

# **Executive**

Minutes of the meeting held on Thursday 3 September 2015 at the Town Hall, Royal Leamington Spa at 6.00 pm.

**Present:** Councillor Mobbs (Chairman); Councillors Coker, Cross, Gallagher, Grainger, Phillips, Shilton and Whiting.

**Also present:** Councillor Ashford, Councillor Barrott, Chair of Finance & Audit Scrutiny Committee, Councillor Boad, Chair of Overview & Scrutiny Committee, Councillor Mrs Falp, Whitnash Residents' Association (Independent) Observer; and Councillor Parkins (Labour Group Observer).

## **32. Declarations of interest**

There were no declarations of interest.

## **33. Minutes**

The minutes of the meeting held on 29 July 2015 were agreed as written and signed by the Chairman as a correct record.

### **Part 1**

(Items on which a decision by Council is required)

Nil

### **Part 2**

(Items on which a decision by Council is not required)

## **34. St Mary's Lands**

The Executive considered a report from the Chief Executive that updated Members on the latest position in respect of the work on the St Mary's Lands (SML) area of Warwick. This was a key project of the Council and the report proposed a number of steps to help move this work forward.

In November 2014 the Council considered a petition in respect of SML and resolved that:

- the Council notes the petition and that also a master plan for St Mary's Lands has yet to be developed;
- the development of the master plan be undertaken involving a reconstituted working party, including two representatives of the Friends of St Mary's Lands Group;
- the resultant draft master plan be the subject of widespread public consultation; and
- only following all of the above would a decision come before the Executive to be made on the master plan.

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This followed a decision made by the Executive on the 1 October 2014, attached at Appendix 1 to the report, in relation to several matters being progressed.

In response to the Full Council decision and following a reallocation of work at CMT level, the Chief Executive called a meeting of the reconstituted Working Party on 27 February 2015. Another meeting was to be arranged but delays occurred initially whilst trying to find suitable dates; then the impact of the election results caused further delay as there was only one Councillor on the Working Party remaining from before the election and nominations were still being sought; and then the impact of the summer holidays. All these factors had combined to cause a significant delay in progressing work on a master plan.

In addition, the February 2015 meeting highlighted the very high extent of antipathy between a number of the attendees, making the Working Party as the engine to drive the preparation of the master plan for SML, very fraught and difficult. It was suggested therefore that, to help address this matter and to drive forward the work of developing a new master plan and to make up for lost time, a different approach was needed. In essence the proposal was to re-engage the consultants, Plincke, who had assisted the Council in the original work on a Strategy, Regeneration Masterplan and Management Plan from 1999 to 2006. The Company and personnel had the background knowledge, experience and independence to assist with a more facilitative, rapid and inclusive development of the work needed, which were not otherwise available within the Council.

The proposal was in 3 stages: (i) to review; (ii) to understand the issues; and, (iii) to build a consensus. These were explained in more detail at Appendix 2 to the report. A fourth stage could be anticipated once the outcome of the first three stages was complete. It was estimated that these stages would cost up to £20,000 and could be funded from the Service Transformation Fund which had £589,000 available. If a fourth stage was required, further consideration and agreement would be needed as to how this was to be funded and procured. The timeframe for this work meant that it was due for completion in January/February 2016. It was envisaged that the Working Party would re commence and would oversee the work of the consultants.

Since the discussion at Full Council in November 2014, a number of other elements had progressed and required decisions to be made by the Council in advance of agreement of an overall master plan. These related to; Racing Club Warwick Football Club, improvements to two Council owned football pitches, installation of a children's play area, Warwick Corps of Drums and Warwick Racecourse.

Under the terms of its 1992 lease, Racing Club Warwick Football Club, RCWFC had the right to renew for a further 21 years. This right had been exercised and a new lease was completed in June 2014. The only issue that remained outstanding was the amount of rent to be paid. This matter has been discussed by the representatives of RCWFC and Warwick District Council and was the subject of a separate report on this agenda.

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The report to the Executive in October 2014 stated that RCWFC had developed its own proposals for consultation. These were as follows:

1. An all-weather pitch is created;
2. New changing-rooms, showering facilities and other functional rooms are created;
3. The Clubhouse is improved to offer an attractive function room for the local community.

The then representatives of RCWFC had worked very constructively on the previous Stakeholder Group which led to a decision that, to help RCWFC achieve its ambitions, the Council's officers should provide the necessary support to assist with any funding bids. This came to an unfortunate end in March 2015 when a proposed report seeking a way forward had to be withdrawn because of a clear difference of views with the then RCWFC Chairman.

The back drop to that situation was that for a considerable period of time (since 2009) relations between RCWFC and the Council had not been amicable and no progress on any of the matters had been made other than, more recently, on the lease issue.

However, after the events in March this year, a dialogue re-opened with newer members of the RCWFC's Committee and in July the Leader of the Council received a letter from the new Chairman of RCWFC who was leading what was effectively a new Committee. New Trustees were planned at the time of writing this report. This letter, attached at Appendix 3 to the report, sought a new and better relationship with the Council, putting aside old differences, including removing threats of legal action, which had stymied relations for many years. This positive approach deserved recognition and an appropriate positive response from the Leader of the Council and Chief Executive.

The letter also set out the wide range of community activities RCWFC ran and wished to expand. However, it also made clear that RCWFC needed considerable help to develop its community hub work, especially with young people, and its sporting activities. This was against a backdrop of poor facilities and very limited revenue finance available. Its accounts for the last financial year have been shared with Council officers.

This new positive approach from RCWFC had led to several meetings with officers, offers of advice, re-establishment of relationships with the Birmingham County FA and constructive discussions about what was needed to help take RCWFC forward on a more sustainable basis. RCWFC was also widening its engagement with other organisations and, for example, was discussing charity matches with UNICEF and Warwick Castle.

As a matter of urgency a range of minor works were needed to keep RCWFC operational in the short term for which they have asked for £20,000. It was suggested that as a gesture of support, the Council should agree to this request to be funded from the Contingency budget which had £215,000 available.

A matter arose when officers met with the new officials of the club concerning a number of outbuildings. There was a large portacabin on site, formerly owned and used by the boxing club (no longer in existence). The portacabin was not RCWFC's responsibility but was clearly being impacted by its derelict state and by its risk as a community safety nuisance and hazard. It was proposed, therefore, that as the freeholder of the land upon which it stood, the Council should remove the building; make good the ground (levelling and tarmac) and fence the area off to protect the area from further nuisance. Whilst doing this, officers felt it made sense, and achieved economy, to remove some other derelict buildings on site at the same time. The existing building layout, and as proposed after removal, were shown on the plan at Appendix 4, to the report. Prices from contractors indicated a cost of £55,000. This work would require a prior approval notification, already actioned, as the buildings were in a Conservation Area and to ensure there was no risk legally, the prior agreement of RCWFC's Trustees. This work could also be funded from the Council's Contingency Budget.

Discussions with officers and visits to the site had highlighted a number of critical issues with RCWFC's facilities which could have a serious impact on its future. One formal complaint from a match official about the state of its facilities had already been received this season and a Football Association Inspection was due shortly. Should RCWFC fail its inspection, this could lead at worst case to relegation for next season or immediately. The impact of this upon an F.A. Charter Standard Community club was that it would need to focus on raising the standard of the senior team to the detriment of its work with its youth teams and the wider community. This would undermine the approach that it was presently trying to develop as a community and sporting hub for the local community. At very worst case it could lead to the club folding and the Council then having to take responsibility directly for maintaining the ground. In such a scenario, the Council would no doubt be liable for investing to upgrade the facilities since the rent level was so low that a rent reduction incentive in exchange for capital investment was not a viable proposition.

The condition of the sporting facilities was clearly poor and without immediate investment the continued operation of the club was at risk. Left as it was, the ground would reflect poorly as much on the Council as on the previous administration of RCWFC. Essentially, a number of things needed to be put right and quickly; replacing the dug outs – which did not conform to FA requirements, replacing the flood lights – which were no longer technically repairable, and replacing the changing rooms.

Planning permissions and perhaps other statutory consents would be required and therefore some fee cost, a project resource, as well as a contingency would be needed. Costs were estimated to be in the region of £250,000.

RCWFC would be able to apply for grant aid to a number of bodies. The various eligible funds should be investigated and then the Council could consider how much might be needed to help with match funding. For example, RCWFC had in effect a pre-allocation from the Football

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Association under its Stadium Improvement Facility Fund of up to £100,000 but match funding of at least 30% was required. It was suggested that such match funding be considered also in the context of a sound and credible business plan.

Alongside the ground improvements, this RCWFC had altered and updated its constitution; it was looking to appoint new Trustees; and, it wanted to develop a sound and credible business plan to put itself on a more sustainable financial basis so that it could more effectively operate as a local sporting and community hub. The lease it now held enabled it to consider the use of the former Cadets building and in this respect they wanted to apply for planning permission for a children's nursery which they hoped to sub-let to generate a financial return.

As well as making a financial contribution, the Council could also aid RCWFC by:

- Assisting with raising funds from other sources (e.g. Football Association, King Henry VIII Charitable Trust, etc.) towards the costs;
- Agreeing that its property staff manage the building works and contracts, if required in connection with recommendation 2.5 of the report but for which financial provision would be needed;
- Agreeing to give landlord's consent to the necessary alterations referred to in recommendation 2.5 of the report and elsewhere in this report subject to the prior submission of appropriate details;
- Agreeing to seek all appropriate statutory consents, including planning permissions, for the works described in this report where the club required such help.
- Agreeing to licence the land shown as area "X" on the plan attached at Appendix 4 to the report for a nominal fee of £1 to RCWFC on an annual basis to allow the club to use it for "children's sporting activities", the club to be responsible for any works or alterations needed (and cost thereof) to make the land appropriate for such use.

There were two Council owned pitches in the centre of SML that experienced poor drainage which limited their use by the community. They were often rented by RCWFC or other clubs but only when playable And the drainage needed to be improved. More detailed work needed to be undertaken to establish the cost and what works specifically were needed. It was proposed that officers undertake this work with a view to a proposal being put forward for consideration by Members for inclusion in 2016/17 financial year's capital programme.

Officers of the Council's Green Space team had been looking for a site for a children's play area to serve the Forbes Estate. The proposed works to the RCWFC ground would free up some land, shown as "Y" on the plan at Appendix 4 to the report. Whilst this was on the other side of Hampton Road to the Forbes Estate, as RCWFC was developing itself as a community hub for that estate in any case, it could make sense to bring community activities together. This site should therefore be considered as part of the master plan development. It could be paid for by S106 monies or similar when available.

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At the Executive meeting of 16 April 2014 it was decided that if RCWFC was not prepared to agree to the Cadets constructing and occupying a new building on the land under their (RCWFC's) lease, then all negotiations with RCWFC were to end and instead negotiations begin with Warwick Corps of Drums to enable the Cadets to build a new facility on the land currently under the Corps of Drums' lease. As RCWFC was not prepared at that time to agree to Executive's request then attention turned to the alternative option for the Cadets to be accommodated on the Corps of Drums site.

The planning application was successful but owing to projected cost over runs the Cadets were now looking to locate their facility on Aylesford School and now had planning permission for their proposed new site. The matter was now at the stage where the Secretary of State for Education's consent was being sought for the location of the facility on a school playing field. This Council was also seeking a legal agreement to protect its investment. Both processes would need completion before construction can start on site. It was not currently possible to give a timetable for such works being complete.

As a key stakeholder, Warwick Corps of Drums had developed its own proposals for public consultation. The proposals were as follows:

1. Structural improvements be made to deal with the building's water penetration;
2. Investment be made in the fabric of the building to provide better insulation;
3. Internal improvements to the building be made enabling multi-use;
4. The toilet and showering facilities be upgraded.

As part of the work to support the negotiations between Warwick District Council, Warwick Corps of Drums and the Cadets, officers undertook building survey work on behalf of the Corps of Drums to enable them to determine how much investment would be required to undertake the changes described in the proposals. A rough estimate of costs at that time was £155,000.

The Corps of Drums was a registered charity and so would have access to a number of grant schemes that could deliver the improvements to its building. Council officers had worked closely with the organisation, supporting them in establishing building improvement costs, writing funding bids and general process facilitation. To provide the Corps of Drums with a start to lever in further funding, it was agreed at the October 2014 Executive to approve the release of £50,000 (a third of the anticipated necessary investment) from the Capital Investment Reserve to be administered by Deputy Chief Executive (AJ) in consultation with the Portfolio Holder for Development Services.

Owing to the discussions ongoing with the Cadets there again had been a delay in progressing this piece of work but it was now probable that the Cadets would not now relocate to the Corps of Drums site. Consequently, the Corps of Drums had now progressed their own specific proposals. The Corps of Drums had submitted details, at Appendix 5 to the report, which it estimated would cost approximately £110,000. It was clear from

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parallel discussions, though not from the documentation submitted, that the Corps of Drums wanted to consider the use of part of the premises for other purposes, including a children's nursery. This would require planning permission and consent from OFSTED could also be necessary.

Given the lack of written detail of their ambitions and in line with emerging practice on other schemes where the Council was contributing significant financial support, the Council should amend the previous decision to delegate release of the funds and grant landlord's consent to the Chief Executive in consultation with the Cultural Services portfolio holder and the Council also required the following details:

- A sound and credible business plan;
- Confirmation that the rest of the project funding had been secured;
- Confirmation of quotes received;
- Completion of a grant acceptance form (as was recently agreed for the St Chad's Centre in Bishop's Tachbrook);
- A standard draw down process of council funds as a proportion of overall cost e.g. if Council contribution is 50% overall then at each submission of builder's invoices the Council paid 50%.

Previous reports to Executive had painted a picture of a racing industry that was undergoing seismic changes due to the changes in Bookmaking (and consequently the Levy received from Government) and the various other leisure opportunities available to the paying customer. In fact, over the period 2005 to 2011, the Levy contribution to Warwick Racecourse had reduced by nearly £0.5m to £413k (a reduction of over 50%). This then had a knock-on effect on the level of prize money that could be offered and consequently the quality and number of racehorses entered for races. The manifestation of these challenges had been seen in recent years with the closures of Folkestone and Hereford racecourses and the proposed ending of flat turf racing and laying of an all-weather circuit at Newcastle and Catterick respectively.

This was the landscape that had seen many British racecourses diversify into areas such as conferences, concerts and events because they could no longer survive as viable businesses on just their previously allocated 20-25 race days per year.

It was within this industry context, the failure to achieve planning permission for the hotel and the substantial investment that would be required to address concerns about the condition of the flat racetrack, that The Jockey Club (parent company of Warwick Racecourse) announced that after 307 years, Warwick would no longer host flat racing but solely jump racing. 17 race fixtures had recently been announced for the year ahead.

However, in order to pursue the business model based on the racecourse being for jump racing only, a number of physical improvements were absolutely necessary and indeed were a pre-requisite for the course continuing in operation. The course had had issues about the "ground condition" and about the curvature across part of the track giving rise to safety issues. In response it was proposed to extend the existing reservoir in the northern enclosure to allow for more water to be held to irrigate the course (this was in addition to the current works of repairs to

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the bank owing to damage by trees and removing silt) and to level the track from the start line up to the first bend on the eastern side, as shown on the Plan, at Appendix 6 to the report. The racecourse also wished to improve the entrance (i.e. the turnstiles) to the course. These alterations would require planning permission and so would be subject to public consultation but would also need Landlords consent which it was recommended should be given if planning approval was given. These proposals would represent an investment of several hundred thousands of pounds by Warwick Racecourse Company.

The Council could decide not to pursue any or only a selection of the proposals referred to in the report, or defer them until the master plan was prepared and agreed.

The Council could decide not to appoint consultants but it was clear that to take the master plan scheme forward by a facilitated approach needed an additional resource input to the work that the Council did not possess internally. The Council could decide to tender for the consultancy work but the procurement timescale involved would delay the master plan timetable much further into 2016.

The consequences of not taking those forward for RCWFC, the Corps of Drums and Warwick Racecourse or of delaying a decision was that it would place each of those organisations in jeopardy for their continued operation with far more risk and financial consequence to the Council. There could also be a harmful impact on the local economy especially in respect of the rejection of Warwick Racecourse proposals if it then then closed. The impact on the Council of the loss of all or any of these organisations would mean having to take on the responsibility for the properties without at this time having any clear alternative plan of action for them.

The Council could decide not to pursue the proposals for improvements to the two football pitches nor to identify the location for a play area but in respect of the former – the proposal in effect is simply to investigate further and bring a more detailed and costed project forward for consideration for the next financial year. In respect of the children's play area, officers had been seeking a site in the vicinity of the Forbes Estate without success and the timing of its identification was helpful coinciding with the development of a master plan for the area. Neither were outright commitments at this point in time.

The other option was to consider inviting the Cadets to return to their original premises on RCWFC ground and using the £400,000 allocated to their new scheme on the works set out in this report. However, an early investigation by officers had ruled out this option owing to the irreparable damage incurred to relations between the Cadets and RCWFC.

The Overview & Scrutiny Committee noted the report.

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members were mindful that this report was not only about Racing Club Warwick but recognised that this was a new start and a positive way forward for the club.



The Executive welcomed the comments of the Scrutiny Committee and agreed that this was a small step forward for this area of Warwick and a move to a more positive relationship with all relevant parties especially Racing Club Warwick.

The Executive therefore

**Resolved** that

- (1) the latest position in respect of St Mary's Lands (SML) as set out in this report, be noted;
- (2) a review, as per Appendix 2 to the report, of the Council's previous Strategy, Regeneration Master Plan and Management Plan from Plincke Landscape, be commissioned;
- (3) an exemption to the Council's Code of Procurement, be approved, to continue to utilise the previous experience from this consultancy, at a cost of up to £20,000 to be funded from the Service Transformation Reserve;
- (4) the review work is to be overseen by the St Mary's Lands Working Party;
- (5) the letter received from Racing Club Warwick Football Club (RCWFC) attached at Appendix 3 to the report, is welcomed by the Executive and authority is delegated to the Chief Executive, in consultation with the Leader of the Council, to draft and send a positive response;
- (6) RCWFC's request for emergency funding of £20,000, as set out in Appendix 3 to the report, be approved and funded from the Contingency budget subject to completion of a grant agreement letter and paying of invoices as per the Council's RUCIS arrangements;
- (7) removal of a number of derelict and potentially dangerous buildings, making good the ground and to properly secure the area by way of new fencing, as per the Plans at Appendix 4 to the report, be approved and funded, at an estimated cost of £55,000, from the Contingency Budget. The authorisation to proceed is delegated to the Chief Executive, in consultation with the Leader of the Council, and subject to them being satisfied on confirmation of changes in RCWFC's Trustees;

- (8) subject to the prior submission of, and agreement to, a sound and credible business plan; and, confirmation of changes to Trustees, the Executive agrees in principle to consideration of providing match funding for a programme of necessary works including:
- replacement dug outs;
  - replacement floodlights;
  - putting in place new changing rooms; and
  - fees, project resource and an overall contingency provision.
- (9) in addition, the Council should:
- Assist with raising funds from other sources (e.g. Football Association, King Henry VIII Charitable Trust, etc.) towards the costs;
  - Agree that its property staff manage the building works and contracts, if required in connection with recommendation 2.5 of the report but for which financial provision will be needed;
  - Agree to give landlord's consent to the necessary alterations referred to in recommendation 2.5 of the report and elsewhere in the report subject to the prior submission of appropriate details;
  - Agree to seek all appropriate statutory consents, including planning permissions, for the works described in this report where the club requires such help;
  - Agree to licence the land shown as area "X" on the plan attached at Appendix 4 for a nominal fee of £1 to RCWFC on an annual basis to allow the club to use it for "children's sporting activities", the club to be responsible for any works or alterations needed (and cost thereof) to make the land appropriate for such use;
- (10) officers investigate the causes of the poor drainage to the pitches in the centre of SML and work up and cost a scheme that would make the pitches playable in order that members can then consider whether a proposal should be considered for inclusion within its capital programme for next financial year (2016/17);
- (11) a proposal for the establishment of a children's play area on the land shown as "Y" on the Plan at Appendix 4, adjacent to the RCWFC ground,

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subject to the availability of Section 106 and other similar funds, will be considered within the master plan for SML;

- (12) the Executive modify the decision made in October 2014, from:

"That Executive agrees to make available £50,000 from the Capital Investment Reserve to be administered by Deputy Chief Executive (AJ) in consultation with the Portfolio Holder for Development Services, as a pump-primer to help facilitate much needed investment in the Warwick Corps of Drums building." to "That the release of £50,000 from the Capital Investment Reserve to the Warwick Corps of Drums and landlord's consent for the proposed alterations referred to in Appendix 5 of the report, is delegated to the Chief Executive and the Portfolio Holder for Cultural Services upon receipt of confirmation of the other necessary funding, a sound and credible business plan and that planning permission and any other statutory consents are obtained."; and

- (13) the proposals set out in paragraph 3.11 of the report by the Racecourse seek planning permission to make the course fit for use as a "Jump only" course and grants landlords consent should they be given planning approval, be noted.

(The Portfolio Holder for this item was Councillor Mrs Gallagher)

### 35. **Review of the Council's non-operational assets – Part A**

The Executive considered a report from the Deputy Chief Executive (BH) that set out the outcome of a review, by the LLP, of Council owned non-operational assets, as approved by the Executive in November 2014.

There was a separate Part B report on the agenda that set out specific recommendations arising from this work that were commercially confidential and the two reports were read in conjunction.

The Executive considered and approved a proposal to create a Limited Liability Partnership (LLP) between Warwick District Council and Public Sector PLC (PSP) in December 2012. As a result, the Warwick LLP was established in early 2013 as a vehicle to unlock regeneration and assist the Council's asset management.

The list of the significant assets (including Housing Revenue Account (HRA) owned non-residential assets) that the Council owned was set out at Appendix One, to the report. Various initiatives were already underway

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to review the majority of the operational assets so the LLP's review was restricted to those non-operational assets highlighted in bold. The Council's non-operational portfolio of assets generated approximately £900,000 per year in rental income. The LLP was asked to review this portfolio to establish whether there were any opportunities for it to add value to this asset base in some form. Officers worked closely with the LLP's specialist staff, employed by PSP, on this feasibility work.

The LLP assessed the Council's non-operational building assets (the shops and buildings the Council owned but which were not used for delivering Council services) and evaluated their potential for:

- Disposal, to create a capital receipt and/or increased revenue stream and/or reduction in future maintenance liabilities;
- Inclusion in a regeneration scheme;
- Alternative use to maximise revenue income; and
- Investment to maximise revenue income.

The Council's land assets were also evaluated to determine their potential for:

- Housing development;
- Inclusion in a regeneration scheme; and
- Disposal, to create a capital receipt and/or increased revenue stream and/or a reduction in future maintenance liabilities.

The methodology adopted by the LLP was to categorise the land and building assets into four sub-sets, income producing assets, potential develop site assets, ground rent assets and local shopping centre assets. The numbers of these and income per annum for each of these sets, was set out in the report.

The LLP's full report, which contained several commercially confidential elements, was set in the confidential Part B report elsewhere on the agenda.

The LLP's main conclusion was that the Council's portfolio was not substantial in terms of size of income and presented limited commercial opportunities where they could 'add value'. Although the LLP considered that it could not add general value at present, the Part B report did contain three specific recommendations for areas where they considered the Council could use the LLP to create additional value that would otherwise potentially remain unlocked.

Although the review had identified relatively few value creating opportunities this would be kept under review on an on-going basis and where appropriate further advice would be sought from the LLP. The Warwick LLP was part of a national LLP group of another 8 Councils, each with its own LLP established with the same commercial partner, PSP. One of these LLP's was devoting considerable time and energy to see how the LLP could add value to HRA non-residential properties, where the challenge was for any external party to legally gain flexible and effective commercial control over a mixed housing and retail HRA block. If an attractive LLP proposition was to emerge, it could potentially be applied to the HRA owned assets in Appendix One.

In tandem with this, officers would continue to identify and assess possible commercial opportunities involving the Council's non-operational assets as and when they emerged. For example, this could include opportunities for, say, a new supermarket proposal being created out of a number of under-performing HRA shop units.

No alternative options had been considered in respect of this report.

The Executive therefore

**Resolved** that

- (1) the schedule of the Council's non-operational properties that have been considered by the LLP under this exercise, as set out at Appendix One to the report, be noted;
- (2) the broad conclusion reached by the LLP, be noted; and
- (3) on an on-going basis, officers continue to look at further opportunities within the Council's property portfolio and regeneration projects and that this will include continuing to work with the LLP to identify any new 'added value' opportunities. If any LLP propositions emerge as having further merit they will be reported back to Executive for consideration.

(The Portfolio Holders for this item were Councillors Cross, Mobbs and Whiting)  
(Forward Plan reference 721)

### 36. **Housing Stock Condition Survey & Strategic Asset Management**

The Executive considered a report from Housing and Property Services that set out the rationale for undertaking a 100% stock condition survey of Housing Revenue Account (HRA) residential assets to collect condition data for a range of key building components.

It set out the requirement to invest in associated technology to support the survey and the ongoing maintenance of data and requested a budget of £378,000 for the projected cost of delivery of the survey, although all other associated costs would be met from existing HRA budgets. It also requested approval for an additional staffing resource to ensure that the survey process and the use of the resultant data collected was effectively managed.

The Council currently formulated its HRA Housing Investment Programme annually, using a process of annual inspections to identify and prioritise properties for inclusion in cyclical maintenance and improvement programmes. These inspections were used to supplement existing stock condition surveys which had historically been collected on a sample of

different stock types. This current approach of Annual Maintenance Management had several limitations:

- Annual programme setting limits the Council's ability to take a long term approach to forecasting future maintenance requirements and planning the deployment of budgets and resources.
- The limited component age and condition data, based on sample stock condition survey information, hindered informed strategic decision making on the creation of long term maintenance programmes tailored to actual condition and lifecycles of the housing stock and its various components.
- Annual Maintenance Management was resource intensive, reducing the capacity of the service to closely manage works programmes and respond promptly to enquiries and ad hoc work requests.
- The lack of a long term programme was an obstacle in communicating future maintenance plans with and responding to enquiries from contractors and internal and external customers.

It was proposed that the Council should change to a process of Strategic Asset Management for its HRA stock. This was a business process with the underlying purpose of securing the best use of property assets and minimising the opportunity cost of resources tied up in property assets. This could only be achieved by fully understanding the condition of the stock and using that knowledge to put in place evidenced, targeted investment programmes to reduce the overall cost of keeping the stock in a usable condition. Full stock condition surveys gathered the intelligence and interactive databases allowed for this information to be managed together creating an effective Strategic Asset Management process. The benefits of the proposed Strategic Asset Management approach included:

- The Council having the intelligence and the tools to test and prioritise its HRA maintenance and investment programmes.
- Use of medium and long term business and budget planning to enable the Council to prioritise resources based on actual need rather than historical expenditure.
- Supporting effective and pro-active communication between the Council and its customers and contractors and allowing the Council to be clearer when advising tenants and lease-holders works would be undertaken to specific properties.

Having a robust and interactive database in place allowed the Council to assemble, maintain and interrogate data to produce intelligent maintenance policy and provide a basis for strategic decision making on where, when and how to invest in Council housing. Maintaining the data base with up to date information was essential to ensure the success of Strategic Asset Management. This in turn provided opportunities to improve efficiency and generate increased value for money.

Officers in Housing & Property Services and ICT Services had developed the Council's ActiveH database and collated historical investment and maintenance data from a range of housing improvement programmes (for example, kitchen and bathroom replacement, window and door replacement). This information had already been uploaded into the

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ActiveH asset management database and had improved the quality of condition based data for a range of key building components.

However, to support a transition from Annual Maintenance Management to Strategic Asset Management the Council needed to:

- Collect a complete set of data on the presence, age and condition of key building components across its housing stock to create a base-line understanding of its assets, by undertaking a full (100%) survey of its HRA residential assets.
- Allow for the data to be collected, assessed and used as quickly as possible and to ensure that the survey intelligence remained up to date by introducing mobile working practices and technology for Surveyors and Property Maintenance Officers.

The report recommendations provided for an estimated cost of the survey of £378,000. This was considered a prudent and realistic figure based on an evaluation of past costs. In 2010 the Council procured a decent homes survey of eight hundred and seventy nine properties. This cost £34,700, equating to circa £40 per property. Inflating this figure by an average of the Consumer Price Index for the period 2010 to 2015 (3% as calculated using data from the Office of National Statistics) increased the cost per dwelling to £46. The cost of a full 100% stock condition survey for all the HRA housing stock, currently 5,985 separate assets including individual dwellings and communal areas within blocks, based on this figure would therefore be £280,000. However, as this figure had not been market tested and the actual price would not be known until the procurement process was complete, it was considered prudent to allow for a contingency of 35%. Given that this would be a full survey, to a set specification using our own software and requiring considerable field work, taking the estimated cost to £378,000. If the procurement exercised to a cost below this figure, the reduction in the contribution to the Housing Capital Investment Reserve would be reduced accordingly.

The estimated value of the survey exceeded the £173,000 threshold for service contracts and would therefore require procurement in accordance with the Public Contract Regulations. There could be particular frameworks available to the Council to utilise that, if available, would shorten the procurement process timescale. However, if not available then due to the estimated value of the requirement a full OJEU tendering exercise would be required with a potential time period of up to six months. It was intended that the survey would be completed by 31 March 2016 but this was subject to the availability of consultant resources following procurement and rates of access to properties. It was therefore possible that the project may straddle the financial years 2015/16 and 2016/17.

The survey data would be used during 2016/17 by officers to shape the HRA Business Plan to support the investment needs of the Council's housing stock and to inform long term maintenance plans from April 2017 onwards. This would enable a holistic and all-embracing approach to be taken to reshaping the HRA Business Plan and its capacity to support investment needs, in response to the emerging thrust of national policy. At present the detail of the proposed introduction of Right-to-Buy for housing association tenants, funded by local authority stock sales and

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reductions in rent from 2016/17 onwards for four years and the potential impact on rent collection of proposed changes to welfare budgets would be clearer. Until a greater understanding of these changes was known and had been modelled, it was not going to be possible to undertake in the current financial year more than an interim review of the Business Plan.

To ensure that the survey effectively collected all required information in the format required for storage and assessment it was proposed that new mobile working technology was deployed. The Council's current preferred mobile software was Total Mobile. Officers within H&PS and ICT were currently developing Total Mobile survey templates and software that ensured survey data could be collected electronically and uploaded to the ActiveH database without the need for manual data entry. The specification for the Stock Condition Survey would stipulate the use of this technology by the successful surveying contractor.

The Total Mobile survey package was not only necessary to support the initial survey but was also essential for Council officers to maintain the stock condition data on an on-going basis. Licences were required to use the Total Mobile Software, sold as bundles of ten at a cost £750 per licence. Handheld ICT equipment was also required to complete the survey electronically. It was estimated that ten handheld units would be required at a cost of £240 per unit. It was also necessary to purchase a mobile data contract for each of the handhelds at an estimated cost of £48 per handheld unit per year. The total initial cost to invest in the mobile technology to support the survey was therefore circa £10,500 based on these estimates. Each software licence cost £75 a year to maintain; therefore the estimated recurring annual cost to maintain the software licences and mobile data contracts was circa £1,300. It should be noted that the technology was flexible and, once the Survey was complete, it would be used to support other working processes, for example, housing repairs inspections and Tenancy Officer Visits.

To make best use of the data to plan medium and long term investment programmes within necessarily limited and finite budgets, the Council needed to be able to test the future maintenance requirements of the HRA assets based on various scenarios to prioritise maintenance plans, identify opportunities to create value and produce need based budget forecasts to support more intelligent procurement and business planning. This could be efficiently undertaken using the ActiveH Smoothing and Modelling module. This software would allow the Council to model the long term maintenance needs of assets based on stock condition data held in the ActiveH database. The cost to purchase and install the module was £5,890. The annual maintenance costs for the module was £1,160. These costs were based on a quotation from ActiveH which was valid for ninety days from the 21 July 2015.

Managing the proposed stock condition survey and also completing the separate comprehensive structural survey of HRA multi-storey tower blocks and other properties of non-traditional construction types (as approved by Executive 11 March 2015) would require effective management that would require an additional temporary staffing resource.



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It was proposed to recruit, subject to approval by Employment Committee, a 2 year surveyor post at a cost of £85,000. This post, which would be funded from existing non-staffing budgets within the HRA, would enable a permanent member of the current staffing establishment to be assigned to:

- Oversee and manage the Stock Condition Survey
- Oversee and manage the Structural Condition Survey
- Manage the collation, development and initial implementation (including any necessary procurement) of a long term planned and preventative maintenance programme to inform a revised HRA Business Plan
- Complete other supporting work, such as developing and implementing a new Voids Standard and taking forward any stock rationalisation opportunities that may arise from the survey work.

By utilising a permanent member of the team for this work rather than the new temporary post the knowledge and intelligence gained would be embedded within the organisation and the work itself was managed with a view to the long term use and value of the projects

Officers had earlier this year considered the option to undertake the survey using only in-house resources. This option was reported as being the preferred option in the HRA Business Plan Review Report, considered by Members in March 2015.

At that time, it was not clear whether or not a sample or 100% survey would be needed. Undertaking a sample survey was considered as an option. However, this would not have given the Council the detailed base-line knowledge of each of its properties it needed to be able to plan on an evidenced basis future planned maintenance programmes. A sample survey assumed that properties of a certain age and type shared not only similar types of construction but also similar components by reference to type, condition and age. Because properties were constantly being repaired, were subject to void works and had in the past may have benefitted from works undertaken as part of Annual Maintenance Management based programmes, this was not necessarily the case. As a result, future planning would include a degree of assumptions about properties that may result in programmes not being sufficiently well targeted to secure value for money and investment where it was most needed on a home-by-home basis. Moreover, a sample approach would not create a solid foundation within the database upon which to build an accurate and on-going knowledge of the condition of all Council homes. The value of constantly updating what could not necessarily be an accurate base-line database would therefore be compromised. Accordingly, a sample survey was not recommended.

Further investigation into the extent of the field work needed to achieve the desired outcome of a survey of as close as possible to 100% of the Council's homes showed that it would not be possible to undertake such a survey using only the Council's in-house resources. The need to devote asset management team resources to other priorities, including reviewing and implementing changes to the way the Council delivered day-to-day repairs to its housing stock and supporting the Leisure services Review,

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and the need to maintain at time of unfilled posts within the department, the capacity to deal with responsive repairs across the corporate and municipal housing stock meant that this option would not have been feasible if the Council wished to have the project completed by the end of 2015/16. The in-house option was therefore not recommended. However, because the survey template and database had been designed the Council and the project would be overseen by the Asset management team the Stock Condition Survey would still be able to benefit from local knowledge and sensitivities.

An option to undertake the survey in-house and recruit additional temporary surveying resource to reduce the disruption to core service need had been considered. This option was also not considered to be feasible because of the additional temporary increase in management responsibilities, the risks of unsuccessful recruitment processes and the probable distraction of officers from current operational priorities.

The Council could decide not to undertake a survey of key building components and continue with the current annual maintenance management processes. This option was not recommended for the reasons set out in Section Three of this report.

The Council could decide not to appoint a temporary surveyor for two years to provide the capacity to undertake a range of high profile, resource intensive projects essential to secure effective long term management of the Council's assets. However, this option had been rejected because it would require a reassessment of existing priority work and could potentially adversely impact on projects such as the Leisure Options review, development of the Asset Management Strategy as well as meaning the current inefficient methods of allocating programmed work for the HRA stock would need to be maintained.

An addendum to the report was circulated prior to the meeting updating recommendation 2.2 and paragraph 3.1 of the report. This was to rectify an error in the circulated report. The estimated cost of the data contract for each handheld unit was £576 per year (£48 per month) not £48 per year as set out in item 3.11 of the report. The amendments in this costing did not affect the affordability of the recommendations made in the report.

The Finance & Audit Scrutiny Committee supported the recommendation.

However, Members were concerned that there was no information contained in the report about the benefits of conducting the stock condition survey. They therefore requested that the Executive ask officers to gather further information on the costs and benefits of the survey, possibly by speaking to other similar sized neighbouring authorities who had been through the process.

The Executive were understanding with the views of Finance & Audit Scrutiny Committee and were mindful that Walsall Council had undertaken a similar survey. However, it was difficult to provide comparisons because each Council had its own unique stock portfolio, but they would ask

officers to consider this point and look at any potential benefit this could provide the Council.

The Portfolio Holder highlighted the need to revise the proposed recommendation 2.2 and agreed with the request from Councillor Shilton that recommendation 2.3 of the report should be explicit in stating the length of the temporary contract. On that basis it was proposed, seconded and

**Resolved that**

- (1) a change to the current HRA budget for 2015/16 and 2016/17 is approved to reduce the contributions made into the HRA Capital Investment Reserve by up to £378,000 to fund a 100% stock condition survey of HRA residential assets and to allow a transition to Strategic Asset Management;
- (2) the estimated cost of £21,550 to purchase and the annual cost of £7,670 to maintain the hardware and software required to support the completion of the survey will be met from existing HRA budgets; and
- (3) subject to approval by Employment Committee, the transfer of £85,000 to the Asset Management staffing budget from existing non-staff HRA budgets to fund the appointment of a temporary surveyor post for a maximum of two years, is approved.

(The Portfolio Holder for this item was Councillor Phillips)

**37. Sustainable Community Strategy & Fit For the Future Updates and Service Area Plans 2015/16**

The Executive considered a report from the Deputy Chief Executive (AJ) to approve changes to the Council's Sustainable Community Strategy, Fit For the Future programme and agree the Service Area Plans for 2015/16.

At its Council meeting of 22 January 2014, Warwick District Council agreed a refreshed SCS based on five themes; Prosperity; Health & Wellbeing; Housing; Safer Communities; and Sustainability.

Each of these themes had its own strategic aims and priority areas for action which have underpinned Council officers' day-to-day work.

With the formation of a new administration following the Council elections in May, officers had been working with the Portfolio Holders to develop further actions to help deliver the new Executive's aspirations. These actions had been based on the following principles:

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- that the Council should be commercial in its outlook through raising revenue and reducing cost;
- that the Council should encourage economic growth throughout the district;
- that the Council should partner with other organisations and share services where there is an evidence-based business case; and
- that all the district's residents should be able to access the necessary advice and support from the Council.

From these overarching principles, the Council's Executive asked that a programme of work was developed that was complementary to the current SCS priorities but which clearly set out what it wanted to achieve over the next four years. Working with Portfolio Holders, officers had drawn-up additional SCS priorities for the Executive's approval, which were outlined in the report.

The SCS was this Council's commitment to residents, businesses, visitors and investors. To deliver on the commitment the Council needed to have the appropriate resources in place. Since 2010, the Council had been running a Fit For the Future (FFF) programme to bring about organisational change. That programme had been extremely successful with savings / income generation of £3m; a basket of services that was largely undiminished; and a review of every service area within the Council to ensure that it was working as effectively and efficiently as possible. However, it was clear that against a national backcloth of public expenditure reduction, the Council's need for a programme of change remained and that the next chapter of FFF needed to be developed.

Members would be aware from the *Budget Review to 30<sup>th</sup> June 2015* report of 29<sup>th</sup> July, 2015 that the current financial projections indicated an ongoing saving requirement/ income generation of £1.1m by 2020/21 but with just under £1 million of that by April 2016. The full savings profile was set out in the report.

Officers had compiled a programme of work for Members' consideration which they believed could meet the financial challenge whilst at the same time protecting the vast majority of the Council's services. This programme was based on discussions with Portfolio Holders and the proposed priorities as set out at paragraph 3.3 of the report. Executive was therefore asked to endorse the following programme but recognising that many of the initiatives would require business cases and Executive agreement:

- Negotiate with trade unions to secure changes to car allowances and mileage rates - Potential saving £145k. £100k has already allowed for this within the financial projections above in 2018/19. However, it was now estimated that there may be additional savings, and that these should be able to be secured earlier;
- Amalgamate management of the Council's Arts and Entertainment Services - Potential saving £40k;
- Review Service Structure in Health & Community Protection - Potential saving £70k;
- Review Senior Management Team - Potential saving £70k;

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- Undertake Support Services Review - Potential saving £100k;
- Restructure Land Charges function - Potential saving £20k;
- Provide investment in the Council's leisure centres to enable income to be maximised and costs reduced - Potential saving/ income £500k;
- Provide investment in the Council's information technology to enable more services to be accessed on-line (Digital by Default) - Potential saving £100k;
- Council's phone and one stop shop services reviewed - Potential saving £170k;
- Review housing advice contract arrangements - Potential saving £20k;
- Review transport support for residents - Potential saving £40k;
- Review car parking strategy - Potential income £50k;
- Transfer/ disposal of the Town Hall to another body - Potential saving £85k;
- Review the number of Warwick District Councillors in tandem with the recently completed review of the County Council's Divisional boundaries - Potential saving £80k;
- Review the role of the Council's Chairman - Potential saving £20k;
- Secure cheaper price for Council's new energy contracts - Potential saving £320k;
- Review various financial contingency provisions - Potential saving £50k;
- Consider alternative investment instruments - Potential income £50k;
- Reduce "discretionary spend" budgets by 5% - Potential saving £415k. 2.5% increases have already been factored into the financial projections for 2016/07 and 2017/18. It was now proposed that these be amalgamated into savings to be included within the 2016/17 Budget.

Should all of the aforementioned initiatives be achieved then officers estimated that savings/ increased income would total £1.83m over and above current MTFS forecasts. This was in excess of the savings requirement currently shown in the financial projections by £743k.

However, Members should also note that in addition to the projected shortfall, the following items were currently unfunded from the base annual budget in the medium term:-

- £250k for ICT equipment replacement
- £100k general equipment replacement
- £150k Rural/Urban Capital Investment Scheme
- £50k Historic Buildings Grant

If all the savings discussed above materialise, this should enable £550k per annum to be included within future Budgets for these items.

However, this would still leave the Capital Investment Reserve and Corporate Asset Reserve with no ongoing stream of funding. Officers would propose options to address this in a future report.

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The proposed programme of work was in addition to the following projects that were currently work in progress not all of which would realise savings and so only the first bullet point below had a potential saving against it:

- Relocation of the Council's Headquarters - Potential saving £300k (already included within the financial projections within para 3.5.1);
- Review of Historic Building Grants/ Heritage Open Days;
- Review of Sports, Arts and small grants ;
- Review of Concurrent Services;
- Review of Council's assets; and
- Review of Economic Development functions

Taken together, the proposed and current programmes of work would realise savings/ increased income of £2.645m. This level of savings would give a "cushion" of circa £200k or 20% of the overall savings requirement within the financial projections.

The proposed change programme would leave a deficit of £182k in year 2016/17. This figure would undoubtedly change as the financial year progressed and officers would continue to develop proposals to meet this shortfall, although the Council did have the benefit of being able to use reserves as a one-off contribution.

At its meeting on 30 September 2015, Members would receive a report on the Council's proposed Fees and Charges for 2016/17. Officers would be working to ensure that a commercial approach was taken to the setting of fees and charges whilst at the same time ensuring that the more economically disadvantaged residents were not excluded from services.

The proposed programme of work at paragraph 3.5 of the report, was the inward-facing element of FFF, however, over a number of years officers had also been working on an outward-facing programme which was bringing or would bring about change in the district. Details of this element of the programme were detailed at Appendix A to the report. This programme had been reviewed to ensure it was aligned with the proposed priorities of the Executive and had the appropriate resources available for delivery. Members were asked to endorse these projects and feasibility studies.

At Appendices B to H to the report, were the proposed SAP's for 2015/16. They had been produced following discussion between the relevant Service Head and Portfolio Holder and were consistent with the proposed work programme described in this report. Members were asked to agree the Service Area Plans with any minor alterations being agreed with the appropriate Portfolio Holder.

Executive members had asked officers to develop a programme of work that detailed their priorities. The table at 3.3 of the report was thought to describe this and so no alternative options were considered.

The Council's FFF change programme had been running since 2010 and had proven to be successful in meeting the financial challenge whilst continuing to invest in services and staff. The updated programme could

contain initiatives very different from those proposed; however, it was thought that the programme best reflected the Executive's priorities.

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members asked a number of questions around the overall subject of where savings would come from and how income was likely to be generated. Although they were mindful it was early days, the Committee did have genuine concerns and would continue to monitor the situation.

The Overview & Scrutiny Committee wished to know how the Executive would assess the feasibility/business case; financial or community impact? Which would have priority? Additionally, the Overview and Scrutiny Committee had a concern that the programme was over-ambitious.

The Executive thanked the Scrutiny Committees for their comments on this item and recognised the need for each business case to be robust and considered in terms of impact both on the community and the budget. However, tough decisions needed to be made to ensure the Council could continue to deliver its services.

### **Resolved that**

- (1) the additional priorities for the Council's Sustainable Community Strategy (SCS) as described at paragraph 3.3 of the report, are approved;
- (2) the Fit For the Future (FFF) change programme and corporate projects/ feasibility studies described at paragraphs 3.4 and appendix A to the report, are approved, respectively noting that the change programme will be subject to ongoing review; and
- (3) the Service Area Plans (SAP's) at Appendices B to H of the report, be approved with any minor alterations to these delegated to the relevant chief officer in consultation with their Portfolio Holder.

(The Portfolio Holders for this item were Councillors Coker and Mobbs)  
(Forward Plan reference 724)

### **38. Rural/Urban Capital Improvement Scheme (RUCIS) Application**

The Executive considered a report from Finance that provided details of a Rural/Urban Capital Improvement Scheme grant application by Shrewley Village Hall to refurbish their kitchen that had now come to the end of its life span.

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The Council operated a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended was in accordance with the Council's agreed scheme and would provide funding to help the project progress.

This project contributed to the Council's Sustainable Community Strategy because without the Village Hall there would be fewer opportunities for the community to enjoy and participate in arts, cultural and physical activities which could potentially result in an increase in anti-social behaviour and disengage and weaken the community. If the kitchen was not refurbished, the facility would eventually need to be closed on Health & Safety grounds which would likely lead to reduced bookings and impact on the financial viability of the hall, detrimental effects may include:

- Potential increase in anti-social behaviour because there would be less opportunity for the community to participate in arts and cultural activities; currently there were regular garden society meetings, social club nights, "live and local" performances and ad-hoc events such as quiz nights, barn dances, flower shows etc which would cease if the hall became unviable;
- Potential increase in obesity, including in children, as there would be less opportunity for the community to be active; currently there were weekly keep fit classes and children's dance classes which would cease if the hall became unviable; and
- Potential disengagement and weakening of the community; the club was managed and run by a wide range of volunteers from across the community and the activities noted above bring people together from across the community which would cease if the hall became unviable

The Council only had a specific capital budget to provide grants of this nature and therefore there were no alternative sources of funding if the Council was to provide funding for Rural/Urban Capital Improvement Schemes.

Members could choose not to approve the grant funding, or to vary the amount awarded.

Councillor Mobbs endorsed the report and the Executive therefore

**Resolved** that a Rural/Urban Capital Improvement Grant from the rural cost centre budget for Shrewley Village Hall of 50% of the total project costs to refurbish their kitchen that has now come to the end of its life span, as detailed within paragraphs 1.1, 3.2 and 8.1, up to a maximum of £8,154 including VAT as set out at appendix 1 to the report, is approved.

(The Portfolio Holder for this item was Councillor Whiting)



**39. 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 paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute No.	Para Nos.	Reason
42, 43 & 44	1	Information relating to an Individual
42, 43 & 44	2	Information which is likely to reveal the identity of an individual
40, 41 & 44	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The full minutes for the following items would be set out in the confidential minutes of the meeting.

**40. Review of the Council's non-operational assets – Part B**

The Executive approved the recommendations in the report.

**41. Resolution of Rent Issues – Cadet's HQ Building**

The Executive approved the recommendations in the report.

**42. ICT Services - Establishment Changes**

The Executive approved the recommendations in the report.

**43. Regulatory (Licensing) Team Restructure**

The Executive approved the recommendations in the report.

**44. Minutes**

The confidential minutes of the meetings held on 29 July 2015 were agreed as written and signed by the Chairman as a correct record with the following amendment:

(The meeting ended at 6.56 pm)