Executive

Excerpt of minutes of the meeting held on 12 February 2020 at the Town Hall, Royal Leamington Spa, at 6.00pm.

Present: Councillors Day (Leader), Cooke, Falp, Grainger, Hales, Matecki, Norris and Rhead

Also present: Councillors: Boad (Liberal Democrat Group Observer), Nicholls (Chair of Finance & Audit Scrutiny Committee); Davison (Chair of Overview & Scrutiny Committee) and Heath (Whitnash Residents Association Group Observer)

103. **Declarations of Interest**

<u>Minute Number 115</u> <u>- Future Funding for Warwick Tourist Information Centre</u>

Councillor Grainger declared an interest because she was a Warwick Town Councillor and left the room whilst the item was discussed.

Part 1

(Items upon which a decision by Council was required)

106. **Urgent Item - Nomination for the Appointment of Chairman and Vice-Chairman of the Council for the Municipal Year 2020/21**

Recommended to Council that Councillor Ashford be appointed as Chairman of the Council and Councillor Redford be appointed as Vice-Chairman of the Council for the Municipal Year 2020/2021.

Forward Plan Reference 1,106

107. **Business Strategy 2020-2023**

The Executive considered a report from the Deputy Chief Executive (AJ) seeking its recommendation to Council of the Business Strategy 2020-2023 and agreement that reporting on the Strategy's progress should be to Executive every six months.

At its meeting of 3 October 2019, Members agreed that the Draft Business Strategy should be consulted upon. As a reminder, the Strategy had been constructed around five key themes:

- responding to the Council's Climate Emergency declaration;
- transforming the Council's working practices and business processes, utilising technology and enabling digital services to reduce costs;

- maximising income by taking a more entrepreneurial approach to income generation and developing new income streams;
- investing in the Council's built assets to enhance service delivery and/ or increase the financial return; and
- supporting the local economy to produce high quality jobs and increase the prosperity of the District.

Following the consultation phase, the Strategy was amended and was submitted at Appendix A to the report for Executive's endorsement and recommendation to Council for approval.

On the agenda for the meeting, Minute Numbers 108, 109 and 110, there were three items which were critical to the delivery of the Business Strategy: General Fund 2020/21 Budgets and Council Tax; HRA Rent Setting 2020/21; and Climate Change Emergency Action Plan. These reports proposed the resources necessary to deliver the overall Strategy and specifically the actions and resources necessary to respond to the Council's Climate Emergency declaration.

Sitting under the Business Strategy were the specific actions which delivered the Strategy's objectives. These actions would be detailed in the annual Service Area Plans, which for the programme of work 2020-2021, would be submitted to the March 2020 Executive. It was proposed that progress against the actions would be reported to Executive twice-yearly.

In terms of alternative options, none were considered as it was essential that the Council was clear about its priorities and how it would go about achieving them.

Councillor Day proposed the report as laid out.

Recommended to Council the approval of the Business Strategy 2020-2023 as at Appendix A to the report and minutes.

Resolved that subject to Council approving the recommendation above, the actions required to deliver the Business Strategy be detailed in the Council's seven annual Service Area Plans with the first year's programme of work submitted for approval to the March 2020 Executive, and that progress against the actions be reported twice-yearly.

(The Portfolio Holder for this item was Councillor Day)
Forward Plan Reference 1,113

108. **2020/21 General Fund Budget and Council Tax**

The Executive considered a report from Finance informing Members on the Council's financial position and bringing together the latest and original Budgets for 2019/20 and 2020/21, as well as the Medium Term Forecasts until 2024/25. It advised upon the net deficit from 2024/25 and the savings required to balance future years' Budgets. The report would be presented to Full Council, alongside a separate Report recommending the overall Council Tax Charges 2020/21 for Warwick District Council.

The report presented a balanced Budget for 2020/21, something which the Council had been able to achieve without having to reduce the services it provided. This had been the case for many years as a result of the Fit for the Future Programme it had adopted. Once again, it had not had to rely on New Homes Bonus to support core revenue spending and had been able to allocate this funding to supporting specific project work, while also replenishing reserves.

The Council forecasted to achieve a surplus on its 2019/20 Budget. However, the Council's financial projections showed that further savings needed to be secured to mitigate the deficit forecasted from 2020/21 onwards.

The core increase proposed for Council Tax for 2020/21 was £5 per annum at Band D, in line with the maximum permitted under the relevant Council Tax Regulations.

However, in view of the Climate Emergency declared by the Council, it was proposed to create a Climate Emergency Reserve to go towards funding the items within the Climate Emergency Report on the agenda. It proposed to increase Council Tax by a further £1 per week at Band D, £52 per annum, which would enable approximately £2.9m to be allocated to the new reserve in 2020/21, and similar sums in subsequent years.

If this increase was agreed by Council on 26 February, as this increase in Council Tax would be classed as excessive, it would be necessary for the Council to hold a referendum and obtain a "yes" vote before being able to maintain the increase.

An authority proposing to set an excessive council tax level was also required to make substitute calculations, which would take effect if the proposed amount of council tax was rejected in a referendum, and these were attached to the report.

Based on the above assumptions, it was proposed to recommend a revenue budget of £20.205m for 2020/21, which would result in an increase in Council Tax of £57.00 per Band D property. Substitute calculations were also made, based on a £5.00 increase resulting in a revenue budget of £17.301m. This was set out in the Appendix A to the report.

In terms of Mandatory Obligations, by law, the Council had to set a balanced budget before the start of the financial year. As part of this process, it needed to levy a council tax from its local tax payers to contribute to financing General Fund expenditure.

It was considered prudent to think of the medium term rather than just the following financial year, taking into account the longer term implications of decisions in respect of 2019/20. Hence, Members received a five-year Financial Strategy, Capital Programme and Reserves Schedule.

The Local Government Act 2004, Section 3, stated that the Council had to set an authorised borrowing limit. The CIPFA Code for Capital Finance in Local Authorities stated that the Council should annually approve Prudential Indicators.

The Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves, and this statement was added at Appendix 1 to the report.

In terms of the 2019/20 Revenue Budget, within the Base Budget report considered by the Executive in December 2019, the 2019/20 Budget showed a surplus of £469,400. A number of changes were made to the Base Budget since, with the most notable being:

(a) Appraisal software licence to support new housing / asset projects, funded 50:50 between the Housing Revenue Account and General Fund (£10,000 p.a. recurring being the GF cost).
(b) Savings made within Neighbourhood Services following reviews of existing budgets £11,500 and within Policy and Projects following the release of an Earmarked Reserve relating to the unsuccessful Channel 4 bid £14,500.
(c) A backdated reduction in income from the General Markets contract following overpayments (£26,600).
(d) New contract for insurance premium – saving on the contract would be an additional £41,000 in 2019/20 (GF element), on top of the £50,000 saving reported in the December Executive Report.
(e) Elections printing, postage, tablets for Electoral registration and the December By-Elections costs £77,000.
(f) Additional budget to support the ongoing Christmas lights and events expenditure £45,000.
(g) Additional recurring Car Parking management costs for the National Bowls Championships £7,000.
(h) Increased Private Sector Housing / Homelessness legal fees £28,000 recurring.
(i) The Quarter 2 surplus (reported to Executive November 2019) had been allocated to top up the Contingency Reserve (£125,000). From this £60,000 had been used for the Masters House urgent repairs, and £56,000 used to fund a temporary Principal Accountant post to support Final Accounts, agreed at November 2019 Executive meeting.

The 2019/20 budget showed a projected surplus of £202,000, which was allocated to the Business Rate Retention Volatility Reserve, the treatment of which was considered in Section 3.13 of the report.

In terms of the 2020/21 Revenue Budget, the Base Budget report showed that the 2020/21 budget had an estimated deficit of (£460,600). The following notable changes had subsequently been made to this base budget:

- new contract for insurance premium – saving on the contract would be an additional £34,800 per annum (GF element), on top of the £50,000 saving reported in the December 2019 Executive Report;

- reduction in market contract income (£6,600 recurring) under the terms of the General Market Contract;
- cleaning contract recurrent savings (£26,300 recurring);
- increase in gas supply contract costs (£21,600 recurring);
- observer status of the West Midlands Combined Authority (£25,000 recurring);
- Senior Management Team Review as agreed by December Employment Committee (£47,000 recurring);
- new Planning Policies Assistant (£33,000 recurring);
- recruitment costs for Head of ICT and Climate Emergency Programme Director (£20,000);
- fixed term HR Business Partner (£34,000);
- Newbold Comyn grounds maintenance contract costs (£40,000 one-off), pending current review of future use;
- estimated increased cost of new Financial Management Systems (£40,000 recurring);
- VE Day Celebrations – additional funding to be awarded by Community Forums (£8,000 one-off, £10,00 per Forum);
- increased use of planning consultancy (£47,000 recurring);
- Housing restructure – This was agreed at Employment Committee in December 2019, and due to commence in April (£55,700);
- establishment of a 2020/21 contingency budget to support unavoidable growth (£200,000);
- Kenilworth Wardens – The November 2019 Executive agreed to advance £300k to Kenilworth Wardens Cricket Club to help facilitate submit a planning application and achieve all the necessary consents for its relocation. Whilst there would be a charge on their land as security, there was no certainty when the Council would benefit from this. Consequently, it was proposed to include this in the 2020/21 Budget;
- Kenilworth Rugby Club – similar to Kenilworth Wardens, the Rugby Club also required advance funding. Again, this was proposed to be included in the 2020/21 Budget. Phasing of funding was proposed so that this was in due course funded from the 2021/22 New Homes Bonus. There was a further report to come on this in March 2020, to seek Council approval.
- Committee Subsistence - In recognition of the length of some scrutiny committee meetings, the Executive wished to provide buffet refreshment before these meetings. Based on quote from the current provider and recognising the price increase in this from April, this was anticipated to be at a cost of £2,500 per annum.

Following on from the 2019 Triennial revaluation of the Warwickshire Local Government Pension Fund, the employer contribution rates for 2020/21 to 2022/23 were agreed. These represented an increase from 19.6% to 19.9% which was factored into the budget. The Council had the opportunity to pay all three years' employer contributions up front in April 2020, amounting to a payment of £7.7m, using its cash balances. This represented a net saving of approximately £100k per annum, after taking into account the cost of the reduced investment interest. The accounting arrangements for this would spread the cost over the relevant financial years. The main benefit from this arrangement arose from the fact that the pension fund was able to invest the funds as part of larger, longer term investments, and so achieve an increased return over what the Council would achieve on cash balances.

These arrangements were proposed after discussion with the actuaries, external auditors and lawyers. Other local authorities had followed this approach in the past, with several of the Warwickshire Councils having proposed to follow suit. The net saving from this was factored into the 2020/21 Budget and Medium Term Financial Strategy.

The projected Collection Fund Balance as of 31 March 2020 was calculated to be a deficit of £1.8m. Whilst there had been new property growth in the district, this was slower than anticipated when the tax base was set in November 2018 for 2019/20. Warwickshire County Council and the Warwickshire Police and Crime Commissioner were duly notified of their shares on the 15 January 2020. Warwick District Council's share was £185,000. This was factored into the 2020/21 Budget as a one-off item.

Taking into account all known changes, the 2020/21 budget showed a deficit of (£1.6m). The treatment of this was considered in section 3.13 of the report.

In terms of the Local Government Finance Settlement, the Government announced the provisional 2020/21 Finance Settlement in December. The Final settlement was expected to be confirmed shortly after, ahead of the Council being due to agree its 2020/21 Budget and Council Tax in February. No changes were expected to the Final settlement, but Members would be duly informed if necessary.

Until 2018/19, the Council was in receipt of Revenue Support Grant. As with most local authorities, this had been reduced in previous years as Councils had become more reliant of funding from business rates and council tax.

2020/21 was originally planned to be a major year in respect of local government finance as the following changes were due to come into place:

- 2019 Fair Funding Review;
- new Business Rates Retention scheme based on 75% retained in local government, in place of the current 50% scheme; and
- reset of the Business Rates Baselines to reflect changes in rates collected locally since the scheme was introduced in April 2013.

In the autumn, it was announced that these changes were now planned for 2021/22.

In terms of Business Rates, under the Business Rate Retention Scheme, the Council received approximately £5m per annum. Whilst the business rates base was relatively stable, complexities within the Retention Scheme meant that the element retained by the Council might have fluctuated substantially year on year. The causes of these fluctuations were primarily:

- Appeals – There were still many appeals awaiting determination by the Valuation Office. An assessment of the success of these needed to be made and suitable provision had been allowed for within the estimated figures. Whilst it was hoped that this figure was suitably prudent, given the size and nature of some of the appeals, there remained a risk. April 2017 saw the introduction of the new "Check, Challenge, Appeal" regime seeking to expedite appeals and deter speculative appeals. Following previous revaluations, backdated appeals continued to be lodged for several years. The number of new appeals that came forward since April 2017 continued to be minimal. However, it was still expected that a significant number of appeals would come forward in subsequent years that would be backdated to 2017. It was necessary for an estimate of these future appeals to be allowed for in the 2019/20 and 2020/21 Estimates.

- Accounting for the "Levy" - Under the Business Rate Retention Scheme, the timing of transactions, notably in respect of the "Levy" paid to central government, would result in substantial swings in the net rates retained by the Council in any specific year.

Due to these significant fluctuations in the business rates that the Council was allowed to retain in any individual year, in common with most other local authorities, it retained a Business Rate Retention Volatility Reserve. Since 2018, the balance on this reserve continued to grow and was forecast to be £4.1m as at March 2025, prior to the use of this reserve discussed in paragraph 3.8.8 in the report. The need for this reserve was most significant from April 2021 when the new Business Rate Retention Scheme was due to come into place. From that date, it was expected that the Council's share of business rates would reduce to more closely align to the Baseline (which was £3.4m) as it lost its share of increases to the business rate base. A reduction in retained business rates was allowed for in the projections from 2021/22. However, it was important that reserve funding was allowed for in case the position from 2021/22 was worse than forecast.

Since the start of the Business Rate Retention Scheme, the Council had been part of the Coventry and Warwickshire Business Rates Pool. By pooling, local authorities were able to reduce the amount of the levy due to be paid to Central Government, and retain more income centrally. For 2019/20 the Council Business Rates Retentions figures included approximately £300k as the gain from pooling for the year. The Executive agreed in the autumn that the Council should seek to be part of the Pool for 2020/21. Within the Provisional Finance Settlement, the Government proposed that the pools, as explained above, would be able to continue for 2020/21.

The Business Rates Retention figures within the MTFS were believed to be reasonably prudent, taking into account all the above factors. These figures would continue to be reviewed and Members would be informed of changes as the MTFS was presented in future reports.

In relation to Council Tax, as announced within the Provisional Local Government Finance Settlement, District Councils could increase their share of the Council Tax by the greater of up to 2% and £5 without triggering a referendum. This was below the limits for 2019/20 where District Councils could increase their element of council tax by the higher of 3% and £5. If the Council was able to increase council tax in future years by 3%, this would amount to a further £95k council tax income by 2024/25.

The national average council tax for District Councils was £189, and £230 including parish/town council precepts. This Council's council tax charge for 2019/20 was £166.86 (excluding parish and town council precepts). This Council's charge was in the second lowest quartile (66/192) and when Town and Parish Precepts were included, it fell within the lowest quartile (31/192).

The Council Tax Base was calculated in November 2019, with the Council's preceptors being notified accordingly. As reported to members in December 2019 within the Base Budget Report, the Tax Base for 2020/21 was 55,851.37 Band D Equivalents. This was a reduction of over 800 properties to the figures previously factored into the Financial Strategy for 2020/21. The reduced forecast growth in the tax base was factored into the MTFS. This clearly impacted upon the Council's estimated council tax income.

An increase in Council Tax of £5 per annum per Band D was proposed to fund the Council's core services, in line with the limits discussed above.

In view of the Climate Emergency declared by the Council in June 2019, resources were required to finance the Climate Emergency Action Plan, as detailed in a separate report on the Executive agenda. It was proposed to increase Council Tax by a further £1 per week at Band D, £52 per annum which would enable approximately £2.9m to be allocated to a new Climate Emergency Reserve in 2020/21, and similar sums in subsequent years.

The Council's element of the Council Tax was calculated by taking its total budget requirement, subtracting the Council's element of Retained Business Rates. This figure was divided by the 2020/21 tax base to derive the District Council Band D Council Tax Charge.

The recommendations within the report produced a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2020/21 of £223.86, this being a £57 increase on that of 2019/20. Based on this increase, the District's element of the Council Tax for each of the respective bands would be:

	£
Band A	149.24
Band B	174.11
Band C	198.99
Band D	223.86
Band E	273.61
Band F	323.35
Band G	373.10
Band H	447.72

The £57 increase in council tax would generate an additional £280,000 in 2020/21 towards the cost of core services and £2.904m to the Climate Emergency Reserve.

The Medium Term Financial Strategy included increases in council tax of £5 per annum in future years. This increase would go towards maintaining core services, with the £52 additional charge continuing to provide funding for Climate Emergency initiatives. It was important that the Council continued to maintain this income base into future years. Costs would continue to face inflationary increases. In addition, there remained threats to the Council's other income streams, most notably, its share of Business Rate Retention.

Parish and town councils throughout the District were asked to submit their precepts for 2020/21 when informed of their Tax Bases. At the time of writing the report, not all precepts had been confirmed. It was estimated that the precepts would total just over £1,500,000 based on prior years. In the Provisional Finance Settlement, the Government announced it would continue to defer the setting of referendum principles for town and parish councils. As in previous years, the Government indicated it would keep this approach under review for future years.

If this increase of £57 at Band D for the District Council's element was agreed by Council on 26 February 2020, as this increase in Council Tax would be classed as excessive, it would be necessary for the Council to hold a referendum and obtain a "yes" vote before being able to maintain the increase for future years.

The Council Tax was set by aggregating the council tax levels calculated by the major precepting authorities (the County Council and the Police and Crime Commissioner) and the parish/town councils for their purposes with those for this Council. The report to the Council Meeting on the 26 February 2020 would provide all the required details. This would be emailed to all Members as soon as possible, following the Police and Crime Commissioner and Warwickshire County Council meetings. At the time of writing the report, it was assumed that all the Town/Parish Precepts had been returned. The Council would then be in a position to:

(a) consider the recommendations from the Executive as to the Council Tax for district purposes; and

(b) formally to set the amount of the council tax for each Parish/Town, and within those areas for each tax band, under Section 30 of the 1992 Local Government Finance Act.

Members had to bear in mind their fiduciary duty to the Council Taxpayers of Warwick District Council. Members had a duty to seek to ensure that the Council acted lawfully. They were under an obligation to produce a balanced budget and had to not knowingly budget for a deficit. Members had to not come to a decision that no reasonable authority could have come to, balancing the nature, quality and level of services that they considered should be provided, against the costs of providing such services.

Should Members have wished to propose additions or reductions to the budget, on which no information was given in the report, they had to have presented sufficient information on the justification for and consequences of their proposals to enable the Executive (or the Council) to arrive at a reasonable decision. The report set out relevant considerations for Members to consider during their deliberations, including the statement at Appendix 1 to the report, from the Chief Financial Officer.

Section 106 of the Local Government Finance Act 1992 stated that any Member who had not paid their Council Tax or any instalment for at least two months after it became due and which remained unpaid at the time of the meeting, had to declare that at the meeting and could not vote on any matter relating to setting the budget or making of the Council Tax and related calculations.

In relation to the New Homes Bonus, the Council's New Homes Bonus (NHB) for 2020/21 was £3.7m. This was an increase from the £3.4m awarded for 2019/20.

The NHB calculations were based on the following parameters:
- since 2018/19, funding was based on four years (previously six years); and
- the baseline of 0.4% had continued for 2020/21. New Homes Bonus was only awarded on growth above this level. For Warwick District Council, for 2020/21 the 0.4% baseline represents 257 dwellings. With the total growth of 824 Band D properties, the 2020/21 allocation was based on 567 properties.

Within the Provisional Funding Settlement, the Government said that "legacy payments" for 2020/21 would not continue, but prior legacy payments would continue for 2021/22 and 2022/23. If this was unchanged, the Council would expect to receive NHB of £2.2m in 2021/22 and £1.2m in 2022/23. However, with the changes expected to local Government Finance in 2021/22, it was possible that these legacy payments would not continue.

Up to the date of the report, the Council had used the money to fund various schemes and initiatives and replenish some of its Reserves, and unlike many local authorities, had not used NHB to support core services. It continued to be the Council's policy to exclude new Homes Bonus in projecting future funding.

As in previous years, Waterloo Housing would receive part of this allocation from their agreement with the Council to deliver affordable housing in the District. £125,800 was due to be paid to Waterloo in 2020/21. Section 3.13 in the report detailed how it was proposed to allocate the Residual Balance for 2019/20.

In relation to the Medium Term Financial Strategy (MTFS), when Members approved the 2019/20 Budget in February 2019, the Medium Term Financial Strategy showed that that the Council would be in deficit by £574,000 by 2023/24, as shown below.

	2020/21 **£'000**	**2021/22** **£'000**	**2022/23** **£'000**	**2023/24** **£'000**
Deficit-Savings Req(+)/Surplus(-) future years	330	1,025	456	574
Change on previous year	330	695	-569	118

Since then, Members received later projections in the quarterly Budget Review Reports in August and November 2019. These Budget Review Reports highlighted any major changes.

One of the most significant changes between the forecasts presented to Members in February of each year was always the impact of rolling the forecasts forward a further year. Whilst there was additional income from an increased Taxbase and the Band D charge, alongside the growth in the Leisure Concessions Contract, this was more than offset by inflation and other unavoidable commitments such as pensions.

There had been many changes to staffing budgets during the year which had already been reported to Members. The most significant of these being the Housing Restructure (£55,700), and increased use of causal employees, due to activity in the arts services (£40,000). Other salary budget changes incurred a total of £154,700.

Income to the Council would increase less than that forecast in February 2019. The most notable reason for this was the reduction in growth in the Tax Base from 2019/20 (£70,000). In addition, the increase in planning fees of £250,000 included in the strategy last year were removed from 2019/20, but were still within the Budget for 2020/21 onwards.

The following savings were re-profiled or removed to reflect more likely timeframes:

- Insurance premium savings from the new contract had increased by a further £41,000 in 2019/20, being a recurring saving of £34,800 from 2020/21.
- Senior Management Review removal of saving (£200,000) originally forecast to start April 2022.
- Town Hall transfer removal of saving (£85,000) saving previously forecast to start April 2022.
- Riverside House Relocation removed (£300,000) saving previously forecast to start January 2021.

As reported to members in August 2019, if the Kenilworth Leisure development works were to go ahead, this would present a significant additional net revenue cost to the Council, estimated at £500k per annum (subject to significant capital contributions from the Council's current capital resources). This mostly reflected the additional debt charges that would be incurred on the borrowing to fund the works. A further report was due to the Executive in the Summer/Autumn of 2020. At this time, more detailed costs of the project should be known. Members would then be asked if they wished to commit to the project. By factoring the additional £500k into the Medium Term Financial Strategy from 2021/22, the level of savings to be found on a recurring basis had increased by this level, as included in the table below.

Taking into account the above changes, the savings to be found within the Medium Term Financial Strategy were:

	2020/21 **£'000**	**2021/22** **£'000**	**2022/23** **£'000**	**2023/24** **£'000**	**2024/25** **£'000**
Deficit-Savings Req(+)/Surplus(-) future years	1,600	987	1,922	1,868	1,762
Change on previous year		-633	935	-54	-106

In the short term, it was proposed to use the Business Rate Retention Volatility Reserve (BRRVR) to help smooth the savings that needed to be secured. The BRRVR was forecasted to have an unallocated balance of £4.1m as at 31 March 2025. It was proposed to fund the forecast surplus/deficit on the General Fund for 2019/20 to 2022/23, leaving £522k needing to be found in 2022/23, from the BRRVR. This would require £3.145m to be released from the BRRVR, so reducing the forecasted balance to £957k as at March 2025. The impact of the extra contributions from the reserve were shown below.

Business Rate Retention Volatility Reserve								
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		£000	£000	£000	£000	£000	£000	£000
B/F		889	4,535	6,973	7,199	5,618	4,808	4,402
Budgeted contribution to/from reserv		3,646	2,438	226	-1,581	-809	-406	-300
C/F		4,535	6,973	7,199	5,618	4,808	4,402	4,102
Extra contributions from reserve				202	-938	-987	-1,422	
Forecast Balance								957

By utilising the BRRVR to fund the General Fund deficit in the short term, the forecast adjusted deficit was as follows:

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Deficit-Savings Req(+)/Surplus(-) future years	0	0	522	1,868	1,762
Change on previous year		0	522	1,346	-106

New initiatives needed to be agreed as soon as possible to enable savings or additional income to be generated in order to remove the forecast £1.8m deficit. By using the BRRVR, the Council effectively bought itself some time to get new initiatives in place but it needed to develop strategies for balancing its budget over the medium to long term to create a sustainable platform to deliver services. Like many other Councils, WDC began to look at the potential returns from investments in property and other developments in its boundary and wider economic geography, which would provide wider economic benefits to the District. It also considered how to increase the returns from investment in its Treasury Management strategy, within the parameters of prudence, regulations and guidance from CIPFA.

Proposals were being developed in both areas and would be discussed in 2020 for incorporation into the budget as appropriate from 2021/22 onwards. The timetable for these considerations to be reported to Members was:

- March 2020 - Treasury Management Strategy - annual update and consideration of revised investment proposals.
- April 2020 – Commercial Investment Strategy – proposals for a new strategy.
- September 2020 – report on further service transformation initiatives.

In this context, it was worth stressing that it was not proposed to fund the current projections in relation to the shortfall in the General Fund Budget and the Medium Term Financial Strategy from the additional council tax income from the £52 proposed increased. All additional income from this source would be ring-fenced to fund Climate Emergency initiatives.

If the referendum on the excessive council tax increase was unsuccessful, the balance to be found from the General Fund budget for future years would not alter. However, the Council would need to identify different priorities/ allocations from its budget to enable it to pursue its Climate Emergency initiatives.

In relation to Reserves and Balances, Members agreed that £1.5m should be the minimum level for the core General Fund Balance. This balance would support the Council for future unforeseen demands upon its resources. In order to consider a reasonable level of general reserves, a risk assessment was done and was contained at Appendix 4 to the report. This showed the requirement for the General Fund balance of over £1.5 million against the risks identified above.

The General Fund had many specific Earmarked Reserves. These were attached at Appendix 5 to the report, showing the actual and projected balances from April 2018, along with the purposes for which each reserve was held. Finance and Audit Scrutiny Committee was especially asked to scrutinise this element and pass comment to the Executive.

Those reserves which showed a significant change in the overall balance in the period 1 April 2020 to 31 March 2024 were detailed below and were also shown in Appendix 5 to the report:

1) Business Rates Volatility Reserve – This reserve smoothed out the receipt of business rates income and contributions to the reserve. The use of this reserve did reduce the forecast balance on this reserve to £957k. This balance would not be allowed to go below this level, and should have ideally been at a level of £2.5m. With the changes to Business Rates from 2021/22, it was expected that the Coventry and Warwickshire Business Rates Pool, as explained above, would need to be disbanded. This should have released £1m of “Safety Net” funding which was being held by the pool to the Council in 2021/22 to help support the balance on this reserve. Until the balance on this reserve was increased to its nominal level it would not be possible to make further contributions from this reserve.

2) Car Parking Repairs and Maintenance Reserve – the balance on the reserve was expected to be fully utilised by March 2021 due to the continued funding of replacement pay & display ticket machines, and essential maintenance.

3) Community Projects Reserve – this reserve was fully committed.

4) Corporate Asset Reserve – As discussed in the paragraph on PPM, this reserve was forecast to have around £400k by the end of 2020/21. Further funding would be required for future years to maintain assets in future years in line with the Asset Strategy.

5) ICT Replacement Reserve – this reserve would receive annual contributions of £250,000, amounting to £1m over the period 2019/20 to 2023/24. The most up to date forecast for the replacement of the

Council's ICT Equipment was attached at Appendix 6 to the report. If all the items on the schedule were to be funded, further funding would be required for future years.

6) Equipment Renewal Reserve – this reserve had been forecast to receive allocations of £100k per annum. Some drawdowns from this reserve had not been needed as soon as profiled. Consequently, within the proposed budget no allocations into the reserve had been allowed for 2020/21 and 2022/23. However, Members were asked to note the significant potential demands on this Reserve in future years, if all of these items were drawn down to this value, the Reserve would be exhausted. The schedule was regularly reviewed to assess whether demands were still required, or whether they could be slipped within the programme.

7) Homelessness Prevention Reserve – Government grants amounting to £529k were received in 2018/19 and 2019/20 and allocations of £278k were expected to be made from the reserve in the same years resulting in a net increase of £274k over the period 2018/19 to 2022/23.

8) Leisure Options Reserve – This reserve was proposed to receive £740k from New Homes Bonus. If the Kenilworth Leisure scheme was approved to go ahead, this budget was to fund the costs incurred during the development.

9) Planning Investment Reserve – income amounting to £1.4m arising from increased planning fees would be credited to the reserve over period 2019/20 to 2023/24 and this would be offset by the reserve funding various posts e.g. temporary Senior EHO, Development Monitoring Officer and Community Infrastructure Levy (CIL) officer. Allocations from this reserve were agreed by the Senior Management Team.

10) Public Amenity Reserve – £140k was proposed to be allocated from New Homes Bonus to fund the next green spaces and play areas projects identified from the parks and play area audits in line with Green Space Strategy. Further funding would be required for future years.

11) Public Open Spaces Planning Gain Reserve – this reserve was built up of S106 contributions received in previous years and was dedicated to one-off improvements of public open spaces including play areas. It would provide £370k towards the 2019/20 play area capital programme after which it would be mostly exhausted.

12) Service Transformation Reserve – £707.3k was proposed to be allocated from New Homes Bonus. In addition, the unallocated balance on the Grants In Advance Account, which was made up of various grants received in recent years, being available for any purpose of £459,000, was proposed to be transferred to the Service Transformation Reserve.

13) Digital By Default Reserve - £86.3k was proposed to be used towards the ICT restructure.

14) Warwick District Climate Emergency Reserve – a new reserve was proposed to be created from 2020/21 with the proceeds of the £52 council tax increase. In the first year this should generate £2.9m, with similar amounts in subsequent years. The proposed initial use of this reserve was considered in paragraph 3.13.4 of the report. Further use of this reserve was proposed to be delegated to the Executive.

In terms of General Fund and Housing Capital Programmes, in accordance with the Council's Code of Financial Practice, all new and future capital schemes had to be in line with the Council's corporate priorities including its capital strategy and a full business case would be required as part of reports to the Executive for approval. This case would identify the means of funding and, where appropriate, an options appraisal exercise would be carried out. Should there be any additional revenue costs arising from the project, the proposed means of financing such had to also have been included in the Report and Business Plan.

The Capital Programme had been updated throughout the year as new and changes to projects had been approved. In addition to the changes throughout the year, it was proposed to add several new schemes to the Capital Programme as detailed in Appendix 8 to the report. These most notable schemes were:

Scheme	**Year**	**Amount**	**Financed From**
Kenilworth HIF Grant	2019/20	£9.6m	REFCUS
Power Supply to Car Park	2019/20	£97.8k	Corporate Asset Reserve
Station Approach land purchase	2019/20	£200k	Capital Investment Reserve
Crematorium	2019/20-2023/24	£110.4k	Equipment Renewal Reserve
CFS Aeroproducts Relocation to Warwick	2019/20 – 2021/22	£440k	Borrowing
Bowling Greens (Commonwealth Games)	2019/20 – 2020/21	£200k	Commonwealth Games Reserve
2nd Warwick Sea Scouts HQ	2019/20 - 2020/21	£439.2k	2020/21 New Homes Bonus £350k
Masters House	2019/20 - 2020/21	£1m	2020/21 New Homes £500k
Local Football facilities	2019/20 - 2020/21	£150k	Community Projects Reserve
Community Stadium Project	2019/20 – 2022/23	£176.9k	Borrowing
AV System in Council Chamber	2020/21	£80k	Equipment Renewal Reserve
Health and Community Protection IT System	2020/21	£300k	2020/21 New Homes Bonus
Financial Management System	2020/21	£600k	2020/21 New Homes Bonus

Scheme	Year	Amount	Financed From
Cycleway Upgrade (Commonwealth Games)	2020/21	£50k	Commonwealth Games Reserve
Europa Way Heathcote Farm	2020/21	£996.8k	Borrowing
Kenilworth School Loan	2020/21	£2m	Internal Borrowing
Desktop Infrastructure, Network Devices LAN & WAN, Infrastructure General, Network General	2023/24	£257k	ICT Replacement Reserve
Rural & Urban Initiatives Grants – extension of current programme	2023/24	£150k	Capital Investment Reserve
Recycling & Refuse Containers – extension of current programme	2023/24	£80k	Capital Investment Reserve

In addition to the new projects incorporated in above the following capital projects were expected to come forward over the following few years:

- investment in replacement multi storey car parks;
- office relocation; and
- Europa Way Community Stadium.

Slippage to 2020/21 in the General Fund Programme was incorporated as reported during the year.

In addition, the following table showed increases to schemes that were required to be reported to Members. The full details were within Appendix 8 to the report:

Scheme	Year	Amount	Comments
Desktop Infrastructure	2020/21	£60k	Increase met from ICT Reserve
Network	2020/21–2021/22	£60k	Increase met from ICT Reserve
Whitnash Community Hub	2019/20	£415.2k	Increase met from Community Projects Reserve
Leisure Centre Refurbishments	2019/20-2020/21	£543.5k	Increase met from Any Purpose RTB receipts

Community Stadium Project	2019/20 to 2022/23	£12.6k	Funded from internal borrowing
St Marys Lands – Main Entrance Improvements	2019/20	£29.4k	Increase met from Community Projects Reserve
Project Officer Whitnash / Kenilworth Phase 2	2019/20-2022/23	£142.1k	Increase from Service Transformation Reserve
Tachbrook Country Park	2021/22	£2.1m	Increase from s106

Slippage and savings on existing schemes were also detailed within Appendix 8 to the report.

Appendix 9 to the report showed the General Fund unallocated capital resources, which totalled £1.686m. The Capital Investment Reserve represented the largest share of this at £1.233m, for which the Council had agreed the minimum balance should be £1m. Whilst the Council did hold other reserves to fund capital projects, it was noted that these were limited and had been reserved for specific purposes. In addition to the resources shown here, within the Housing Investment Resources, the Right to Buy "Any Purposes Capital Receipts" projected at £8.202m (Appendix 9, part 4) were available to fund non Housing schemes.

The latest Housing Investment Programme (HIP) was shown at Appendix 9 to the report, part 2.

Appendix 8 to the report detailed variations to the HIP from the programme approved as part of the February 2019 budget report. This included new schemes approved during 2019/20, changes to current schemes, and slippage from 2018/19.

Appendix 9 to the report, part 4, showed the funding of the HIP and the forecast balances at year end until 31 March 2024 after the HIP had been financed.

The Capital receipts primarily related to Right to Buy (RTB) sales. The Council had freedom on how the any purpose receipts were utilised, being able to fund General Fund and Housing Capital schemes.

RTB 1-4-1 receipts had to be utilised in replacing housing stock that had been purchased from the Council by existing tenants through the RTB scheme. This could be through new build properties (such as Sayer Court), the purchase of existing properties (such as Cloister Way) or buy back of existing Council properties previously sold through RTB. However, they could only be used to fund up to 30% of the replacement cost as per RTB regulations. If the funding was not used within a three-year period from the date of receipt, the funding would be repayable to the Government, along with interest. It was envisaged that there would be no requirement to repay any 1-4-1 receipts to the Government as they would be utilised to finance current or potential schemes within the Housing Investment Programme. Within the current Housing Investment Programme there were schemes for the acquisition of properties as agreed by Members. This would fully utilise the 1-4-1 funding that the Council held and would receive in 2019/20, with it projected to have a zero 1-4-1 balance as of 31 March 2020. The projections showed a further £1.4m per annum would be available thereafter for further schemes, with this funding having to be used within the three-year timescale. Where schemes had been designated to be funded using additional borrowing, 1-4-1 receipts generated would be used in the first instance to reduce the amount of borrowing required.

HRA Capital Investment Reserve. This reserve was funded by the surpluses generated on the Housing Revenue Account. The HRA Business Plan assumed that this funding would be used for the provision of new HRA stock, and to allow debt repayments on the £136.2m loan taken out to purchase the HRA housing stock to commence from 2052/53.

The Major Repairs Reserve was used to fund capital repairs of the HRA stock. The contributions to this reserve were based on depreciation calculations.

Section 106 were payments received from developers in lieu of them providing new on site affordable homes, enabling the Council to increase the HRA stock or assisting housing associations to provide new dwellings. These S106 payments usually had a time limit attached to them by which time they would need to be utilised or they might have needed to be repaid to the developers.

The Right to Buy Any Purpose Capital Receipts were shown within the sources of Housing Investment Programme funding. As considered previously by Members, these capital receipts were not ring-fenced and could be used for any capital projects.

In terms of Prudential Indicators, the Council was required to determine an Authorised Limit for borrowing in accordance with The Local Government Act 2004, Section 3, and to have agreed prudential indicators in accordance with the CIPFA Code for Capital Finance in Local Authorities.

The Prudential and Treasury Indicators would be included in the Treasury Management Strategy report going to Executive on 18 March 2020, to be approved by Council before the start of the financial year 2020/21, as required by the CIPFA Prudential Code.

In relation to Capital Strategy, the Council approved a Capital Strategy for the financial year 2019/20, as required by CIPFA revised Prudential and Treasury Management Codes.

The initial capital strategy required updating, to reflect the Asset Management Strategy approved in November 2019 and a new Commercial

Property Investment Strategy that was planned to be brought to Council early in 2020/21. It also needed to reflect the Council's aspirations as part of the Climate Emergency Declaration.

Therefore, it was planned to revise the Capital Strategy during 2020/21, to fully reflect these other underpinning corporate strategies and objectives.

In terms of appropriation of funding and balances, 2019/20 revenue Budget showed a surplus of £202,000 with 2020/21, and showed a deficit of (£1.6m). It was proposed to use the Business Retention Rate Volatility Reserve to smooth the shortfall within the Medium Term Financial Strategy for 2020/21 and 2021/22, leaving £522k shortfall to be found in 2022/23. With the 2020 surplus being allocated to the Volatility Reserve, the net amount being drawn from the Reserve was £3.459m.

New Homes Bonus remained the major source of additional funding over which the Council had discretion as to how it was used, as discussed above.

It was proposed to use the New Homes Bonus as follows:

New Homes Bonus – 2020/21 Allocation	**£**
Waterloo Housing Association – Joint Venture commitment	125,800
Commonwealth Games Reserve – agreed annual allocations per Executive March 2018.	150,000
Sea Scout's Headquarters – agreed Executive August 2019	350,000
Masters House – agreed Executive Oct 2019	500,000
Public Amenity Reserve - allocations needed to fund works on Council open spaces and play areas in 2020/21. Further funding required for future years.	140,000
Leisure Options Reserve - Kenilworth Leisure interim development costs, to be considered further in future Executive report.	740,000
Financial Management System – agreed December 2019 Executive.	600,000
H&CP System – Agreed Oct 2019 Executive	300,000
General Fund Early Retirements Reserve – additional funding required for potential demands in 2020/21	15,000
Project Legal Costs – additional funding required for several agreed projects in progress	98,000
Service Transformation Reserve	707,300
Total Allocated	**3,726,100**

The additional income to be generated from the £52 increase in Council Tax for Climate Emergency would be allocated to the new Climate Emergency Reserve. For 2020/21 this was predicted to generate £2.904m income. The immediate items to be funded from this reserve would be:

	£000
Cost of holding the referendum over the Excessive Council Tax increase	300
Climate Emergency Director – cost of first of three years, as agreed by Employment Committee.	105
Food waste collection implementation and setup	533

The balance on this reserve would be used towards items included within the Climate Emergency Action Plan. The reserve should receive similar allocations from council tax income in future years.

In terms of Business Rates - Retail Discount Relief, the Ministry of Housing, Communities and Local Government had been in communication following the General Election regarding changes to Business Rates from 1 April 2020. The Government was looking to:

- increase retail discount relief to 50% for all occupied retail properties with a rateable value below £51,000, whilst extending its coverage to include cinemas and music venues; and
- reintroduce pub relief.

These changes were expected to be formally announced in the Chancellor's Budget on March 11 2020. Based on the Committee meeting dates, this would not enable any changes to be formally agreed and incorporated into the 2020/21 Business Rate Bills to be issued in March 2020.

It was recommended that the Section 151 Officer, in consultation with the Finance Portfolio Holder, was duly authorised to approve any business rate relief changes agreed by the Government, and for that rate to be incorporated into the 2020/21 Business Rate Billing.

In relation to the Pre-Planned Maintenance Budget (PPM), the proposed budget would enable the Council to proactively maintain all existing corporate assets (i.e. all assets owned by the Council other than its Housing Revenue Account homes, shops, garages and land) in a sound condition unless or until any future decisions were made in respect of individual assets through a Corporate Asset Management Strategy.

The proposed budget allocation for 2020/21 was based on a review of the current PPM data by officers within the Assets Team, in consultation with building managers from other services which held or operated specific assets. The Proposed Corporate Property & Planned Preventative Maintenance (PPM) Programme works 2020/21 was set out at Appendix 10 to the report.

For 2020/21, the total PPM budget was £1,071,700. This would be funded using £413,000 from the Annual PPM budget and a £658,700 drawdown from the Corporate Assets Reserve of which the balance was £1,087,500. Further detail of the PPM Plan and the associated funding was provided within Appendix 10 to the report.

In terms of alternatives, the Council did not have an alternative to setting a Budget for the forthcoming year. Members could, however, decide to amend the way in which the budget was broken down or not to revise the current year's Budget. However, the proposed latest 2019/20 and 2020/21 budgets were based upon the most up to date information. Any changes to the proposed budgets would need to be fully considered to ensure all implications (financial or otherwise) were addressed.

The "Substitute Calculations" required to be in place if the referendum for the £57 council tax increase was not agreed by those voting were set out in Appendix A to the report.

An addendum circulated prior to the meeting advised Members of the following changes to the report:

a) Appendices 7a and 7b were updated to include some changes presented by Service Managers. An additional £182k of items were added to the schedule, which required SMT / Executive Approval as per agreed funding draw down process when required.

b) Appendix 5b – This was updated to reflect the additional potential requirements on the Equipment Renewal Reserve following the items added to the Equipment Renewal Schedule.

c) Appendix 11 – The financial strategy was updated to include the latest Revenue Forecasts (Section 8.1), Council Assets (9.2), and Capital Programme (9.3). The latest version of the Link Asset Services Economic Background (Annex 1) was included.

The Finance & Audit Scrutiny Committee noted the contents of the report but had concerns about how the work on Climate Change Action Plan would be funded if the proposed increase did not get approved and in what time scale the changes proposed would occur.

The Finance & Audit Scrutiny Committee also noted the intense programme to bring proposals forward to mitigate the budget deficit that were set within the Medium Term Financial Strategy. Therefore, the use of the business rate volatility deficit as a one off use up to 2022/23.

They also noted it would be very important for Scrutiny and all Councillors to ensure if the Climate Action Fund was not used for works other than the action plan agreed by Council and to ensure this was communicated to the public.

The Finance & Audit Scrutiny Committee recommended to the Executive that the cost of the referendum should come from the new homes bonus and the proposed allocation to the service transformation reserve for the next year should be reduced by the same amount. Members of the Executive were required to vote on this proposal because it included a recommendation from the Scrutiny Committee.

The Finance & Audit Scrutiny Committee had concerns with the cost of the climate change programme director role being funded from the ring fenced climate change emergency because the original position was for this to be paid from the new homes bonus and this could be a cause of concern for the general public if a referendum was to take place. The Committee asked the Executive to check that it was comfortable with the proposed funding for the role and if it was not a correct use of the climate change emergency how would the post be funded without impacting on projects across the Council proposed within the new homes bonus funding plan.

The Finance & Audit Scrutiny Committee asked for details to be circulated of how the Planning Appeals Reserves was calculated for future years.

On behalf of the Executive and in answer to the recommendation from the Finance & Audit Scrutiny Committee and questions from the Group Leaders, Councillor Day advised that it had always been the Executive’s view that the cost of the referendum should come from the New Homes Bonus. He thanked the Finance & Audit Scrutiny Committee for the comments made and for noticing this error in the report.

In answer to the concerns raised by the Finance & Audit Scrutiny Committee, the Chief Executive reminded Members that when the Programme Director for Climate Change role was initially proposed, the intention had been to fund it from the New Homes Bonus. However, in the meantime, further proposals were made in relation to the council tax referendum. The Chief Executive reminded Members that the new post was specifically for climate change.

Councillor Hales, the Portfolio Holder for Finance, thanked Councillor Nicholls for his comments and support. He reminded Members of the significant savings that the Council would need to make over the coming years. He then proposed the report, subject to the amendments in the addendum and following changes:

a) the amendment proposed by Finance & Audit Scrutiny Committee, that the cost of the referendum should come from the New Homes Bonus and the proposed allocation to the service transformation reserve for the next year should be reduced by the same amount; and

b) an amendment to fund the Programme Director for Climate Change role for 2020/21 financial year from the New Homes Bonus and the proposed allocation to the service transformation reserve for the next year should be reduced by the same amount.

Recommended to Council that

(1) the proposed changes to 2019/20 Budgets, be approved;

(2) the Revised 2019/20 Budget of Net Expenditure of £19,790,607 after allocating a surplus of £202,000, attached as Appendix 2 to the report, and the further changes to the current year budget, be approved;

(3) the proposed changes to 2020/21 Base Budgets, be approved;

(4) the proposed Budget for 2020/21 with Net Expenditure of £20,204,988 taking into account the changes detailed in section 3.3 on the report, with a deficit of £1,600,100, prior to use of reserves, as summarised in Appendix 2, be approved;

(5) subject to approval of the above Budget 2020/21, the Council Tax charges for Warwick District Council for 2020/21 before the addition of Parish/Town Councils, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band be agreed by Council as follows:

	£
Band A	149.24
Band B	174.11
Band C	198.99
Band D	223.86
Band E	273.61
Band F	323.35
Band G	373.10
Band H	447.72

(6) the projected deficit within the Medium Term Financial Strategy and the proposal to initially fund this from the Business Rate Retention Volatility Reserve, and how new savings or income generating initiatives are needed to come forward to be agreed within 2020/21 so as to avoid reductions to service provision, be noted;

(7) the reserve projections and allocations to and from the individual reserves, be approved;

(8) the ICT Replacement and Equipment Renewal Schedules, be approved;

(9) a new Climate Emergency Reserve, with funding from the £52 increase in council tax at Band D, subject to a positive result from a local referendum, be approved, and funding from this reserve be agreed by the Executive;

(10) the General Fund Capital and Housing Investment Programmes as detailed in Appendices 9 parts 1 and 2, together with the funding of both programmes as detailed in Appendices 9 parts 3 and 4 and the changes described in the tables in section 3.10 and Appendix 8 to the report, be approved;

(11) the Financial Strategy attached as Appendix 11 to the report, be approved;

(12) the 2020/21 proposed New Homes Bonus of £3,726,100 be allocated as follows, including the two amendments as reflected below, to cover the cost of the referendum and the first year of the Programme Director for Climate Change from the New Homes Bonus, and to decrease Service Transformation Reserve by the same amount:

(13) the Section 151 Officer, in consultation with the Finance Portfolio Holder, be duly authorised to approve any business rate relief changes agreed by the Government to be incorporated into the 2020/21 Business Rate Billing.

Resolved that

(1) the proposed allocation of £1,071,700 for the 2020/21 Corporate Property Repair and Planned & Preventative Maintenance (PPM) Programmes to fund the list of proposed works set out in Appendix 10 to the report, and that the drawdown of funding from the Corporate Asset Reserve of up to £658,700 to support the 2020/21 programme, be approved;

(2) the Assets Manager, in consultation with the Deputy Chief Executive (BH) and the Procurement Manager, be authorised to procure the proposed PPM works as per the Code of Procurement Practice, and authority be delegated to the Assets Manager, the Deputy Chief Executive (BH) and the Head of Finance, in consultation with the Finance Portfolio Holder and the Leader of the Council, to approve any amendments to the proposed programme of works listed at Appendix 10 to the report and/or revisions to the amount of budget allocated for specific schemes, provided these can be accommodated within the overall PPM budget allocation of £1,071,700, be agreed;

(3) the operational, legal, reputational and financial risks in setting an excessive council tax as detailed in the Risks section and at Appendix 12 to the report, be noted;

(4) the substitute Recommendations within Appendix A to the report, be agreed;

(5) the amendment proposed by Finance & Audit Scrutiny Committee, that the cost of the referendum comes from the New Homes Bonus and the proposed allocation to the service transformation reserve for the next year is reduced by the same amount, be agreed; and

(6) an amendment to fund the Programme Director for Climate Change role for 2020/21 financial year from the New Homes Bonus and the proposed allocation to the service transformation reserve for the next year be reduced by the same amount, be

agreed.

(The Portfolio Holder for this item was Councillor Hales)
Forward Plan Reference 1,106

109. **Housing Revenue Account (HRA) Budget 2020/21 and Housing Rents**

The Executive considered a report from Housing presenting the latest Housing Revenue Account (HRA) budgets in respect of 2019/20 and 2020/21.

The information contained within the report made the recommendations to Council in respect of setting the budget for the following year, the proposed changes to Council tenant housing rents, garage rents and other charges for 2020/21.

In July 2015, the Government announced that with effect from April 2016, the rents charged for existing tenants by local authority housing landlords should be reduced by 1% per year, for four years. 2019/20 was the final year of this reduction.

The 1% rent reduction per annum also applied to supported housing, with 2019/20 being the final year of this reduction.

From April 2020, a new policy would come into effect, with Councils allowed to increase rents by CPI (1.7% at September) + 1% per annum.

For new tenancies, landlords were permitted to set the base rent as the Target Social Rent (also known as Formula Rent). In the Council’s case, this represented a small increase over the social rent charged for tenanted properties and was projected to increase rental income by around £6,000 in 2020/21. These tenancies would then be subject to agreed rental policy to comply with the Welfare Reform and Work Bill 2016.

Approval of the Council’s request to charge affordable rents from Homes England in relation to properties at Sayer Court Leamington, and Bremridge Close, Barford, enabled the Council to charge Warwick Affordable Rent Levels. New tenancies established in these properties during 2020/21 would be charged at the full Warwick Affordable Rent Value.

Rents on new affordable housing schemes within the HRA would have rents charged in line with the planning permission and grant approvals from Homes England.

Details of current rents and those proposed as a result of these recommendations were set out in Appendix 1 to the report. A comparison of the Council’s social rents with affordable and market rents was set out in Appendix 2 to the report.

The recommendations ensured that the Council operated in compliance with national policy and guidance on the setting of rents for General Needs and Supported Housing properties.

In relation to Shared Ownership, during 2019/20, the Council took ownership of four shared ownership properties at Bremridge Close, Barford. Prior to these, 15 shared ownership dwellings were purchased in 2015 at Great Field Drive in Southwest Warwick.

Shared owners were required to pay rent on the proportion of their home which they did not own.

The shared ownership properties' rent increases were not governed by National Policy.

The Council adopted the Homes and Communities Agency (HCA) template lease agreement which included a schedule on rent review. Schedule 4 of the lease agreement determined that the rent would be increased by RPI (2.2% at November 2019) + 0.5% from April 2020.

In terms of garage rent increases, these increases were not governed by national guidance. Any increase that reflected costs of the service, demand, market conditions and the potential for income generation could be considered. The HRA Business Plan base assumption was that garage rents would increase by 10% for a five-year period from 2020/21 and then in line with inflation. However, the Council did not have in place a formal policy for the setting of rents for garages.
There were waiting lists for a number of garage sites, whilst other sites had far lower demand; where appropriate, these sites were considered for future redevelopment as part of the overall garage strategy for the future.

Two different rent charges applied to garages depending upon whether the renter was an existing WDC tenant or not. There were also parking spaces and cycle sheds which were charged for.

Market Research showed that in the private sector, garages were being marketed in the District, with rents ranging from £40-£85 per month (local market valuations last reviewed January 2020). The average monthly rent for a Council garage at this time was £42.47.

Consideration had been made of the level of increase that could be applied to the garages. Unlike housing rents in the previous recent years, there had been no requirement to reduce garage rents. In 2019/20, Members approved a £4 rise in garage rents. From 2020/21, it was proposed to adopt an increase of 10% per year over a five-year period being recommended across all chargeable areas.

The location of many WDC garage sites and quality of the land, landscape and garage condition constrained the levels of rent that could reasonably be achieved. It was considered that many sites required investment to improve their condition, provide greater community benefits, extend the life or accommodate the development of additional affordable housing. The Housing Service had completed a review of garage sites to determine their optimum potential as an asset of the HRA. Most sites would simply require some form of fairly modest improvement such as to roofs or to the hardstanding. Others could require more significant work or could benefit from a more strategic redesign and realignment with contemporary expectations. In addition, the garages and external areas at key high rise sites were in need of some redesign and modernisation. The proposal was to undertake a detailed redesign of the external environments at the high rise blocks and to detail the requirements for improving sites as they were discounted for their potential for new development.

Any additional income generated from Garage Rents for the service would help to alleviate the loss of rental income from dwellings and ensure the continuous viability of the Housing Revenue Account Business Plan.

Should Members approve the recommendation, projected income for 2020/21 would increase by a net £67,040 compared to 2019/20.

Alongside the rent increase, a review of garage voids had indicated that on average, 15% of the total garage stock was void throughout the year, worth approximately £130,000 in potential income. Work to review each site to potentially reduce the level of voids and possibly attract additional income was in progress.

Garage rents would increase by 10% per year from April 2020. Tenants' weekly charge would increase by £0.89 per week from £8.91 to £9.80. Non-tenants also paid VAT on the charge, so it would increase by £1.07 per week, from £10.69 to £11.76.

The Council was required to set a budget for the HRA each year, approving the level of rents and other charges that were levied. The Executive made recommendations to Council that took into account the base budgets for the HRA and current Government guidance on national rent policy.

The dwelling rents had been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers for 2019/20 and 2020/21. This included additional rental income from six new build properties that had already been purchased at Bremridge Close and a further 19 which were due to be purchased and subsequently let to tenants, and changes based on the number of Right-To-Buy sales in 2019/20, and those forecast for 2020/21.

The total increased income generated from inflating rents in line with Government Rent Setting Policy in 2020/21 was estimated to be £742,000. This increase was attributed to the different elements of the HRA Housing Stock and Garages as follows:

- General Social Housing Stock rents would increase by CPI (1.7% at September) + 1% per annum for a 5-year period from 2020/21, this change to rent policy would generate an increase of £658,715;
- Affordable Housing Stock rents would also increase by CPI (1.7% at September) + 1% per annum which would equate to an increase of £14,400 in 2020/21;
- Shared ownership property rents would increase by RPI + 0.5% in accordance with the terms of the lease. As at November 2019, RPI

was 2.2% +0.5% totalling a 2.7% increase, therefore the income budget was increased by £2,038; and

- The garages rental income budget had increased by £67,040 to take into account the 10% per annum increase in charges for 20120/21 and current level of voids.

Full details of the Housing Revenue Account Budget were included within the Budget Book and a summary was provided in Appendix 3 to the report.

The Housing Employee Restructure approved at 20 December 2019 Employment Committee resulted in a funding requirement approved by Executive on an assessment of the maximum cost of the new structure calculated on every member of the team being paid at the highest possible point of their agreed pay scale. This total maximum cost of £530,215 represented an increased to the Housing Revenue Account of £542,769 and a saving to the General Fund of £12,554. This increase had been included in the HRA employee budgets in Appendix 3 to the report. The team structure would be reviewed mid-year 2020/21 to assess an accurate budgetary position of the restructure employee costs once all posts had been appointed to.

The Council had submitted a grant bid for MHCLG's Rough Sleep Initiative Grant to fund six Rough Sleeping Interventions as a national measure to reduce the number of Rough Sleepers in Warwickshire during the 12-month period of 2020/21. The Interventions were listed in Appendix 5 to the report and were expected to commence in April 2020. The final Grant Allocations were expected to be announced by MHCLG late in January 2020, with budgets replicating the Grant Claim included in Appendix 3 to the report. The budgets were mixed between the General Fund and Housing Revenue Account due to the nature of the schemes with any shortfall in Grant Award being met from the 2020/21 MHCLG Flexible Homelessness Support Grant award. The Total Intervention costs were estimated at £678,275 with £660,028 being funded via the Grant Bid and the remaining £18,247 being funded using the existing 2020/21 MHCLG Flexible Homelessness Support Grant award. A further bid was made to Warwickshire County Council to support the Homeless Interventions of £100,000, but at the time of writing the report, the outcome of this bid was unknown. If the bid was successful, then this would negate the need to use the MHCLG Flexible Homelessness Support Grant award and budgets would be reduced accordingly.

The Housing Investment Programme was presented as part of the separate February 2019 report 'General Fund 2020/21 Budget and Council Tax'.

The recommendations enabled the proposed latest Housing Investment Programme to be carried out and contribute available resources to the HRA Capital Investment Reserve for future development whilst maintaining a minimum working balance on the HRA of at least £1.5m in line with Council policy.

In terms of alternative options, the Council has discretion over the setting of Garage rents, therefore it would be possible to set Garage rents higher than those proposed to maximise income. However, significantly higher rents might make Garages harder to let and so reduce income. Similarly, rents could also be reduced but this would reduce income to the HRA Budget when it was needed.

The Council did have the discretion to decrease rents for existing tenants. However, following the negative impact of the four-year fixed 1% rental income reduction any decreases would further reduce the level of income for the HRA, which in turn could impact upon the viability of future projects.

The Council did not have the discretion to change the rent schedule for existing shared ownership dwellings, which was determined by the existing terms of the lease.

The Finance & Audit Scrutiny Committee noted the report.

Councillor Matecki, the Portfolio Holder for Housing, proposed the report as laid out.

Recommended to Council that

(1) rents for all tenanted dwellings (excluding shared ownership) be increased by CPI +1% for 2020/21;

(2) HRA dwelling rents for all new tenancies created in 2020/21 be set at either Target Social (Formula) Rent for Social rent properties, or at Warwick Affordable rent for Affordable rents properties;

(3) shared ownership rents are increased by RPI plus 0.5% in line with the lease agreement, be noted;

(4) garage rents for 2019/20 be increased by 10% per year for five years from 2020/21;

(5) the latest 2019/20 and 2020/21 Housing Revenue Account (HRA) budgets as attached at Appendix 3 to the report, be agreed;

(6) the latest sheltered housing Heating, Water and Lighting full recovery recharges for 2020/21 as detailed at Appendix 4 to the report, be noted; and

(7) the MCHLG Rough Sleeping Initiative Grant Bid budgets as attached at Appendix 5 to the report, be agreed.

(The Portfolio Holder for this item was Councillor Matecki)
Forward Plan Reference 1,107

110. **Warwick District Climate Emergency Action Programme**

The Executive considered a report from the Chief Executive noting the reports of ATI Projects Ltd (ATI) which provided the background to the Council's work and sought agreement to the proposed Climate Emergency Action Programme (CEAP) parts 1, 2, and 3 attached:

1) Part 1 – outstanding actions from the November 2019 report - Appendix 1 to the report;
2) Part 2 – proposed carbon management plan for the Council's operations to become carbon neutral by 2025 within scope 1 and 2 - Work Packages 1 and 2 within Appendix 2 to the report;
3) Part 3 – proposed roadmap for facilitating the District towards zero net emissions by 2030 – Work Package 3 within Appendix 2 and illustrative proposals as set out in Appendix 3 to the report.

The report also sought agreement on a number of other actions including developing Part 3 with greater community, business and partner involvement. All of the steps were proposed in order to comply with the Council's commitments in a motion unanimously agreed in June 2019 declaring a Climate Emergency and stating the aim of the Council becoming a net-zero carbon organisation by 2025 and facilitating the District reducing to net zero emissions by 2030.

Since the Council declared its Climate Change Emergency in June 2019 and began its work in response, the impact of climate change was regularly reported. In addition to extensive media coverage of the extreme weather in the southern hemisphere, causing events such as the extensive and continuing bush fires and dust storms and flooding in Australia, reports on severe flooding in eastern African countries, violent typhoons affecting Asian counties and the declaration of a state of emergency in Newfoundland after continuous snowfall for a month had also been prominent. In the last few weeks before the report was written, renewed attention was given to the loss of ice in Antarctica and the threat posed by the potential catastrophic collapse of glaciers and ice sheets in the west of the continent. Prominent experts and campaigners continued to highlight the dangers of climate change and the risks of not implementing the Paris Accord and the discussions that would be held at the United Nation's Climate Change Conference (COP26) in Glasgow in November of this year were increasingly seen as being crucial to minimising those risks.

As the Council approached a major milestone in being able to map how it would make itself carbon neutral by 2025 and how it might start work on enabling and influencing the District to become as close as possible to carbon neutral by 2030, it was important to remember the reasons for the Council's unanimous declaration of a Climate Emergency and the purposes of the proposed actions in response to that. It was therefore suggested that a public reiteration by the Council of its continuing commitment would be important.

Alongside tackling the Climate Emergency, it was important to recognise that the proposed steps also offered important additional benefits to the residents, communities, businesses and partner agencies in Warwick District. These benefits included:

- Improving the energy efficiency of houses in the District to get as many as possible up to at least EPC level C by 2030. This would not only reduce carbon emissions but would enable many households to reduce their energy bills and saving them money, which was especially important for low income households and to reduce fuel poverty. The evidence showed that very significant savings could be made by households.
- Adopting a Sustainable Transport Strategy would help address both the frequent congestion on the roads of the District and the significantly poor air quality in particular parts of the District, especially Leamington, Warwick and Kenilworth town centres. Such pollution impacted harmfully on the health of many people and could also have a negative impact on the visitor economy.
- Improving housing standards, making them warm and dry, and encouraging more active lifestyles, like walking and cycling to undertake particular journeys, would also help to improve the physical and mental health and well-being of local residents.
- Undertaking offsetting works, such as planting trees and creating new wildlife habitats would, as well as enhancing the local recreational experience also increase biodiversity, help the District's "green" natural environment and enhance its resilience.
- Encouraging companies to improve their energy efficiency to reduce carbon emissions would also help them to minimise business costs and enhance profitability; promotion of the District as a cluster for "green" low carbon companies would enable the creation of more jobs as well as stimulating innovation to tackle the Climate Emergency.

The CEAP would enable significant and widespread benefits for the District. However, it needed to be recognised that implementing this Action Programme represented a very significant organisational and financial task for the Council. Without additional resources, both financial and staffing–wise, it would not be possible. The Budget report on the agenda, Minute Number 108, set out a proposal to levy an additional level of Council Tax, which on a Band D property amounted to an extra £1 per household per week. Overall, this would generate an additional £3 million a year. It was proposed that this additional revenue should be put into a ring-fenced account, only to be used for tackling the Climate Emergency and to be known as the Climate Action Fund (CAF).

It was important that this additional revenue and expenditure was reported openly and transparently, so that residents could see the clear linkage between the money raised, upon what and where it was used, and to what effect. This should be done within the context of the Council's annual accounts and annual report which could then be properly audited and publicised.

At its meeting on 13 November 2019, the Executive considered and agreed a series of recommendations relating to the Climate Emergency. These recommendations and updates on progress were set out at Appendix 1 to the report. It was suggested that the outstanding actions should continue and form a Part 1 of the overall CEAP.

The ATI report commissioned as part of the recommendations approved by Members in November 2019 was attached at Appendix 2 to the report and it should be formally noted that it formed the background to the Council's work.

Contained within the ATI report at Appendix 2 to the report was WP1 and WP2, which set out what the Council needed to do to set up its Programme (WP1) and to achieve a carbon neutral position for the Council's own carbon footprint by 2025 at WP2. This formed part 2 of the CEAP and was costed on a basis agreed by the CEWP. In order to implement its contents, the funding proposal set out in the Annual Budget report elsewhere on the Executive agenda, Minute Number 108 also needed to be agreed. If it was not agreed, then another report would need to be brought forward to consider the viability of implementing the proposals in the CEAP.

It was proposed that if the CAF was established following a referendum, then it could be used in order to fund the works set out in WP2. This would have the benefit of ensuring that the Council could achieve its stated aim of carbon neutrality by 2025, but given that it also generated significant revenue savings, it would enable those savings to be kept ring fenced into the CAF, so expanding its financial capability for enabling and influencing the District to become carbon neutral. Such a step would add almost £0.5m more to the Fund annually from 2025 from energy and fuel savings made.

WP3 within the ATI report at Appendix 2 to the report started to address how the Council could undertake its community leadership role in order to facilitate the District's carbon footprint reduction programme. More time was needed to develop a fully-fledged action plan for the District as it required more engagement, co-operation and support from the community at large, and with the business community and partner organisations. However, the key themes and some interim steps were suggested in Appendix 3 to the report. It was suggested that WP3 and Appendix 3 to the report should form part 3 of the CEAP. However, to be able to implement its contents, the funding proposal set out in the Annual Budget report on the Executive agenda also needed to be agreed. If it was not agreed, then another report would need to be brought forward on the viability of implementing the CEAP's proposals.

The CEWP had taken the lead member role in ensuring that work had been undertaken to meet the Council's declaration of June 2019. It was suggested that the Working Party should continue its work but as the Climate Emergency Programme Board (CEPB) especially on working up the proposals for tackling the District's carbon footprint; agreeing the proposals for partner, community and business engagement; agreeing the annual action plan and the proposed allocation of funding for it; and reporting on progress to the Executive, Scrutiny and Council. It was proposed that this Member activity would be supported by an officer support structure, led by the proposed Programme Director and a Programme Team operating on the usual basis for the Council running projects and programmes.

Alongside such steps, it was proposed that formal Terms of Reference and structure of the above governance arrangements should be presented to the Executive for consideration by the end of March 2020, and that the wider Governance Structure illustrated in Diagram 1 in section 3.12 if the report should be considered by the proposed CEPB and that it would bring forward proposals for consideration by the Executive, also by the end of March 2020.

The Working Party had an outstanding work item on partner, community and business engagement to report back upon and it was suggested that this should soon be concluded and reported to the March 2020 Executive meeting for Members' approval. Such engagement would be important if a net carbon neutral position for the District was to be achieved by 2030.

Given that funding for the CAF would only be certain if the precept was approved by the public referendum, it was not yet possible to precisely allocate funds to particular actions. However, once confirmed, it was suggested that the proposed CEPB should present a report to the Executive for its agreement with its recommendations for the funding of Year One of the CEAP.

In addition, the Council's ability to undertake any part of the action plan was severely limited by the constraint on staffing capacity. In order to gear up to deliver District-wide initiatives, then Year One of a ten-year plan to enable the District to be carbon neutral by 2030 needed to allow for the build-up of staffing capacity. The CEPB report referred to above also detailed how this issue would be addressed including the cost.

The actions proposed within the CEAP were a mixture of capital and revenue financial items. The Council, in the Annual Budget report, Minute Number 108, set out a significant proposal that, if agreed, would generate circa £3 million a year. The proposal within the report was that this sum should be ring fenced for Climate Emergency work within the CEAP and be known as the Climate Action Fund. If the proposal to ring fence savings made as a result of energy and fuel efficiency savings across the Council's estate (excluding council homes) i.e. from the part 2 (WP2) of the CEAP, was agreed, then over a ten-year period, the Council would have access to a Council controlled funding pot of circa £33m. However, even this would not be sufficient to fund all aspects of the CEAP. Therefore, the opportunity should be taken to undertake a review of external funding opportunities and to submit bids as and when appropriate, referencing to the proposed Climate Emergency Programme Board for Member approval. As an ambition and to reflect the realities of match funding bids, the Council should be seeking to triple its own investment, and so achieve an overall funding supply of at least circa £100m over ten years.

In addition to reviewing the other funding opportunities, the Council should review its policies and services to ensure that across all of its activities, it was consistent with its revised central plank of achieving carbon neutrality for the Council by 2025 and for the District by 2030. The proposed CEPB should lead this work supported by the Programme Director and team and be carried out over the following five years as it was a significant task in itself.

A key part of engagement would be to foster an understanding of what the Council had agreed as a CEAP, both for its own carbon footprint and for that relating to the District. Therefore, it was suggested that the contents of the report and of the November 2019 report should be disseminated to the wider partner, community and business community as soon as it was possible.

One of the proposed steps was that the Council should invest heavily in its own Council housing stock in order to improve its energy efficiency up to at least EPC level C, thereby saving carbon and of course, significant energy costs to tenants. However, significant sums were involved and would be need to be funded from the Housing Revenue Account (HRA). It was proposed that this should be incorporated within the proposed HRA Business Plan which was proposed to be updated and presented for approval in March 2020 by the Executive. The proposed improvements represented an investment of circa £18m over the following ten years. This proposal also enabled the Council to comply with the requirements of the Fuel Poverty Act. The Council's housing stock represented approximately 1/12th of the whole District housing stock, so undertaking this action was a significant step for the District as well as for the Council.

The report from ATI indicated that in terms of tackling the District's carbon emissions, the most significant source was transport. While the District Council had various roles to play in relation to transport, it needed the County Council as the Highway Authority and other relevant transport bodies e.g. Transport for West Midlands, to commit to developing a Sustainable Transport Strategy and to implement it as a priority. It was proposed that the District Council should make a formal request to this end.

The other key policy element in relation to transport and wider environmental implications that land use policy for which the District Council was the strategic planning authority. The Local Plan for Warwick District contained a commitment within it to commence a review by 2021. It was proposed therefore that work be started in 2020 on the review to run in parallel, if possible, with the Sustainable Transport Strategy.

In terms of other options, the Council motion was not a legal requirement and consequently, there was no legal duty for the Council to undertake actions and activities in support of the target. However, the Council agreed a motion in June 2019 that established expectations and the report set out the proposals to address the Council's own emissions and to facilitate the District becoming effectively carbon neutral.

WP1, 2 and 3 within the ATI report at Appendix 2 to the report provided a comprehensive programme which was designed to address the climate change emissions of the Council by 2025. It was an option for Councillors to review the climate change emergency commitments proposed, and/or the deadlines involved reflecting a difference in resource availability. However, given the contents of paragraph 7.3 in the report, this option was discounted.

The CEAP, as it stood, could not be delivered without either additional resources being raised or the Council diverting resources from other services and activities. Diverting £3m a year of money from other Council services and activities from a net General Fund budget of only £18m a year would have had a significant, harmful effect upon them, which the Council had successfully avoided throughout all the time of austerity. Smaller sums could be diverted with smaller but still harmful impacts, but it would make the Council’s 2025 and District 2030 carbon neutral commitments probably impossible to achieve. Seeking to fund the CEAP via other revenue-generating activities might be possible, but certainly not within the same timescales and it would take some years for those activities to be put in place and to generate income, thus having an impact on the timeliness of being able to deliver on the Council’s commitments. It was likely that such income generation would be more modest than proposed by the additional precept, also having an implication on what could be delivered and by when.

The Finance & Audit Scrutiny Committee supported the recommendations in the report and thanked officers involved for the hard work in bringing the report forward.

The Overview & Scrutiny Committee supported the recommendations in the report and urged the Executive to progress them.

Councillors Falp, Grainger, Hales and Matecki emphasised the benefits of the cross-party collaboration and thanked officers and the Portfolio Holder for what had been achieved in a short period of time.

Councillor Rhead, the Portfolio Holder for Environment and Business, saw this as the most important decision taken in his years of service as a District Councillor, and emphasised how essential it was to develop a good communications strategy. He then proposed the report as laid out.

Recommended to Council that

(1) its conviction that there are real and present dangers for the residents, communities, businesses, and the environment of the District arising from Climate Change, be reiterated. The declared emergency requires clear, direct and prompt action in response. The Council therefore reiterates its commitment to achieve the Council’s stated aim in summary of becoming a net zero carbon organisation by 2025 and to facilitate reducing the District’s carbon emissions as close to zero by 2030;

(2) the proposed Climate Emergency Action Programme (CEAP) will also help to deliver other important improvements to the quality of life in the District by:

(a) helping to reduce household energy bills and fuel poverty by improving the energy efficiency of houses;

(b) helping to reduce congestion and improve air quality by working formally with Warwickshire County Council to agree a resourced Sustainable Transport Strategy;

(c) helping to improve health and well-being through better housing standards and encouraging more active lifestyles;

(d) helping to improve the natural 'green' environment by improving the area's biodiversity through tree planting and creating new habitat areas; and

(e) helping to improve the local economy and create more jobs and businesses by helping companies to reduce energy costs and encouraging a cluster of "environmental enhancing industries and companies" in the District.

(3) the significant organisational and financial task that implementing the CEAP represents be recognised, and as a consequence, a Climate Action Fund (CAF) be created as a ring-fenced account using the revenue generated by the proposed additional Council Tax charge set out in the report on the Budget for 2020/21, Minute number 108;

(4) subject to Council approval of recommendation (3) above, each year within the Council's accounts and other annual reporting, that a full account be given of the CAF as a ring fenced fund, setting out its income and expenditure, actions and outcomes so they can be reported to the public in an open and transparent way;

(5) (a) subject to the proposals relating to the financing of the CEAP being agreed by Council and the subsequent public Referendum, the Work Packages 1 and 2 (WP1 and WP2) of Appendix 2 to the report, relating to the establishment of the Programme and to the Council's own carbon management plan, be agreed as Part 2 of the CEAP, to be funded from the CAF;

(b) if the funding proposal is not agreed, another report be brought to the Executive and Council exploring the feasibility of how/if Part 2 may be implemented;

(c) the revenue savings generated through this part of the Action Plan be recycled into the Climate Action Fund (CAF) every year;

(6) (a) subject to the proposals relating to the financing of the CEAP being agreed by Council and subsequent Public Referendum, Work Package 3 of Appendix 2 as Part 3 of the CEAP which sets out the planned next steps needed to formulate a district wide action plan be adopted and some interim steps be agreed, with Appendix 3 containing examples of the projects and actions to be considered; and

(b) if the funding proposal is not agreed, then another report be brought to the Executive and Council exploring how/if Part 3 may be implemented.

Resolved that

(1) the progress regarding the status of the recommendations agreed in the 13 November 2019 Executive report as set out at Appendix 1, be noted, and the outstanding actions be taken forward and considered as Part 1 of the CEAP;

(2) the report by ATI attached as Appendix 2 to the report forming the background to the Council's work and recommendations for it to implement, be noted;

(3) the Climate Emergency Working Party (CEWP) continues, but as the Climate Emergency Programme Board (CEPB) with the remit of:

(a) recommending the steps to, and overseeing the process of, partner, community and business engagement in developing and implementing Part 3 of the CEAP;

(b) recommending to Executive and Council an annual action plan and the allocation of funding to particular actions;

(c) monitoring and reporting progress on implementing the whole CEAP on at least a quarterly basis to Executive and Scrutiny Committees and annually to Council, with the public reports being made available on an agreed periodic basis to inform the residents, communities and businesses in the District of progress towards the CEAP objectives;

(4) the proposed CEPB be supported by an officer Programme Director and Programme Team operating according to the Council’s usual governance arrangements;

(5) Formal Terms of Reference and Structure of the above governance arrangements be presented to the Executive for consideration by the end of March 2020;

(6) the wider Governance Structure illustrated in Diagram 1 at paragraph 3.12 be considered by the proposed CEPB and that it brings forward proposals for consideration by the Executive by the end of March 2020;

(7) the proposed CEPB be asked to report in recognition of (3) (a)above, before the end of March 2020 on the proposals for the engagement of the community, business and partners;

(8) the proposed CEPB be asked upon the proposals relating to the financing of the CEAP being agreed by Full Council and subsequent Public Referendum, to bring forward a report for consideration by the Executive setting out the proposed financial allocations to deliver year one of the CEAP including proposals relating to the additional officer resource and associated required budget need to deliver the CEAP;

(9) the proposed CEPB be asked to undertake a review of all external funding opportunities to supplement the Council’s own funding proposals to tackle the Climate Emergency and to implement the agreed CEAP be undertaken and support via the proposed CEPB be offered to proposals to bid for such identified funding;

(10) the proposed CEPB be asked to undertake a systematic review of the totality of the Council’s policies and services over the next five years to ensure they are consistent with the intention of the Council being a net-zero carbon organisation by 2025 and to facilitate the District towards being net-zero in carbon emissions by 2030;

(11) the content of the CEAP be communicated to the community at large, businesses and to partner organisations as a matter of urgency;

(12) the Housing Revenue Account Business Plan be reviewed and brought to the Executive for approval in March 2020 to include provision of circa £18m over the period up to 2030 to ensure all the Council's housing stock has a minimum energy Performance Certificate (EPC) rating of C and for any properties that cannot be brought up to EPC C rating, for either technical reasons or at an acceptable cost, to be subject to an options appraisal through the Council's Asset Management Strategy; and

(13) the Executive formally asks Warwickshire County Council to work with this Council to develop a Sustainable Transport Strategy urgently and to resource it appropriately; and in parallel, that this Council instigates a Local Plan Review putting the mitigation/prevention of the effects of climate change at its heart.

(The Portfolio Holder for this item was Councillor Rhead)
Forward Plan reference 1,092

111. **Community Infrastructure Levy (CIL) Fines and Surcharges**

The Executive considered a report from Development Services. The Community Infrastructure Levy (CIL) was adopted by Warwick District Council in December 2017. The CIL Regulations provided for the addition of surcharges and fines in the event of circumstances such as late payment or non-completion of forms, and the report provided a mechanism for the appropriate addition of such charges to CIL liabilities.

The CIL regulations made provisions for a range of surcharges and fines to be applied to a CIL liability. These charges changed from time to time with revisions of the CIL Regulations. However, the scale of charges was attached as Appendix 1 the report.

The enforcement of an appropriate scale of charges was important for the effective management of the CIL scheme, and would help ensure that there was sufficient strength in the process to encourage reluctant applicants to follow due process.

Should the revised regulations amend the scale of charges, then these would take precedence and the information on the Council website would be updated accordingly.

Any fines or surcharges applied and received would join other CIL liabilities received and would be distributed as part of this, in line with the new Infrastructure Funding Statement process.

In terms of alternative options, the Council could decide not to enforce the adopted the surcharges but this would have removed the ability to issue these to those who were not undertaking their CIL requirements.

The Executive could decide not to delegate the requisite authority needed to apply appropriate surcharges and fines to CIL liabilities. This meant that Executive approval was required each time a surcharge or fine needed to be applied, which was considered disproportionately time consuming and inefficient.

Councillor Cooke, the Portfolio Holder for Development Services, proposed the report as laid out.

Recommended to Council that

(1) the addition of CIL regulations surcharges and fines as set out at Appendix 1 to the report and minutes, be approved; and

(2) the Scheme of Delegation be amended to reflect that authority be delegated to the Head of Development Services, in consultation with the Portfolio Holder for Development Services, to apply fines and surcharges inline the CIL Regulations as reflected in Appendix 1 to the report.

(The Portfolio Holder for this item was Councillor Cooke)
Forward Plan Reference 1,094

112. **Information Governance Framework**

The Executive considered a report from Democratic Services proposing updates to the Information Governance Framework, associated policies and documents adopted by Warwick District Council on 5 April 2018 in preparation for the General Data Protection Regulation (GDPR).

This followed a review that considered the introduction of Data Protection Act 2018 (DPA) and followed best practice and guidance issued by the information Commissioner’s Office.

The review updated the Framework and documents to reflect best practice guidance. A summary of the changes is set out below:

a) Information Governance Framework – changes to Appendix 1 to reflect current policies and procedures;

b) Data Protection & Privacy Policy – update to make reference to the Data Protection Act 2018 and minor changes to reflect best practice;

c) Information Access and Rights Policy – Update to make reference to Environmental Information Regulation 2004 (EIR) and provide additional information about policy requirements;

d) Information Security & Conduct Policy – changes to Appendix 1 to reflect current policies and minor changes to clarify system owner and data confidentiality; and

e) Information Security Incidents Management Policy – Clarify process for reporting, handling and investigating breaches of security and personal data breach.

Overall, as part of the review, the review period for all policies had been amended to every 23 months or more frequently where necessary. This would allow for an early review if required, but otherwise allowed the policies to remain in force for a reasonable period.

The Framework and associated policies were based on good practice issued by the Information Commissioner's Office and shared knowledge through partnership, but also reflected the requirements placed on the Council by GDPR and DPA.

The amendments to the scheme of delegation were proposed to reflect the changes in statute and regulation to enable current working practices to continue.

In terms of alternatives, the Executive could consider approving the Information Governance Framework and policies with suitable amendments but this was not recommended because these had been developed using best practice and experience from other authorities.

Councillor Day, the Leader of the Council, proposed the report as laid out.

Resolved that

(1) the Warwick District Council revised Information Governance Framework attached as Appendix 1 to the report, be approved;

(2) the following policies, as set out in Appendices 2-5 to the report, be approved:

(a) Data Protection & Privacy;
(b) Information Access and Rights;
(c) Information Security & Conduct;
(d) Information Security Incident Management

Recommended to Council that the Constitution be amended to reflect Delegation G (13) be revised and read as follows: Make decisions under the provisions of the General Data Protection Regulation and Data Protection Act 2018.; so that it removes reference to the Data Protection Act 1998.

(The Portfolio Holder for this item was Councillor Day)

121. **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 item 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.

Minute Nos.	Para Nos.	Reason
123	2	Information relating to the financial or business affairs of any particular person (including the authority holding that information)
122, 124	3	Information relating to an individual and information which is likely to reveal the identity of an individual

The items below was considered in confidential session and the full details of this were included in the confidential minutes of this meeting.

Part 1

(Items upon which a decision by Council was required)

122. **Purchase of Land for Affordable Housing – Europa Way, Warwick**

The Executive considered a confidential report from Housing Services.

The recommendations in this report were approved.

(The Portfolio Holder for this item was Councillor Matecki)
Forward Plan Reference 1,109

(The meeting ended at 7:23pm)