

**Response from the meeting of the Executive on the
F&A Committee's Comments – 10 December 2020**

Item Number: 4 - General Fund Financial Update

Requested by: Councillor Nicholls and the Liberal Democrat Group

Reason Considered:

Councillor Nicholls: To look at short-term and medium-term financial implications and risks for the Council and to understand the reasons for the late release of the report and the consequences for the due diligence of it by all Councillors and groups.

Liberal Democrat Group: to better understand a) the achievability of the proposed savings, cuts and timing changes and b) the potential impact of the proposed changes on WDC services provided to local residents.

Scrutiny Comment:

The Finance & Audit Scrutiny Committee noted the recommendations in the report and asked the Executive to provide further detail and the financial rationale between the Climate Emergency Action Plan and the £500,000 mentioned in recommendation 2.5. More specifically, whether the £500,000 is intended to be the first increment in a longer-term reserve that will fund agreed projects in the Action Plan and also be used to leverage more money through government and other grants. In that latter context, it would be helpful to have an indication of the ambition for the scale of the fund that might be generated to meet the Council's targets.

The Committee noted that there were still a number of aspects which were not known at this time, such as the impact on Business Rates and New Homes Bonus arrangements, and looked forward to further detail in the Budget report, to be brought forward in February 2021.

Executive Response:

Councillor Rhead, the Portfolio Holder for Environment, thanked the Finance and Audit Scrutiny Committee for its comments, and stated that there had been discussions at the Climate Emergency PAB pre-meeting on this matter. He explained that there was a pathway to underscore what was being set out for the proposed budgets. It was important to realise that this was a new path other than the referendum that was proposed in 2020, but the details against that referendum still stood in good stead because the Climate Emergency Action Plan would still be implemented, and he hoped and trusted that the amount raised would induce other payments from other areas and grants.

Councillor Hales, the Portfolio Holder for Finance and Business, explained that the intention was that the £500,000 that was put aside would continue to be set out in the budget for the remainder of this Council, and fundamentally, all Councillors had signed up to the Climate Emergency.

The Leader thanked Councillor Nichols, and he explained that the genus of this fund was a financial engine to drive the Climate Emergency Action Plan, and accepted this needed to be shaped further and work would take place to provide more detail for the February 2021 Executive meeting.

Item Number: 6 - Housing Revenue Account Business Plan Review 2020

Requested by: Councillor Nicholls and the Liberal Democrat Group

Reason Considered:

Councillor Nicholls: to perform due diligence given the long-term financial implications
Liberal Democrat Group: to better understand the consequences for the long-term finances of WDC

Scrutiny Comment:

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Executive Response:

The recommendations in the report were approved.

Item Number: 5&12 - Formation of a Local Housing Company

Requested by: Councillor Nicholls, the Green Group and the Liberal Democrat Group

Reason Considered:

Councillor Nicholls: the financial, business, and legal risks for the Council.

Green Group: We are calling the LHC report into F+A because it meets all 3 of the criteria for both financial and other reasons:

- a) The number residents impacted and the significance of that impact
- b) The amount of spend involved
- c) It concerns a strategic priority of the Council or key project

The Council aspires to be a leader in driving actions that take local communities to net zero carbon. We therefore welcome the establishment of a LHC that can help deliver local sustainable housing, promote behavioural change, and lead development of a local green economy with new skilled jobs.

However, over 80% of new homes are currently being built to EPC B or higher*. Therefore, to align with the Council's climate declaration, meeting EPC standards does not seem sufficiently ambitious.

Additionally, unless dwellings are constructed to zero carbon standards throughout the 50-year timescale (which exceeds the national deadline for zero carbon) there are significant financial liabilities in terms of mandatory retrofitting of owned and rented properties.

Would specifying that all homes built by the LHC must be certified zero carbon in-use help achieve the council's climate emergency goals in terms of a) emissions from these homes, b) demonstrating possibilities to other builders, c) gaining residents' support for the Climate Action Plan, and d) minimizing the Council's financial liabilities?

*See NB1 - Number of New Dwelling Energy Performance Certificates lodged on the Register in England & Wales by Energy Efficiency Rating – for 2020

at <https://www.gov.uk/government/statistical-data-sets/live-tables-on-energy-performance-of-buildings-certificates#epcs-for-all-new-domestic-properties-including-new-build-dwellings-conversions-and-change-of-use>

Liberal Democrat Group: to better understand the consequences for the long-term finances of WDC and also the associated risks

Scrutiny Comment:

The Finance & Audit Scrutiny Committee noted the report and confidential appendices. It expressed concern about the robustness of the governance arrangements for the delegation of powers for approving loans in paragraphs 2.6.1 and 2.8 of the report, while recognising the need to balance the ability to act swiftly with appropriate oversight and scrutiny. Following the meeting, in discussion between the Chair of the Committee, the Deputy Chief Executive and Monitoring Officer, and the Portfolio Holder for Housing and Property, the latter has proposed amendments to the report as set out below:

"2.6 That subject to the approval of recommendation 2.3, Executive agrees that it:
2.6.1 Delegates authority to the **Deputy Chief Executive & Monitoring Officer**, Head of Finance and the Deputy Chief Executive (BH), following consultation with the Portfolio Holders for Housing and Property and Finance, **Chair of Finance & Audit Committee and the Chair of the Finance PAB**, to agree the terms and conditions of, and approve loans up to a value of £56.835m **£11.625m**.

2.8 That subject to agreeing recommendation 2.7, Executive agrees to delegate authority to the Chief Executive, Head of Finance and Deputy Chief Executive & Monitoring Officer, in consultation with the Group Leaders, noting that this includes the Chair of Finance & Audit Committee, **and the Chair of the Finance PAB**, to approve a loan request from the JV and determine the terms and conditions of the loan, having taken appropriate legal and commercial advice, and it is then recommended to Council that the capital programme is adjusted to reflect the loan to the JV funded by PWLB borrowing subject to Council approving changes to the Prudential Indicators as detailed in a further report."

Executive Response:

Councillor Matecki thanked officers for their hard work in getting the report done so quickly, and expressed his pride at the work the Housing team had undertaken. He then proposed the report as laid out in the addendum, subject to the amended recommendations proposed by the Finance and Audit Scrutiny Committee.