Cabinet

Minutes of the meeting held on Wednesday 4 September 2024 in Shire Hall, Warwick at 6.00pm.

Present: Councillors King (Deputy Leader), Adkins, Billiald, Chilvers, J Harrison, King, Roberts, Sinnott, and Williams.

Also Present: Councillors: Milton (Chair of Overview & Scrutiny Committee), Day (Conservative Group Observer), Boad (Liberal Democrat Group Observer) and Falp (Whitnash Residents Association Group Observer).

37. **Apologies for Absence**

Apologies for absence were received from Councillor Davison as Leader.

In the absence of Councillor Davison, Councillor King, the Deputy Leader, chaired the meeting.

38. **Declarations of Interest**

There were no declarations of interest.

39. **Minutes**

The page numbers and minute numbers from 5 June 2024 were corrected to start at minute number 1 and carry on sequentially. The Public & Press items were also amended to refer to the corrected minute numbers.

The minutes of the 10 July 2024 meeting were approved and signed by the Chairman as a correct record.

Part 1

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

40. **Authority to Apply to Homes England for Designated Protected Area Waivers**

The Cabinet considered a report from Housing which sought delegated authority for the Head of Housing to make applications to Homes England to waive Designated Protected Area status for shared ownership homes.

The report concerned new build shared ownership homes within the District which received Homes England grant funding. It affected both those provided by the Council and those provided by Housing Associations (also known as Registered Providers).

Shared ownership homes were a form of affordable housing available to those who could not afford a suitable home on the open market. A purchaser brought an initial share of a home owned by a Local Authority or Housing Association and paid rent on the remainder. The provider retained the freehold of the property and granted a long lease to the purchaser.

Following the initial purchase, a leaseholder might buy further shares in their property. This process was known as staircasing and in most cases, a leaseholder could staircase to 100% ownership. At this point, they would own the property outright and the freehold would be transferred to them.

If a shared ownership leaseholder staircases to 100% ownership, their property was no longer an affordable home and would become an open market property. This reduced the total stock of shared ownership homes. The ability to staircase was a key feature of the shared ownership model as it allowed households to adjust their ownership level as their circumstances changed.

In areas with large numbers of shared ownership homes or where more were being built, the loss of homes through staircasing was not a significant problem. However, in areas with a limited supply or where it would be difficult to replace shared ownership homes, such as rural areas, this loss could have a greater impact. In response to this issue, the government introduced Designated Protected Areas to protect the supply of shared ownership homes.

Designated Protected Areas (DPAs) were created by the Housing and Regeneration Act 2008 and enabled the Sectary of State to designate 'Protected Areas'. Providers of shared ownership homes in these areas were required to include conditions in the lease that either:

- restricted the leaseholder's equity share to a maximum of 80% (thereby preventing full staircasing); or
- ensure that once the leaseholder had acquired 100% share of the house, that when it became available for resale that it was sold back to the landlord.

These conditions prevented the loss of shared ownership housing stock, thereby ensuring these homes were available in perpetuity to future households in need. However, where staircasing was capped at 80% it could limit the availability of mortgages for purchasers and higher interest rates could apply. Further, where full staircasing was allowed but the lease included a mandatory buy back clause for the landlord, it could expose providers to additional financial risks in the event they had to buy back a property.

Most rural areas in Warwick District were covered by DPA status whilst the areas of Warwick, Royal Leamington Spa, Whitnash and Cubbington were not. Notably, whilst the parish of Kenilworth was a DPA, the urban area was specifically excluded. As illustrated by the DPA maps shown on the Homes England website and in Appendix 1 (A and B) to the report. The maps for Kenilworth were illustrated in two maps as north and south.

Homes England had acknowledged that in some areas covered by DPA status, such as urban extensions and suburban sites, retention of shared ownership stock was not an issue. As such Homes England had agreed that under certain conditions it could waive the DPA status for grant funded schemes, thereby alleviating the issues identified above.

To consider waiving DPA status Homes England required the support of the relevant Local Authority. Housing Associations could not apply directly to Homes England for a waiver, instead they sought the support of the Local Authority and then the authority applied on their behalf.

However, officers did not have authority under the scheme of delegation to make an application.

WDC had been approached by several Housing Associations seeking support for waivers. For example, in Kenilworth parish DPA status extended up to the edge of the existing urban areas, however as developments were built around the periphery of the town, they projected into the DPA. Given there were a large number of shared ownership homes in Kenilworth, and more were under construction, it would not be difficult to replace any lost through staircasing and therefore there was no overriding need for the protection given by DPA status.

If an application for a waiver was made to Homes England, they would consider whether it was reasonable to lift the DPA status. Guidance on the application form explained:

> "The overriding criterion in designating an area as 'protected' is that the location is one in which shared ownership homes would be hard to replace. When considering whether housing in an area would be hard to replace the Secretary of State will consider:
>
> a) whether it has already been designated as "rural" for the purposes of the Right to Acquire scheme
>
> b) availability of land for housing development in the particular location and the existing available stock
>
> c) availability of shared ownership housing (and the size and type) in the particular location
>
> d) level of need for shared ownership housing
>
> e) affordability of housing, i.e., average income vs. lower quartile house price"

Therefore, in addition to satisfying the Council that it was reasonable for WDC to make a waiver application, Homes England should also be satisfied that the request was reasonable before they would grant a waiver.

The Council would not support an application that directly conflicted with Homes England's guidance (unless exceptional circumstances applied) as it was in its interest to protect the stock of shared ownership homes where there was limited supply, or it would be hard to replace them. Each request for a waiver would be considered on its own merits given the context before an application was made to Homes England. However, where there were legitimate reasons for a provider to request a waiver, providing support would help to promote delivery of shared ownership homes.

There were two alternative options. The first was to require Cabinet approval for each application for a Designated Protected Area waiver. This option was not favoured as it would require additional officer time to prepare reports and additional Cabinet time to consider them. This would also delay the waiver application process.

The second option was to refuse to make any applications for a DPA waiver on behalf of Housing Associations. This was not considered a reasonable position as there were legitimate circumstances when a waiver might be sought due our settlements expanding since the DPA boundaries were initially drawn. Refusing to consider any waiver would also harm the Council's working relationships with Housing Associations and might reduce the desirability of affected shared ownership homes amongst purchasers.

Councillor Adkins proposed the report as laid out.

Recommended to Council that it amends the Constitution to included the delegation below.

Resolved that the Head of Housing be authorised to apply to Homes England for Designated Protected Area waivers.

(The Portfolio Holder for this item was Councillor Adkins).
Forward Plan Reference 1,480

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

41. **Procurement Exercises over £150,000**

The Cabinet considered a report from Finance which sought approval to begin the procurement exercises identified in the report, in line with the agreed Procurement Code of Practice, with details set out in the Confidential Appendix to the report.

The report brought forward all proposed procurement exercises ready to be sourced, which formed key decisions as they were over £150,000; others were provided for advisory purposes. As explained in the report to Cabinet in March 2024, a gap was identified within procurement governance process at WDC which was clarified by Cabinet and Council to confirm that any proposed procurement activity above £150,000 needed to be considered by Cabinet.

The reason for procurement of the asbestos testing were set out within the confidential Appendix to the report, so as not to disclose the Council's position in respect of the anticipated costs.

It should be noted that these exercises were at early stages of the procurement process.

In terms of alternative options, the Cabinet could decide not approve the identified procurement activities, however, these related to the provision of core services, and to pause or stop at this stage would significantly delay some of these activities where new contracts were required.

Councillor Chilvers proposed the report as laid out.

Resolved that the commencement of the procurement exercise of the asbestos testing, be approved.

(The Portfolio Holder for this item was Councillor Chilvers).
Forward Plan Reference 1,463

42. **Tenant Satisfaction Survey Results 2023**

The Cabinet considered a report from Housing which set out the results of the 2023 tenant satisfaction survey undertaken by Stratford-on-Avon District Council who was commissioned by Warwick District Council to undertake the annual survey. From 2023, the satisfaction survey was part of new measures that had been introduced by the Regulator of Social Housing, which also introduced a new set of Consumer Standards for social housing. Housemark Limited, working with Service Insights Limited, had applied a weighting process to the results to ensure they were representative of Warwick District Council's tenant population. They also provided assurance that the requirements provided by the Regulator of Social Housing and the Market Research Society Code of Conduct were complied with. A report by Housemark providing the final results with analysis based on those weighted scores was attached as Appendix 1 to the report.

Tenant satisfaction surveys were a valuable tool to find out what was important to tenants and what they thought about the service that they received. The Council, along with other housing providers, had for many years conducted tenant satisfaction surveys to find out what tenants think about the services provided by their landlord and use what they say to inform business planning priorities.

This report presented the results from the first survey conducted under the new regulatory Tenant Satisfaction Measures (TSMs) format. This format had been introduced by the Regulator of Social Housing (the regulator); to standardise the questions asked and make it possible to compare the performance of housing providers on issues that matter to tenants.

The reason for the recommendations was that the TSM Standards had an expectation that governing bodies of local authorities registered providers would receive a report on the approach and outcomes of the survey to provide assurance the survey results were in accordance with regulatory requirements. Housemark in conjunction with Service Insights had provided assurance that the regulatory requirements for the Tenant Survey had been complied with, supported by the report set out at Appendix 1 to the report.

There were 12 TSMs which housing providers were required by the Regulator to collect through tenant satisfaction surveys. The survey questions were prescribed by the regulator and could not be deviated from, although the Council could add additional questions at the end of the survey. The Council did take up this option and asked additional questions.

The survey was posted to all Warwick District Council (WDC) tenants. Leaseholders were not included as directed by the Regulator. A total of 5,338 questionnaires were mailed to all WDC tenant households in October 2023 and given up to four weeks to respond. A reminder mailing was sent out in December to those who had not completed a questionnaire. The final deadline was 2 January 2024. 1,573 questionnaires were returned in the period allowed. Tenants were given the option to complete the survey online. 73 of the 1,573 completed the survey this way.

The survey response rate was 29.5% (with an error margin of +/- 2.08% which was within the acceptable industry norm level of + or – 3% at a 95% confidence level) and gave statistically reliable results.

Weighting of the original results was undertaken using Rim Weighting ('Random Iterative Method'). This process was used when providing weighting for more than one variable to achieve an even distribution of results across an entire dataset. This was by four variables to ensure the survey sample was representative of the tenant population: Household Composition, Housing Type (Sheltered or Not), Ward, and Age. Variables were chosen where the sample was not fully representative of the tenant population and where this was likely to have a material impact on satisfaction scores.

The 12 Tenant Perception Survey Measures;
(note TP stood for Tenant Perception measure and was a regulatory reference)

Measure	Unweighted TSM scores 2023/24 (to one decimal place)	Weighted TSM scores 2023/24
TP01: Proportion of respondents who report that they are satisfied with the overall service from Warwick District Council	**77.8%**	**75.8%**
TP02: Proportion of respondents who report that they are satisfied with the overall repairs service from Warwick District Council over the last 12 months	**78.1%**	**75.3%**
TP03: Proportion of respondents who report that they are satisfied with the time taken to complete their most recent repair after they reported it	**73.8%**	**71.1%**
TP04: Proportion of respondents who report that they are satisfied that Warwick District Council provides a home that is well maintained	**77.1%**	**73.7%**
TP05: Proportion of respondents who, when thinking about the condition of their property or the building they live in, report that they are satisfied that Warwick District Council provides a home that is safe	**80.6%**	**76.6%**
TP06: Proportion of respondents who report that they are satisfied with Warwick District Council listening to their views and acting upon them	**64.5%**	**61.4%**
TP07: Proportion of respondents who report that they are satisfied with Warwick District Council keeping them informed about things that matter to them	**73.4%**	**71.6%**

TP08: Proportion of respondents who report that they agree with the statement: “Warwick District Council treats me fairly and with respect"	**79.2%**	**77.9%**
TP09: Proportion of respondents who report that they are satisfied with Warwick District Council’s approach to complaints handling	**40.4%**	**42.7%**
TP10: Proportion of respondents who report that they are satisfied Warwick District Council keeps communal areas clean and well maintained	**58.5%**	**59.1%**
TP11: Proportion of respondents who report that they are satisfied Warwick District Council make a positive contribution to their neighbourhood	**60.7%**	**59.4%**
TP12: Proportion of respondents who report that they are satisfied with Warwick District Council’s approach to handling anti-social behaviour	**56.4%**	**55.5%**

Overall satisfaction (TP01): This measure was often used as the main headline measure of service performance. In this survey, the Council achieved a score of 75.8%.

Highest scoring TSMs: The top-scoring Tenant Satisfaction Measures were identified as:

- TP08: 77.9% - Proportion of respondents who report that they were satisfied with WDC treating tenants fairly and with respect.
- TP05: 76.6% - Proportion of respondents who reported that WDC provided a home that was safe.
- TP02: 75.3% - Proportion of respondents who report that they were satisfied with the repairs service they received in the last 12 months.

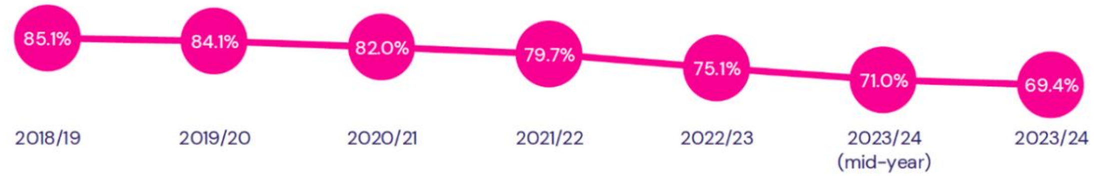
Lowest scoring TSMs / high dissatisfaction: TP09: 42.7% - Proportion of respondents satisfied with the way WDC handles complaints. It was worth noting that a greater proportion of tenants (43.1%) were dissatisfied than satisfied.

WDC subscribed to a benchmarking service provided by Housemark Limited who had provided the comparative data. Benchmarking provided additional insight and context for how service performance compared to similar organisations. For this report, Warwick District Council scores had been benchmarked against the most recent TSM survey data available. The data showed a favourable position apart from TP10 but specifically a 6.3% positive difference in Overall Satisfaction (TP01) between Warwick District Council and the English LA score.

Measure	Weighted TSM scores 2023/24	Housemark English LA’s	Difference
TP01: Proportion of respondents who report that they are satisfied with the overall service from Warwick District Council	**75.8%**	**69.5%**	**+6.3%**

TP02: Proportion of respondents who report that they are satisfied with the overall repairs service from Warwick District Council over the last 12 months	**75.3%**	**71.3%**	**+4.0%**
TP03: Proportion of respondents who report that they are satisfied with the time taken to complete their most recent repair after they reported it	**71.1%**	**66.2%**	**+4.9%**
TP04: Proportion of respondents who report that they are satisfied that Warwick District Council provides a home that is well maintained	**73.7%**	**66.9%**	**+6.8%**
TP05: Proportion of respondents who, when thinking about the condition of their property or the building they live in, report that they are satisfied that Warwick District Council provides a home that is safe	**76.6%**	**74.0%**	**+2.6%**
TP06: Proportion of respondents who report that they are satisfied with Warwick District Council listening to their views and acting upon them	**61.4%**	**55.0%**	**+6.4%**
TP07: Proportion of respondents who report that they are satisfied with Warwick District Council keeping them informed about things that matter to them	**71.6%**	**65.7%**	**+5.9%**
TP08: Proportion of respondents who report that they agree with the statement: "Warwick District Council treats me fairly and with respect"	**77.9%**	**73.6%**	**+4.3%**
TP09: Proportion of respondents who report that they are satisfied with Warwick District Council's approach to complaints handling	**42.7%**	**28.7%**	**+14.0%**
TP10: Proportion of respondents who report that they are satisfied Warwick District Council keeps communal areas clean and well maintained	**59.1%**	**63.3%**	**-4.2%**
TP11: Proportion of respondents who report that they are satisfied Warwick District Council make a positive contribution to their neighbourhood	**59.4%**	**57.3%**	**+2.1%**
TP12: Proportion of respondents who report that they are satisfied with Warwick District Council's approach to handling anti-social behaviour	**55.5%**	**52.0%**	**+3.5%**

Housemark had been reporting across the housing sector that overall satisfaction had been tracking downward over the last five years. Although there were a number of factors that might have influenced this downward trend (Covid, economic downturn, cost of living and energy crisis, etc), fundamentally landlords were not consistently meeting the needs of tenants. However, when benchmarking WDC's overall satisfaction score of 75.8%, the positive difference of 6.4% could be observed within a wider historical context.



Housemark's report at Appendix 1 to the report had included further analysis of the results which explored the relationship between different aspects of service to better understand what most influenced overall customer satisfaction.

When looking at the key driver results for Warwick District Council, the three highest ranking TSM items (i.e. those services or elements of service which reflected the greatest influence on overall satisfaction), had identified TP04: Satisfaction that the home was well maintained; TP06: Satisfaction that the landlord listened to tenant views and acts upon them; and TP05: Satisfaction that the home was safe. Investing time and energy in these areas of service would help drive overall satisfaction for many residents.

Whilst complaint handling (TP09) achieved a relatively low satisfaction score, the key driver analysis suggested that complaints handling was relatively speaking not a strong driver of overall satisfaction compared to other factors. Despite this, the Council should still consider complaints as an essential element of any service offer due to the importance of quickly resolving service failures for residents whilst presenting opportunities to integrate longer term learning for the organisation.

Based on findings for the Council's TSM survey, the report suggested that whilst scores were generally high and there were elements which would be encouraging (e.g. treating tenants fairly and with respect, and providing a home that is safe), there was still room for improvement. Focussing upon the key drivers of satisfaction would help increase overall satisfaction for the majority of tenants over time, whilst consideration should also be given to areas of low satisfaction.

Housemark in their report at Appendix 1 to the report had presented three recommendations for consideration.

Recommendation 1: Clearly communicate the TSM findings to both staff and tenants. Publish the TSM scores alongside a summary of future actions (e.g. on a single webpage).

Recommendation 2: WDC should develop a clear action plan based on the TSM findings, and the impact of actions taken should be assessed over time. This should centre upon the top key drivers of overall satisfaction, as these would help increase satisfaction perceptions for the majority of tenants over time, whilst consideration should also be given to areas of low satisfaction / high dissatisfaction (specifically, complaints handling).

Recommendation 3: As part of the creation of an action plan, involve tenants in a small number of focus groups to better understand the context of their feedback and develop suggestions in a co-created manner. A similar approach could also be considered by involving staff and close stakeholders (e.g. repairs contractors) in this process.

The recommendations set out a clear approach to improving levels of tenant satisfaction and it was proposed that these recommendations were endorsed by Cabinet and that they were incorporated into the work being undertaken to ensure the new consumer standards are met.

No alternative options had been considered.

The Chair highlighted to the Cabinet the questions and answers that had been received before the meeting about this item and had been published online, along with the confidential questions and answers shared with Members.

Councillor Adkins welcomed the dedicated session that Overview & Scrutiny Committee had arranged to look at housing matters, including this report, on 24 September 2024.

Councillor Adkins proposed the report as laid out.

Resolved that

(1) the report in line with the requirement set by the Regulator, be noted; and

(2) the three recommendations from Housemark as set out in paragraph 1.11 and Appendix 2 to the report be endorsed and incorporated into the work being undertaken to ensure the new consumer standards are met.

(The Portfolio Holder for this item was Councillor Adkins).
Forward Plan Reference 1,459

43. Quarter 1 Budget Update 2024/25

The Cabinet considered a report from Finance which provided an update on the current financial position as of 30 June 2024, the end of Quarter 1 (Q1), providing a full year forecast for the 2024/25 financial year, and for the medium term through the Financial Strategy. Key variances and changes were highlighted to inform Members, with some recommendations also being put forward for consideration.

A full review and full year forecast had been completed by all Cost Centre Managers to estimate the total financial commitment for this current year. Accountancy had supported managers in the preparation of these figures. As of 30 June, there was an Adverse forecast variance of £0.054m, which after adjustment for Reserves and approved EMRs was an estimated Adverse variance of £0.560m for the 2024/25 financial year to 31 March.

A summary by Portfolio of major variances after Reserve movements was provided within the report.

As part of the vacancy factor process for Q1, a full year forecast of all salary budgets had been completed and the vacancy factor calculations had been made. This forecasted that 62.40% of the for General Fund Vacancy Factor (£0.826m) had been met. This left the remaining £0.497m to be completed for the current year. Agency staffing use was offset against staffing underspends across service areas and was factored into the vacancy factor calculations. However, it should be noted that agency use was currently forecast to be over budget by £0.246m in 2024/25. A review of the use of agency staffing was due to be carried out as part of ongoing work reviewing establishments as part of the change programme.

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

Within the Resources Portfolio, there were vacant Visiting Officer/Revenues Officer/Maternity & VRT Savings. These posts were held vacant pending decision on shared NNDR service with Stratford DC and a Change Programme business case had been presented to the Programme board looking at the potential realizing these a recurrent saving. There were also forecast of underspend against budget on areas such as Training, IT software and General expenses.

Within Housing Services, in the General Fund, Temporary Accommodation, main grant expected for the current year being the Homelessness Prevention Grant. However, budget on grant and how the grant was utilized needed to be reviewed at Budget setting for 25/26. The Rough Sleeping Initiative Year 3 Payment lower amount to be received than last year. However, funding from Stratford for P3 was expected in the next quarter.

The HMO Licence renewals in year was expected to be significantly lower than 23/24 with a handful of new applications. A new process was adopted in 23/24, and with the licence operating on a five-year cycle, which resulted in most of the income received in that year.

With respect to Waste Management, the budget and MTFS made provision for an expected rebate of £1m for collected recycling from the District that was sold by the Materials Recycling Facility (MRF), which WDC was an owner along with seven other local authorities. However, it had emerged over the last year that some of the forecasts included in the original business case did not reflect ongoing costs and challenges of delivering the service. It was therefore expected that the rebate would be £780k under-delivered in 2024/25. The rebate was low due to the set up and actual costs of haulage, higher non sellable waste and lower tonnage across the shareholders. This was an issue not exclusive to WDC, with all shareholding Councils experiencing similar problems due to incorrect financial information being given upon which decisions had been made, including setting the budget. The next steps included an updated Business Plan going to shareholders in September for approval. In addition, a partner wide client finance group had been established, with clear terms of reference set. WDC would assess the longer-term impact on the MTFS in Q2 upon receipt of the updated business plan. For Q1, £500k of the adverse variance had been met through in-year contract contingency budget approved at budget setting.

A number of wider Estates management matters required consultancy, which had resulted in adverse variance against the budget.

With the Business Support & Development Team, there was an increased expenditure on waste disposal.

After the Parking Service underwent an alignment in July last year, the increase in Penalty Charge Notices (PCN) being issued were expected to stabilise. However, there continued to be record numbers of PCNs being issued, increasing income for this service.

Within People & Communications, an underspend was reported, to be contributed towards shared post apprentice to cover Forestry apprentice final year costs.

The Royal Spa Centre projected increase in income to be from Non-WDC Shows this year. The predictions were based on income to date and previous year's outturn.

Budget was allocated from the Core Finance Settlement for the Women’s Cycle Tour. The Tour had unfortunately been cancelled in 2023. Despite funding being in place for 2024, the tour of Britain had not returned to Warwick, and instead visited other parts of Wales and England in June. This funding would therefore be released back to Reserves.

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

Royal Pump Rooms was predicting a favourable income forecast based on previous year’s outturn.

Funding for the Local Enterprise Partnership Growth Hub in 2024/2025 was agreed to fund the level 2 service at £0.015m this year, the remaining amount in the EMR would be savings.

The Community Safety Team had received grants from the Office of the Police & Crime Commissioner and Serious Violence in 2024/2025 to fund salary costs.

Forecasted income for Private Hire Services was revised to be lower than the budgeted income, this was impacted by the number of applications received, which had been lower than expected.

At Edmondscote Sports Track the Idverde ground maintenance costs for the year was higher. The Budget was to be reviewed at Budget setting 2025/2026.

With Kenilworth School, the Council acted as guarantor for some highway works with the approved budget as of July 2023 was £1.5m. Following several months of checking and chasing WCC, it had been established that the Council had an unbudgeted liability for the school Section 278 highway works costs of £243k. Going forward, WDC would ensure that interests were protected in future agreements, through agreed cost caps on any guarantees, protocols for cost escalation being in place and having a technical WDC representative on such project teams.

With the Abbey Fields Cycle Route, the consultation & feasibility works were to be completed in 24/25, with works expected to be completed 2025/2026. This would most likely require EMR to 2025/2026.

At present, a number of positions with the shared legal team were being covered by agency/locum staff, to ensure that service provision could continue. However, these came at additional cost which was accepted could not be sustained and discussions on this were taking place between the Head of Law & Governance at SDC and Head of Governance at WDC. There was an expectation that this level should reduce. However, there was also significant demand with the legal team working at above capacity to meet the demands from WDC commercial work at this time.

The Linen Street Car Park Project was a long on-going project, the forecast was an estimate based on expected costs for existing work for 2023/2024. The remaining Budget would be requested by Embarked Reserve to transfer into the new financial year.

In terms of the Democratic Representation, There was an expected increase on previous years, however using Shire Hall had seen a favourable variance in this budget. This would change when meetings moved back to Town Hall. Budget to be reviewed at budget setting for 2025/2026.

Within Governance Services, the review of resources, the revised structure would see a maximum additional budget requirement of £6,400 per annum. This was based on post holders being recruited to the top of the grade. All additional costs within year would be funded from the STR, with recurrent costs built into the base budget through the budget setting process. A further review would be carried out and reported in Q2. This current overspend was not shown in Q1 forecast.

Within the Housing Revenue Account (HRA) variations had been identified by the Accountancy Team in conjunction with the relevant budget managers, giving a full year adverse variance of £0.468m.

As part of the Vacancy factor process for Q1, a full year forecast of all Salary budgets had been completed and the Vacancy factor calculations had been made. This forecasted that 63.56% of the for HRA Vacancy Factor (£1.012m) had been met. This left the remaining £0.580m to be completed for the current year.

Current forecast of IT software cost, Tenancy Management, based on last year's outturn, the annual software licence fee were expected to be charged in September 2024. Budget for costs of IT software to be reviewed at budget setting for 2025/2026.

For Warwick Response, the Forecast for general fees and charges predicted yearly reduction resulted from private customers leaving with only Warwick council customers in properties, income generated from sales of sundry item was not as much as pre-covid.

There was an overspend on repairs and maintenance (Reactive in nature). As at publication of the agenda, a response from the Housing team as to the reasons for the overspend had not been received.

Within Housing Services, the overspend was the outturns in Q1 were mostly capital expenditure to be recoded to the corresponding project account. The consultancy costs would be mainly on shared ownership and forecast of this cost for the year would be £40,000 decrease against the budget.

In respect of Renewable Energy costs as at publication, a response from the Housing team to provide a forecast for Solar panel income had not been received.

Surveys on building reports for Garage sites had completed, costs to be capitalized. Forecast not to expect any more spending from revenue budget.

In respect of the ICT Equipment Reserve, some cost that had historically been funded from this reserve were now funded from the Revenue ICT Budget, therefore this budget was not required in 2024/25. The unused budgets were to be moved into Reserve in Q1.

As previously agreed by Cabinet, all underspends/overspends returned/funded from the Working for Warwick Reserve were to be left in revenue and move to reserve at year end.

All additional income received in year, from the Tennis Operator Contract, was ringfenced for future year maintenance for Tennis courts and held in the Tennis Operator reserve until required.

The current year budget, for Trees for Our Future, allowed for the potential acquisition of land for large scale tree planting/woodland creation in the district. The original plan was not completed and there were no land purchase opportunities currently known to be available. Therefore, the unused budget was to be moved to Reserve in Q1.

The Climate Emergency projected underspend was to allow for some flexibility in costs associated with low cost, low carbon energy spending during the year, with the unused budget to be moved to Reserve in Q1.

The 2023/2024 outturn position showed a favourable position within the General fund of £0.806m against the final budget for 2023/2024. After adjustment of approved Earmarked Reserves for projects that had slipped from 2023/24, the chart showed an adverse variation of £0.723m. This overspend, although unwelcome, was consistent with projections from quarterly reporting through 2023/24 and reserves profiling through the 2024/25 Budget setting as approved by Council in February 2024. Therefore, the shortfall had been met through the General Fund Volatility Reserve and was already factored into reserve figures. Where this overspend was unavoidable recurrent spend had already been built into the 2024/25 budget. The current outturn position might change as work was continuing for the closure of accounts 2023/24. At the time of the report, Depreciation adjustments were not included in the data.

There had been a loss of income due to the closure of Covent Garden Car park (with only the surface car park open). The demolition of Covent Garden Car Park had been delayed until next Financial Year. This budget would need to be available as an earmarked reserve in 2024/25. Contributing factors to the favourable variations included the Rent rebates of £0.419m under Temporary Homelessness Accommodation in Housing Services. Variations of £0.250m for Barford Youth and Community Centre was brought forward to 24/25 in Earmarked Reserves which had already been drawn down in Q1 24/25. Budget of £0.160m for Abbey Field Cycle Path in 2023/24 was not used and deferred to 2024/25. A summary of Earmarked reserves for 2024/25 as approved on 5 June 2024 Cabinet was set out in the report.

The Medium Term Financial Strategy (MTFS) was last formally reported to Cabinet in February 2024 as part of the Budget setting and Council Tax setting reports. At that stage the profile of revenue savings to be found was £4.475 million in 24/25 and £2.434million in 25/26.

Within the 2024/25 budget report, it was agreed that to balance the in-year budget that £4.475m would be allocated from the GF Volatility Reserve.

The MTFS position highlighted the current forecast position based on updates from Service Areas, senior leadership would work with officers to review the areas driving the variations and look to put forward proposals to mitigate or reduce these through the remainder of this financial year.

Were the deficit to remain, it was recommended that this was met by the GF Volatility Reserve. There remained sufficient headroom within the reserve (£3.8m) to meet the forecast deficits for 2024/25 and 2025/26.

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

The impact of the updated Business Plan for the MRF would be reflected in the Q2 update. In addition to the variations discussed in the report, since the budget was set, the Council had agreed to participate in the delivery of the West Midlands Investment Zone. As part of this, it had been agreed that Warwick District Council could invest up to £90.2m over 25 years of the business rates generated from the Segro Park and Whitley South sites in local growth initiatives (LGIs) across the district, offering the Council increased financial certainty for the future. The impact upon the MTFS would be included in the Q2 report, before which a report on provisional LGI's would be presented to Council.

Capital currently forecasted a reduction in funding requirement in year of £5.240m for General Fund and £2.712m for HRA. A full breakdown of Capital Variances was shown in Appendix 1 to the report.

The latest summary of available reserves was summarised in the report. This reflected non-committed, and non-ringfenced balances as at Budget Setting reports approved at Cabinet February each Financial Year, and ranged from 1st April 2021 (showing previous three years and current year) up to 1 April 2028 (the period covered by the current MTFS). This was subject to the final outturns from the outstanding statement of accounts, which while still in draft could be subject to change. All reserves did not include any adjustments in relation to the forecast final position of the 2024/25 financial year.

In light of the variations highlighted in this report, the MTFS had been updated.

There were no alternative options proposed.

The Chair highlighted to the Cabinet the questions and answers that had been received before the meeting about this item and had been published online.

The Overview & Scrutiny Committee was concerned about the financial performance of the Housing Portfolio as a whole, and in particular, that the Council did not seem to have a complete explanation for the variances within the Housing Finance area. The Committee requests a Finance update to be brought forward at its next meeting on 24 September, to help Members understand why the figures are so far adverse at this stage of the year.

The Overview & Scrutiny Committee thanked officers for the detailed updates on reserves, including the appendix, and felt that whilst this has been greatly improved from previous reporting, Members would like a more detailed explanation to draw out the use of the reserves, and for those no longer needed to be marked accordingly in the future.

Members also considered the Spa Centre and Parking.

In relation to the Materials Recycling Facility, the Overview & Scrutiny Committee asks the Deputy Chief Executive to provide a briefing as a member of the Board, being aware that this might need to be done in confidential session.

In consultation with the Deputy Chief Executive, the Overview & Scrutiny Committee would like to open up an invitation to the Managing Director, to come and brief the Committee at an appropriate time. Members also asked if independent scrutiny may be needed, given that insufficient scrutiny was identified by officers.

Councillor Chilvers thanked the Overview & Scrutiny Committee for its consideration of the report and supported its request for more details of the variances within the Housing Service to be reported to the Committee on 24 September 2024.

Councillor Chilvers proposed the report as laid out.

Resolved that the

(1) latest current year financial position for General Fund £0.054m adverse (£0.560m adverse once adjusted for Reserves) and Housing Revenue Account £0.468m adverse, with the key variations that drive these positions and that Senior Leadership is working with Officers to review ways of reducing the projected overspend, be noted;

(2) movement into Earmarked Reserves for underspends within ringfenced revenue budgets, be approved;

(3) latest financial position for 2023/24, last presented to Cabinet in June, noting that the 2023/24 statement of accounts draft is yet to be finalised, be noted;

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

(5) current capital variations for schemes originally approved in February 2024 and approves all changes.

(The Portfolio Holder for this item was Councillor Chilvers).
Forward Plan Reference 1,474

44. **To proceed with the project at St Nicholas Park, Warwick to replace and improve the paddling pool within the park**

The Cabinet considered a report from Safer Communities, Leisure and Environment which sought authority to proceed with the replacement and improvement of the St Nicholas Paddling Pool as funding was now in place.

Following an assessment of the condition of the paddling pools at St Nicholas Park and Victoria Park, it was agreed by Councillors at the 8 February 2024 Cabinet meeting to replace the paddling pools and to improve the surrounding areas within the fenced paddling pool area. Cabinet asked officers to seek external funding to help fund the renovations required at St Nicholas Park, Warwick and bring forward a proposal to Cabinet to authorise the initiation of the project. Funding for the project had been secured and initial project feasibility work undertaken.

Agreement was being sought to proceed with the project to refurbish and enhance the paddling pool in St Nicholas Park, Warwick with the intention to procure alongside Victoria Park, Royal Leamington Spa for economies of scale and benefits of project management.

The paddling pools in Victoria Park, Royal Leamington Spa and St Nicholas Park, Warwick were both in failure and needed substantial repair. With both paddling pools unfit for purpose and increasingly liable to failure causing increasing costs to maintain operational use of the paddling pools as outlined in the Cabinet report of February 2024.

Cabinet agreed to repair works at St Nicholas Park Paddling Pool so that it could operate over the summer of 2024. Officers organised for repair works to be completed and the pool reopened in May 2024 on schedule. As per the Cabinet decision, the Victoria Park paddling pool had remained shut for summer 2024 for refurbishments ready to open in 2025.

Since the February Cabinet report, officers had made the following progress:

- secured full funding for St Nicholas Park paddling pool proposal, including the cost of permissions and/or consents and associated costs;
- a specification was being drafted with specialist input;
- procurement processes initiated; and
- pre-application work with planning and heritage in process following confirmation that planning permission was required.

As part of the project, officers had discussed paddling pool refurbishment with other councils who had undertaken similar projects to understand best practices and lessons learnt. This had led to inclusion within the specification of ramped access, saltwater system, surfacing requirements and guidance regarding materials and design.

The revised specification included a salt-water system that performed the same functions as conventional pool chlorine: killing bacteria and algae and oxidizing dirt and chloramines. Plus, saltwater systems were less of a burden on the environment because saltwater disinfection was a cyclical process and was less prone to aggravate skin issues.

This had benefits of avoiding potential issues of chlorine scarcity as experienced in the pandemic. Furthermore, it did not require the storage of chemicals in the park setting, albeit securely in the outbuildings. In the longer term, this was a more cost-effective solution and one that was up to date with current technology in this field and reduced the Council's usage of chemicals.

It was anticipated that the next steps would involve appointing a consultant to undertake surveys of the sites to help inform the specification for the procurement of a contractor would commence once the Cabinet process was completed. Once this information was obtained, a procurement for a works contractor would be initiated alongside the application for planning permission and the specification had been completed. The timeline in terms of completing the above was tight to open in May 2025.

Following the direction of Cabinet, the Green Space Team bid for funding from the King Henry Endowed Trust and had been successful for a grant of £50,000 towards the improvement works at St Nicholas Park paddling pool. There was a stipulation that this grant had to be used only in relation to the upgrade works which included the shelter, seating, signage, and surfacing in the pool area.

A Section 106 payment open space contribution (£786,000) relating to the development at Montague Road as the trigger point for payment had been reached. This payment was forecasted in the Cabinet report, but receipt of the payment was earlier than anticipated. These monies were to be used to cover the remainder of the cost of the complete refurbishment of the paddling pool at St Nicholas Park. This was to be added to the existing available S106 monies for the area including the park brought the total available to £891,000 available for improvements within the local area including in St Nicholas Park.

The receipt of this funding for St Nicholas Paddling pool and the funding secured for Victoria Park would allow both paddling pools to be renovated simultaneously although the scheduling and timeframes involved were tight with the goal of being ready to open for next summer. This provided the benefits of:

- prevent a further season of temporary repairs and respond to serious summer operational issues with the paddling pool due to the difficulties in maintaining the paddling pool that unfit for purpose;
- gain economies of scale for both projects in terms of specialist contractors and materials;
- allow for the planned play area improvements at St Nicholas Park in 2025/6 as scheduled in the play area improvement plan drafted by the Green Space Team for future improvements to play areas in the district to manage replacement and improvement of play areas. By refurbishing the pool area in 2024/5 it would prevent conflict or further disruption to the park user; and
- to be able to go through the process of getting permissions and consents simultaneously which had benefits in terms of officer time and resources including sourcing and procuring technical supporting information necessary for planning applications such as

plans, surveys, and specialist design for the paddling pool specifications.

In terms of alternative options, one option would be to begin works at St Nicholas Park in Autumn 2025, after refurbishment at Victoria Park to ensure continued provision of at least one paddling pool in the District. However, this would have the risk of losing the funding agreed from King Henry VIII Endowed Trust and not gaining the benefits of running both projects together as outlined above.

Another option available, albeit contrary to the previous Cabinet decision in February 2024, would be to limit the repair of the paddling pool and patch it up, however the problems would remain and become increasingly difficult to manage and maintain.

The maintenance of St Nicholas paddling pool was a significant cost to the Council on an annual basis and the cost of the additional repairs on top of the annual maintenance cost was increasingly prohibitive. The previous Cabinet decision set out an intention to refurbish the paddling pool once funding was found given these issues, and the reasons for remaining consistent with this approach remained.

Group Leaders welcomed the proposals overall and highlighted how significant the cost was of providing the revised pools.

Councillor Roberts proposed the report as laid out.

Resolved that the

(1) replacement of the paddling pool of St Nicholas Park, Warwick with improvement to the surrounding area, subject to a maximum budget of the figure provided in the confidential appendix for all costs for the construction of the project, be agreed; and

(2) procurement of suitable contractors for these works, in line with Council’s Code of Procurement Practice be approved, and authority be delegated to the Head of Safer Communities, Leisure and Environment authority to apply for all necessary permissions, consents and licences to enable these works.

(The Portfolio Holder for this item was Councillor Roberts).
Forward Plan Reference 1,484

45. **Solar RCVs Exemption**

The Cabinet considered a report from the Director of Climate Change that explained the Council had an allocation of its UKSPF funding that was originally intended to be put towards a form of hydrogen fuel trials in the refuse collection vehicle fleet (RCVs). Since the hydrogen project was stopped by Cabinet in November 2023, a number of other carbon reduction measures for the fleet had been explored with solar mat retrofit being the recommended solution to reduce the carbon emissions in the current fleet of vehicles. The funding needed to be spent by the end of March 2025, so an expedited procurement process was required there an exemption from the procurement process was requested.

There was a maximum amount of £75,000 funding that was allocated to the UKSPF 'Project 34' at WDC. The Project 34 allocation was originally looking to fund some hydrogen trials in the refuse collection fleet, but when the hydrogen project was stopped in November 2023, officers sought to identify another suitable use for the funding, that could help achieve the same outputs and outcomes for Project 34 as required for UKSPF funding.

With full fleet replacement (with the likes of battery-electric or other low emission technology) likely to be in 2029/30 at the end of the lifespan of the current RCVs, the option of using hydrotreated vegetable oil (HVO) as an interim solution to fuel the fleet was explored but this option was not pursued due to doubts about the availability of truly sustainable HVO on the market.

It was for this reason that the installation of solar mats was now the recommended approach to reduce the carbon emissions from the current fleet of vehicles, as they would save an estimated 1.3tonnes of carbon per vehicle, per year.

The technology worked by utilising the energy from the sun to aid the running of electrical consumables on board, such as heating control, sat nav, stereo etc., reducing the alternator output, saving fuel and CO2. The amount of fuel saved annually per vehicle was estimated to be around 515 litres, which was approximately 4.22% of the fuel used per year. As the Council's fleet emissions accounted for the largest portion of the Council's overall carbon emissions, a 4.22% reduction in carbon emissions from the RCV fleet was still a significant saving.

The plan would be to install solar mats on all 17 of the Council's 2022 plate RCVs as soon as possible, as their vehicle warranty expired in 2025, followed by the four new vehicles due in 2025 when they would arrive, subject to a satisfactory agreement regarding the warranty of the vehicles and the solar mats (as their vehicle manufacturer warranty would run until 2028). It was anticipated that to install the solar mats on all 21 RCVs, it would cost a total of £58,275, which included a two-year subscription to the supplier's insights platform, to monitor a vast number of KPIs, including the amount of electricity generated, the volume of fuel saved, the CO2 emissions avoided, battery health, utilization rate, distance travelled, and much more.

The solar mats were designed to last the lifespan of the vehicle, so to extend the warranty and access to the supplier's insights platform from the standard two years to five years to match the vehicles' lifespan, would cost £6,804 for the full three additional years. This add-on was recommended as it provided the maximum benefit for the investment made.

Therefore, the project had an approximate maximum cost of £65,079 for the five years remaining with the existing RCV fleet with the solar mats installed. It was recommended that the remaining allocation to Project 34 (just under £10,000) was kept aside as a contingency for any unexpected costs that could arise, and if there remained an underspend once all costs are known, it be allocated to support another WDC UKSPF project.

The installation of solar mats would save approximately 136.5 tonnes of carbon across the fleet over the five years. This equated to approximately £476/tonne of carbon over the five years. By comparison, the solar array being considered for the Temperate House would cost similar amount (£67,800) and would deliver savings of 6 tonnes of carbon per year. But with a lifespan of approximately 25 years, the rooftop solar panels would deliver a total reduction in carbon emissions of 150 tonnes of carbon over their lifespan – costing £450 per tonne of carbon. Investment in the solar mats therefore provided similar carbon benefits to investment in a typical rooftop solar scheme.

There was support in principle, both from the Council's waste collection contractor and the vehicle manufacturer to install the solar mats, with any finer details or variations to the contract to be finalised if the recommendations within the report were approved by Cabinet.

Given there was a predicted fuel saving of approximately 515 litres of fuel annually per vehicle, WDC was proposing one year of standard fleet operation with the solar mats fitted, to confirm the amount of fuel saved with the installation of the solar mats. It was important to let this 'trial' period run for a full year, as the solar generation would fluctuate vastly throughout the seasons of the year. Following a year of operation, if the savings were as predicted, an agreement would need to be reached between WDC and the contractor, with support from legal colleagues, whereby WDC would seek to benefit from the fuel savings in financial terms.

The predicted Return on Investment was 2.8 years, which was calculated using a mixture of fuel savings and operational benefits extending component life and providing data for proactive maintenance. This overall financial saving would need to be quantified and discussed with legal advice, as set out in in the report, to see how WDC saw the benefit. It was, however, important to stress that the key priority for this project was to reduce each vehicle's carbon emissions by 1.3 tonnes every year. Although the financial savings were of great importance, the funding of this project through UKSPF funding required a focus on carbon reduction outputs.

In a practical sense, the installation of the solar mats should take an estimated half a day per vehicle. Therefore, this was not expected to have a significant impact on day-to-day operations of the fleet during the installation period, particularly as the installation would be carried out locally.

It was anticipated that there would be little to no additional maintenance required on the vehicles following the installation of the solar mats, as they had a self-cleaning polymer coating and could go through a standard truck wash (the mats are only 3mm thick). In the unlikely event that there was an issue with the technology, the supplier had mobile teams available to come out for repair. This, again, removed the need for vehicles to be sent away. The mats came with a standard two-year warranty, which would be extended by an additional three years, to match the lifespan of the vehicles.

The supplier that officers were seeking approval to appoint through a direct award exemption is TRAILAR.

TRAILAR had already worked with a number of other Councils across the UK, retrofitting their RCVs with solar mats, including Stockport, Stevenage and Ards and North Down. They had also worked with large private sector companies, including distribution companies and bus/coach companies, with case studies available on their website.

The proposal was to seek approval from Cabinet to direct award the contract for this work to TRAILAR.

While they were not the only supplier on the market who could undertake this work, it was understood that they were one of very few, and they were able to demonstrate a strong track record and experience working with other Councils on similar projects.

Officers explored the option of going out to competitive tender to allow the limited pool of potential suppliers an opportunity to bid, but it was proposed that this was not the best option for the following reasons:

i) Preparing tender responses could be a time-consuming and costly process for both suppliers and the Council which, when compared with the total value of the contract, could be deemed not a proportionate use of resources.
ii) The UKSPF funding needed to be spent by the end of March 2025. Conducting a full tender process with prior premarket engagement would mean that WDC would be at risk of missing this deadline, given the need to factor in a possible lead-time for ordering the equipment of up to eight weeks. It also meant that WDC officers would be operating under the Procurement Act 2023 and the Procurement regulations 2024 (28 October 2024), which had the potential to cause further delays to the procurement process.
iii) While going out to competitive tender had the potential to bring a commercial advantage to the Council, due the low value of the contract, more competitive pricing from the suppliers was unlikely. In addition, given the funding available, the track record of the supplier (TRAILAR) and their reasonable pricing, and the relatively low total value and risk within the contract; a competitive tender would not realise the necessary benefits to justify the additional resources and risks.
iv) The sooner WDC was able to enter into contract with a supplier for this work, the sooner the supplier could install the solar mats and the reductions in fuel consumption and carbon emissions within the district could begin.

If the recommendation within the report was approved, officers would seek advice from legal and procurement on any existing contract variations and drawing up a new contract with TRAILAR. Officers would also work with TRAILAR and the waste collection contractor to design an installation timeline with minimal impact on day-to-day operation.

Carbon emission reductions resulting from the installation of the solar mats on the RCV fleet would be reported on in the regular Carbon Emissions reporting from the Climate Change team.

One alternative option was to do nothing and to leave the diesel vehicles emitting the same level of CO_2 until their replacement in 2029/30. This was not recommended as WDC had an opportunity to use UKSPF funding to significantly reduce the fleet CO_2 emissions at no direct cost to the Council. The UKSPF funding would be returned to central government if no suitable project, fitting with the same outputs for Project 34, was identified before March 2025.

Another alternative would be to replace the fleet of RCVs before the end of their lifespan, with a low-emission alternative like battery-electric, hydrogen-fuel cell or other. This was not a recommended option as the hydrogen project was stopped in November 2023 and the decision was made to re-evaluate the fleet replacement options in 2025/26 to explore a plan for their replacement in 2029/30.

Replacing the diesel in the RCVs with HVO was another alternative option that was not recommended due to the sourcing of the HVO fuel and sustainability concerns.

Another alternative option would be to continue with the solar mat project, but instead go out to full tender with possible premarket engagement prior. This was not a recommended option given the tight timescales to spend the UKSPF funding and the relatively small contract size not warranting the heavy resource requirements for a tender process both from the suppliers and also Council officers.

The Chair highlighted to the Cabinet the questions and answers that had been received before the meeting about this item and had been published online. The Chair also highlighted the Addendum that had been published for this report.

The addendum to the report explained that the proposed supplier, TRAILAR, had been amalgamated into the Darlington EMS family. Officers had been assured that the product, pricing, service, timetable and contacts would remain the same as before. Subject to the satisfactory completion of due diligence around the new company, Darlington EMS, through the delegated authority as set out in the recommendations of this report, it was recommended that the Council continue to direct award as planned, but to Darlington EMS.

1.1 To the second recommendation of the Cabinet report that reads: '*That Cabinet delegates authority to the Director for Climate Change, in consultation with the Portfolio Holder for Neighbourhood, to negotiate and complete all contractual arrangements necessary to implement the direct award, including any consequential agreements with third parties and the waste collection contractor,'* a further element of due diligence would be added as set out below:

'Under this delegated authority, further due diligence must also be carried out on the company background before direct award, as it must be confirmed that this company can satisfy the Council's requirements.'

Councillor Roberts proposed the report as laid out, subject to the revisions set out in the addendum.

Resolved that the

(1) a procurement exemption to direct award the contract for the installation of solar mats on the refuse collection vehicle fleet, to Darlington EMS Family, subject to the Director for Climate Change being satisfied with the outcome of due diligence on insurance, warranties and contractual arrangements, be approved; and

(2) Director for Climate Change, in consultation with the Portfolio Holder for Neighbourhood, be delegated authority to negotiate and complete all contractual arrangements necessary to implement the direct award, including any consequential agreements with third parties and the waste collection contractor, as well as further due diligence must be carried out on the company background before direct award, as it must be confirmed that this company can satisfy the Council's requirements.

(The Portfolio Holder for this item was Councillor Roberts.)
Forward Plan Reference 1,486

46. **Lease extension to Myton Church for the Westbury Centre**

This report was withdrawn from the agenda to enable further conversations with the leaseholder to take place.

47. **Solar Photovoltaics Loan Proposal**

The Cabinet considered a report from Climate Change which explained that WDC had identified eight public buildings that would benefit from the installation of solar photovoltaic arrays (Solar PV). These installations would reduce the reliance on grid supplied electricity and reduce carbon emissions, whilst providing significant financial benefits in future years. The scheme required an initial investment, and it was recommended that WDC used a "soft loan" to fund the installations, which was repaid using 50% of annual savings resulting from reduced grid electricity import. The loan proposal allowed WDC to receive the benefits of solar PV at no up-front expense, freeing up limited internal reserves to fund other decarbonisation initiatives.

The harnessing of renewable energy was an essential element in WDC's public buildings decarbonisation strategy. Installing Solar PV would contribute to reducing reliance on grid electricity, and consequently reduce the carbon emissions resulting from the operational activity of these buildings.

The buildings listed below had been selected as suitable for Solar PV installation, based on building characteristics, current energy usage, cost estimates and geographical location.

- The Royal Spa Centre
- Althorpe Enterprise Hub
- Temperate House
- The Royal Pump Rooms
- Jubilee House
- Spencer Yard
- Castle Farm Leisure Centre
- St Nicholas Leisure Centre

These buildings had PV arrays modelled using specialist design software, which calculated usable roof area, panel performance, and shading. The modelled results were used to estimate installation costs and generation output, from which the financial benefits and pay back periods of the installations could be determined.

The array size varied between sites, with the smallest array (Spencer Yard) providing electricity savings of £2,143 annually, and the largest (St Nicholas Leisure Centre) providing annual savings of £57,642. All schemes combined were projected to reduce spending on grid imported electricity by £109,538 annually, (Appendix 1 to the report– The Potential for Solar PV at WDC Corporate Assets). Taking account of maintenance costs of up to £10,000 per annum, the net annual cost reduction would be £99,538.

It was predicted that the installation of Solar PV would reduce total imported electricity at the sites by 29%, and result in carbon savings of 103 tonnes per year.

The life expectancy of a solar panel was 25 years. Using current electricity rates, the solar panels were expected to save WDC a gross sum of over £2.5m in energy costs and over 2500 tonnes of carbon by the year 2049. Allowing for HECE loan repayments, that would reduce to a net financial benefit of just under £1.5m over 25 years. This presented a substantial return on investment.

The capital expenditure required for all the buildings listed above was estimated to be £859,646 (NB: the figures at Table 1 in Appendix 1 to the report also included the cost of solar PV at Newbold Comyn Leisure Centre which would be funded from the Swimming Pool Fund Grant rather than to soft loan). Costs included all preliminaries, design, access, installation, and commissioning. These costs had been determined through feasibility studies, manufacturer quotations, price indications from contractors and industry standard pricing guidelines. The figure £859,646 included a 10% contingency if unexpected costs arose, or the size of PV arrays could be increased when developing detailed designs.

Due to structural differences between sites, ease of installation and economies of scale, the pay back times for each project varied. St

Nicholas Leisure Centre had payback period of 5.1 years. In contrast, Spencer Yard had a payback period of 23.6 years. When installations were considered in isolation, some could appear better value for money than others. However, when all sites were considered as a single project, as would be the case with a HECE "soft loan", the total payback time (if the full contingency was needed and maintenance costs were assumed to be as high as £10,000 per annum) was around eight and a half years. Funding all the installations as a single package of work provided a good return on investment and maximised carbon savings across the estate.

It was important to recognise that £859,646 was considered the maximum cost of the intended installations and the assumed maintenance costs were cautious. Depending on design and procurement routes, these costs might decrease, resulting in more favourable payback times.

The maximum value of the loan WDC was seeking was £859,646. HECE had agreed in principle to provide this funding. HECE was aware that the loan figure might reduce if projects were no longer feasible when detailed designs were completed.

Heart of England Community Energy were a not-for-profit community benefit society, that used the surplus energy generated from its 15-megawatt solar farm to fund solar PV installations around the country. HECEs goal was not financial, instead, its main objective was to promote the use of renewable technologies and reduce reliance on fossil fuel generated energy.

For these reasons, the terms and conditions of the loan proposal were designed to encourage uptake, rather than maximising profit or penalising the benefactor in the event of funded schemes not performing as initially intended.

The terms and conditions of the loan offer stated that repayments were to be made using 50% of the net benefit resulting from the solar panel installations. This figure was calculated after the maintenance, cleaning and other associated revenue costs had already been deducted from the monthly savings.

The Solar Soft Loan might be repaid earlier than anticipated if so desired, without penalty.

If any of the loan remained outstanding after 20 years, this would be written off.

The loan proposal was interest free. Interest was only applied to defaulted repayments. This was at a rate of 2% above Bank of England base rate.

An inflation rate was agreed when the loans terms were accepted. This was typically 2%. Whilst any outstanding loan amount remained, the agreed inflation would be added to the outstanding loan amount on each anniversary of the loan date.

HECE had its own technical department, that validated proposals and assessed the competency of designs. In initial consultations, HECE had agreed to fund the entirety of the proposed installations, on the basis that the repayments were calculated using the overall financial savings from the entire scheme. This enabled WDC to install PV on buildings which performed less favourably in cost-benefit analysis, as the better performing installations picked up the shortfall.

Using the loan offer from HECE, WDC could maximise carbon savings, with no initial up-front expenditure, whilst keeping beneficial payback periods and benefitting from 50% of the cost savings.

Following these repayment terms, providing all projects were executed and the cost of the administration fee was paid off, the entirety of the loan would have been repaid in approximately 17 years.

Additionally, HECE were aware that the projects might be implemented over a period of time, and were happy to award the loan in principle, allowing WDC to draw down the funds as and when required. This meant any issues or changes in design, pricing or feasibility could be addressed as and when they arrived, and the realisation of the scheme would not be affected.

HECE did require an administration fee of 10% (up to £85,865) of the entire loan value. The cost of this would be funded from the Renewable Energy Generation Reserve (REGR). Should the Council choose to return this payment to the REGR, the savings from the first two years would be sufficient to cover this.

It should be noted that the proposals for the Solar PV schemes set out in the report had been supported by the Low Cost, Low Carbon Energy Programme Board. The Board considered and supported the benefits of using a loan alongside proposals to use existing budgets and reserves to invest in other low cost, low carbon initiatives including a much wider roll-out of LED lighting in assets and thermal/heating improvements in key assets (such as the Temperate House). The proposals for a soft loan to support solar PV were therefore part of a wider package of measures to deliver carbon and cost benefits from our public buildings.

Whilst the principles around the soft loan had been agreed with HECE, agreement was sought for the Programme Director for Climate Change to finalise the detail of the agreement in consultation with the Head of Finance and involving legal advice. The Portfolio Holders for Climate Change and Finance would be consulted prior to concluding the agreement.

It was predicted that the solar PV installations would be phased, as each site had different requirements and time constraints, and would be suited to different contractors:

- It was suggested that the Leisure Centres were awarded to Leisure Energy (LE). LE had been awarded the Solar PV contract at Newbold Comyn. They were strategic partners with Everyone Active, and there was room in the existing contract to complete installations at Castle farm and St Nicholas.

- Jubilee House would be undergoing essential re-roofing works in the near future, and roof repairs at the Royal Pump Rooms were due to begin in the coming months. These scheduled works would influence the procurement route taken.

All procurements would be undertaken in accordance with the Council's Code of Procurement Practice and be compliant with current UK law. If there was any occasion to deviate from these regulations, further approvals might be sought.

The loan agreement would be limited to £859,646. Funds would be drawn down from HECE when required, without having to consult Cabinet for multiple approvals.

The terms and conditions of the loan were flexible in a way that meant the projects could be phased over a number of years, but still allowed the most lucrative installations to contribute to the repayment of the schemes with longer payback periods.

Therefore, the projects could be realised when thorough systems had been designed, legal reviews had been completed, and the internal resource was available for successful delivery.

The installations were likely to be carried out over a number of years. Current projected timescales for the projects were as follows:

- Jubilee House – Spring 2025
- Royal Pump Rooms - Summer 2025
- Castle Farm and St Nicholas Leisure Centres – Summer 2025
- Spencer Yard, Royal Spa Centre, Althorpe – Summer 2025
- Temperate House – Spring 2026

These dates were estimated and were subject to review when detailed designs were completed.

The Low Cost, Low Carbon Programme Board had considered a range of projects to deliver progress against Corporate Strategy Strategic Priority 2. The Solar PV schemes outlined in the report were considered to be priorities in that they could deliver significant carbon and cost savings relatively quickly and were directly within the Council's control. This piece of work would therefore be included as a priority within the Council's corporate projects list. These Solar PV schemes formed part of a wider package of works being overseen by the Low Cost, Low Caron Energy Programme Board. The wider package, also included an LEDs lighting replacement programme across WDC's building assets and thermal/heating improvements to key target buildings, including drawing on Public Sector Decarbonisation Funds.

After the installations had been completed and the systems commissioned, the arrays would be monitored, and performance data recorded. This would be completed by the installation contractor and would be included in the contractual agreement during procurement stage. This data would allow for maintenance and system optimisation in the first year of operation.

WDC would continue this monitoring process throughout the lifetime of the systems. Data analysis would indicate drops in performance and system malfunctions but would also be used to accurately determine energy generation and resulting electricity savings.

Accurate quantification of the financial benefits was essential for determining the success of the scheme, and furthering future decarbonisation strategies.

In terms of alternative options, funding using internal reserves would allow the Council to fully benefit from the reduction in energy expenditure. However, this would exhaust available funding and prevent spending on other important decarbonisation measures the Programme Board was seeking to bring forward. In any event, the entire scheme might not be affordable within a single year using internal reserves. Each project would therefore require its own case and might take place over a number of years as and when additional funds become available. In addition, funding each building as a separate project might eliminate potential cost savings resulting from economies of scale.

Individual schemes might not be approved due to longer payback times if not included as a bigger package of work.

Self-funding meant that all risk was borne by WDC. This contrasted with HECEs soft loan proposal, in which the loan was written off after 20 years, even if capital remained outstanding.

The Chair highlighted to the Cabinet the questions and answers that had been received before the meeting about this item and had been published online.

Opposition Group Leaders all supported the proposal as set out in the report

Councillor Williams proposed the report as laid out.

Resolved that

(1) the proposal to pursue a "soft loan" to a maximum value of £859,646, to be provided by Heart of England Community Energy (HECE), to pay for the design and installation of Solar PV at WDC public buildings, be approved; and

(2) authority be delegated to the Director for Climate Change in consultation with the Head of Finance, Climate Change and Resources Portfolio Holders to agree the terms of the loan agreement.

(The Portfolio Holder for this item was Councillor Williams).
Forward Plan Reference 1,492

48. **Public and Press**

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

Minutes Numbers	Paragraph Numbers	Reason
49, 50, 51, 52	3	Information relating to the financial or business affairs of any particular person (including the authority

Part 2

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

49. **Replacement of Planning Software**

The Cabinet considered a report from Place, Arts and Economy which updated Members on the progress of procuring new planning software and sought additional funding to complete the procurement and project deployment.

The majority of the report was confidential and would be detailed within the Confidential Minutes of the Cabinet meeting. This excerpt was considered could be public in order to support transparency for the Council in considering the recommendation to it.

To implement the system as described in the report, there was a significant amount of work involving a major time input by several key members of staff over the next 12-18 months. As this work was done, it was equally vital that the day-to-day service of the planning and building control functions continued to operate.

Several key members of staff had been involved over the last 18 months to support the procurement, and needed to continue to use this expertise and knowledge to support the rollout of the new system. Therefore, some key staff would be deployed (either on a part- or full-time basis as necessary) to support the project, and there would be a need to backfill their posts with temporary appointments. Wherever possible, any capacity within existing staff resources had been utilized to minimize additional cost, however, a number of additional posts had been identified as being required.

- Development Management: 1FTE Principal Planning Officer; 1FTE Business Support Officer.
- Building Control: 0.6FTE Business Support Officer.
- Planning policy, monitoring and CIL: 1FTE CIL/Development Monitoring Officer.

The proposed Planning Policy post would be funded by an increase in the CIL administration charge. Currently, the Council made an administrative charge of £73k per year to support the administration of CIL. It was legitimate to increase this charge to support this work and the Change Programme Board had supported that in principle. It was therefore proposed to recommend to Council that the CIL administration fee was increased to the maximum permitted (5%). The amount this would generate would vary depending on the amount of CIL income received in any year. As an average over the last five years, this would be expected to deliver increased income of c£75,000 per year. It was proposed to use this increase to fund the Planning Policy post in 2025/26 and thereafter provide an additional income to the general fund as part of the Change Programme.

In terms of alternative options, it was not possible to deploy the new system without significant staff resources. It would be possible not to backfill these resources. However, this would have a serious and immediate impact on service delivery with an impact on performance, particularly in relation to the speed of determining planning applications. In addition, if it was decided not to backfill the CIL/Monitoring officer roles as proposed, there was a risk that CIL income would be adversely impacted by the existing postholders having to prioritise the implementation of the new system rather than chasing developers for CIL contributions.

Councillor King proposed the report as laid out.

Recommended to Council that the CIL Administration Fee is increased to the maximum permitted under the CIL regulations (5%), noting this is expected to deliver additional income to the General Fund in the region of £75,000 per year.

Resolved that

(1) the work undertaken by officers to procure new planning software, be noted;

(2) the need for additional budget to complete the procurement and deploy the new software and allocates an additional £178,000 from the Service Transformation Reserve to support the successful delivery and deployment of the system, be noted;

(3) there is recurring additional cost of c£35,000 per year to fund the increased cost of the licenses for the new system, and this will need to be included in the budget setting report for 2025/26 in due course, be noted; and

(4) the award of the contract to the lowest priced supplier, be approved authority be delegated to the Head of Place, Arts and Economy to complete the procurement and implementation

in accordance with paragraph 1.6 to the report.

(The Portfolio Holders for this item were Councillor Chilvers and Councillor King).

Forward Plan Reference 1482

50. **Confidential Appendix to Minute Number 44 – To proceed with the project at St Nicholas Park, Warwick to replace and improve the paddling pool within the park**

The confidential Appendix was noted.

51. **Confidential Appendix to Minute Number 46 - Lease extension to Myton Church for the Westbury Centre**

The confidential Appendix was not considered as the report was withdrawn form consideration.

52. **Confidential Appendix to Minute Number 41 - Procurement Exercises over £150,000**

The confidential Appendix was noted.

(The meeting ended at 6.34pm)

CHAIR
17 October 2024