracing team has taken over the role of National Test and Trace contacting up to 4,000 residents a week and operating 7 days a week, receiving positive feedback from the Department of Health and Social Care. Our lateral flow testing (LFT) operation, built in December 2020 to provide asymptomatic COVID-19 testing from 6 static testing sites and a mobile offer, was slimmed down, and refocused from July 2021 onto 'disproportionately impacted groups'. A Warwickshire wide COVID-19 vaccination programme was implemented at speed in line with Government requirements, alongside a programme of Flu vaccinations in the winter period resulting in an overall increase in vaccination uptake.

Ongoing preventative initiatives such as Wellbeing for Life and Fitter Futures continue to reduce pressures on NHS services. Our Health and Wellbeing Strategy was published and highlights our vision for improving the Health and Wellbeing of our citizens, supporting our local economy and our staff. Our Well-being for Life "Plan on a Page" has been finalised covering the promotion of 5 ways to well-being, work-place well-being (Thrive at work), obesity and mental health.

A £1m Social Investment Fund was launched to enable targeted interventions to support Warwickshire's communities and enable community-based support for those disproportionately impacted by COVID-19 such as extending or introducing specialist support; or providing additional community-based support.

Priority 2 - Maintain resilient and sustainable services: Manage increased demand for service.

Key achievements supporting this priority for include the commissioning of new mental health and wellbeing support services for adults strengthening our support offer to local residents.

We continue to support the care market, taking a mutual aid approach, to respond to infection, prevention, and control; testing; vaccination; recruitment and retention as well as financial pressures. We passported national funds quickly and maintained our temporary payment terms. A recent peer review of Adult Social Care including our start with strengths approach was highlighted as good practice and enables us to manage our demand and sustain positive achievements as a result of our adult transformation programme. We have successfully leveraged our voluntary sector opportunities to support our health and care services through community engagement.

Last year Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspected the Warwickshire Fire and Rescue Service (WFRS) and its response to the Pandemic, reporting their findings that WFRS had maintained its statutory functions and made good use of its staff to carry out additional duties to support the community during the Pandemic. The demand for our virtual library services continues to rise with on average, approx. 20,000 eAudio and eBook titles are now downloaded, approx. 50,000 eNewspaper issues are read and approx. 70,000 searches every month.

Priority 3 - Help our children and young people catch up on their education: By returning to learning, improving access to digital resources, and tackling attainment gaps.

Key achievements for this priority include continuing to support and advise early years settings, schools and colleges with their COVID-

19 response, recovery, and resilience plans. Despite continued disruption across recent academic years pupil attendance remains high with an overall rate being in line with National and West Midlands rates.

The Department for Education published attainment data for last year shows that Warwickshire continues to perform strongly in GCSE results when compared nationally, regionally and with our statistical neighbours. This trend is also apparent for Warwickshire pupils who have a statement of Special Educational Needs (SEN). However, disadvantaged Warwickshire pupils do not perform so well against benchmarks and addressing this remains a key focus.

All education providers have been given the chance to bid for post-16 transition funding and future careers funding to support the engagement with skills and training programmes. Further progress was made on the delivery of our Special Educational Needs & Disabilities (SEND) Change and Inclusion transformation programme incorporating the outcomes of the recent Ofsted local area inspection. Career advice to vulnerable and disadvantaged young people including apprenticeships and supported internships has increased and is continuing.

Our new Children's and Young People strategy was approved, and our Child Friendly Warwickshire programme launched.

Priority 4 – Harness the power of our communities to tackle inequality and social exclusion: Champion equality and tackle the effects of poverty, vulnerability, isolation, loneliness, and domestic violence: and support this by promoting increased and sustainable social action, volunteering, and community capacity.

A £1m Social Impact Fund was launched supporting voluntary, community, and social enterprises to address inequalities in areas most affected by COVID-19. The Local Welfare Scheme continues to help our most vulnerable

residents, helping cover the cost of food, energy, water bills and other essentials. Since December 2020, successfully distributing its £1.89m allocation of DWP's COVID-19 Winter Grant Scheme, £1.63m COVID-19 Local Support Grant and £3.47m Household Support Fund, achieving high redemption and take up rates. By working with the Citizens Advice network, we are ensuring there is appropriate specialist debt provision across the county, focusing on financial difficulties that have arisen as a result of COVID-19. Our Warwickshire Food Forum co-ordinates county wide work to tackle food poverty including the establishment of a food strategy to understand priorities and gaps in provision, food banks, and the development of three community supermarket pilots. We proactively supported those families eligible for benefits related free school meals with the cost of food for their children over all the school holiday periods. This cohort of children has been supported throughout the Pandemic through the Local Welfare Scheme, School Holiday Support Scheme or more recently in 2021/22 through automatic vouchers via grant funding through the Household Support Fund. We have launched a £1.3m COVID-19 Mental Wellbeing and Resilience Programme with four strands. Our COVID-19 Mental Wellbeing Resilience Fund funded thirty-six successful bids and awarded £177k to support 100 schools to develop their mental wellbeing curriculum.

In addition, we are developing a loneliness and social isolation awareness raising campaign, which will include training for Council staff to better identify people who are experiencing loneliness, signposting them to the support they need.

Working with our delivery partner, New Local, we are progressing an ambitious Community Powered Warwickshire programme, underpinning the Council Plan and we continue to establish voluntary and community programmes to build on the achievements of the COVID-19 response effort.

The Warwickshire Community And Voluntary Action (WCAVA) is developing an action plan for

volunteers for carers and are engaging carer organisations to understand both their short and long-term needs and an employment pathway into Volunteering placements is being explored; we are also developing a service offer specification for our support to the voluntary and community sector; WCAVA continue to work with the Carers Trust, the Trust Partnership, and Warwick Young Carers, to develop volunteer roles and bring volunteers into these organisations; we are attempting to measure the social value of volunteering to be able to highlight the benefit to the community; a participation and engagement framework is being developed, establishing a residents' panel and developing our wider approach to consultation with local residents to better inform and test our policy and performance; six programmes are now in delivery with the aim of reducing loneliness and isolation and we have developed a framework with Coventry University to evaluate their impact; the commissioning of a domestic abuse support and accommodation service has been concluded with Refuge now delivering the service from 2021 to 2026 and a Tackling Social Inequalities Strategy has been developed and delivery on this programme of work is now underway.

Our Councillor Grant programme, which provides each of Warwickshire's County Councillors a fund of £6k to invest in small-scale projects that will make a difference to their areas, received 259 applications for support.

Priority 5 – Support business and grow the economy: Build confidence in local businesses. Re-purpose town centres and create the conditions for business innovation and investment to drive economic growth.

Our key achievements in this priority include continuing proactive work with our key partners, including the Chamber of Commerce, Federation of Small Businesses, Coventry and Warwickshire Local Enterprise Partnership and Growth Hub, Coventry City Council, and the District & Borough Councils to co-ordinate our

support measures to ensure a rapid and coherent response to support our economy.

In addition to the support provided by Government, we developed an economic recovery package, which includes a range of support measures providing locally tailored help to our businesses and economy. Our Survive, Sustain, Grow programme offers supported 600 businesses with bespoke advice and support to review and refocus their business plan to adjust to the Pandemic and explore new growth opportunities. Digital training for retail businesses provided specialist support to retailers to help them both create and maximise their on-line presence. The Adapt & Diversify scheme, allocated £1.5m of small grants to 120 businesses to help them invest in new activity that would enable them to exploit new growth opportunities. Our employee well-being support programme was extended to small businesses across the county to provide help and advice to employees who may be struggling, receiving positive feedback.

We supported our struggling tourism economy with a marketing and promotion campaign for Warwickshire engaging national press and media outlets, reaching an audience of around 47m people, actively engaging over 50,000 people in campaigns and competitions. Other targeted work supports local economies during the Pandemic and focusses on future growth opportunities, including the Tech Challenge which is a competitive fund challenging our local digital creative sector to develop innovative new approaches to support our town centres recover from the Pandemic through new digital platforms that town centres and local businesses can utilise.

The Art Challenge uses the Getting Building Fund in a programme working with local artists and creatives to develop 8 art installations in 2022 across our town centres to creating new focal points. The fund was also used to provide investment to develop new employment space for the digital creative and gaming sector in Leamington Spa, providing additional space to support a priority sector which experienced

strong growth during the Pandemic. Our Warwickshire Future Places work with the Institute of Place Management is a series of interactive workshops and learning sessions with partners, stakeholders, and representatives of our town centres to explore future drivers of change and opportunities, providing a toolkit to help local areas develop recovery and growth plans for their towns.

Priority 6 – Stimulate job creation and skills: Work with our partners in the Local Enterprise Partnership and higher and further education, to invest in getting people back into employment, or starting their careers, supporting skills, training, and re-learning.

Key achievements for this priority included early preparation for the end of the Government's Furlough scheme by creating a service to provide redundancy support for employers. A digital careers offer was developed providing video content showcasing a range of different sectors, career, and training opportunities available. Grant funding supported schools to adapt their careers offer in light of restrictions preventing work experience in workplaces, and a transition fund enabling further education and training providers to undertake activities and induction programmes over the summer for school leavers. Warwickshire Skills Hub launched in September 2021 supports residents make the most of their employability through upskilling and / re-skilling.

Our Fair Chance Employer Programme supports businesses to become more inclusive and provide opportunities for key priority groups including care leavers, older workers, and those with special educational needs and disabilities (SEND). We are continuing the Apprenticeship Progression Programme which experiences a steady flow of applications. New training programmes such as the Government's "Restart Scheme" is supporting us to meet many emerging skills gaps.

There has been an 80% increase in employer enquiries wanting to offer training and work

opportunities as they build back their workforce. Adult Community Learning has been reviewed to take account of the changing requirements as a result of COVID-19.

Priority 7 – Invest in regeneration and a sustainable future: Invest in the regeneration of local areas, support housing growth, a fit for the future digital infrastructure and sustainable transport.

Key achievements supporting this priority includes the commencement of the £140m Warwickshire Recovery and Investment Fund which will stimulate the County’s economy, create up to 3,400 jobs, support local businesses and bring investment into the County over the next 5 years. It is anticipated leverage of up to £104m from the private sector, up to £35m from the public sector and provide an annual regional Gross Value Added of up to £160m.

We have established our own property company, the Warwickshire Property and Development Group (WPDG), to support area regeneration and make the most of our land assets. The company’s business plan forecasts delivery of 2,200 units of housing, alongside developments in the industrial, tourism and retail markets. We continue to work in

partnership with the District & Borough Councils and Homes England to deliver the housing needs of Warwickshire and support the recovery of our local economy developing a priority worker help to buy scheme as an option, where appropriate, for new builds developed by the WPDG.

An ambitious programme of cycling infrastructure schemes is delivering 29 km of new or upgraded cycling infrastructure. Active travel is promoted through road safety education and support to schools, businesses, partners, and communities to develop sustainable travel plans. We are utilising funding secured from the Office for Zero Emission Vehicles and the Getting Building Fund by installing 90 twin headed charge points across the county, predominantly in District & Borough off-street car parks, with some located on-street in our town centres and smaller market towns. We have secured funding for the roll out of fibre broadband for Warwickshire, and proactively support the roll out of 4G and 5G mobile phone connectivity. Evidence from Mobile Network operators continues to show progress against the upgrade to masts, providing improved 4G in rural areas and 5G delivery in more urban areas including Warwick, Nuneaton, Leamington, Kenilworth, Stratford and Atherstone.



The Customer Service Centre answered **234105 calls** over the year and we are proud that customer satisfaction levels have remained high with an average of **89.4%**



24929 community safety contacts by Warwickshire Fire and Rescue Service.



Recovered energy from over **77%** of our residual waste.

89%

of Warwickshire pupils attended schools (including nursery schools) judged Good or Outstanding by Ofsted.



Our business support programmes have helped clients raise over **£3m** of investment.



3645 incidents were attended by Warwickshire Fire and Rescue Service.



Heritage and Cultural Services have seen a **5.01% increase** in uptake in services through digital channels.

Priority 8 – Climate Change: Make sustainability and tackling climate change central to our recovery so that we lay the foundations for a sustainable long-term future.

Key achievements this year include sustained reductions in carbon emissions in 2021/22 where 7,822 tonnes, a reduction of 31% compared to pre-Pandemic levels of 11,395 tonnes, comprising;

- 31% reduction in total; and
- 58% reduction in staff business travel emissions.

A Climate Change Impact Assessment has been completed identifying areas and services most at risk of future extreme weather, vulnerabilities, mitigation, and priority actions. Residents and local businesses benefitted from the introduction of a collective Green Energy purchasing scheme and residents were able to take advantage of cheaper energy suppliers through our “Switch and Save” scheme. Energy reduction plans in Council buildings have been developed and are being implemented.

We supported delivery of a Coventry and Warwickshire COP26 conference in March 2022 with key partners in the spring involving key public, private and voluntary sector partners across the sub-region sharing good practice, aligning plans and jointly committing to collaboration on decarbonising the sub-region.

We implemented the first Local Government Biodiversity Net Gain in the UK requiring developers to deliver a wider range of environmental benefits over and above the full environmental impact of the proposed development e.g., air quality, flood risk management.

Our innovative “Green Shoots” community climate change programme is underway with local organisations bidding for support for green initiatives. 110 applications to a total of £1.3m has been received, and £625k for 69 schemes awarded. The scheme was featured as a Local Government Association (LGA) case study and was showcased at COP26 in Glasgow. We have

also funded an additional 4 projects to the value of £10,000 for implementation by schools following a Young Green Shoots initiative.

The Road Safety team has been working with 80 Warwickshire Schools as part of the Safe and Active Travel Awards programme which combines road safety, environmental benefits, sustainable travel and health activities. Work is also ongoing on the Safe and Active Travel scheme with workplaces and the wider community.

We have been awarded a grant to develop a plan for net zero heating in several Council premises. We have developed an ambitious estates rationalisation plan helping to reduce the office footprint.

The rural tree planting scheme will contribute to Warwickshire’s commitment to plant one tree for every resident, working closely with our District and Borough colleagues, with over 1,800 trees being planted in 2021 and to be recorded on the West Midlands Virtual Forest. The Council’s tenants have been supported to plant over 1,000 trees on the County Council’s farms as part of a 2-year Local Authority Treescape Fund grant.

Priority 9 – Develop our people and future ways of working: Invest in a sustainable and resilient workforce through recovery, learning from COVID-19 to embed flexible working, promote well-being and develop new ways of working.

Key achievements supporting this priority include developing our Employer Brand, which focuses on the powerful impact our people can have on others through their work and comprises of 3 'pillars': working with passion and purpose; explore and further your career; and improving at every opportunity.

We continue to strengthen our focus on Equality, Diversity, and Inclusion (EDI) by revamping the council EDI group and growing our staff networks to engage with staff on a range of issues. Our pay gap information is positive and favourable compared to the national picture and our staff surveys indicate

that 83% of staff agree that the Council values equality and diversity in the workplace.

Our agile working programme has been implemented to enable work to be “what you do and not ,when and where you do it”, building a sustainable and resilient workforce.

A staff engagement strategy has been developed to build on our “staff check-in” approach implemented during COVID-19, with our staff engagement index increasing from 70% to 74% compared to a benchmark average of 57% and the Local Government benchmark of 54%.

We have achieved bronze Thrive at Work accreditation and are working towards the Silver accreditation, while our sustainable and resilient workforce project has been implemented to support the well-being of our staff achieving a reduction in sickness absence from 10.9 days per FTE, to 8.50 days in December 2021. Our Estates Masterplan programme is being developed to reflect our ongoing needs across the Council and reduce our carbon footprint and we have developed our building re-instatement plan to ensure our buildings are COVID-19 safe and to support hybrid working through digital technology.

Priority 10 – Deliver high performance by harnessing digital, data and making the most effective use of our resources: Use data and technology solutions to drive investments and high performance; and develop a new framework to measure performance, investments, and financial management.

Our key achievements this year for this priority include progressing our plan to digitise our records and remove our reliance on paper across our operations with over 4,900 boxes and circa 29,000 files submitted through our records storage process. We are also continuing to develop our Microsoft functionality and to create a common approach to records storage. We are working to ensure our strategy is evidence-led with improvements including data providing real-time reporting and performance

information. Our customer service standards underwent a full review during the COVID-19 recovery period, and despite the changing working practices and increased demand on our customer-facing services, we continue to comply with the standards and demonstrate many areas of good practice.

Our Council Plan and Performance Management Framework have been refreshed and incorporate the continuing work to recover from the ongoing and longer-term impacts of the Pandemic alongside our usual Service offer.

We have also been successful in receiving awards across the year:

- Warwickshire County Council’s Legal Services team have been recognised and celebrated for their outstanding achievements in contributing to the local community, winning two awards at this year’s national Lawyers in Local Government Awards. Warwickshire Legal Services were named Governance Team of the Year and one of the team members was awarded the title of Legal Professional of the Year at the sixth annual awards ceremony, celebrating the most dedicated and engaged professionals across local government legal practice.
- We retained our LEXEL accreditation which is a legal practice quality mark for client care, compliance, and practice management. It sets the standard for client care; risk management; people management; structure and strategy; financial management; information management as well as file and case management.
- We retained or ISO14001 accreditation
- We won the Young Authority of the Year 2022 and first full-time roles secured for the 1st cohort of the National Graduate Development programme.
- 2 of our National Trainees were awarded Highly Commended at the awards too.
- The Association for Public Service Excellence Award was achieved for collaborative working across

Community Safety & regulatory services in regard to our response to Covid-19

We have benefitted from a number of Service inspections this year including Children's Services, Ofsted has now published its report on and stated that Warwickshire is 'good'. We are all delighted by the report having previously been marked as 'requires improvement' during the last inspection in May 2017. The latest inspection, published in a report on 1 February 2022, found that children and families in Warwickshire benefit from consistently good quality services at an early stage, making a real difference to their lives. Ofsted found that WCC social workers listen carefully to children and make sure that children's views inform decision-

making. Our social workers were found to be building stronger, more trusting relationships with families, giving parents confidence to develop their parenting skills.

The outcome of the latest HMICFRS inspection for Warwickshire Fire and Rescue Service was published in January 2022 and we were judged as "needing improvement" overall. A detailed action plan has been developed and implemented to address the areas found to be needing improvement.

Our LGA Peer Challenge was conducted in March 2022. The full report was published in April highlighting the impact of our transformation programme and endorsing our plans for the future.

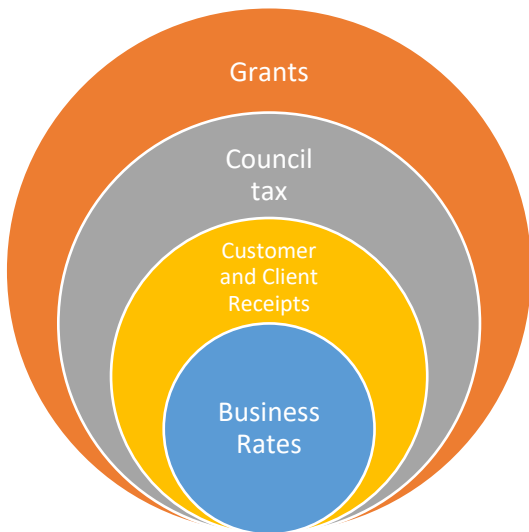
Financial performance

Revenue income and expenditure

Our total revenue income from all sources in 2021/22 was £923.6 million, £70.4m higher than the gross income budget at the beginning of the year. The increase is attributable to higher than anticipated government grants (largely relating to Covid-19 and offset by the cost of services provided) and an increase in receipts from customers for services provided.

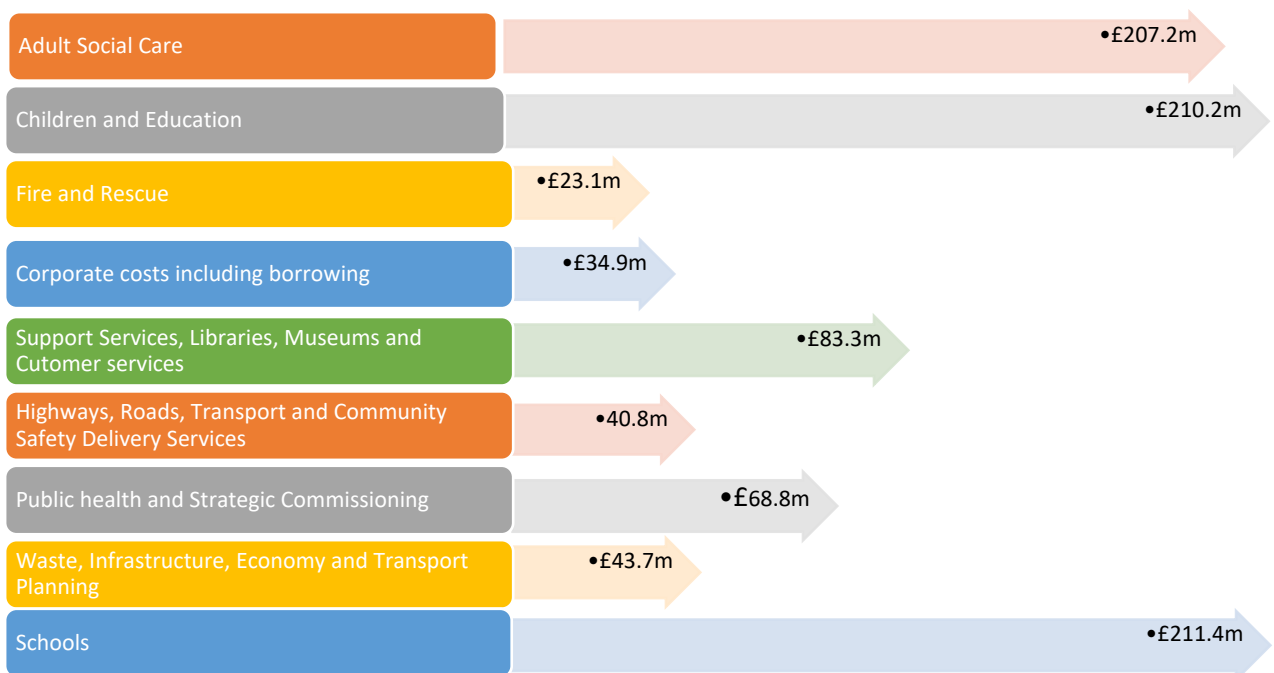
Revenue Income

Grants	£404.7m
Council tax (inc. Adult Social Care Levy and deficit from previous years)	£322.2m
Customer and Client Receipts	£136.4m
Business rates	£60.3m

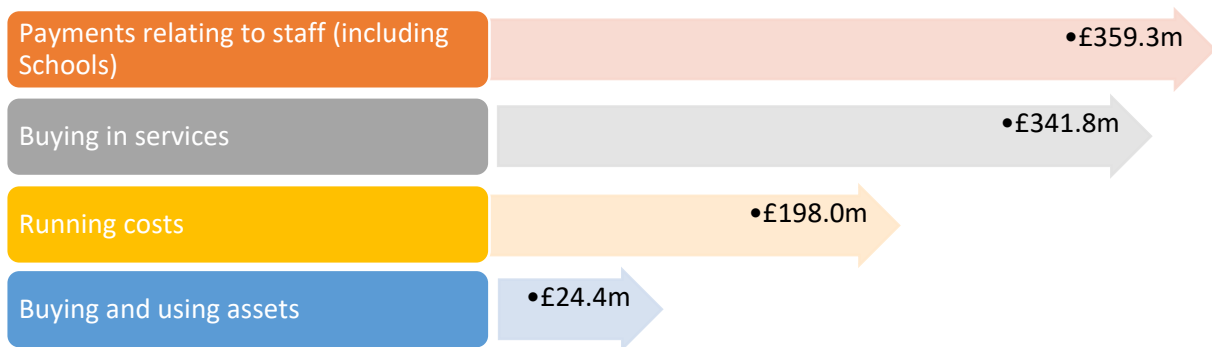


We have spent £712.1 million of this revenue income to finance the various services we provide (excluding schools). Adding on schools spending (£211.4 million) and technical adjustments makes up the gross expenditure shown in our Comprehensive Income and Expenditure Statement.

Revenue Spend by Service



Revenue Spend by Type



Revenue Underspends/Overspends

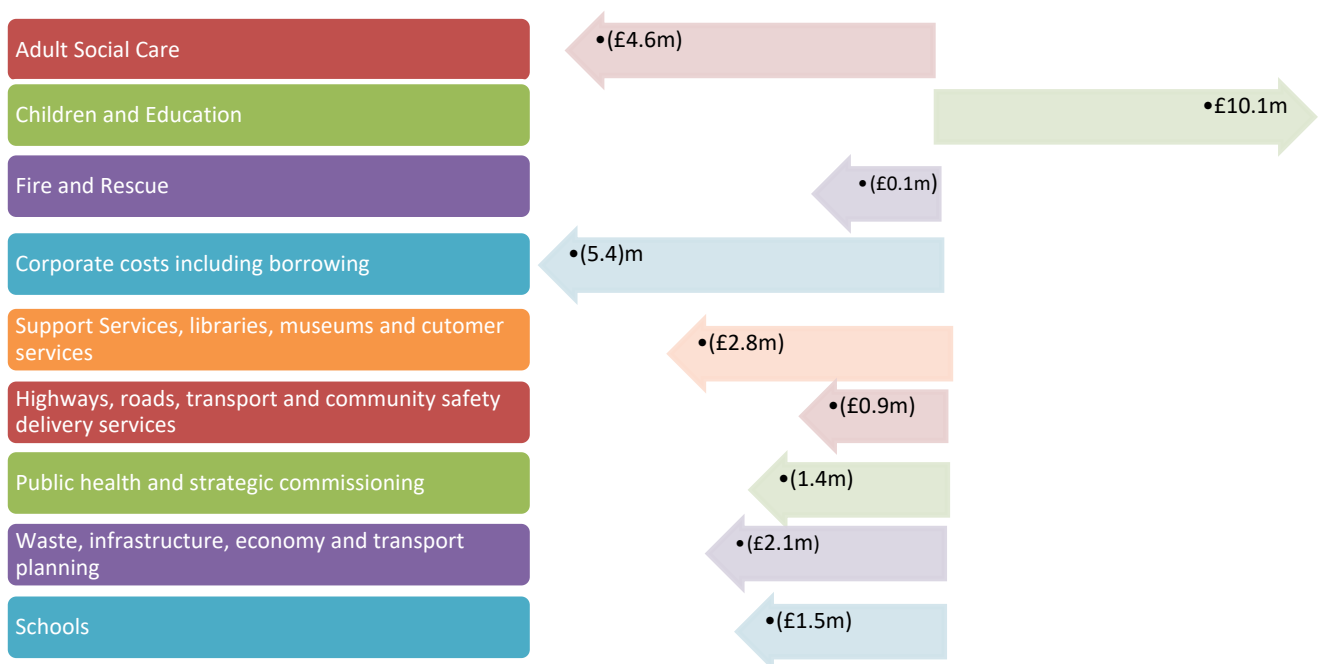
The net difference between our funding and expenditure for the year is £0.1 million. As part of our outturn we received £42.4m of Covid-related funding from the Government and Health and spent £47.5 million of this in the financial year. As a result, we have reduced our Covid reserves to £19.3m.

- £6.0m was to increase our volatility reserves to take account of increasing commercial and inflationary risk;
- £12.5m was a reduction due to allocations to specific projects delivering the Council's ambitions; and
- £8.1m was the residual net underspend on services.

Of the remaining £5.2 million added to reserves during the year:

- £3.6m was an increase in funds held with our external partners;

The chart below shows the service variance after accounting for Covid income and expenditure, Investment fund allocations and approved reserve movements during the year:



Capital spending and the value of our assets

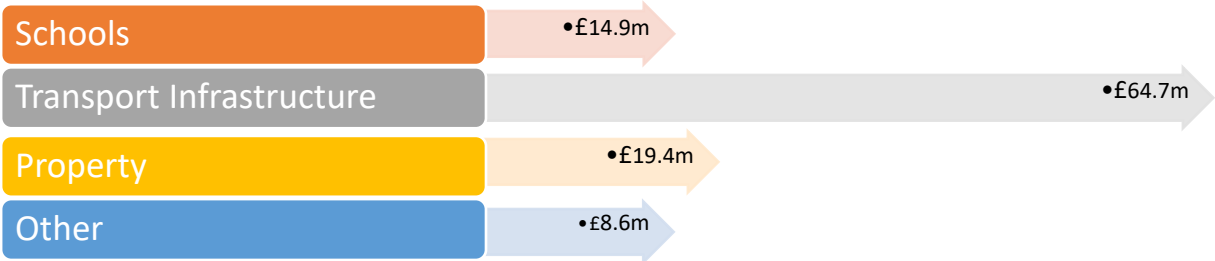
We spent **£107.6 million** on the purchase and creation of assets in 2021/22 including **£22.1 million** on assets owned by other parties. Our initial estimate was **£219.2 million** but in-year adjustments for additions (for example, to spend newly awarded grants), reductions or rescheduling brought our approved budget for 2021/22 down to **£138.5 million** as at January 2022. Our capital spending was therefore **£111.6 million** less than our original budget, and **£30.9 million** less than the latest approved budget. This underspend was due to delays on individual projects. Most of this spending now is expected to be incurred in future years, with the budget for 2022/23 being **£175.1 million**.

The value of our fixed assets has increased from **£1,134 million** to **£1,345 million** in 2021/22.

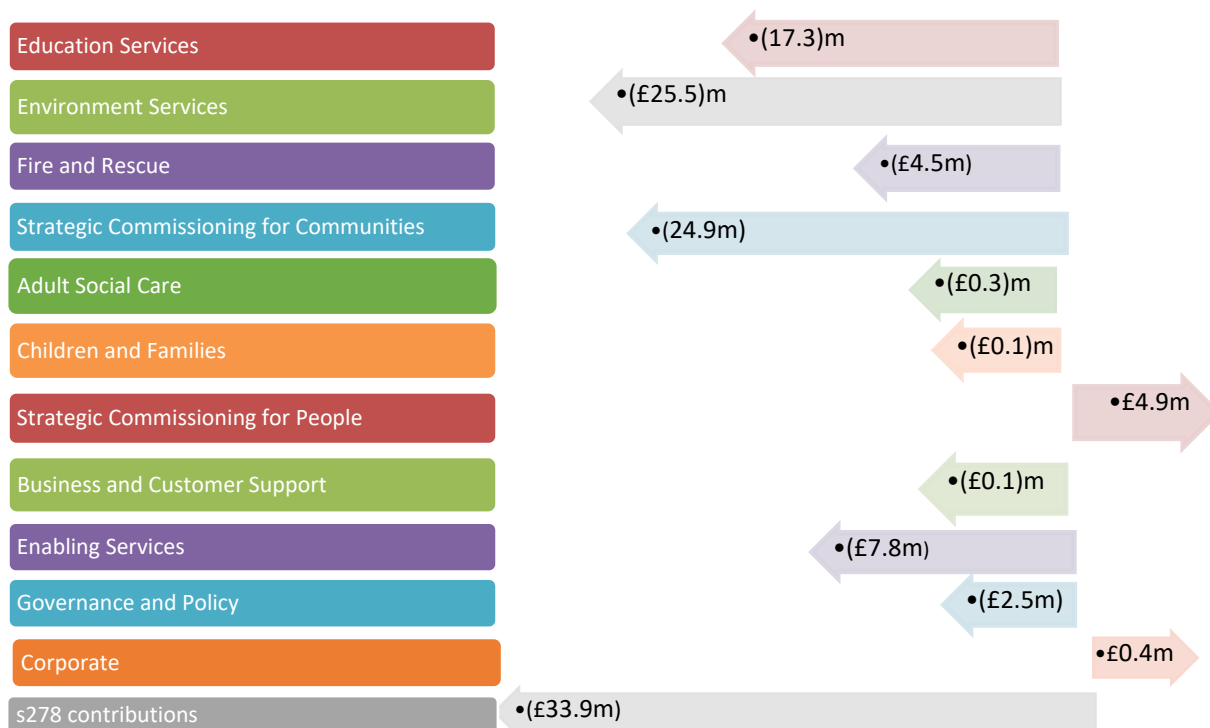
The main reasons for this decrease are:

- **£29.3 million** of assets disposed of or through schools transferring to Academy status;
- A spend of **£85.1 million** increasing the value of our assets;
- A write-down of **£29.4 million** to reflect our assets' usage by services; and
- A net increase in the value of our assets of **£190.2 million** is a result of updated valuations to reflect market movements and usage changes.

Capital Spend by Service



Capital over/underspends compared to the budget at the start of the year



Savings and efficiencies

As part of the Medium-Term Financial Strategy the savings target set for the 2021/22 financial year was £8.0m. These savings were spread across a number of areas. Some of the larger items were:

- £0.9 million reduced in Children's Services through the realignment of services and reduction of staff;
- £0.8 million reduction in cost as a result of the revised phasing of the capital programme;

- £0.7 million savings through managing the cost of externally commissioned care for adults; and
- £0.6 million saving from a review of Enabling Services expenditure on staffing, expenses and projects.

99.4% of the saving target has been delivered during the year despite the ongoing challenge presented by the Covid Pandemic.

Reserves

We planned to use £4.2 million of our reserves to support the delivery of services in 2021/22. However, services spent £1.4 million more than their cash-limited budget; when combined with the additional resources received during the year and the reclassification of the Dedicated Schools Grant deficit of £0.4 million as an unusable reserve, the outcome was that our usable revenue reserves increased overall by £0.3 million.

At 31 March 2022 our usable revenue reserves were therefore £244.5 million, of which £23.1 million was held by schools. We consider this to be a robust figure and allows us some flexibility to balance the challenges of meeting current and unknown future economic uncertainty alongside investment to improve our efficiency and the wider community economic recovery. We will continue to apply our Reserves Strategy which describes how and when these reserves should be used or added to. Based on our current

Medium Term Financial Strategy it is anticipated that the level of revenue reserves will reduce to £179.3m by the end of 2026/27.

Borrowing and Investments

Whilst the Council’s benchmark rate of return on investment in 2021/22 was 0.14%, our treasury management activity generated a higher average interest on investments of 0.29%. In line with the Treasury Management Strategy the Council has prioritised first security, then liquidity and yield in its investments. This involved investing in banks,

building societies and other local authorities, as well as external fund managers such as cash, property and bond funds. Our long-term debt outstanding was £321.4 million at 31 March 2022; and at 31 March 2022 we were holding £458.62 million of cash, cash equivalents and treasury investments.

Pensions

At 31 March 2022 our total pensions liability was £901.1 million, a decrease of £161.8 million over the year. The decrease is largely attributable to the re-measurement of liabilities relating to the Local Government Pensions Scheme to recognise

the changes in actuarial assumptions at the balance sheet date. This remains within the expected range and we are confident that this liability is well managed within the statutory arrangements.

Outlook

Pre-Existing Financial Challenges

The current Council Plan approved in February 2022 includes a 5-year medium-term financial strategy and reserves strategy that are updated annually. This gives greater alignment of the financial position and plans of the Council to the strategic priorities of thriving economy and places, a sustainable future and safe and healthy communities, as well as managing the risk inherent in providing a diverse range of services to a diverse community funded by numerous income streams.

The finance strategy recognised a number of risks to be monitored, managed and where uncontrollable to be financially underwritten:

- The broader economic environment, such as the impacts of movement in inflation, council tax base and interest rates on our day-to-day costs, income and debt repayments;
- Unforeseen medium/long term impact of the Covid-19 Pandemic;
- Prolonged uncertainty around Central Government's future decisions about local government financing, including a new funding model for adult social care to replace the social care council tax precept and the Better Care Fund grants;
- Dependency on locally collected Business Rates, placing greater importance on the need to maintain reserves to manage any volatility;
- Designing and delivering sustainable delivery of Special Educational Needs services within the level of DSG funding; and
- Pension cost increases arising from revaluations and any Central Government decisions about the scheme's funding mechanisms.

Covid-19

2021/22 has been a second highly unusual financial year due to the ongoing impact of Covid. Some areas have continued to face increases in demand and drops in planned income as well as the need to maintain a range of new services set up last year almost overnight. Other areas continued to see a temporary reduction in demand and Covid has limited our ability and capacity to invest in change and deliver our planned capital investments. It has been a period of sustained uncertainty as we adapt services and ways of operating in a post-Covid environment where our understanding of which changes will persist into the medium term is continually evolving.

We continued to receive significant and welcome additional funding from Government, in many different tranches, with numerous conditions attached, and at various times during the year, to help us support our communities through the Pandemic. The incremental provision of in-year funding, proliferation of small funding pots and understanding the changing financial impact of Covid on our costs and income have continued to provide for a challenging financial management environment.

The outturn figures reflect these factors and we remain a financially strong and resilient Authority and have not had to identify additional

savings in-year or re-base budgets. However, the potential additional costs and loss of income need to be managed to ensure the Council's

budget remains balanced and sustainable into the future.

Inflation

The annual inflation rate in the UK jumped to 9% in April 2022, the highest level since 1982, prompted by rising prices for utilities and fuel. The current forecasts indicate that the prices are expected to revert to a moderate annual increase from 2024/25 but the current inflationary pressure represents significant and potentially fundamental challenges for the County Council, residents and communities of Warwickshire.

Inflation will not only make providing our services more expensive but also expected to increase the demand for council services from the most vulnerable segments of the community. In addition to the direct cost of inflation, the rising cost of living and the National Living Wage will likely to have an indirect impact on our cost via the nationally negotiated annual pay awards.

Mitigation

These risks are common to all local authorities, and we continue to combat them through a mix of active management and financial planning. The specific plans to mitigate the financial risk associated with Covid-19 are:

- All Covid-related funding received is managed corporately, with decisions on the allocation of any resources requiring Corporate Board approval to ensure the effective use of resources;
- The taxbase volatility reserve, alongside the existing business rates appeals reserve provides for any deficits on the collection of the council tax and business

rates from the current economic downturn; and

- The reflection of a gradual economic recovery in projections of future resource levels in the Medium-Term Financial Strategy.

In order to face the challenge of the increasing inflation the organisation is already working on reviewing and reprioritising its plans to ensure the long-term sustainability of core services and delivery of the key priorities set out in the Council Plan.

Major Developments

Two major developments that we brought forward in 2020/21 to support economic growth and Warwickshire's recovery post the Covid-19 Pandemic have become operational in 2021/22.

Warwickshire Property and Development Group (WPDG) is a local authority trading company set up to deliver our policy objective of creating jobs and more homes across Warwickshire. In its first year of operation

WPDG reported operating losses before tax of £0.516m. The loss is due to the company beginning to incur costs such as salaries, IT costs and legal and professional fees from when it was set up, at its balance sheet date it had not yet started to generate income to cover these costs. This net loss position was anticipated, with the loss being slightly less than estimated in the approved business plan. Incurring a loss during the inception phase is normal for a new business and is not a cause for immediate concern.

The Warwickshire Recovery and Investment Fund has been set up to provide access to finance, on a repayable basis, that helps businesses in Warwickshire start, grow and scale-up; helps businesses locate in the county; and leverages additional resources for the county through investment and support for key growth businesses. Our investment will be a maximum of £140 million over the next five years and at the end of the 2021/22 financial year £1m of it has been approved.

Basis of preparation and presentation

In considering this report, you should note that the comparison of spend against service budgets which we use internally to assess our financial performance is not directly comparable to the cost of services disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not impact on the

amount of our spending to be met by local taxpayers, which is central to our in-year monitoring of our financial performance. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

Core Financial Statements

These comprise the four key pieces of information in the Statement of Accounts

<p>Comprehensive Income and Expenditure Statement</p>	<p>Balance Sheet</p>
<p>An accounting surplus of £81.5 million for 2021/22 has been reported; the outturn position is an £10.5 million surplus.</p> <p><i>This statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation. The main factors in the move are capital depreciation, revaluation and pensions charges.</i></p>	<p>An increase of £406.9 million in County Council's net assets as at 31 March 2022.</p> <p><i>The balance sheet shows the value of the assets and liabilities recognised by the County Council. At 31 March 2022 the County Council's net worth was £453.6 million.</i></p>
<p>Cash Flow Statement</p>	<p>Movement in Reserves Statement</p>
<p>A net cash outflow of £37.0 million in 2021/22 in cash or cash equivalents.</p> <p><i>This statement summarises the cash that has been paid to us and which we have paid to other organisations and individuals.</i></p>	<p>An increase of £14.9 million in the County Council's usable reserves, made up of an increase of £3.0 million in revenue reserves and £11.9 million in capital reserves.</p> <p><i>This statement shows the movement in year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be used to fund spending or reduce taxation) and other reserves.</i></p>

Statement of accounting policies

This summarises the accounting rules and conventions we have used in preparing these financial statements. There have been no changes to our accounting policies during the year. During 2020/21 the Audit and Standards Committee agreed two changes to our accounting policies relating to group accounts and leases. Both of these policies were expected

to affect the preparation of the 2021/22 accounts but they were not required this year.

Notes to the core financial statements

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.

Other sections of this Document

As well as the Statement of Accounts for the County Council, this document includes separate sections for the Annual Governance Statement and the Statement of Accounts for the Warwickshire Pension Fund.

the future. The Annual Governance Statement also covers the Warwickshire Pension Fund.

The Annual Governance Statement describes the Council's Governance Framework and system of internal control. It includes a review of the effectiveness of this system in the past year and identifies key risks for the Council to manage in

The Warwickshire Pension Fund's Statement of Accounts describes the Fund's financial position and performance in 2021/22. While the County Council administers the Fund, the Fund's accounts represent its activities on behalf of all its member organisations. Further information about the Fund can be found in Note 1 of that section.



Rob Powell
Strategic Director for Resources

