Cabinet

Minutes of the meeting held on Wednesday 6 March 2024 in Shire Hall, Warwick at 6.00pm.

Present: Councillors Davison (Leader), Chilvers, J Harrison, Kennedy, King, Roberts, Sinnott and Wightman.

Also Present: Councillors: Boad (Liberal Democrat Group Observer), Hales (Conservative Group Observer), and Falp (Whitnash Residents Association Group Observer).

94. **Apologies for Absence**

An apology for absence was received from Councillor Billiald.

95. **Declarations of Interest**

There were no declarations of interest made.

96. **Minutes**

The minutes of the meeting held on 8 February 2024 were taken as read and signed by the Chair as a correct record.

Part 1
(Items upon which a decision by the Council was required)

97. **Treasury Management Strategy 2024/25**

The Cabinet considered a report from Finance which detailed the strategy that the Council would follow in carrying out its treasury management activities in 2024/25.

The Authority was required to operate a balanced revenue budget, which broadly meant that cash raised during the year would meet cash expenditure. Part of the treasury management operation was to ensure that this cash flow was adequately planned, with cash being available when it was needed. Surplus monies were invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service was the funding of the Authority's capital plans. These capital plans provided a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it could meet its capital spending obligations. This management of longer-term cash might involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it was prudent and economic, any debt previously drawn might be restructured to meet risk or cost objectives.

The contribution the treasury management function made to the Authority was critical, as the balance of debt and investment operations ensured liquidity or the ability to meet spending commitments as they fell due, either on day-to-day revenue or for larger capital projects. The treasury operations would 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 resulted from reserves and balances, it was paramount to ensure adequate security of the sums invested, as a loss of principal would in effect result in a loss to the General Fund Balance.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defined 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."

This definition was included within this Council's Treasury Management Policy Statement 2024/25, at Appendix A to the report.

While any 'commercial' initiatives or loans to third parties would impact on the treasury function, these activities were generally classed as non-treasury activities, (arising usually from capital expenditure), and were separate from the day-to-day treasury management activities.

The Council's treasury management operations were governed by various Treasury Management Practices (TMPs) that the CIPFA Treasury Management Code required to be produced by the Council and adhered to by those officers engaged in the treasury management function. These TMPs had previously been reported to the Cabinet and were subject to periodic Internal Audit review.

There were updates made to the TMPs before 1 April 2022, and a major re-write was undertaken to fully incorporate the 2021 CIPFA recommendations.

Under CIPFA's updated Treasury Management in Public Services Code of Practice, the Council continued to be required to have an approved annual Treasury Management Strategy, under which its treasury management operations could be carried out. The proposed Strategy for 2024/25 was included as Appendix B to the report.

This Council had regard to the Government's Guidance on Local Government Investments. The guidance stated that an Annual Investment Strategy had to be produced in advance of the year to which it related and had to be approved by Council. The Strategy could be amended at any time, and it had to be made available to the public. The Annual Investment Strategy for 2024/25 was shown as Appendix C to the report.

The Council had to make provision for the repayment of specified outstanding debt and other forms of borrowing such as finance leases. Statutory guidance issued by DLUHC required that a statement on the

Council’s Minimum Revenue Provision (MRP) Policy should be submitted to Council for approval before the start of the relevant financial year. This was contained in Appendix D to the report.

On 30 November 2021, DLUHC issued “Consultation on changes to the capital framework: Minimum Revenue Provision”, to last for 10 weeks until 8 February 2022. Then on 21 December 2023, the Government launched the final consultation on changes to the MRP regulations and statutory guidance.

The consultation would close on 16 February 2024, with Link releasing its response to assist clients to respond. All authorities were encouraged to respond.

The draft legislation in the Consultation said that the changes would take effect from 1 April 2024, impacting on the year 2024/25 and the MRP Policy contained in Appendix D of the report.

The Government was concerned that all councils would comply with the duty to make a prudent minimum revenue provision.

The latest Consultation acknowledged that councils believed that a prudent MRP policy should enable them to elect to use capital receipts from capital loan repayments to be put aside to repay debt in place of the revenue charge. This had major implications for Warwick District Council, particularly for the housing joint venture, so along with many councils, WDC responded against the removal of this discretion.

The recommended MRP Policy at Appendix D would still enable the MRP to exclude such loan repayments, subject to full repayment of the loans. It incorporated several changes recommended by Link (paragraphs 5.4 and 5.5 in the report) as part of a report commissioned on the impact of loans to Milverton Homes Limited.

The Council was required to approve an Annual Treasury Management Strategy, an Annual Investment Strategy, and a Minimum Revenue Provision Policy Statement before each financial year. These strategies and policy for 2024/25 were contained in Appendices B, C and D, respectively. This meeting would be held on 20 March 2024, ahead of the statutory deadline of 31 March 2024. Therefore recommendations 1 to 3 would ensure compliance with these requirements.

The Council was also required to publish and monitor Prudential and Treasury Indicators. This was covered by recommendation 4.

The Prudential Code required Council to approve several Prudential and Treasury Indicators, including amounts of borrowing required to support capital expenditure, set out in Appendix E to the report, which had to be considered when determining the Council’s Treasury Management Strategy, which should assess the risks and rewards of significant investments over the long-term, as opposed to the usual three to five years that most local authority financial planning had been conducted over, to ensure the long-term financial sustainability of the authority. (CIPFA had not defined what longer-term meant, but it was likely to infer

20-30 years in line with the financing time horizon and the expected life of the assets, while medium-term financial planning, at a higher level of detail, was probably aimed at around a 10-year timeframe and focused on affordability in particular.)

The Prudential Code for Capital Finance in Local Authorities was last revised on 20 December 2021 and introduced new requirements for the way that capital spending plans were considered and approved, in conjunction with the development of an integrated Treasury Management Strategy. It was effective immediately, but councils were permitted to defer reporting until 2023/24. Given the other workstreams the Council was facing, and that this was the advice of the treasury advisers, the Council agreed to defer until the statutory deadline.

The key points were summarised in Section 1.22 in the report.

The revised Treasury Management Code required all investments and investment income to be attributed to one of the following three purposes:

1. Treasury management - Arising from the organisation's cash flows or treasury risk management activity, this type of investment represented balances which were only held until the cash was required for use. Treasury investments might also arise from other treasury risk management activity which sought to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.
2. Service delivery - Investments held primarily and directly for the delivery of public services including housing, regeneration, and local infrastructure. Returns on this category of investment which were funded by borrowing were permitted only in cases where the income was 'either related to the financial viability of the project in question or otherwise incidental to the primary purpose'.
3. Commercial return - Investments held primarily for financial return with no treasury management or direct service provision purpose.

The main requirements of the Prudential Code relating to service and commercial investments were:

- The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.
- An authority had to not borrow to invest for the primary purpose of commercial return.
- It was not prudent for local authorities to make any investment or spending decision that would increase the CFR, and so might lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns were either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
- An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
- A prudential indicator was required for the net income from

commercial and service investments as a proportion of the net revenue stream.

- Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

As previously stated, the Council had no 'Commercial return' investments.

The recommendations would enable the Council to operate within the known budgetary framework to be set for 2024/25 but if the Prudential Indicators needed to be adjusted during the year, a further report would need to be brought to Council for approval.

In terms of alternatives, the report set out the capital spending and borrowing requirements for the financial year 2024/25 within the Prudential Indicators (PIs). The Council could increase or decrease these limits, provided that these PIs were within the envelope of what was affordable and prudent, taking account of interest costs and the Minimum Revenue Provision ("depreciation") requirements.

The Overview & Scrutiny Committee thanked officers for their hard work bringing the detailed and thorough report forward. The Committee was reassured by explanations around sensitivity analysis and the impact on Milverton Homes.

The Overview & Scrutiny Committee welcomed the initiative to bring forward more information on Treasury Management and affordability when decisions were being made on capital expenditure. It was pleased that the Portfolio Holder, Councillor Chilvers was keen to explore the initiative to set clear parameters to enable councillors to be confident in future borrowing decisions.

Councillors Milton, Boad, Falp and Hales emphasised the importance of finance training, and for this to be well-attended by Members.

Councillor Davison thanked the Principal Accountant for the training session provided and for the report.

Councillor Chilvers, Portfolio Holder for Resources, proposed the report as laid out.

Recommended to Council that

(1) the Treasury Management Strategy for 2024/25 as outlined in paragraph 1.9 and contained in Appendix B, be approved;

(2) the 2024/25 Annual Investment Strategy as outlined in paragraphs 1.10 and contained in Appendix C, be approved;

(3) the Minimum Revenue Provision Policy Statement as outlined in paragraph 1.11 and

contained in paragraphs 5.1 to 5.5 of Appendix D, be approved; and

(4) prudential and Treasury Indicators as outlined in paragraph 1.18 and contained in Appendix E, including the amount of long-term borrowing required for planned capital expenditure, be approved.

(The Portfolio Holder for this item was Councillor Chilvers.)
Forward Plan Reference 1,429

98. **Revisions to the Constitution**

The Cabinet considered a report from The Head of Governance and Monitoring Officer which brought forward proposals for consideration by the Cabinet in respect of two distinct areas of the Constitution:

- Public Speaking at Planning Committee and;
- clarification on the Code of Procurement Practice.

Subject to the clarification on procurement, it also sought approval for procurement exercises in line with the Confidential Appendix to the report.

The report brought forward several aspects for consideration by the Cabinet, and the reasons for these were set out in the report.

The current procedure rules for Planning Committee were worded so that supporters/applicants might only address the Committee if speakers in the Objectors category were registered to speak. This might or might not have been the intention behind this proposal. However, on review by officers, this was considered to be unfair, in that the Applicant/Supporter was not allowed to address the Committee if the Town/Council, Conservation Advisory Forum, or Ward Councillor spoke against the application.

The Chair and Vice-Chair of the Planning Committee had been consulted on the proposal with and they supported it.

The current procedure code of Procurement Practice said that Elected Members would "Consider initial business cases in relation to the Council's significant procurement project". This had been reviewed by officers following recent questions from Councillors and Officers on what and at what stage should Cabinet be approving procurement exercises.

There was no definition provided of "significant" and therefore, following discussions with Legal Services it was accepted the definition would therefore defer to that of Key Decisions which were set out within Article 13 of the Constitution, because Articles of the Constitution took precedent.

There were currently over 100 contracts that WDC held in excess of the Key Decision Value of £150,000. Over the next 18 months it was expected around 50, excluding those in this report, would need to be considered by Cabinet. Those 50 were not all renewals of current contracts but also new areas of work such as the Cabinet report in February regarding the paddling pools. The revision would mean that Cabinet had a report setting out procurement exercises at an early stage to approve the remit of the exercise and the budget for that specific exercise.

As part of the wider review of procurement procedures, officers would be bringing forward proposals to the procurement champions on when a more detailed business case and report would be required by Cabinet.

As part of the review of procurement, following the advice on procurement exercises being defined as significant, a number were identified that needed to be considered by Cabinet. These were set out in the Confidential Appendix to the report. (The Appendix was confidential because of the values associated and the Council not wanting to declare the anticipated budget.)

It should be noted that these exercises were at various stages of procurement, due to when the issue was identified, and in those instances the work on procurement had almost been completed and these were brought back for confirmation to enable the works to be completed.

There were significant changes to procurement regulations making their way through Parliament, the Procurement Act received Royal Ascent in October 2023. Secondary legislation was about to be launched and it was anticipated the implementation phase would start from April 2024.

In terms of alternative options, in respect of recommendation 1 the Cabinet could decide to retain the procedure as at present however, this was considered not to provide equal opportunity to address Council.
In respect of recommendation 2 the Cabinet could recommend a different or higher value. However, in doing so it would also then require new procedures to be introduced for officers to take key decisions. In doing so this would require further decisions from Cabinet and Council. Therefore, this was not recommended at this time but might be a consideration for the wider review of procurement policies.

In respect of recommendation 3 the Cabinet could decide not to approve some or all of the proposed activities, however some of these had been identified at advanced stages and to pause or stop at this stage would significantly delay some of these activities where new contracts were required.

Councillor Davison proposed the report as laid out.

Recommended to Council that

(1) the public speaking procedure rules for Planning Committee in the Council's Constitution be amended to include the following revised Paragraph:

"To ensure equity, applicants/supporters of the application will only be allowed to address the Committee if somebody has registered to speak ***objecting to*** ~~*in the objectors category for*~~ *the*

*application, except for cases where the recommendation is to refuse. An objector to the application may only address the Committee if an**yone** ~~Applicant/Supporter~~ is registered to speak **in support of** the application, except for cases where the recommendation is to grant."*; and

(2) the Code of Procurement Practice be revised so that the definition of substantial procurement is defined as procurement exercises equal to or above the values defined as a Key Decision in Article 13 of the Constitution, be approved.

Resolved that

(1) the procurement of the following be approved, in line with the Confidential Appendix 1 to the report:

i. Memorial Safety inspections
ii. WDC Corporate Cleaning
iii. Insurance coverage and associated Services
iv. Leaseholder Insurance coverage and associated Services
v. Temporary accommodation DPS
vi. Water provider
vii. Leamington Seasonal lights
viii. Committee Management system
ix. Provision of Pantomime Production at Royal Spa Centre
x. Supply and Delivery of Bulk Liquefied Petroleum Gas
xi. Parking machine supply and maintenance
xii. Hybrid Mail
xiii. Maintenance and repairs on Cremator equipment at Oakley Wood crematorium; and

(2) it be noted that ahead of new procurement regulations that are anticipated to come into force in the next eight months, there will be a wider review of the Council's Code of Procurement Practice and associated procedures that will be considered by the Procurement Champions and reported back to Cabinet.

(The Portfolio Holders for this item were Councillors Davison and Chilvers.)
Forward Plan Reference 1,435

99. Housing Revenue Account Business Plan Review 2024

The Cabinet considered a report from the Head of Housing which sought a review of the Housing Revenue Account Business Plan (HRA BP) to reflect changes in legislation, the housing market and business assumptions. The Council was required to present a 30-year HRA BP as a minimum but had adopted a 50-year HRA BP which had to remain viable in line with the longer-term financial commitments, allowing the Council to manage and maintain its housing stock, to proceed with the projects already approved by Cabinet, to service the debt created by the HRA becoming self-financing, to service the debt from new borrowing and provide a financial surplus.

The HRA BP had to remain robust, resilient, and financially viable. Revising the HRA BP annually ensured the Council's HRA was able to continue to maintain and improve its housing stock, take steps to tackle climate change and the cost of energy for tenants whilst also delivering much needed new social and affordable housing in the District and facilitate the re-financing of the £136.2m 2012 self- financing loan as detailed in paragraphs 1.3-1.5 of the report.

The HRA detailed the plans for development and acquisition expenditure in the Housing Investment Plan (HIP) alongside its budgets for the major works of its housing stock and any capital grant related projects. In recent years there had been extra demands placed on the HIP from housing development schemes, but also from the requirement to complete increased levels of work and costs linked with maintaining and improving the housing stock in line with the Climate Emergency announcement in 2019 and increased levels of Fire Safety Works. The HIP ensured the long-term planning of these costs, schedules of works and developments to ensure there were sufficient resources in place.

As detailed in Appendix 2 to the report, the balance of the Housing Revenue Account Capital Investment Reserve (HRA CIR) at the end of the current 2023/24 financial year was expected to be £10.2m and, based on current projections, would reduce annually until 2032/33. This would start to increase again when the model forecasts on income, in particular that linked to an increase in our housing stock, came on stream following upfront costs being incurred during the purchase and development phase.

The original self-financing plan was to service the Public Works Loan Board (PWLB) Maturity Loan interest cost for 40 years and then begin to pay the £136.2m debt capital back in intervals of £13m-£19m over a 10-year period from 2051/52-2061/62 using balances accumulated in the HRA CIR & Major Repairs Reserve (MRR).

By 2061/62 there was a forecast capacity of £196.6m to pay off the outstanding debt of £136.2m made up of balances £172.9m in the CIR and £23.8m in the MRR. At this point the HRA had the option to refinance the loan repayments for the period 2051/52-2061/62 and repay some of the debt. Specialist advice was sought from Link Treasury Management, who confirmed that there was no legal requirement to repay the debt within the original timeframe linked with the Government's original Self-Financing legislation. It was advised that a number of other Local Authorities had taken the decision to refinance their self- financing debt to enable them to focus on house building and other priorities in the short term. Indeed, this was the financial model adopted by many housing associations. Link Treasury Management advised that a similar level of interest repayment should be assumed in the HRA BP for an indefinite period if the decision to refinance the repayment of Debt Capital was made.

Approval of any plans for the partial repayment of debt would need to be revised at that point in time alongside the assessment of further borrowing required. The HRA Business Plan remained viable when continuing to fund the annual £4.765m in self-financing interest payments for the 50-year plan.

The revised HRA BP would be able to maintain existing service provision, fully meet the responsive and cyclical repair needs of the HRA stock and continue to invest in refurbishment and improvement work to maintain the Decent Homes Standard through the HIP.

The removal of the HRA Borrowing cap on the 30 October 2018 by the Department for Levelling up, Housing and Communities (DLUHC), previously known as the Ministry of Housing Communities & Local Government (MCHLG) was implemented to enable Councils to build more homes. During MHCLG's consultation on the matter the borrowing cap was stated to be the biggest barrier to Councils building new homes and as such the cap was removed to "reaffirm the appetite to deliver a new generation of council homes".

From 15 June 2023, the Government introduced the 'HRA rate', which applied an interest rate of the gilt yield plus 40 basis points (0.40%) which was equivalent to the PWLB standard rate less 60 basis points (0.60%). This rate was solely intended for use in Housing Revenue Accounts and primarily for new housing delivery. This HRA Certainty Rate was currently available until June 2025, and although it might be extended, this could not be assumed.

However, since 2020 the interest rate at which the Council could borrow for HRA Capital Works had increased significantly, in line with inflation and overall interest rate movements. The Council was no longer able to borrow at the pre- 2022 level of interest rate, which were at a time that the Council still had significant levels of investments and could not justify the 'carrying costs' of borrowing from the PWLB then when it would have earnt less from investing those funds in the short to medium term.

The Council's overall levels of investments had now reduced to a level where the 'internal borrowing' that the HRA had taken from the General Fund could no longer be maintained, and the Council had begun to externalise the borrowing by taking HRA rate loans from the PWLB, taking advantage of the 'HRA Certainty Rate' discount of 0.6%. A £5 million loan for six years was taken out on 7 February 2024 at 4.14% to cover the HRA capital expenditure from 21/22 that was reliant on internal borrowing. The longer-term loans that the HRA would normally take were significantly higher than this, so loans were being kept shorted, on the expectation that they could be refinanced at maturity at lower interest rates and longer periods.

PWLB rates were expected to reduce the Council's Treasury Management. Link was predicting that borrowing rates would reduce by around 1% by the end of 2025 as long as the economy continued to recover. It was noted that long range PWLB borrowing forecasts to the HRA did not drop below 3.5% which was quite some way from pre-pandemic levels.

Details of all approved borrowing for such schemes and the subsequent timing of repayment of this debt were noted in Appendix 2 to the report and also in the Financing section of the HIP in Appendix 4 to the report.

The underpinning HRA BP assumptions were set out in Appendix 1 to the report, with explanatory notes documenting all changes from the previous iteration of the HRA BP. These changes had then been applied to the HRA 50-year Plan set out in Appendix 2 to the report. A summary of the changes between the previously approved iteration of the HRA BP and the revised current year plan were set out in Appendix 3 to the report.

A 10-year HIP was adopted in the December 2020 Cabinet Report to enable the Climate Emergency and Fire Safety works to be completed and enable the HRA BP to remain financially viable as a result of phasing the expenditure across a longer period. The new HIP was noted in Appendix 4 to the report and contained total costs amounting to £113.6m, the following costs were split over a 10-year period:

- £32.759m Stock Condition Survey Works;
- £32.045m Climate Emergency works associated with the Council declaring a Climate Emergency;
- £43.8m required for Fire Safety works in line with Fire Risk Assessments resulting from the Grenfell Tragedy and for the removal of Cladding; and
- £5m Decarbonisation Grant funded works in line with central government partnership schemes.

The Council's housing construction and acquisition plans were also shown in the HIP and total £130m over the 10-year plan. Separate reports had been presented to Cabinet for each scheme accompanied by a full financial appraisal.

The financing of the development projects in the HIP were also noted in Appendix 4 to the report. The financing was generally funded from a mix of:

- external borrowing from PWLB;
- the HRA Capital Investment Reserve;
- Right to Buy (RTB) receipts from the sale of council houses;
- Homes England Capital Grant;
- other Grants; and
- Capital Receipts from Affordable Homes Shared Ownership sales.

The HIP also contained the planned financing for the HRA's capital major improvement and renewal works to the Council's housing stock, these works were mainly funded by the Major Repairs Reserve (MRR) which was a ring-fenced account within the HRA for the purpose of maintaining and improving existing housing stock, other methods that could be used were a mix of:

- the Major Repairs Reserve;
- Capital Grants; and
- top ups from the HRA Capital Investment Reserve.

The works funded using the MRR had been scheduled using separate stock condition surveys which were completed with a specialist housing consultancy, Michael Dyson Associates Limited and that stock data was still available and had been updated with information of component renewals in the period since the original survey.

The Council then commissioned Pennington to carry out a new 100% stock condition survey which was underway, work should be completed by May 2024.

These surveys had provided information in respect of the condition of the main elements, known as stock attributes, of HRA homes. This survey information, complementing information from our in-house team of surveyors, enabled a comprehensive picture of the current state of, and consequently the future investment needs, of a range of stock attributes such as kitchens, bathrooms, roof coverings, windows, doors, and rainwater goods.

The surveys undertaken to date allowed the Council to fix a baseline position for the entire HRA stock which, in turn, allowed for the maintenance needs to be costed for the lifetime of the revised HRA BP. This baseline would continue to be refined in future years through a combination of in-house surveying and data analysis and had been updated to factor in the Climate Change and Fire Safety works. The existing 2024/25 HIP budget allocation would be directed to meet the most pressing needs, with a full revision of the profile of the future HIP to take place next financial year, to ensure that the properties with the poorest condition attributes were remedied as quickly as possible, and a tailored programme was put in place to replace items on a timely basis.

The balance of the MRR was increased annually by the amount of the annual depreciation charge to the HRA stock, which for 2024/25 was an estimated £6.9m. Based on current projections and the large financial strain on the HRA BP to deliver stock condition works, climate change works noted in Appendix 2 to the report, the MRR balance was expected to drop as low as £1.2m by 2030/31. It would however remain sufficient to fund the required level of improvements necessary.

The HRA Housing stock itself was re-valued annually and further confidence in the viability of the HRA BP could be derived from the current valuation noted in Appendix 5 to the report of £455m based on the Existing Use Valuation methodology for social housing or £1.104bn based on an unrestricted use valuation as of 31 March 2023. These valuations were significantly higher than the peak projected total borrowing of £308.6m in 2028/29 resulting from a combination of the £136.2m self-financing debt and additional £172.4m debt resulting from further borrowing to finance housing acquisition schemes. The additional housing acquisition debt was fully serviced from the rents received from the new dwellings.

A number of housing acquisitions, development schemes and land acquisitions had been approved as noted in the HIP at Appendix 4 to the report, some of which would be funded using borrowing from the PWLB to ensure that sufficient balances remained in the MRR and CIR. There were two historical material land purchases contained within the HIP which were yet to have the development plans approved. It was expected that these sites would warrant separate Cabinet approval with the Housing Strategy and Development Team working on the optimum development plan to ensure that these schemes were financially beneficial to the HRA.

The cost of carrying these land acquisitions was one of the negative contributing factors to the HRA BP's reducing CIR and MRR balances up to 2025/26. It was expected that once the sites had been developed the rental income would improve the long-term projections for the HRA BP significantly and was likely to improve the capability to repay more of the Self-Financing Debts.

Nevertheless, the short term negative financial impact on the HRA was material and should be noted where large parcels of land were purchased especially when there was a significant time lag between purchase and sales or occupation of homes taking place to generate rental income. Alternative delivery models were also being explored that might enable the land to be developed outside the limited capacity of the HRA BP or in partnership with other entities.

The ongoing construction and acquisition projects for new homes aimed to offset the projected reduction in the HRA stock resulting from continuation of Right to Buy sales at current levels. The table below showed the anticipated total stock changes as at 2072/73 including potential additional dwelling acquisitions and developments being explored as part of the Council's ambitious housing development plan:

Term	Approved New Build Homes in the HIP & BP	Buy Back of Ex Council Homes	Right to Buy Sales & other Stock Loss	Net HRA stock reduction
2023/24 to 2072/73	+108*	+453	- 1617	-1056

* Assumes all ongoing and previously approved plans are maintained.

The model above demonstrated that even with the potential 561 additional dwellings, the net HRA stock reduction was still 886 dwellings in deficit over the 50-year plan. To negate the losses from Right to Buy an additional 1056 dwellings would need to be acquired.

The Council entered the Right to Buy Capital Receipts Pooling arrangement with MCHLG in 2012 in line with HRA Self Financing legislation. As part of the agreement the Council was only able to retain a predetermined % of the Right to Buy Capital Receipts which was how the Council re-acquired replacement housing stock lost through Right to Buy. The level of an authority's retainable Right to Buy receipts in any year also known as 1-4-

1 Capital Receipts was the total amount of its Right to Buy Sales receipts it could keep to buy replacement housing stock.

An extract of the Council's receipts retained in 2022/23 were noted in the report to demonstrate that, these receipts were not adequate to enable the purchase of replacement housing at the rate it was lost, and a table was included in section 1.49 of the report.

From 1 April 2021 the Ministry of Housing, Communities and Local Government (MHCLG) changed the rules in the Right to Buy (RTB) Pooling Receipts Retention Agreements between the Secretary of State and authorities under section 11(6) of the Local Government Act 2003 to enable them to retain increased RTB receipts and made amendments to the Local Authorities (Capital Finance and Accounting) Regulations 2003 that came into force on 30 June 2021.

A summary of the changes affecting the HRA BP were:

- The time frame local authorities had to spend new and existing RTB receipts before they breached the deadline of having to be returned to Central Government had been extended from three years to five years on the understanding this would make it easier for local authorities to undertake longer-term planning.
- The percentage cost of a new home that local authorities could fund using RTB receipts was also increased from 30% to 40% to make it easier for authorities to fund replacement homes using RTB receipts, as well as making it easier to build homes for social rent.
- Authorities could use receipts to supply shared ownership and First Homes, as well as housing at affordable and social rent, to help build the types of home most needed in their communities.

The Council's Policy was to spend the 1-4-1 capital receipts in line with the new 40% rule within the five-year deadline on housing acquisition and development schemes as the RTB pooling rules would allow. Prior to this policy change the Council managed to meet the deadlines associated with the three-year rule. Appendix 4 to the report showed that the balance of any remaining receipts in the five-year cycle would be used to support housing construction/acquisitions within the plan.

There was no such repayment time limit on the Council's Buy Back capital receipts, the Council had ensured they were used annually in line with the 50% funding rule to reduce the cost of acquiring former Council Homes.

A number of options would continue to be considered to mitigate the reduction in HRA stock including:

- acquisition of existing homes;
- acquisition of s106 affordable homes;
- redevelopment of existing HRA homes;
- New Build on Council owned land, including garage sites;
- New Build on acquired land;
- Joint Venture options; and
- Buy Back of Social Housing.

The Council had officially been awarded "Affordable Housing Investment Partner" status from Homes England (HE) in 2020. Where available, grants would be sought to support currently approved and potential new housing schemes to lessen the impact on the HRA BP. Appendix 4 to the report showed that £0.5m further grant would be received and this was on top of the £4.6 in grants already received in the last financial year to support the funding of schemes.

Due to this new agreement with HE and to ensure that all future acquisitions remained viable, all future Affordable Housing Acquisitions linked with Homes England would need rents to be set at the national standard of affordable rents which were 80% of local market rents. Existing Affordable Housing tenants housed in the HRA's current affordable schemes would continue to pay the historic "Warwick Affordable" rents for the remainder of their tenancy which were charged at a mid-point between Local Market Rent and Social Rent to buffer the impact of this change. This policy change was approved in the HRA Rent Setting report in February 2024 and was assumed in the HRA BP projections.

As part of the HE capital grant conditions, the Council had a new legal responsibility to maintain a recycled capital grant register in the case that the HRA ever disposed of any land or dwellings which were funded using HE Affordable Homes Grant. In the case of a RTB sale or sale of land the Council must either pay back the capital receipt to HE or recycle it and reinvest it by purchasing a replacement affordable home compliant dwelling. This register would be maintained in perpetuity for as long as the dwellings and land were held on the Council's HRA asset register. It was expected that Right to Buy sales to dwellings purchased using HE grant would only start in seven to 15 years when the new build dwellings became affordable to tenants with longer RTB discounts.

It had recently been investigated that where HE grant was used to fund an affordable housing scheme, an exemption from the RTB pooling agreement could be claimed to enable the Council to retain more of the capital receipt if RTB sales occurred on new build stock. If this was found to be an exemption that the Council could claim, it was recommended that this was implemented to improve the financial viability of the HRA PB and its ability to purchase replacement housing stock lost though RTB.

The Council and registered providers could purchase affordable, social rent and shared ownership dwellings from developers at below market value as they were subsidised by the Homes England Affordable Homes Programme 2020-2024. It was usual for a mix of social, affordable, and shared ownership dwellings to be sold in a pre-agreed mix, in line with planning regulations. This enabled the Council to increase stock numbers by enabling the dwellings to be purchased at below market value, allowing the Council's HRA to fund the purchase using the reduced levels of social and affordable rents which had to be charged to tenants residing in social and affordable dwellings.

When shared ownership dwellings were purchased as part of affordable homes acquisitions the Council's HRA had to find buyers to purchase between 10-25% of the dwelling initially and then pay a % of market rent for the remaining % of the dwelling. This initial % purchase in turn generated a capital receipt for the Council's HRA which was retained to cross subsidise the cost of the Council purchasing the dwellings in such schemes. The shared owners were then able to buy a further % of the dwelling known as "staircasing" until they owned 100% or a locally capped % of the dwelling in some circumstances. There was no requirement for the owner to purchase latter % shares, Appendix 4 to the report showed that £7.623m was anticipated from shared ownership sales in the 10-year HIP.

All shared ownership capital receipts had to be retained by the Council's HRA to ensure the HRA BP remained viable and such receipts were reinvested to reduce acquisition expenditure.

Industry experts Savills advised the negative impact of the cost-of-living crisis and Covid-19 pandemic would be felt for three to five years due to fluctuating rent inflation and increased rent arrears due to the economic uncertainty. Appendix 6 to the report showed an analysis of the changes in rent arrears from 2021/2022 to 2022/23 using an extract from the Council's Financial Statements. Net arrears had reduced by £187k. However, this had not negatively affected the bad debt provision which remained the same as last financial year.

During the Pandemic smart rent arrears software was purchased which had resulted in minimal arrears increases alongside introducing a number of approaches to reduce the levels of arrears caused by the Covid-19 pandemic. It was anticipated that this was a temporary increase in arrears would return to pre- pandemic levels in due course as the economy recovered.

The HRA BP would continue to be carefully monitored, the stock condition information maintained and improved, and an annual review of the underpinning assumptions undertaken to allow any further revisions to be reported to Cabinet as part of the HRA budget setting process. However, it should be should noted that there was still a considerable level of uncertainty in respect of the current volatile economic conditions, high inflation and the cost of living crisis, prudent assumptions had been factored into this model as noted in Appendix 1 to the report but if the economy did not recover fully in the next three to five years this could impact the BP further and might impact the HRA's ability to provide the same level of Climate Change and Stock Condition works.

In terms of alternative options, the assumptions underpinning the HRA BP could be left unchanged from those that underpinned the version approved by Cabinet in 2023. This had been rejected as it could result in the BP not reflecting the most up to date policies, strategies, and research on the conditions of the local housing and land markets. The plan would therefore not be able to deliver services in a way that was viable, maintain services and service the debts taken on by the Council.

Members could also choose to vary the assumptions within the HRA BP or agree alternative policies, service standards and investment options. If these alternative options were financially viable and deliverable, the HRA BP could be amended. However, officers considered that, given the uncertainties around what would ultimately emerge into legislation from the Housing and Planning Act, it would be prudent to retain the current assumptions and policy positions that underpinned the HRA BP at this stage.

The Overview & Scrutiny Committee did not scrutinise this report at the meeting but made comments to Cabinet. Members were keen to see maximum attendance at training sessions so asked that these, where possible, avoided holiday periods. However, to mitigate for this, the Committee requested that training sessions should be recorded (whilst also appreciating that external trainers might not be open to this request).

The Overview & Scrutiny Committee also requested that when HRA reports were to be considered in future, this should always be accompanied by a briefing to Members in advance.

The Committee intended to add this report to the Overview & Scrutiny workplan in line with dates for further training.

Councillor Wightman proposed the report as laid out.

Recommended to Council that

(1) the revised 10-year Housing Investment Plan (HIP) capital budgets noted in Appendix 4 to the report for the construction and acquisition of new Council housing and funding for major works to housing stock, be approved.

Resolved that

(1) the revised HRA BP assumptions, as set out at Appendix 1 to the report, be approved; and

(2) the revised HRA BP projections for the 50-year period 2023/24 to 2072/73, as set out at Appendix 2 to the report, be approved.

(The Portfolio Holder for this item was Councillor Wightman)
Forward Plan Reference 1,430

Part 2
(Items upon which a decision by the Council was not required)

100. **West Midlands Investment Zone**

This item was withdrawn from the agenda prior to the meeting.

101. **University of Warwick Campus Framework Masterplan Supplementary Planning Document (SPD)**

The Cabinet considered a report from Place, Arts & Economy which set out the University of Warwick Campus Framework Masterplan Supplementary Planning Document (SPD). The purpose of the SPD was to provide a framework for guiding the level and broad location of growth on the main

University of Warwick campus as well as design principles to be considered when assessing planning applications on the campus. The SPD provided supplementary guidance to Policy MS1 – University of Warwick - of the adopted Warwick District Local Plan and was intended to assist with the determination of future planning applications. The SPD could only be adopted as Council guidance following statutory public consultation and then subsequent formal adoption at Cabinet. The report sought approval to commence a public consultation on the SPD.

The SPD would provide supplementary planning guidance to policy MS1 of the adopted Warwick District Local Plan 2011-2029. Policy MS1 stated that "development of the University of Warwick will be permitted in line with an approved Masterplan or Development Brief". There was currently no such Masterplan and Development Brief in place for the area. The SPD could therefore provide a more detailed masterplan framework and supplementary guidance to assist with the determination of future planning applications.

The University's main campus straddled the administrative boundaries of Coventry and Warwick District and the SPD, with the majority of the academic faculty buildings being located in Coventry and residential accommodation and sports facilities being largely located within Warwick District. It was important therefore that the SPD was also consistent with Coventry's relevant Local Plan policy. Furthermore, it was noted that Coventry was also proposing to take a report to their Cabinet to seek approval to consult on the document.

Policy MS1 stated that the Masterplan should "set out how proposals will contribute to the University delivering a world-class education campus" with four key purposes:

a) to identify the physical and economic context;
b) to identify the development principles to underpin future development proposals;
c) to identify the location of developments, demonstrating how proposals will mitigate any potential adverse impacts; and
d) identify how the proposals support the vitality of the local and/or sub-regional economy.

The Local Plan acknowledged the important role of the University in supporting the local economy and the need for the University to be able to grow within its existing boundaries and develop as a Higher Education facility of international importance.

As the document sought to clarify the University's plans for future development on campus and their proposed location, planning consultants Turleys were appointed by the University to lead on the drafting of the document and there had also been input from a range of other consultants. However, officers representing Warwick District Council, Coventry City Council and Warwickshire County Council had been heavily involved and reviewed various drafts of the SPD via a Steering Group. The comments had shaped the final version of the Framework Masterplan SPD.

The SPD began by addressing the planning policy context (both existing and emerging) and then the current campus context by explaining existing land uses and assets. Whilst the main campus was the focus for the University's activities in the region and was the sole focus of the SPD, the University also supported the Innovation Campus at Wellesbourne, University Hospital in Coventry and a new healthcare facility at Arden Cross, Solihull.

The document explained that the long-term vision of the University was based on five strategic priorities; innovation, inclusion, regional leadership, internationalisation, and sustainability. The SPD sought to give an indication of the longer-term delivery vision up to 2050, however the SPD specified the detailed capital projects likely to be delivered by 2033.

The SPD covered the entirety of the main University campus, and so addressed land in both Warwick District and Coventry City Council areas. Subsequently, both Warwick District Council and Coventry City Council were intending to secure Cabinet approval with a view to holding a joint public consultation on the SPD. As Coventry had local elections in May, it was proposed that the public consultation would commence after the elections.

A number of key proposals were identified up to 2033:

a) A new Social Sciences Quarter including the new Business School (within the Warwick District area – outline application W/23/0195 already approved).
b) The Science Precinct – redevelopment and refurbishment of Science, Technology Engineering and Mathematics (STEM) facilities on central campus and creation of a new University Green (within the Coventry City area – hybrid application PL/2023/0002402/OUTM submitted but yet to be determined).
c) A new Energy Innovation Centre (within the Coventry City area).
d) Extension of Scarman House, Post Experience Centre, including additional bedspaces (within the Warwick District area).
e) 'Solar arrays' – two separate large scale photovoltaic installations to generate renewable energy (within the Warwick District area)

The SPD stated that the University anticipated providing 1,200 net additional student bedspaces on or immediately adjoining the campus.

A number of other possible proposals were identified up to 2033. Within Warwick District, possible redevelopment of Radcliffe House was identified to create an MBA Training Centre. Other possible proposals were also identified on land within the Coventry administrative area.

In conjunction with the highway authorities involving extensive collaborative working, the University had modelled the traffic generation from 31,000m2 of new development on campus over and above the recent approval of the Social Sciences Quarter (outline application W/23/0195), as well as previous planning applications including the Capital Plan Hybrid application (OUT/2018/2115) within the Coventry area. Allowing for known projects to be pursued up to 2033, this left a capacity of 13,000m2 of floorspace to allow for other projects to come forward over the period to 2033. If any projects came forward resulting in additional floorspace to the 31,000m2 gross/13,000m2 further net floorspace, additional modelling work would be required. In the round, the University was seeking to maximise use of the more built-up areas of the campus, rather than extend into greenfield areas.

Alongside the specific proposals identified, there were a number of strategic design principles to guide future development on campus:

a) Campus Core and Periphery – higher density development and taller buildings within the Campus Core, with less dense and lower storey developments on the periphery to be sensitive to the green fringe areas beyond.
b) Axes and Hubs – a focus of activity and movement on two primary axes – i) University House to Gibbet Hill and ii) Academic Square to the Sports Hub. The hubs would be active public spaces/buildings and future mobility hubs to provide a variety of travel options, with car parking located in areas peripheral to the main campus.
c) Pedestrian-Focused - creating a one-way circulatory route to minimise traffic whilst maintaining essential access, supplemented by an extensive pedestrian and cycle network.
d) Active public spaces – to help create more of a sense of community, including formal squares and greenspaces (including the new University Green as part of the STEM development), as well as more active frontages such as shops, cafes, informal meeting space and other community uses.
e) Landmark Design – new and refurbished buildings to reflect the character and modern vernacular of the campus, differentiating between Core and Periphery, as well as providing landmarks and visual markers to aid wayfinding and create a sense of place.
f) Integrating Nature – delivering development that enhances formal and informal landscapes where possible, connects habitats and ecological corridors and delivers additional tree planting.

The SPD broke the campus down into six distinct character areas – Campus Core, Residential Fringe, Gibbet Hill, Science Park, Westwood, and Green Fringe. In recognising the distinct characteristics of those areas, design principles were included to provide a framework for development proposals within those locations.

Another key ambition for the University was to continue to explore the creation of an Eco-Park combining ecological, recreational and energy generation initiatives. However, this was dependent on the return of land from HS2 Limited, the extent of which was currently unknown.

The main transport and movement strategy of the SPD focused on reducing single occupancy trips to and from campus, maintaining accessibility through and around campus for all users (especially sustainable, non-car modes) and offering choice to incentivise behavioural change and enhance the environmental sustainability of the campus. The University had been successful in recent years in implementing a number of measures to encourage walking and cycling as well as use of rail and bus and was pursuing further measures in this regard (including Demand Responsive Transport for 'last mile' journeys). The strategy also addressed the more strategic and longer-term possibilities including the potential for the campus to be served by Very Light Rail in future.

The trip generation and traffic modelling undertaken for the SPD had informed a Framework Section 106 Agreement and ‘Monitor and Manage’ approach, which had been produced in discussion with Highways officers at Warwickshire County Council and Coventry City Council. These provided the basis for identifying necessary mitigation measures to address the specific impacts from particular proposals up to 2033 and within the agreed floorspace limits. This was addressed on page 25 of the SPD and the Framework s106 Obligations tables included as Appendix B to the report. Where development came forward outside of the floorspace limits or for uses not assessed through the SPD, a separate Transport Assessment would be required.

The SPD also addressed the issue of the A46 Strategic Link Road project, which identified a possible multimodal transport corridor linking the A46 Stoneleigh Junction with Westwood Heath Road. This was previously explored as part of Warwickshire County Council’s A46 Strategic Link Road consultation (2020), of which one of the options proposed an option to serve the University Campus via a ‘spur’. The Council understood that the latest Business Case analysis undertaken for the A46 Strategic Link Road had not returned a favourable cost-benefit ratio, with limited scope for capital funding from government, and so the project had not been progressed by WCC. As things stood, based on the envisaged trip generation and traffic modelling undertaken for the SPD, the highway authorities considered that the delivery of such a corridor/spur was not necessary to support the quantum of growth specified within the SPD (i.e. the 31,000m2 gross additional floorspace threshold). The SPD identified that the Eco-Park could feasibly be impacted by the alignment of such a transport corridor.

The SPD also addressed other transport considerations, including a potential new railway station to serve the University of Warwick and south Coventry. This was currently an aspiration and a scheme identified as for further investigation within the Warwickshire Rail Strategy (2019) and the West Midlands Rail Executive Rail Investment Strategy. However, it was currently unfunded/not identified as a scheme to be progressed currently. This was in part due to the requirement for additional rail capacity between Coventry and Leamington (dualling of the line), as well as new highway infrastructure to facilitate strategic access to the site. Again, the delivery of such a station was not considered necessary to support the quantum of growth proposed, but it remained an aspiration and a project for further investigation.

In terms of biodiversity and ecology elements, the University were committed to maximising the ecological value of its estate, with the approach being to safeguard existing ecological assets, enhancing biodiversity, sustaining, and enhancing the Great Crested New population and encouraging site users to engage with the natural environment. It was recognised that Biodiversity Net Gain became a mandatory requirement in February 2024 and so the SPD committed to delivering a minimum of 10% net gain in biodiversity from new developments. The SPD also specified the habitats and species from the Local Biodiversity Action Plan were to be prioritised.

The SPD also addressed the University's approach to heritage and archaeology in accordance with statutory and Local Plan policy requirements. Again, the SPD recognised the importance of safeguarding heritage assets within and proximate to the campus. Where new development proposals might impact such heritage assets, they should seek to preserve and enhance the asset and its setting. Additional heritage surveys relative to specific planning applications might be required.

If approved, the Council was required to hold a statutory public consultation on the document, undertaken in a way that complies with the Council's adopted Statement of Community Involvement (SCI). This required public consultation for a minimum of six weeks, with documents available online and available for inspection at deposit points.

As the SPD covered land in both Warwick District and Coventry City Council areas, both Councils were intending to secure Cabinet approval with a view to holding a joint public consultation on the SPD. It was understood that the SPD was to be tabled for approval at Coventry City Council's Spring Cabinet meeting. Given the two sets of approval processes, and elections in Coventry, it was possible that minor changes might need to be made to the SPD prior to the consultation. It was therefore proposed that the start date of the consultation, and any minor amendments to the SPD, were delegated to the Head of Place, Arts and Economy in discussion with the Portfolio Holder for Place. It was expected that consultation would be held in late spring or early summer.

Following the consultation, all comments would be considered and where appropriate the SPD would be amended. It was intended that the final version of the SPD would be brought back to Cabinet to consider for formal adoption.

If the SPD was adopted, it would be treated as a material planning consideration in the consideration of relevant planning applications. An SPD did not have weight as development plan policy (like the Local Plan policies), but nonetheless, the SPD would be used as guidance to assist with decision making.

In terms of alternative options, the Cabinet could choose to not consult on the draft SPD. If major amendments were required, a revised version of the SPD could be presented to Cabinet in future, subject to further engagement with the University, Coventry City Council and Warwickshire County Council. Cabinet also had the option of not progressing the SPD entirely. This was not recommended as there would remain a lack of planning guidance to assist with the determination of planning applications.

Councillor King proposed the report subject to an amendment to Appendix A, Page 2, Link Road (amendment in **bold**):

"Consequently, there may still be a need for this to be addressed in the future both to support the University's continued success and, subject to the Local Plan Review, other development in the surrounding area. **In line with our plan to be net zero on scope 3 emissions (p27), the travel hierarchy (s106 Appendix p4), and delivery of our eco park (p32) our preference would be that active and public transport infrastructure would be strongly prioritised. However,** this will be a matter for the Local Plan Reviews to consider and determine and the University's plans would respond accordingly."

Resolved that

(1) the content of the University of Warwick Campus Framework Masterplan SPD (Appendices A and B), be noted and a public consultation for no less than six weeks, be approved;

(2) authority be delegated to the Head of Place, Arts and Economy, in consultation with the Portfolio Holder for Place, to make any minor amendments to the documentation prior to consultation and to agree dates for the consultation; and

(3) following the public consultation, a final version of the SPD will be brought before Cabinet to formally adopt, be noted.

(The Portfolio Holder for this item was Councillor King)
Forward Plan Reference 1,375

102. **Local Development Scheme (LDS)**

The Cabinet considered a report from Place, Arts and Economy which sought approval for a refreshed Local Development Scheme (LDS) to the version published in December 2022. The LDS was a requirement of the Planning and Compulsory Purchase Act 2004 and set out the work of the Planning Policy team over the next three years in terms of the production of planning documents.

The adoption and publication of a Local Development Scheme was a statutory requirement of the Planning and Compulsory Purchase Act 2004, which laid out the coverage and duration of the document required. This included a provision for an annual review of the Scheme to ensure it remained relevant and up to date.

The Warwick District Local Plan (2011-2029) was adopted in September 2017. This comprehensive Plan set out additional Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs) that were required to support the Local Plan and add further detail for applicants, decision makers and other relevant stakeholders in the planning process.

Much of the programme of work in the LDS was driven by commitments in the Local Plan. As well as these commitments, additional work would arise in response to either local planning issues, changes in Council priorities, or changes in national legislation. Where possible these were factored into the LDS, to ensure that it both provided an update on progress made and identified new areas of policy being worked on.

Since the adoption of the Local Plan in September 2017, the Planning Policy team had delivered eight Supplementary Planning Documents, set out below:

- Parking Standards.
- Residential Design Guide.
- Air Quality and Planning.
- Land East of Kenilworth Development Brief.
- Public Open Space.
- Custom and Self-Build.
- Developer Contributions.
- Affordable Housing.

In addition, the team had also produced supplementary planning guidance on the mix of housing for large scale developments and guidance relating to Policy H6 (Houses in Multiple Occupation and Student Accommodation) of the Local Plan.

Furthermore, the Planning Policy team had worked closely with relevant qualifying bodies (usually Parish or Town Councils) to assist in the adoption of Neighbourhood Development Plans. 10 had been adopted since 2016, eight of which were 'made' following the adoption of the Local Plan. The team had designated Neighbourhood Area status to Stoneleigh and Ashow and had undertaken a Strategic Environmental Assessment (SEA) for Cubbington Neighbourhood Plan.

Cubbington Parish Council were undertaking a six-week Regulation 14 consultation on a draft of the Cubbington Neighbourhood Development Plan between 22 January 2024 and 4 March 2024.

The adoption of so many SPDs and Neighbourhood Development Plans since the adoption of the Local Plan could be considered a success and had assisted Development Management in their decision-making processes. However, the production of Local Plans/DPDs require substantially more work than SPDs and therefore in the coming three years, the LDS would focus on the delivery of a lesser number of documents, reflecting the work required to adopt them. For Local Plans/DPDs, there were more statutory required stages for public consultation and an examination in public with a Planning Inspector, in addition to the early preparation and consultation stages required for an SPD. This took a considerable amount of additional time and stretches resources. The additional stage for adoption also introduced more variables in terms of certainty of delivery within timescales that might be set at the outset of a workstream.

Whilst not required to be set out in the LDS, it was important context to understand other important work undertaken by the Planning Policy & Site

Delivery team that supported the Council and impacted upon resources available to developer DPDs and SPDs. This included (list not exhaustive):

- Production of an Authority Monitoring Report (AMR)– produced annually to monitor progress against Local Plan objectives.
- Production of an Infrastructure Funding Statement (IFS) – produced annually to report on contributions sought and received from developments for the provision of infrastructure and the subsequent use of those contributions.
- Publication of a housing trajectory and five-year Housing Land Supply statement – updated annually.
- Preparation of an Infrastructure Delivery Plan (IDP).
- Maintenance of a Brownfield Land Register.
- Maintenance of a Custom & Self-Build Register and associated progress reporting.
- Government monitoring returns.
- Quarterly and annual monitoring of development.
- Consultees on planning applications.
- Advice provided to Development Management and additional consultancy support procured where appropriate (e.g., for the Gigafactory application), other Council departments, WDC members, Parish Councils, and other stakeholders in the planning process.
- Management of the Community Infrastructure Levy (CIL) – including its day-to-day administration, supporting parish and town councils, and distributing funds to them, engaging with infrastructure providers, and allocating funds to infrastructure projects and annually updating the CIL Charging Schedule.
- Active engagement in a sub-regional planning group (Coventry, Solihull, and Warwickshire Association of Planning Officers – CSWAPO) including the joint commissioning of key technical information to underpin policy, e.g., the Housing and Economic Development Needs Assessment (HEDNA).
- Working collaboratively with neighbouring authorities in the context of the Duty to Cooperate requirement.
- Procuring and managing consultants to provide updated evidence on various planning policy matters.
- Significant role in the delivery of major development sites through supporting Development Management and working with developers, Members, and other stakeholders.

The Policy & Site Delivery team comprised of three main components: planning policy, site delivery and managing the Community Infrastructure Levy. Focusing solely on the first of these components, the policy team currently comprised:

- Principal Planning Officer x 1.
- Senior Planning Officers x 2 (1.4 FTE).
- Planning Officer/Senior Planning Officer (Career grade post) x1 (current incumbent at Planning Officer level).
- Planning Assistants x2 (one being a two-year fixed term contract).
- Development Monitoring Officer x 1.

Previously 1.5 FTE posts were working full time with Stratford colleagues to deliver the South Warwickshire Local Plan (SWLP). However, for a number of reasons including to build resilience in the team, providing opportunities for all staff to be involved in the preparation of the Plan and to allocate work more fairly, a decision was taken that everyone in the policy team would be involved in the production of the SWLP. A new delivery model was agreed which included a new management structure, and various theme groups were created namely Environment, Transport and Connectivity Climate Change, Growth Strategy Infrastructure and Delivery, Economy & Town Centres, Housing, Wellbeing & Design. There was a member of staff acting as co-ordinator of each group, with support from other colleagues.

Whilst the team was nearly fully staffed it was noted that both Senior Planning Officers work part-time hours and as such the team was short by 0.6 FTE at this level. Furthermore, it was acknowledged that the team was relatively inexperienced.

The South Warwickshire Local Plan and Net Zero Carbon DPD had dominated the work of the planning policy team. The relevant sections in the report highlighted the progress that had been made on these two workstreams.

The SWLP had required more staff time than had perhaps been envisaged and owing to this there had been slow or limited progress on other documents set out in the 2022 Local Development Scheme.

The following sub-sections highlighted progress on stated priorities in the previous LDS. They also provided explanatory information that supported the updated LDS now proposed, as set out in Appendix 1 to the report.

The National Planning Policy Framework (NPPF) required Local Plans to be reviewed every five years to ensure that they remained relevant and continued to deliver the growth laid out in the Plans. The Council had previously agreed that work on the Local Plan Review would be undertaken jointly with Stratford District Council, whose Core Strategy was also in need of review and the authorities were now working collaboratively to produce a South Warwickshire Local Plan.

The two Councils undertook a Scoping and Call for Sites consultation, which ran from 10 May until 21 June 2021. Following this consultation, the team collated representations from the consultations, developed and commissioned further evidence to support the Plan. Officers had regularly met with a SWLP Advisory Group comprising Members across the two Councils to secure support and seek direction, where appropriate. A Joint Cabinet Committee had also been established to take formal decisions relating to the Plan.

The Issues and Options consultation along with a second Call for Sites was undertaken between 9 January to 6 March 2023 following approval from the Joint Cabinet at its meeting in December 2022. The aim of this consultation was to refine the initial growth options explored in the Scoping Consultation and setting in greater detail the scope of the Plan and the issues that it seeks to address. It was initially hoped this consultation could take place earlier in 2022. However, it was delayed to ensure that a key piece of evidence to inform the Plan, the Housing and Economic Development Needs Assessment (HEDNA), took into account key findings of the 2021 Census, published in summer 2022.

More than 8,000 representations were received to the consultation along with around 200 new calls for sites, in addition to around 550 received in the first call for sites. Although the majority of the responses were received via the online consultation portal, there were a lot of email responses. The first task was to add the email and postal representations to the online portal. Following that the responses were divided amongst officers to analyse the responses and produce a consultation statement.

Another key task had been to collate information for all call for sites and to start analysing the promoted sites. This work was ongoing with members of the team sifting the sites for hard constraints that would inhibit development on that parcel of land.

Following the first sift the officers will then assess the sites using the Housing and Economic Land Availability Assessment (HELAA) methodology. This exercise would be able to identify the sites into a Red, Amber, and Green category (RAG) rating.

The team continued to compile a wide range of evidence to support the preferred options consultation. This would help inform the spatial strategy of the plan, site selection and policies to be contained within the plan.

In addition to this the team would be undertaking further engagement with a number of stakeholders to help inform the preferred options consultation.

The Advisory Group agreed a new timetable following the Joint Cabinet Committee on 23 November 2023 and the timetable was subsequently published on the SWLP website, ahead of this LDS update. This LDS replicated the timetable agreed by the Joint Cabinet Committee. The next stage of the Plan was to undertake a Preferred Options consultation, earmarked to commence in November 2024. The two Councils were also keeping a close eye on the implementation of proposals for reforms to plan-making, particularly the guidance due to be published in Autumn relating to new-style 30-month plans.

Significant progress had been made on the preparation of this document since the LDS was last published. Prior to the last LDS update, the Council had submitted the DPD for Examination in Public in October 2022 and an Inspector was appointed in the November 2022.

The Plan had since been through Examination in Public (EiP) hearing sessions between 7 and 9 March 2023.

Some of the key milestones following the examination had been set out below:

- On 30 March 2023 the Inspector wrote to the Council outlining the next steps for the DPD Examination. He also praised the Council's management of the sessions stating "…I would like to thank the Council's Team for the way in which the hearing sessions were approached, arranged, and conducted. This enabled the hearing sessions to take place as smoothly, effectively, and efficiently as possible and for that I am grateful".

- In his letter, the Inspector requested further information to be submitted and indicated that Main Modifications to the DPD would be required for reasons of 'soundness' in accordance with Paragraph 35 of the National Planning Policy Framework (NPPF). As such, it would be necessary to undertake a period of public consultation on the modifications. The Inspector also provided an indicative timetable for the next stages of the Examination and suggested that the Council would receive the final report by end of September 2023, which was subsequently revised to the end of October 2023.
- Following exchanges of information and documentation between the Council and Inspector, the Inspector wrote to the Council on 12 May 2023 confirming that he was satisfied with the content of additional documents that the Council had provided.
- A Schedule of Proposed Main Modifications (and minor changes, referred to as Additional Modifications) were produced by the Inspector and asked for further work to be completed by the Council. On 22 May 2023, officers wrote to the Inspector with a final schedule of proposed Main Modifications, a schedule of Additional Modifications, a Sustainability Appraisal/Habitat Regulations Assessment update, and a composite version of the DPD showing all proposed modifications indicated in the schedules.
- The main modifications consultation was undertaken between 5 June-17 July 2023. The consultation generated 14 separate representations. The responses were sent to the Inspector via the Programme Officer. The Council also produced a consultation statement that was sent to the Inspector setting out the Council's reply to each response.

However, the Council did not receive the report by the end of October as previously indicated by the Inspector. The officers exchanged correspondence with the Programme Officer and were advised that the Inspector was sick, and that the Council would receive the report by the end of December 2023. An email was received from the Inspector on 18 December indicating that the Council would not be issued a report until the New Year as the Quality Assurance (QA) process had not been completed for the report by The Planning Inspectorate (PINS).

During this time, a Written Ministerial Statement (WMS) 'Planning – Local Energy Efficiency Standard Update' was made on 13 December 2023 and the Government published a revised National Planning Policy Framework (NPPF) on 19 December 2023. In light of these matters, the Inspector had subsequently written to the Council requesting that WDC undertook a further two-week consultation with the Regulation 19 respondents. The Inspector also asked the Council to provide their response to the WMS.

This consultation ran from 9 January to 24 January 2024. The Council had submitted a response to the Consultation as have five other interested parties (two individuals and three responses from the development industry).

The Inspector was now considering the representations made and the Council was now awaiting an update from the Inspector on the timetable for the publication of his Final Report. As such, there was currently uncertainty around the timing of this.

Upon receipt of the Inspector's Final Report, a report would be brought to Cabinet regarding the adoption of the DPD. A formal decision to adopt the DPD had to be taken at Council.

It was agreed during the examination that the Council would produce a Supplementary Planning Document to provide detailed guidance on the policies contained within the DPD. The scope of the document was shared with the Inspector during the examination process.

The guidance would aid the implementation of the policies and seek to minimise the potential for confusion or challenge. It would assist officers in Development Management with the assessment of documentation required to support planning applications resulting from the adoption of the DPD. It would also provide clarification and certainty to applicants about what was required and guidance to support them in designing schemes to meet the requirements of the DPD.

The SPD was produced and was subject to a public consultation for six weeks between 18 October and 29 November 2023. A total of 26 responses were received during the consultation process. The Council would prepare a consultation statement setting out the authority's responses and highlighting any changes that would be made to the document in response to the representations.

A training session was provided to development management, policy, enforcement, and historic environment colleagues to familiarise them with the contents of the SPD. The session was attended by 31 colleagues including senior managers and two members of SLT. Further training and information events were to be arranged for Councillors and also applicants/agents.

Following the preparation of the consultation statement and making necessary changes to the SPD, a report would be brought to Cabinet to formally adopt the SPD. The timing of this however was dependent upon the adoption of the DPD (which in turn was at the mercy of the Inspector) as the SPD provided further guidance to the DPD rather than existing Local Plan policies.

In the 2022 LDS a PBSA DPD had been indicated for commencement in Q3 of 2023 and adoption Quarter 2 of 2025. The PBSA DPD had previously slipped due to priority being given to the SWLP and the NZC DPD. Furthermore, the impact of the Covid-19 pandemic on the numbers of oversees students had made it difficult to predict what the accommodation needs for Warwick University students might be. These challenges in predicting student numbers would make it very difficult to have a reliable evidence base on which to prepare a PBSA DPD and on which its soundness would depend.

The team had previously explored with the University how it might be able to support the Council in bringing forward this document at the earliest opportunity. Officers had resumed these discussions to see what tangible support might be available to expedite this piece of work and were meeting with representatives from Warwick University to discuss this work and ascertain what information they would be able to share.

Officers had started collating data to help inform the issues to be grappled with, including data relating to relevant planning applications and appeals. It was envisaged that once the data gathering exercise had been completed, officers would produce a first draft of the document that would be subject to a six-week statutory consultation period. The consultation was identified for Quarter 3 of 2024. However, officers were open to exploring the possibility of producing an SPD rather than a DPD, if that sufficiently would address matters that the document sought to cover.

Whilst not a DPD or SPD, the 2022 LDS indicated that the Statement of Community Involvement would be reviewed, updated, and adopted by the summer of 2023.

Despite some delay owing to other priorities (notably the SWLP and Net Zero Carbon DPD) the policy team had made significant progress with this document and had recently adopted an updated SCI. The document was subject to a six-week statutory consultation between 17 July - 29 August 2023. WDC received 10 representations to the consultation comprising of responses from five individuals, four organisations and one Councillor.

A Consultation Statement was prepared setting out the Council's reply to each of the responses received. The representations did not raise any matters of significance that warranted any changes to the SCI.

The report that was taken to Cabinet in July 2023 included an approved recommendation giving delegated authority to Head of Service for Place, Arts and Economy, in consultation with the Portfolio Holder to make any minor amendments and adopt the SCI. Both had recently agreed to adopt the SCI and therefore the SCI and associated Consultation Statement had been published on the Council's website.

The 2009 University Masterplan created a framework for growth between 2009-2019 and The Hybrid Plan, approved in 2018 guides the development of the campus from 2019-2023. Both were now out of date or in need of updating and there was a need to develop a new masterplan to reflect the University's vision to 2030 and beyond. Officers at Warwick District and Coventry City Council had agreed with the University that the preparation and adoption of an SPD would be sensible to guide development proposals that might come forward and ensure that the development comes forward under a comprehensive vision for the University and crucially that key matters such as transport, biodiversity, flood risk/drainage and sustainability/energy were properly considered and a framework for planning obligations was agreed.

The production of the SPD had been led by the University, with input from officers. Officers had had various meetings with the University and officers from Coventry City Council and Warwickshire County Council about the SPD and had been represented on a Steering Group for this work. A first draft of the SPD had been produced and officers had fed back a comprehensive set of comments. A report would be taken to Cabinet in March/April 2024 to seek approval to undertake a public consultation on the SPD. The SPD was then likely to be consulted upon after Local Elections in Coventry in May with a view to analysing any representations received and subsequently adopting the SPD by the end of 2024.

Royal Leamington Spa's Creative Quarter was a long-established regeneration partnership initiative which had recently made significant progress with its first development on the ground at Spencer Yard, supported the by Future High Street Fund (FHSF). The second development, also supported by the FHSF, was utilising WDC building assets at Stoneleigh Arms on Clemens Street and Old School on Court Street. To maximise the catalyst for further regeneration in the surrounding area of the Old Town, a Supplementary Planning Document (SPD) was proposed covering Althorpe Street, Court Street, Wise Street.

Architects were appointed by the Council to progress with the work. Good progress had been made on the document. However, following the change in administration, the production of the SPD had paused for reflection and the purpose and scope of the document had been reviewed with some adjustments being made to the boundary of the area that was the subject of the SPD.

A public consultation on the SPD was proposed for between Q3-Q4 of 2024, with proposed adoption in Q2 of 2025.

An update to the Parking Standards SPD was proposed to provide greater clarity and remove ambiguity relating to Parking Survey requirements. It was proposed that the consultation solely related to this matter. There were currently not the resources, nor would it be a priority over the production of other documents notably the South Warwickshire Local Plan, to undertake a more comprehensive review of these standards at this point.

A Regulation 19 consultation was undertaken on the Canalside DPD between 9 November and 21 December 2020.

Through the consultation, the Canal and River Trust raised some fundamental concerns in terms of the tests for soundness that needed to be met in order for a DPD to be successful at Examination.

The team paused work on the DPD to focus on other priorities, including the SWLP and Net Zero Carbon DPD. However, WDC subsequently re-established communication with the Canal and River Trust and had met to better understand their concerns and how they might be addressed.

Having more recently reviewed the DPD, officers also wished to re-visit the purposes of the DPD and benefits of its adoption and also would need to update its content given time elapsed.

It was likely that a further Regulation 19 consultation, if not another Regulation 18 consultation would be required if the Council wanted to proceed to adoption. The LDS assumed that only a Regulation 19 consultation would be required, although this would be reviewed when it was clearer what changes were to be made to the DPD.

Whilst the policy team wished to move this document forward, in light of the political and public interest in the adoption of policy on purpose-built student accommodation and the priority of progressing other documents within the LDS, it was proposed to give priority to the other workstreams. The Canalside DPD would remain in the LDS demonstrating the commitment to producing the document, although would not have a timetable against it. Should sufficient capacity mean that this could be progressed alongside other documents, then officers would endeavour to do this. As the LDS was reviewed every year, priorities would be reviewed next year and in the interim the policy team would review the benefits of producing the DPD.

In terms of alternative options, the Council could choose not to adopt the Local Development Scheme, and instead suggest a different range of priorities and timetable for the delivery of the identified documents. However, the attached LDS had been developed to bring forward the right documents as swiftly and efficiently as possible in a realistic timeframe and given the resources available. Therefore, this option had been discounted.

Additional budget to increase staff resources could be made available to deliver workstreams more quickly or deliver additional workstreams. This had not been pursued given the associated financial costs to the Council.

The preparation and maintenance of an LDS in a requirement of the Planning and Compulsory Purchase Act 2004 and therefore it was not an option to not publish an updated LDS.

An addendum circulated prior to the meeting advised that

Councillor King proposed the report as laid out.

Resolved that

(1) the content of the Local Development Scheme (LDS) (Appendix 1 to the report), be noted, and the LDS and its proposals for delivery of planning policy documents over the forthcoming three years, be adopted; and

(2) existing resources are proposed to be used within the planning service to ensure there is officer capacity to deliver the LDS, be noted.

(The Portfolio Holder for this item was Councillor King)
Forward Plan Reference 1,378

103. **Future Homes Standard Consultation – Warwick District Council Response**

The Cabinet considered a report from the Programme Director for Climate Change which set out Warwick District Council's recommended response to the consultation following the Government's signal to introduce Future Homes Standard in 2025.

The Government was seeking to improve energy efficiency and to reduce the carbon emissions of new homes and non-domestic buildings introducing the Future Homes Standard. Energy efficiency requirements for new homes and non-domestic buildings were set by Part L (Conservation of Fuel and Power) and Part 6 of the Building Regulations 2010 ("the Building Regulations"). This consultation set out the Government's plans for achieving the Future Homes Standard and Future Buildings Standard, including the technical proposals for changes to the Building Regulations, the associated Approved Document guidance and calculation methods.

A summary of the main proposals in the consultation was provided as:

New buildings: Setting the performance requirements at a level which ensured new homes and non-domestic buildings had high fabric standards, used low-carbon heating and were 'zero-carbon ready' (meaning no further work would be needed for them to have zero carbon emissions once the electricity grid had fully decarbonised). Importantly, WDC presented options to reduce running costs, while maintaining thermal comfort, balanced against build costs.

Metrics: Retaining existing metrics for use in the national calculation methodologies as these effectively support WDC's policy priorities for the Future Homes and Future Buildings Standards. It was therefore proposed that using the current metrics remained optimal for use in the national calculation methodologies. These metrics covered the most important aspects of building performance, but also did not excessively inhibit design flexibility for developers, designers, and architects.

Guidance on fabric and fixed building services: Improvements to the minimum standards for fixed building services and on-site electricity generation. WDC also proposed improving the guidance and minimum standards for heat losses from building services which directly supported the installation of 'zero-carbon ready' technologies. This included new guidance for the installation of smart meters (please see Section 10 (Smart Meters)). We did not propose to change the minimum building fabric standards for homes, provided through the Approved Document guidance, compared to the Part L 2021 standards. This was because WDC believed that the 2021 fabric minimum standards provided a good basis for the Future Homes and Buildings Standards.

Material change of use: Sought views on improved standards for dwellings created through material change of use. These dwellings contributed to WDC's housing supply and affordable housing objectives but could perform less well relative to new build homes. These changes intended to protect consumers from high bills and reduce emissions as far as practicable.

Real-world performance of homes: Gathering evidence around two proposed measures to improve building performance in new homes against expected energy use: fabric performance testing and improving Home User Guides. Also proposing changes to Approved Document L, Volume 1: Dwellings and Approved Document F, Volume 1: Dwellings to improve the commissioning of fixed building services in new and existing homes. Ensuring that buildings and building services perform as designed would help to lower energy bills, improve housing quality, and increase consumer confidence in new homes.

Heat networks: Supporting the expansion of cleaner heat networks. New homes and non-domestic buildings could be connected to existing heat networks, but they should uphold the performance requirements outlined in this consultation. This meant that heat networks should produce sufficient clean heat to heat new homes and non-domestic buildings added to the network. At a minimum, the heat required by any additional homes or buildings connected to an existing heat network should match the low-carbon heat generation capacity of the network.

Accounting for exceptional circumstances: Changes to the regulations permitting local authorities to relax or dispense the energy efficiency requirements in cases where they judge that being required to fully meet the standards would be unreasonable. This was in recognition of the fact that as the energy efficiency requirements WDC set for new buildings became stricter the chances that a small number of buildings legitimately could not be designed to meet them increases.

Legislative changes to the energy efficiency requirements in the Building Regulations: Changes to the Building Regulations to repeal redundant regulations and to reflect that reducing carbon emissions was a central aim of the Future Homes and Buildings Standards.

Review of WDC's approach to setting standards: For domestic buildings, the Government was separately consulting on the new 'Home Energy Model' (HEM), which would replace the Standard Assessment Procedure (SAP) for the energy rating of new homes.

Alongside this, for domestic buildings, WDC were consulting on improvements to the current 'notional building' approach to setting energy efficiency requirements. This included reviewing changes to standardised assumptions, heat pump sizing methodologies, weather, buildings containing multiple dwellings, secondary heating, window and door U-value calculations and thermal bridging.

For non-domestic buildings, a number of improvements and updates were proposed to the National Calculation Methodology used to assess building performance in non-domestic buildings. The National Calculation Methodology was implemented through both commercially produced Dynamic Simulation Models (DSMs) and the Simplified Building Energy Model (SBEM).

Transitional arrangements: WDC were consulting on two options for transitional arrangements, comprising a six-month or up to 12-month period between the Future Homes and Buildings Standard legislation being laid (in 2024) and it was coming into force (in 2025), followed by a 12-month transitional period. These transitional arrangements were intended to allow industry sufficient time to adapt whilst also driving forward progress towards our 2050 net zero target. WDC were also consulting on closing previous arrangements.

Overheating (call for evidence): Seeking evidence on implementation of the Part O building regulation introduced in 2021 to reduce overheating in new homes, and intent to extend this standard to homes created through conversions.

The consultation closed at midnight 6 March 2024. Given this was only a matter of hours after the Cabinet meeting to consider WDC's response to the consultation, officers would prepare an online response in line with Appendix 1 to the report in advance and ready for submission ahead of the midnight deadline and would amend the response prior to submission, should that be required. In the event that the report was subsequently "called in", WDC would be able to withdraw or amend its response if required.

The Good Homes Alliance and Bioregional had prepared a letter in response to the Future Homes Standard consultation. The letter was broadly consistent with the responses set out in Appendix 1 to the report. However, the letter added some additional points which the closed nature of the consultation form shown in the Appendix did not provide space for. As timescales meant that the letter had to be signed prior to the Cabinet meeting, it was agreed at the LCG meeting 19 February that the Council should sign the letter and that this would be retrospectively noted by the Cabinet.

In terms of alternative options, the Cabinet could choose not to respond to the consultation. However, as building energy was a high priority within the Corporate Strategy it was considered important that WDC made representations to encourage the government to bring in the highest possible standards.

WDC could also make different responses to any of the 95 questions, including those which had not been addressed. However, the responses had been prepared to ensure alignment with the Corporate Strategy and the Net Zero Carbon Development Plan Document. They had also drawn on technical research and advice.

Councillor Kennedy proposed the report as laid out.

Resolved that

(1) the response to the Department for Levelling Up, Housing and Communities' Future Homes and Building Standards: 2023 Consultation, as set out in Appendix 1 to the report, be agreed; and

(2) following consultation with the Leadership

Coordinating Group, the Programme Director for Climate Change has signed the letter set out in Appendix 2 to the report on behalf of the Council, be noted.

(The Portfolio Holder for this item was Councillor Kennedy)
Forward Plan Reference 1,421

104. **Change Programme – Case for Change**

The Cabinet considered a report from the Deputy Chief Executive. In February 2023, Cabinet agreed for the development of a change programme to identify efficiencies to support the Council's Medium Term Financial Strategy. The purpose of the report was for Cabinet to review and approve the Council's Change Programme - Case for Change and supporting governance framework.

In February 2023, a report was taken to Cabinet, which identified that the Council would need to change how it operated to ensure it could continue to respond to the external operating environment and financial challenges the local government sector faced.

The report made three recommendations, which included:

a. That Cabinet notes the latest Medium-Term Financial Strategy (MTFS);
b. That Cabinet agrees to the development of a change management programme with governance arrangements; and
c. That subject to agreeing recommendation 2, Cabinet agrees that in accordance with their respective delegations, the Chief Executive and S151 Officer should ensure that appropriate human resources are made available to support the delivery of the programme.

In July 2023, WDC undertook a Corporate Peer Challenge (CPC) through the Local Government Association (LGA), as part of its commitment to sector led continuous improvement. The review highlighted two areas relating to the Change Programme:

- In recognition that, at the time of the challenge, the Council was committed to, but had not fully developed its Change Programme, the review team said - "As part of the Council's Change Programme the peer team encourage WDC to continue with this transformation and capitalise on how this will support the organisation in delivering improved outcomes".
- The CPC team also stated that "Ensure that whatever ambitions the Council may have been balanced with the need to ensure sufficient focus and grip on the performance of core service delivery and brilliance in the basics".

In November 2023, the Council's new Corporate Strategy was approved, and the Change Programme falls under Strategic Priority 1, Goals 1.2 and 1.3:

Strategic Priority 1:

"Delivering valued, sustainable services in order that the Council can continue to focus its efforts and activities on the needs of its residents, communities and businesses, this priority will be underpinned by ensuring continued demonstration of financial sustainability through the medium term. This is the foundation for ensuring that there are the resources to continue to enable residents to receive excellent high-quality services that are responsive and accessible to local needs."

Goal 1.2 - Continue to ensure the Council's finances remained on a firm and sustainable footing.

- "Our Change Programme will improve the efficiency and effectiveness of how the Council delivers services to ensure they remain responsive and accessible to customer needs."

- "By reviewing how Council services are delivered and measuring performance will help ensure high quality services are being delivered across the Council."

- "The Digital and Customer Strategy and Change Management Programme will make it easier for customers to contact the Council 24/7, 365 days a year and enable our customer service team to help more customers at the first point of contact through different communication channels".

Goal 1.3 - Achieve and demonstrate delivery of high-quality services.

- "We will measure our performance and develop how we use data, benchmarking and customer insight to ensure we continuously learn and improve how we deliver services."

Following these three reports, the Change Programme - Case for Change (Appendix 1 to the report) had been developed, which set out the case and approach for this improvement programme, the benefits it would bring and how success would be monitored and measured.

In terms of alternative options, the Cabinet report dated 9 February 2023, titled Warwick District Council Change Management Programme, agreed to the rationale and development of a change programme to support the Council's MTFS.

Doing nothing was not an option, as set out by the:

- Council's MTFS.
- Narrative set out in the February 2023 Cabinet report.
- July 2023 CPC report.
- New Corporate Strategy – Priority 1.

A defined change programme with supporting governance oversight would ensure there was the appropriate level of direction and oversight. The programme board terms of reference were set out in Appendix 2 to the report.

Recently, the Department for Levelling Up, Housing and Communities (DLUHC) announced their intention that local authorities would need to produce productivity plans to demonstrate how they would improve efficiency and reduce costs. It was the intention that local authorities would need to submit such plans to be reviewed by DLUHC. The Council's Change Programme would also ensure that WDC was able to promptly respond to any future requests by DLUHC.

The Overview & Scrutiny Committee was keen to see that Customer Services were baselined and tracked to ensure that these reflected the commitment made in the Corporate Strategy to improve Council services.

The Committee requested a specific update on Change Programme progress following the Programme Board meeting scheduled in June.

The Committee recommended that all Members received regular communications from the Members Advisory Group detailing the outcomes, outputs, and actions.

The Cabinet was required to vote on this because it formed a recommendation to it.

Councillor Harrison proposed the report subject to the additional recommendation from the Overview and Scrutiny Committee.

Resolved that

(1) the Council's Change Programme - Case for Change, be approved;

(2) the programme commencement, and the Programme Board terms of reference, be approved; and

(3) all Members to receive regular communications from the Members Advisory Group detailing the outcomes, outputs, and actions.

(The Portfolio Holder for this item was Councillor J Harrison)
Forward Plan Reference 1,434

105. **Introduction of a Customer Relationship Management System**

The Cabinet considered a report from the Head of Customer and Digital Relations which discussed the introduction of a Customer Relationship Management (CRM) System to support the delivery of services as a cornerstone technology for the forthcoming Change Programme.

The purpose of a CRM system was to provide a centralised platform to handle, track and manage customer requests across multiple contact channels. It also provided the foundation to make it easier for residents to contact the Council and access services and, to improve service consistency, performance, and accountability.

Warwick District Council's vision was to make the District a great place to live, work and visit by improving lives and our environment. The Council's customers were at the heart of this vision, through its desire to provide excellent services that were responsive, accessible and offer value for money.

Customer contact was a challenging operation for the Council. Demand for Council services had consistently grown year on year and whilst the resources to meet these needs had (in some instances) increased too, it had not been proportional. Equally, the method by which services were delivered had not significantly changed, whilst the environment within which they operated had.

At least 210,000 customers contacted the Council by telephone in 2023. Online forms accounted for 27,665 requests (for the year) and in the last six months of 2023, there were some 372,516 unique visitors to the Council's website. This did not account for the Council's entire contact footprint as services might have been contacted directly (outside of the monitored telephone system) or used methods such as email or social media.

Some interactions were purely for information, but most sought to resolve some kind of issue that required the Council to intervene. Regardless of purpose, opportunities to improve the Council's services existed for most of our interactions.

If any service area were asked to provide precise data for the entire number of customers who had contacted them and received a full response to their query, they would only be able to provide an estimate. The Council currently had limited capability to holistically track customer outcomes or measure transactional performance across every aspect of customer delivery within services. All services had scope for requests to be missed or for outcomes to take an indeterminate amount of time.

These were not intentional failings or disregard for customers within service areas, they were simply consequence of how customer demand was met. Figure 1 at paragraph 1.2.4 to the report showed the ways a customer could get in contact with the Planning, Conservation, Land Charges and Building Control teams, based on the contact us links from one page of our website. Virtually every method of contact provided some opportunity for a request to be omitted from the services case management software and therefore, for a request to be missed. 1571 calls were directed to Development Services in 2023, but this did not count demand from direct contacts to 34 of the 35 numbers published on the website.

Many of the Council's webforms exacerbated this problem, as they simply resulted in an email being sent to a service mailbox and intermingled with other emails sent directly from customers. This approach did not provide any mechanism for monitoring whether a request had been resolved, how fast it was dealt with and provided limited accountability; multiple people could access a mailbox without specifically being responsible for completing an action.

A 2022 customer survey conducted in conjunction with Stratford District Council identified concerns amongst residents that requests they had raised were not followed up; resolutions were not reached and requests for call backs were unfulfilled. Some of this feedback was highlighted in Figure 2 at paragraph 1.2.7 to the report.

The question presented asked customers to elaborate why they rated the Council's online services poorly (so there was bias). However, 297 individuals offered comment on this question, which was more than any other section of the survey.

Presently, the Council's online forms, telephone, social-media, and face to face operations were all independent. Whilst services might work together, there was no global visibility of a customer's interactions; an exchange initiated via X (formerly Twitter) for example, which was received by the Media team, could not be seen by an officer dealing with the customer over the phone.

This approach made it virtually impossible for a customer to easily transition between one communication channel and another as their information existed in isolation. It also created significant limitations on the ability to provide customer updates, particularly if information was held in service specific software or mailboxes with restricted access. WDC had no point of confluence where customer contact comes together. An example of this was shown in figure 3 at paragraph 1.2.11 to the report, which illustrated how Customer Services would obtain service feedback for a customer. The dispersal also contributed significantly as to why the Council's website had more than 80 different telephone numbers published and 132 contact email addresses (seen in figure 4 at paragraph 1.2.11 to the report). The use of generic emails was discussed by the Council in 2015 and it was agreed at the time to phase this practice out. Since then, the number of generic mailboxes had actually grown.

Customer Services needed to essentially try to find "who" was dealing with a query within a service. They might attempt to put a customer through to the service, but if there was no answer, they might collect some details and ask the service to contact the customer. Assuming a customer could be connected, or a query email was sent, the department might then assess the call, query data held in local systems and provide an update. Information might also be directed back to customer services too.

It was not uncommon for organisations to publish email addresses as a means of contact, but these tended to be limited to specific purposes. Using email as a means of interaction often caused problems, unless it was from within a system that could record a complete customer interaction. WDC did not have this facility available.

Most services within the Council had their own independent contact teams. There was no centralised point of contact nor was there any consistent method of recording interactions. Some services might enter data into a line of business application, others might not. Some might use dedicated officers to deal with customers whilst others might deploy their entire team on a cyclic basis. Each area approached providing customer service in a slightly different way.

There was also the potential for highly skilled staff to be deployed in dealing with low level queries, which did not require their expertise. For example, it would be entirely possible for a senior member of the building control team, whose number was published on the website, to be contacted directly by a customer to organise a visit. Whilst for the customer this was good outcome, that same outcome might have been achievable online (with no officer interaction) or via a significantly less costly resource.

An example of how this model of delivery could differ between services was shown in figure 5 at paragraph 1.2.15 to the report. An example of how the scenario described above might be possible could be observed by visiting www.warwickdc.gov.uk/contactus and following the link for Building Control.

This inevitably led to greater levels of triage, where human interaction was required to move a service along. That might be answering a phone call, reading an email, or getting back in touch with someone to find out more information. The need to triage might also affect the distribution of staff resources, drawing in more highly trained specialist officers to deal with relatively low-level fulfilment tasks. The knock-on effect impacted on the service's ability to deal with cases or actual specialist work that required the attention of specific officers.

The example was for illustrative purposes and did not scientifically relate to any specific service. In some services, lots of triage might be appropriate and locality or specialist work might simply not be a part of their function. However, to be sustainable the Council had to make the best use of the resources it had, and this model of delivery did not achieve that.

The Council had over 100 online forms and these typically created an email which contained data an individual has entered. There were some benefits to this (such as only collecting the information necessary) but this approach was extremely limited.

The current forms did not represent the digitalisation of services, but simply the digitisation of data – at best. They still required someone to do something with the information gathered (including rekeying) unlike a truly digitalised process where an action would commence as soon as data entry was complete.

The Council did have some good examples of fully digitalised services. Several Revenues and Benefits online forms integrated directly with the back-office system and resulted in processes starting upon submission. The Council's work with Stratford District Council for the waste service was a further good example where, as shown in Table 1 at paragraph 1.2.20 to the report, some 55,000 garden waste permits were processed over 12 months, largely without any human intervention. The table showed a summary of contact that had been made with the waste services team and which percentage were met digitally.

In July 2022, 14,351 garden waste permits were issued by WDC. 13,535 of these were issued online which meant that all customer data, payment information, the registering of a new subscription with the waste contractor, the issuing of a new container (if needed) and the production and dispatch of a subscription sticker, was entirely automated. Residents could complete this transaction any time they wanted, using a device of their choice.

Just 816 subscriptions were processed by the contact centre. If each of these interactions took eight minutes to complete, that was roughly the equivalent of a full-time staff member, working flat out for three weeks. To handle the 13,535 permits issued online via the phone, had the website not been available, would have required 12 staff over the same period. That assumes no one took a toilet break, worked on nothing else, was without distraction, without refreshments, and all requests took eight minutes –which was completely implausible.

A lot of the existing digitisation work focused on the needs of the service and its existing/historical processes rather than being designed around our customer's actual need. This could result in complex and clumsy service interfaces that were not as user-friendly as they could be.

Our systems provided limited feedback initially and typically none throughout the process lifecycle. This did little to encourage self-sufficiency, reassure customers or prevent further repeat contact where a customer was seeking nothing more than reassurance that their request was progressing. This was commonly referred to as "progress chasing" and was a form of contact that could easily be avoided.

The Council also typically did not involve Customers in the decision-making process or sought their input when it came to designing the services they would ultimately use. This could result in a disconnect between the outcomes that the Council wished or expected to achieve and the services that our customers need, leading to dissatisfaction and mistrust.

Customer and Digital Services proposed that as a cornerstone technology to underpin the Council's forthcoming Change Programme, a new, modern, low code Customer Relationship Management (CRM) system was introduced.

At its most basic level, a CRM was a case management platform. A customer started their journey by submitting the details of what they required through a structured mechanism, which was then recorded in a database. From there, workflows would be triggered according to the service requested and the outcome was returned to the customer upon completion.

A record of the interaction was stored within the CRM, which could be accessed should a problem recur or require investigation. Interactions were visible to both staff (with appropriate access) and customers, from their own secure, online portal. Customers could use a variety of mechanisms to submit their information including online via the Council's website or app, and other "offline" channels such as telephone or face-to-face. A simplified example of this operation was shown in figure 6 at paragraph 1.4.8 to the report.

The CRM could provide a wealth of information to services, and accurately recorded the existence and status of any inbound query, forming a complete picture of any customers interactions across services. It could also be used to assess service performance, highlight potential problems, improve customer understanding and provide insight to support decision making.

Modern CRM systems did not require the level of technical expertise that was historically needed to make a system work. Rather than having services hand-coded in a traditional programming environment, processes, forms, and interactions could be built in a simplified development space, using drag and drop interfaces. This was known as low code.

Intuitive tools allowed users with no formal knowledge of coding or software development to create applications for many purposes such as mobile business apps, robotic automated processes, and solutions based on the application of artificial intelligence. Low Code platforms had become increasingly popular as a fast and easy alternative to traditional software development.

Both professional developers and “citizen developers” (non-professional developers) could use a low code platform to create apps of varying complexity to meet business demands. Developers could also share their work, and a solution that had been developed by one authority, could easily be adapted to meet the specific needs of another. This again helped to reduce the time it took for positive benefits to be realised and improvements made. Things could still go wrong, so careful testing would always be required for any development, low code or otherwise.

Under this proposal, the Council would introduce the Jadu Connect Customer Relationship Management system. The platform was a highly capable, cloud based, low code solution, providing comprehensive functionality and delivery options across multiple contact channels.

Whilst there were several alternative CRM systems available within the Local Government market, Jadu Connect was part of a wider software ecosystem, which the Council already partly used. The Council’s content management system and existing e-forms solution were both Jadu products (Jadu Central) and the Connect CRM component integrated directly with these.

The system included integrations for underpinning services such as email and text messaging (for customer updates), our e-Payments solution, the local land and property gazetteer and connectors to third party applications used by services and suppliers.

Jadu Connect also facilitated an authenticated, secure online customer portal, which could be used to provide onward authentication for other online Council services, without the need for separate passwords and identities.

Where the system was used to support services that already had specific line of business application (such as regulatory services who currently used Civica APP), in the short term, instead of trying to replicate and replace the functionality of those systems, the CRM would use integration interfaces to seamlessly push and pull information back and forth.

This significantly eased the introduction of the CRM, as back-office services would not typically need to learn how to use the system – they simply continued with what they had. It would also benefit Customer Services, who only needed to learn one system rather than multiple line-of-business applications to deal with a wider range of queries.

Longer term, it would be possible to replace some line of business applications with CRM workflow equivalents. This would however take time and would only be possible once the Change Programme had been established. Examples of where Councils had used the Jadu CRM to replace functionality of legacy applications could be found on their website.

For services that did not have a dedicated application to handle their work, the CRM could be used instead. The CRM included free licences that enable teams or suppliers to access a work management portal. This would provide information about outstanding tasks, prioritised accordingly, and provide facilities to update jobs, seamlessly updating the CRM and (potentially) informing the customer. This would avoid the need to email contractors or internal contacts and provide far greater visibility of workloads and progress.

To ensure the Council realised the most benefit from the CRM as soon as possible, it was expected that the timetable shown in Figure 7 at paragraph 1.4.9 to the report would be observed.

Typical Benefits of a CRM include improved Accessibility and Transparency. By using a CRM, our customers would be able to access enhanced Council services through the website, mobile app, and self-service provisions. This would help to ensure that customers could engage with the Council at their convenience, whenever, wherever, and however they choose. This could potentially reduce demand for other channels (such as telephone and face-to-face) which were typically only accessible during office hours on weekdays.

Additionally, customers would be able to submit service requests, report issues, and track progress in real-time through the introduction of an authenticated online portal. This transparency and accountability could ultimately help to build trust and confidence in the council's capacity to address customer concerns promptly, leading to improved satisfaction. It would also reduce the likelihood of queries being left unresolved.

Introducing a CRM would enable the Council to develop a holistic view of each customer, such as their typical service needs, communication preferences and historic interactions. Such comprehensive understanding might empower Council staff and services to provide personalised and timely assistance, resolving queries and concerns more efficiently.

The CRM would also act as an aggregator of requests, meaning that a journey which was commenced via one channel could easily be picked up via another. A customer's journey would be significantly more consistent as the processes used to manage an interaction that began online for example, would be the same as those used by a customer service officer over the phone or face-to-face. This would virtually eliminate channel and service silos.

The CRM system would enable the Council to manage all customer cases effectively, including inquiries, complaints, and service requests. This case management capability would eliminate the possibility of customer queries being left unresolved as each service would ultimately have a constant, real-time view of outstanding caseload. Unless a query was dealt with it would remain outstanding.

As shown in figure 8 at paragraph 1.5.9 in the report, this enhanced case management could also significantly improve how Customer Services deal with enquiries – particularly those chasing progress. In contrast to figure 3 to the report, not only was the finding of information much more efficient, but the customer could do it for themselves.

The centralisation of case management data also meant that staff would be able to collaborate much more effectively. If, for example, a customer contacted the Council to ask what was happening with their request, that information would be readily accessible, seamlessly, and efficiently. This could help services to prioritise tasks, set realistic timescales for resolution and improved demand management, as less staff and customers "chase updates".

In time, the data contained within a CRM system would help the Council to more accurately forecast service demand, allocate resources and optimise workforce scheduling. This would facilitate a more proactive approach, ensuring that the Council could meet customer expectations and maintain service quality, but also minimise operational costs.

The waste service as shown in table 1 to the report was a good example of this, which experienced significant peaks in demand for Garden Waste subscriptions at certain times of the year. By using the CRM, not only was it possible to gather information about how customers were completing transaction, but also when. From this data, it was easy to forecast that calls peak between April and August, so if more resource was required to meet demand, it would only be short term.

Enhanced automation and digitalised processes would also facilitate the CRM system eliminating manual and repetitive tasks. Ultimately this might free up staff time, allowing them to focus on higher value activities, such as engaging directly with customers who had greater need, problem management processes to resolve repetitive issues and service development.

It might also have meant that in some instances, fewer staff were needed to meet demand. Where this happened, the Council might have an opportunity to make savings by redistributing or retraining staff into other roles (avoiding additional recruitment) or by retaining the post. Options to deal with such situations would be comprehensively worked on as part of the Change Programme, in conjunction with the Council's Human Resources team and staff unions.

CRM system would ultimately capture large quantities of customer data, providing valuable insights into preferences and service demand. When combined with other sources of information, these insights might enable the Council to make better informed decisions. This could result in service improvement, better resource management and more informed policy.

The CRM would also be a hive of performance information that could be used to evaluate how effectively services were delivering for customers and as an early warning mechanism if customers were experiencing problems. Any data recorded in the CRM could be used to measure performance, both retrospectively as generated reports and, in real time through performance dashboards. Reports could be easily automated and could range from very generalised data across the whole Council, to granular details for a specific service request, service area or geographical zone, such as a ward.

Figure 9 at paragraph 1.5.18 to the report showed a heatmap of fly tipping within an area.

An example of how CRM data could be used to gain insight was shown in Figure 9 to the report, where Merton Borough Council used CRM data, combined with address data from its Local Land and Property Gazetteer to produce a heat map of fly tipping across its geography. Whilst this was by no means a new reporting technique (the source document was nearly five years old), it was highly informative. This would not currently be easily achievable for WDC as an interactive report, because of how the Council collected service interactions.

The insights gained from the CRM might also allow the Council to greatly improve how it communicated with customers – allowing officers to personalise messages with relevant information based on the customers desires and past behaviours. Importantly, unlike commercial organisations where the goal was to generate profit, WDC's goal was to enhance the wellbeing of our communities and empower our citizens to make the best use of our services.

Warwick District Council had previously attempted to implement two CRM systems; starting with Siebel (independently) and following with Northgate Customer Access (as part of the Warwickshire Online Partnership). Neither of these systems were entirely successful (evidenced by the fact that WDC no longer had them) and were hampered by typical problems of their time:

- *Fragmentation*
  Early CRMs struggled with integration as they were typically siloed with limited options to push data in or out. Other line-of-business applications also had these limitations, hindering data sharing, collaboration, and the ability to provide seamless, integrated services.
- *Resource*

Implementing and maintaining early CRM systems incurred substantial costs and specialist resources. Budget constraints were often a limiting factor, but particularly during the period of austerity, starting with the 2008 financial crash.

- *Effecting Change*
  The Council's previous CRMs weren't intended to transform services but instead to transform access. This was quite successful but was ultimately not enough to create lasting benefits as the outcomes were simple another route into a service.

The legacy of those systems was still present in the Council today and needed to be overcome. The CRM implementation project would have to carefully consider how it was introduced to services, ensure that delivery is "end to end" and that tangible benefits were identified and delivered as part of a planned roll out. This would not be easy, but it was necessary.

Councillor Harrison proposed the report as laid out.

Resolved that

(1) the report content, be supported;

(2) the recommendations to procure the Jadu CRM system and implement this as part of the Council's Change Programme, be agreed; and

(3) authority be delegated to the Head of Customer and Digital Services in consultation with the Transformation Portfolio Holder to procure the Jadu Connect CRM system providing the costs are within 10% of those indicated within the report.

(The Portfolio Holder for this item was Councillor Harrison)
Forward Plan Reference 1,413

106. **Q3 Budget Update 2023/24**

The Cabinet considered a report from Finance which provided an update on the current financial position as at 31 December 2023, providing a full year forecast for the 2023/24 financial year, and for the medium term through the Financial Strategy. Key variances and changes were highlighted with some recommendations also put forward.

The Council's Corporate Strategy made a clear commitment to ensure continued financial sustainability. To contribute this priority and the Council's medium-term financial strategy, there would be an organisational change programme, which would set out the approach and timeframe to achieve financial efficiencies needed. The change programme business case - the case for change, would be presented to Cabinet in March 2024 for approval. The change programme would have senior Cabinet and Officer sponsorship and oversight.

A full review and full year forecast had been completed by all Cost Centre Managers to estimate the total financial commitment for the current year. Accountancy had supported managers in the preparation of these figures. As at 31 December 2023 (end of Quarter Three) there was a favourable forecast variance of £0.259m, which after adjustment for Reserves and proposed EMR’s was an adverse variance of £1.250m for the 2023/24 financial year to 31 March 2024.

Department / Portfolio	Budget £000	Forecast Q3 £000	Variance £000
Customer & Digital Services	733	834	**101**
Finance	1,688	879	**(809)**
Housing Services - GF	3,462	3,037	**(425)**
Neighbourhood & Assets	8,658	9,090	**432**
People and Communication	74	162	**88**
Place, Arts & Economy	13,002	13,494	**492**
Safer Communities, Leisure & Environment	5,964	5,989	**25**
Strategic Leadership	1,808	1,645	**(163)**
General Fund Total	**35,389**	**35,130**	**(259)**

The below charts showed the breakdown of the Quarter Three variance once adjustments to Reserves and proposed Earmarked Reserves for projects that had slipped from the current financial year to next financial year had been accounted for.

The chart showed a comparison from Quarter Two (blue) to Quarter Three (Green), this showed that once slippage had been removed (EMR etc) that the overspend in the GF has been stable between Q2 & Q3.

All Earmarked Reserves would be requested as part of the Quarter Four, Outturn Report to Cabinet once the Accounts had been closed.

Department / Portfolio	Q3 Variance £000	GF Volatility Reserve £000	Other Reserves £000	EMR £000
Customer & Digital Services	101	101	0	0
Finance	(809)	(809)	0	0
Housing Services - GF	(425)	(425)	0	0
Neighbourhood & Assets	432	1,432	0	(1,000)
People and Communication	88	63	25	0
Place, Arts & Economy	492	648	0	(156)
Safer Communities, Leisure & Environment	25	185	0	(160)
Strategic Leadership	(163)	55	32	(250)
	(259)	**1,250**	**57**	**(1,566)**

Department / Portfolio	Q2 Variance £000	GF Volatility Reserve £000	Other Reserves £000	EMR £000
Customer & Digital Services	405	405	0	0
Finance	(715)	(715)	0	0
Housing Services - GF	(1,320)	(1,320)	0	0
Neighbourhood & Assets	1,339	1,339	0	0

People and Communication	62	37	25	0
Place, Arts & Economy	1,221	1,221	0	0
Safer Communities, Leisure & Environment	84	244	0	(160)
Strategic Leadership	(476)	90	40	(606)
	600	**1,301**	**65**	**(766)**

Department / Portfolio	**Other Reserves**	**Q3 £000**
People and Communication	Working for Warwick Reserve	(25)
Strategic Leadership	Other Commuted Sums Reserve	(32)
	Amount to / (from) Reserve	**(57)**
Department / Portfolio	**Earmarked Reserves (EMR)**	**Q3 £000**
Neighbourhood & Assets	Demolition of Covent Garden Car Park	1,000
Place, Arts & Economy	The Local Plan	156
Safer Communities, Leisure & Environment	Abbey Cycle Path	160
Strategic Leadership	Barford Youth and Community Centre	250
	Total EMR for 2024/25	**1,566**
Department / Portfolio	**Other Reserves**	**Q2 £000**
People and Communication	Working for Warwick Reserve	(25)
Strategic Leadership	Other Commuted Sums Reserve	(40)
	Amount to / (from) Reserve	**(65)**
Department / Portfolio	**Earmarked Reserves (EMR)**	**Q2 £000**
Safer Communities, Leisure & Environment	Abbey Cycle Path	160
Strategic Leadership	Trees for Future	606
	Total EMR for 2024/25	**766**

A summary by Portfolio of major variances was provided in section 1 of the report.

Salary Costs (General Fund)

As part of the Vacancy factor process for Q3, a full year forecast of all Salary budgets had been completed and the Vacancy factor calculations had been made. This forecast that 100% of the for General Fund Vacancy Factor (£1.132m) had been met. The current forecast variance for the year was a surplus of £0.428m. This surplus had been partially offset against the Agency spend.

Agency use was forecast over budget by £0.725m. A further review on the use of agency staffing would be carried out as part of a wider review into long-term vacancies held by the Council, forming part of the ongoing work in improving recruitment.

Customer and Digital Services

The previously reported data showed an increase in Homelessness Rent Rebates for which the authority did not receive full government subsidy. The number of residents claiming this allowance, and the duration for which they claimed it, had increased in recent years, while the subsidy had remained at a level set back in 2011 (Local Housing Allowance Rate). Further work would take place to look at the accommodation in which people were placed, and whether there was more that could be done to reduce durations, particularly in accommodation such as hotels and B&B's which were not fully reimbursed by the subsidy.

Digital by Default savings were not realised in year, and this had been previously reported. The original plan to introduce Arcus system with the Authority had been withdrawn as agreed by committee report completed by the Head of Service.

There had been difficulties in recruitment for CSA posts within the Warwickshire Direct service area. Recruitment for a vacant post was ongoing.

Microsoft License Renewal was overestimated in the Q2 report. Actual figures now forecast based on what was due in year. Original budget and estimate included next year's costs.

<u>Finance</u>

At budget setting in February 2023, contingency budgets were set to mitigate the unknown rising costs of contracts linked to inflation. These were held and managed centrally by the Head of Finance. In Q1, the contingency budgets had been forecast to offset some of the increased expenditure reflected in the report. In Q3 General Contingency had been realest as fully utilised in year. This information had been previously reported.

Increased cost of External Audit for the completion of the 2021/22 Statement of Financial Accounts had been previously reported, this was partly due to the additional work required due to the change of Financial System mid-year of 2021/22, and extra scrutiny required from our External Auditors.

The actual spend for Energy Rebate Discretionary scheme forecast within the Revenues team where spend occurred.

<u>Housing Services – General Fund</u>

The Council had received an increase in grant for Homelessness Advice, which would be used in conjunction with previously allocated budgets within the homelessness service. The grant was ring-fenced to support the delivery of this specific service. The revised forecast had reduced the original underspend of budget based on actual spend and commitments to date.

The activation of SWEP (Severe Weather Emergency Protocol) on a number of occasions had led to an increase in use and cost of the provision of Bed & Breakfast for Temporary Accommodation.
HMO License renewals in year exceeded the budget, therefore forecast was updated based on actuals income received.

Neighbourhood and Assets

There had been a loss of income due to the closure of Covent Garden Car Park (only the surface car park remained open) of £0.230m. The closure of Linen Street car park meant no charges would be made in year, but there were still ongoing costs for the car park of £0.050m as the basement was still used by tenants. Other car parks in Leamington had their income projections increased, totalling £120k, as part of assessing data from this year to date and last year, with a driver of this being the displacement of vehicles from Covent Garden. As part of the 2024/25 fees and charges process due to commence at the start of September, a comprehensive review of our Car Parking portfolio would be carried out (Previously reported).

The demolition of Covent Garden Car Park had been delayed until the next Financial Year. This budget would need to be available as an earmarked reserve in 2024/25.

The original budget set in February 2023 estimated that WDC would move out of Riverside House in June 2023. The additional running costs for continuing to occupy Riverside House for this financial year were previously reported.

The cost to relocate offices from Riverside House to Saltisford in Warwick, the Town Hall and the Pump Room in Royal Leamington Spa were predicted to be underspent, this forecast was based on spend and commitment to date on the project.

The revised income projection for crematorium fees was based on current activity. This adjustment had been reflected within the Fees & Charges report for 2024/25 and was more realistic to the income the service would receive in this financial year and next.

There was significant downturn in numbers of new graves being purchased. Existing family plots were being used for burial of cremated remains rather than new plots for full burial.

It had been confirmed that WDC would receive Dry Waste Income form the new Sherbourne MRF. This would come into effect in the last quarter of the year. A prediction of income had been incorporated into the Forecast for Q2, once sales were made this would be reviewed and adjusted if required. At Budget setting the overall budget was not set high enough, based on information received from third parties, thus showing an overspend. This service was expected to match estimated cost within the year. The Budget issue would be resolved in Budget setting 2024/25.

Higher Contract cleaning costs for public conveniences than current budget. This was in line with current contract and Future Budgets would be reviewed to ensure correct funding going forward.

Underspend forecast in overall PPM budget was based on actual work and commitments to date. Repair & Maintenance costs were showing as slightly over budget for the year. This was the first year of centralising these budgets within the Financial Management System (FMS) to allow better financial management by the service leads. Further development to continue reporting within the FMS to develop reports on usage and financial performance on a monthly basis.

Budgeted Income not achieved in year as Grant not relevant for this financial year, this was to be reviewed in future budgets. Additional License and planning expenditure in year.

People and Communications

There had been reduced external printing income and reduced internal income from printer clicks estimated in year, this had been partially offset by reduced printing expenditure. Additional costs after HAY review had been included in the forecast and would be revised in Budget Setting 2024/25.

The centralised Occupational Health Budget was showing a forecast over budget, this estimate was based on the costs for last financial year, which were higher that agreed budget.

Due to the profile of current Apprentices, there was a surplus forecast within apprenticeship salaries. This related to new apprentices being employed at initial programme rates.

Budget to be wired into this account from underspend in previous year Applause Box, this was not completed in the accounts until the 2022/23 closedown had been completed.

The centralised Legal service for employment was projecting an overspend in year based on current actuals and know commitments, this was the first year holding this budget centrally which would allow more accurate forecasting / budgeting in the future.

Place, Arts and Economy

Planning fees had reduced income based on current performance at Q3. This had improved slightly from Q2 and a lack of larger planning applications through the first half of the year had reduced the Outturn forecast. From 1 April 2024, new legislation allowing the increase in planning fees of 25% for small applications, and 35% for larger application would increase the value of planning income, although the current predictions show this would not meet Budget and would still show under achieved. Within the Service large Staff Agency cost continue which compounds the financial position with the reduction in income. Further review within this service was required for Budget Setting 2024/25 on both cost and income to ensure that it was with Budget constraints.

Building control reduction of income due to the service provision provided for Daventry returning to West Northamptonshire Council. This had been partially offset by a reduction in service delivery costs.

Due to the partial closure of the Town Hall for development, a loss of income had been forecast of £0.055m as the Council was unable to hire space out during this time.

The Women’s cycle tour due to take place in 2023 was unfortunately cancelled. Therefore the £0.030m budget in place would not be used in year. The event was scheduled to go ahead in 2024, and so it was expected that the budget would be carried forward to support this taking place.

New contract for Softcat install equipment and managements fees were included within this forecast. This would be reviewed for budget setting 2024/25. Loss of rent and able to relet space at the Creative Quarter.

The Royal Spa Centre had overachieved its income targets this year, which was helped by a very successful Christmas pantomime in 2024.

The Local Plan budget had been set aside to support a programme of work on the South Warwickshire Local Plan (SWLP) over several years. An estimate of costs was made when the SWLP was commenced in 2021, recognising that it would be needed over the lifetime of the project. Work was proceeding at pace on the SWLP and, to date, costs had predominantly related to the cost of preparing the evidence base and public consultation. A revised timetable for the SWLP was agreed in November 2023 and this saw the SWLP being adopted in 2027. This project was also being funded by Stratford-on-Avon District Council and costs were being shared between the two authorities.

<u>Safer Communities Leisure and Environment</u>

Green Spaces had Extensive works required in the maintenance of our outdoor paddling pools. £0.021m reduction of income from sponsorships and sales of hanging baskets.

In terms of the Abbey Field Cycle Track, budget from New Homes Bonus in 2023/24 would not be used, this was to be deferred to 2024/25.

Increase in staffing costs within the Community Safety Team were approved by ERF to cover sickness. There was a reduction in Salary and overtime costs and full utilization of previous years EMR for staffing.

The Bowls income budget was unachievable, this would be reviewed at budget setting 2024/25.

<u>Strategic Leadership</u>

This was dependent on the use of SDC Legal Services by the whole Council. The transition from WCC to SDC legal from 1 April 2022 was on the basis of a 60/40 split, this was fairly new and there would be a review and challenge of this agreement to ensure the split is reflective.

This Spend would be slipped into early part of next year due to delays in approval of plans, no expected expenses in 23/24. An Earmarked Reserve would be required to transfer this money into the new financial year.
This was a long on-going project; the forecast was an estimate based on expected costs for existing work for 23/24. The remaining Budget would be requested by Embarked Reserve to transfer into the new financial year.

Staffing cost increased to include Climate Change Projects and Delivery Officer. This post and overspend was to be funded by approved S106 funds.

Variations had been identified by the Accountancy Team in conjunction with the relevant budget managers, giving a full year Surplus variance of £0.883m.

Department / Portfolio	Budget £000	Forecast Q3 £000	Variance £000
Housing Services - HRA	0	(583)	**(583)**
HRA Total	**0**	**(583)**	**(583)**

A summary of major variances was provided in section 1.2.1 of the report.

As part of the Vacancy factor process for Q3, a full year forecast of all Salary budgets had been completed and the Vacancy factor calculations had been made. This forecast that 100% of the for HRA Vacancy Factor (£0.235m) had been met. The current forecast variance for the year was a surplus of £0.011m.

Housing Central Heating – Revised forecast based on actuals to date and work completed for new year budget setting showed Gas budgets previously set to high based on last year's predictions. The current forecast was based on new contract uplifts and at a more realistic spend.

Stock Survey project for 100% HRA assets were underway and would continue past the end of the financial year. Underspends in this year expected to be brought forward in the new financial year when surveys would be completed. Right to Buy Admin – Reduction in legal fees charged directly to the service.

The MTFS was last formally reported to Members in February 2024 as part of the Budget setting and Council Tax setting reports. At that stage the profile of revenue savings to be found was as follows:

	2023/24 £000	**2024/25 £000**	**2025/26 £000**	**2026/27 £000**	**2027/28 £000**
Deficit-Savings Req (+)/Surplus (-) future years	0.759	4.475	2.434	(0.250)	(0.903)

In light of the variations highlighted in the report, the MTFS was updated as outlined below:

	2023/24 £000	**2024/25 £000**	**2025/26 £000**	**2026/27 £000**	**2027/28 £000**
Deficit-Savings Req (+)/Surplus (-) future years	1.250	4.475	2.434	(0.250)	(0.903)

Variances highlighted at Q3 that were recurrent, (housing benefits / waste contract), or were linked to ongoing decisions (Relocation project), had been taken into account in the new financial year budget setting report approved at Cabinet in February 2024.

Officers were continuing to review ways of reducing the deficit, including income generation, service efficiency and cost saving schemes.

Capital forecasted a reduction in funding requirement in year of £7.163m for General Fund and £4.651m for HRA. A full breakdown of Capital Variances was shown in Appendix 1 to the report.

The table at 1.5.1 in the report presented the latest summary of available reserves. This reflected non committed, and non-ringfenced balances as at Budget Setting reports approved at Cabinet February each Financial Year, and ranges from 1 April 2020 (Showing previous three years and current year) up to 1 April 2028 (the period covered by the current MTFS).

This was subject to the final outturn of 2022/23 financial position, which was being completed as part of the draft statement of accounts process and to be reported to Cabinet.

All reserves did not include any adjustments in relationship to the final position of the 2023/24 (Current year) financial position. Graphs showing the general fund reserves were shown at paragraph 1.5.1 to the report.

The Overview & Scrutiny Committee thanked officers for the detailed and comprehensible report. The Committee supported the Finance Team's strategy to work with budget managers to improve budget management to smooth volatility and reduce peaks. This would result in a more measured view of what was going on.

Councillor Chilvers proposed the report as laid out.

Resolved that

(1) the latest current year financial position for (General Fund £0.299m Favourable (£1.250m adverse once adjusted for Reserves & EMR's) and Housing Revenue Account £0.583m Favourable, with the key variations that drive these positions, be noted;

(2) the impact on the Medium-Term Financial Strategy (MTFS) due to changes detailed within the report, and how these changes are expected to be accommodated, be noted;

(3) the ongoing forecast deficit outlined in the MTFS is reviewed further as part of a later report to Cabinet once proposals for tackling the deficit have been developed, be agreed; and

(4) the current capital variations for schemes originally approved in February 2023 and approves all changes, be noted.

(The Portfolio Holder for this item was Councillor Chilvers)

107. **Annual Governance Statement 2022/23**

The Cabinet considered a report from Finance which set out the Council's Annual Governance Statement for 2022/23 describing the governance arrangements that were in place during the financial year. The Statement would accompany the Council's Statement of Accounts.

Members had responsibility for corporate governance, of which the Annual Governance Statement was a key document.

The Overview & Scrutiny Committee did not scrutinise this report at the meeting but made comments to Cabinet.

The Committee expressed concern about the lateness in signing off the AGS which the Head of Finance explained was linked to the delay in signing off the Council's Statement of Account and he explained how this would be overcome in the future with a backstop date being agreed.

The Committee requested that the AGS should be produced sooner in order to support a strong focus on governance.

An addendum circulated prior to the meeting advised of the most up to date and signed version of the Annual Governance Statement.

Councillor Davison proposed the report as set out.

Resolved that the Warwick District Council Annual Governance Statement 2022/23 as set out at Appendix A to the report and additional recommendations contained in the addendum, be approved.

(The Portfolio Holder for this item was Councillor Davison)

108. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraph of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minutes Numbers	Paragraph Numbers	Reason
109, 110	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

109. **Land at Fusiliers Way**

The recommendations in the report were approved.

(The Portfolio Holders for this item was Councillors Chilvers and King.)
Forward Plan Reference 1,432

110. **Confidential Appendix to Item 5 - Changes to the Constitution**

The confidential appendix was noted.

111. **Confidential Minutes**

The Chairman informed the Committee that this item was added to the agenda in error and there were no confidential minutes to be considered.

(The meeting ended at 7.00pm)

CHAIR
10 April 2024