Executive

Minutes of the meeting held on Thursday 7 February 2018 at the Town Hall, Royal Leamington Spa, at 6.00 pm.

Present: Councillor Mobbs (Leader); Councillors Butler, Coker, Grainger, Phillips, Rhead, Thompson and Whiting.

Also present: Councillors; Boad (Liberal Democrat Observer); Mrs Falp (Chairman of Overview & Scrutiny), Naimo (Labour Group Observer); and Councillor Quinney (on behalf of Finance & Audit Scrutiny Committee).

103. **Declarations of Interest**

Minute 109 - Creation of additional car parking provision in Leamington
Councillor Mrs Falp declared an interest because her son worked in the department

Minute 112 - Recommendations for the Commissioning of Voluntary and Community Sector services for 2018-2021
Councillor Boad declared an interest, because he had helped one of the organisations that had applied for funding, and left the room while this matter was considered.

Minute 113 - Events Review Update
Councillor Boad declared an in interest because he had helped organise one of the events mentioned in the report.

Minute 114 - Business Improvement District (BID) Leamington – Recommendation
Councillor Naimo declared an interest, because she worked for BID Leamington and left the room while this item was considered.

Minute 120 - Rural and Urban Capital Improvement Scheme (RUCIS) Application
Councillor Whiting declared an interest, because he was Chairman of Kenilworth Squash Club and left the room while this item was considered.

104. **Minutes**

The minutes of the meetings held on 1 November 2017 and 29 November were taken as read and signed by the Chairman as a correct record.

The minutes of the meeting held on 15 November 2017 were taken as read, subject to them being amended to remove Councillor Heath from the record of those present, and signed by the Chairman as a correct record.

Part 1
(Items on which a decision by Council on 21 February 2018 was required)

105. **2018/19 General Fund Budget & Council Tax**

The Executive considered a report from Finance that informed them of Council's financial position, bringing together the latest and original Budgets for 2017/18 and 2018/19, plus the Medium Term Forecasts until 2022/23. It advised upon the net deficit from 2022/23 and the savings required to balance future years' Budgets.

The report sought approval of the Latest Budget 2017/18, Original 2018/19 Budget, this Council's Band D Council Tax charge for 2018/19, 5 Year Capital Programme, Prudential Indicators for 2018/19, the latest Reserves and Schedules, Financial Strategy, Equipment Renewal and ICT Replacement Schedules, Ear Marked Reserve Requests for slippage to 2018/19 Budgets and appropriation of New Homes Bonus and General Fund balances.

These would be recommendations to Council in February alongside a separate report recommending the overall Council Tax Charges 2018/19 for Warwick District Council.

Despite significant cuts in Government Funding, this Council had been able to set a balanced Budget for 2018/19 without having to reduce the services it provided. This had been the case for many years as a result of the Fit for the Future Programme the Council adopted. It had not had to rely on New Homes Bonus to support core revenue spending and had been able to allocate this funding to project work and replenish reserves. Alongside this, the Council achieved a surplus on its 2017/18 Budget. However, the Council's financial projections showed that further savings needed to be secured from 2019/20 onwards.

By law, the Council must set a balanced budget before the beginning of the financial year. It must levy a council tax from its local tax payers to meet the gap between expenditure and resources available.

It was prudent to consider the medium term rather than just the next financial year, taking into account the longer term implications of decisions in respect of 2018/19. Therefore, a 5 year Financial Strategy, Capital Programme and Reserves Schedule was also provided.

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

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

In November 2017, Executive approved the Revised Base Budget with a surplus of £811,500 which was duly allocated as follows:-

• Service Transformation Reserve	£150,000
• Capital Investment Reserve	£150,000
• Investment Volatility Reserve	£100,000
• Early Retirement Reserve	£50,000
• Car Park Displacement Reserve	£100,000
• Contingency Budget 2018/19	£200,000
• Contingency Budget 2017/18	£61,500

At that point, the latest budgets totalled £14,155,300. Since then, further work on these budgets had taken place and latest budgets revised to a total of £14,855,500 yielding a further £110,300 surplus.

Interest rates rose at the end of 2017 and Officers had updated the forecast Investment Interest in light of this and the latest forecast balances available. The latest forecast for the General Fund was £313,800, an increase on the £295,000 reported in November.

The Inflation Provision and Cleaning Contingency had not been utilised and it was unlikely that they would be during 2017/18. This yielded a total ongoing saving of £72,300.

Since the Council introduced its charging schedule for the recycling receptacles, the demand for these had decreased. It was possible to reduce the Revenue Contribution to Capital for these by £45,000. This was expected to be recurring, although this would be reviewed annually.

Some of the 2017/18 budgets for projects would not be needed until 2018/19. A schedule was provided for Ear Marked Reserve Requests at Appendix 2 detailing these. This totalled £292,000 for the General Fund and £10,700 for the HRA.

Taking into account these changes to the latest budget for the current year, 2017/18 was forecast to produce a further surplus of £110,300. The use of this surplus was considered within the report.

In the November 2017 Report, Executive approved the General Fund Base Budget for 2018/19 of £16,254,400 then showing a £38,500 surplus. Since then there had been further budget changes. The latest forecast was £18,742,000 after allocation of the £15,200 surplus.

In January, Executive received a report on the new procurement arrangements for 2018/19. The £20,000 net additional cost had been built into budgets. The ICT Serve Re-design included a recurring saving of £50,000.

Business Rates Income and the Volatility Reserve had been updated to bring a £100,000 net additional income to the General Fund in 2018/19.

The following substantive posts had been included within the 2018/19 Budget, for which Executive was asked to approve the funding. These posts were subject to the changes to the Establishment being agreed by Employment Committee:

- the Sports Programme Manager and Officer for the Leisure Options Project had been recruited on an interim basis. These posts were currently funded until September 2018. However, it was apparent that to deliver this project and then move to Stage 2 Kenilworth, these Posts needed to be made permanent. The proposed 20018/19 Budget had been increased by £48,900 (6 months), with a full year effect from 2019/20.
- Due to the extended timeframe for the Office Relocation, the Projects Officer was proposed to be made permanent. £57,300 had been included in the 2018/19 Budget on a recurring basis.
- A new Strategic Opportunities Project Manager post had been created to assess Commercial and Strategic Opportunities requiring a recurring budget of £45,400. As discussed later in the report, the Council needed to identify significant ongoing savings or increased income. Part of the post's responsibility would be to identify new opportunities for income generation. Officers were aware that feasibility work was already required around a number of ideas including:

  - Advertising & Sponsorship
  - Energy efficiency, renewable energy and storage options
  - Local Lottery
  - Enterprise team delivery model

  (NB: Within the next Fit For the Future update report, further detail would be provided in respect of these and other ideas.

The 2018/19 and 2019/20 Pay Offer reflected the impact of the National Living Wage on the lower Pay Scales. This increased pay budgets by £48,000 above the 2% allowed for in the 2018/19 Base Budget.

Investment Interest had been recalculated. Income for 2018/19 was now some £125,000 higher than that reported in November 2017.

The grant for Housing Benefits and Council Tax Support Admin Subsidy had been reduced by £40,000 below what was budgeted. The 2018/19 Budget had been increased accordingly. However, with the further delays in the rollout of Universal Credit, it was hoped that there would be a supplementary allocation, details of which would be reported as part of future Budget Review reports.

Some temporary staffing posts were required for 2018/19 only. There was a peak in the licensing of Houses in Multiple Occupation (HMOs) due to changes in legislation. This peak in workload needed to be managed in 2018/19. It was expected that additional fee income would cover these costs in future years. The the audited 2017/18 Accounts had to be published on the Council's website by the 31 July 2018. Previously, the deadline for this was 30 September each year. Piloting the new arrangements during the 2016/17 closedown had proved resource intensive. An additional six month fixed term post had been created for 2017/18 whilst officers reviewed its existing practices. A total of £137,000 had been built into 2018/19 Budgets to address these issues.

Taking into account the above changes, the Government Grant, Retained Business Rates and Council Tax, 2018/19 would present a surplus of £15,200.

As part of the 2016/17 Provisional Funding Settlement in December 2015, the Government proposed a four year settlement for the period 2016/17 to 2019/20. The future years' Revenue Support Grant (RSG) figures were shown below, alongside those for recent years:

	£000
2013/14	4,552
2014/15	3,515
2015/16	2,500
2016/17	1,587
2017/18	794
2018/19	307
2019/20	0

As part of the 2016/17 Settlement, the Government proposed that if authorities were to submit an Efficiency Statement and so accept the proposed figures, it would agree not to subsequently alter these figures except in certain extreme circumstances. In common with the vast majority of local authorities, the Council submitted its efficiency statement which was subsequently accepted by the Government.

As anticipated, the RSG within the 2018/19 provisional settlement was unchanged. The figure of £307k had been incorporated within the Council's Medium Term Financial strategy (MTFS).

In presenting the RSG figures, the Government had made the following assumptions which served to mitigate the overall reduction in Core Spending Power.

- The Government projections assumed local authorities would increase council tax by the referendum limit (£5 for Warwick District Council). This continued to be a major departure from pre 2015 Government policy whereby local authorities were under pressure to freeze the council tax.
- Assumptions of growth in the council tax base to continue at current levels
- The Government made assumptions of future New Homes Bonus (NHB) payments to local authorities. Given the uncertainty over New Homes Bonus, the Council's policy had been to exclude this from core funding and this continued to be reflected in the projections within the Council's MTFS where future NHB payments were excluded.

For 2019/20, the Council would not be in receipt of any RSG, as allowed for within previous financial projections.

The provisional Settlement figures for 2019/20 continued to include "Tariff Adjustments" which would reduce the Council's element of retained Business Rates. These adjustments were widely seen as "Negative RSG". For this Council, the adjustment amounted to a further reduction in funding on 2019/20 of £237k. Nationally, the Tariff Adjustments totalled £153m. The Government was planning a consultation in Spring 2018 on how the Tariff Adjustments should be accommodated in future year's Finance Settlements. To date, the Tariff Adjustment had not been included within the Council's MTFS. However, it was believed to be prudent to allow for this adjustment, therefore, this had been factored into the MTFS as a recurring cost.

The final Grant Settlement was expected in early February. Updated figures, if changed, would be provided when available. Any change in the 2018/19 Revenue Support Grant was proposed to be compensated by changing the General Fund Balance.

A summary of the 2017/18 and 2018/19 was attached at Appendix 3 to the report.

Projecting the Council's element of Business Rate Retention continued to present difficulties.

There continued to be many appeals awaiting determination by the Valuation Office. An assessment of the success of these needed to be made and suitable provision had been allowed for within the estimated figures. Whilst it was hoped that this figure was suitably prudent, given the size and nature of some of the appeals, there was remaining risk. April 2017 saw the introduction of the new "Check, Challenge, Appeal" regime seeking to expedite appeals and deter speculative appeals. Following previous revaluations, backdated appeals continued to be lodged for several years. Accordingly, whilst the number of new appeals coming forward since April 2017 was minimal, it was expected that a significant number of appeals would come forward in subsequent years that would be backdated to 2017. It was necessary for an estimate of these future appeals to be allowed for in the 2017/18 and 2018/19 Estimates.

Tariff/Top-Up Adjustments existed in the system to redistribute business rates income between local authorities. With the 2017 Revaluation, it was necessary for each local authority's tariff or top-up to be re-based. The re-basing was intended to protect any growth that had accrued in the local business rates based since the commencement of business rates retention in April 2013. The Government had made an assessment of the adjustments necessary for the 2017/18 and 2018/19 figures. However, this would be reviewed following the closure of the 2017/18 accounts, meaning that further adjustments (positive or negative) were likely to the 2018/19 figures and beyond.

100% Business Rates Retention was originally expected to start in 2019/20. Due to limited Government time to consider this matter, it was now proposed that a scheme based around 75% retention would be brought in in 2020/21, using existing Regulations, without the need to introduce new legislation.

From 2020/21, the existing Baselines within the Business Rate Retention would be re-set. This would reflect the spending needs of individual local authorities to be determined by the Fair Funding Review which was currently on-going and consultation responses were sought by March 2018. The review would reflect the updated business rate bases of local authorities. It remained to be seen what growth in the local business rate base since 2013/14 would be allowed to be retained by local authorities.

As with all local authorities, 2020/21 represented a significant risk to the Council's finances with the intended changes to Business Rate Retention. If the Council's share of Business Rates returned to the Baseline, this would represent a potential reduction of over £1m in funding. The MTFS did allow for a reduction in funding back to the Baseline. However, this was mitigated by the use of approximately £600k from the Business Rate Retention Volatility Reserve from 2020/21; the use of the reserve at this level would only be sustainable for another two or three years based on current assumptions.

The estimates from 2020/21 were very uncertain, many local authorities would be severely impacted, potentially many far greater than Warwick due to the significant growth in their Business Rates base since 2013/14. With the potential for substantial swings in local government funding, it was likely that some sort of safety net would be introduced that provided authorities time to manage large swings in their funding. The future information and figures from the Government would continue to be monitored, with the impact included in the Council's MTFS.

Largely due to the regulations governing the accounting arrangements for business rates retention, there would be substantial volatility between years in the amount of retained business rates credited to the General Fund. Consequently it was necessary to maintain a Volatility Reserve to "smooth" the year on year sums received.

Business Rates Estimates. For 2018/19, the net Business Rates Retention to the General Fund, had been increased by £100k to £3.9m. This was believed to be a prudent estimate. The NNDR1 form which estimated the business rates for 2018/19 was being finalised ahead of its deadline of 31 January 2018. This would produce some of the final figures that fed into the Business Rates Retention income for the Council for the year. It was not expected that there would be any great variation in the NNDR1 and what had been allowed in the proposed Budget. However, should there be any variation; this would be accommodated within the Business Rate Volatility Reserve.

Executive agreed on 1 November that the Council applied to be part of the proposed Warwickshire 100% Business Rates Retention Pooling Pilot for

2018/19. It was understood that there were many applications to be Pilot Pools, of which ten were accepted. The Warwickshire application was not successful. Therefore, the Council would continue to be a member of the Coventry and Warwickshire Pool for 2018/19 under the current 50% Business Rate Retention scheme.

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

As announced within the Provisional Local Government Finance Settlement, District Councils could increase their share of the Council Tax by the greater of up to 3% and £5 without triggering a referendum. The increase to 3% from 2% would benefit many district councils, but for 88 districts, including Warwick District Council, it had no impact as £5 exceeded 3%.

The national average council tax for district councils was £179.25, and £218.41 including parish/town council precepts. This Council's council Tax charge for 2017/18 was £156.86 (excluding parish and town council precepts). This Council's charge was in the second lowest quartile and when Town and Parish Precepts were included it was within the lowest quartile.
The Council Tax Base was calculated in November of last year, with the Council's preceptors being notified accordingly. The Tax Base for 2018/19 was 53,388.87 Band D Equivalents. Whilst this was an increase of some 679.19 on 2017/18, it was short of that previously assumed in the Financial Strategy when last year's Tax Base was calculated (53,800). The reduced forecast growth in the tax base had been factored into the MTFS. This impacted upon the Council's estimated council tax income, resulting in additional savings required in future years.

The Council's element of the Council Tax was calculated by taking its total budget requirement, subtracting the total funding from Central Government in respect of Revenue Support Grant (RSG) and Retained Business Rates. This figure was divided by the 2018/19 tax base to derive the District Council Band D Council Tax Charge.

The recommendations within the report produced a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2018/19 of £161.86, this being a £5 increase on that of 2018/19. Based on this increase, the District's element of the Council Tax for each of the respective bands would be:

	£
Band A	107.91
Band B	125.89
Band C	143.88
Band D	161.86
Band E	197.83

Band F	233.8
Band G	269.77
Band H	323.72

Parish and town councils throughout the district were asked to submit their precepts for 2018/19 when informed of their Tax Bases. At the time of writing this report, not all precepts had been confirmed. It was estimated that the precepts would total just over £1,400,000 based on prior years. This figure did not take into account the grants that this Council would continue to award in respect of the Council Tax Support adjustments to the Tax Base, which it had been agreed that would cease after 2018/19. In the Provisional Finance Settlement, the government announced it would defer the setting of referendum principles for town and parish councils for three years. However, this was conditional upon the sector taking all available steps to mitigate the need for council tax increased, including the use of reserves where they were not already earmarked for other uses or for "invest to save" projects which would lower ongoing costs; and the government seeing clear evidence of restraint in the increases set by the sector as a whole.

The Council Tax was set by aggregating the council tax levels calculated by the major precepting authorities (the County Council and the Police and Crime Commissioner) and the parish/town councils for their purposes with those for this Council. The report to the Council Meeting on the 21 February 2018 would provide all the required details. This would be published as soon as possible following the Police and Crime Commissioner and Warwickshire County Council meetings, which were both due to be held on the 6 February. At the time of writing this report, it was assumed that all the Town/Parish Precepts would be returned. The Council would then be in a position to:-

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

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

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

Should any Councillor wish to propose additions or reductions to the budget, on which no information was given within the report, they must present sufficient information on the justification for and consequences of their proposals to enable the Executive (or the Council) to arrive at a reasonable decision. The report set out relevant considerations that enabled deliberations, including the statement at Appendix 1 to the report from the Chief Financial Officer.

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

This Council's New Homes Bonus (NHB) for 2018/19 was £2,482k. This was an increase from the £1,938k awarded for 2017/18.

Following the announcements of 12 months ago, the following changes continued to be factored in to the NHB calculations:-

- Funding had been reduced from the previous six year's retrospective years to five years for 2017/18, to four years for 2018/19 and beyond. Had the six years been maintained, this would have presented the Council with an additional £400,000 New Homes Bonus in 2018/19.
- The baseline of 0.4% had continued for 2018/19. New Homes Bonus was only awarded on growth above this level. There was the possibility that the baseline was to be increased, this remained a risk for the future. For Warwick District Council, for 2018/19 the 0.4% baseline represented 249 dwellings. With the total growth of 925 Band D properties, the 2018/19 allocation was based on 676 properties. The baseline was reducing the New Homes Bonus 2018/19 allocation by £300,000 and a similar amount for 2017/18 compared to the previous regime.
- The proposals to withhold payments for areas without a local plan, or for homes allowed on appeal, were not being implemented at this stage.

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

As in previous years, Waterloo Housing would receive part of this allocation from their agreement with the Council to deliver affordable Housing in the District. £170,287 was due to be paid to Waterloo in 2018/19. Section 3.13 of the report detailed how it was proposed to allocate the Residual Balance for 2018/19.

The Government had previously announced that local authorities could increase planning fees by 20% provided that it was ring-fenced to support the planning service. This Council had responded to the Government to state its intention to increase its planning charges. The 20% increase came in from 17 January 2018.

The extra 20% would generate approximately £250,000 per annum based on current estimates. The current baseline and income assumptions should be retained, with the extra income used to make improvements to support the planning function. It was proposed that the additional income was initially allocated to a new Planning Investment Reserve. The expenditure to be funded from the reserve needed to be specifically identified. In June 2017, within the Fit For the Future Executive report, it was agreed, that consequent budget apportionments of the additional income were determined by the S151 Officer in consultation with the Council's Senior Management Team.

To date, a new Green Space Officer had been agreed by the Employment Committee, funded by the 20% uplift, to support the increased work on Neighbourhood Services relating to the Local Plan. Further staffing investments were planned by Development Services and Health and Community Protection to be similarly funded. These would be subject to future reports to Employment Committee.

The funding of these posts from the 20% uplift would be funded from the apportionment of the income as determined by the Head of Finance.

The additional income would be monitored on an on-going basis so as to ensure the income was not over committed and could fund any agreed commitments. A prudent stance would be taken in projecting the funding and how it was utilised.

The Council currently paid the National Living Wage as set by the Living Wage Foundation, with this due to be reviewed annually as part of the Budget Setting process. In view of the increases to the Government National Living Wage, and the impact this would have on future grade differentials, it was agreed by the Employment Committee, and subsequently by Council, that the Council would freeze the current Living Wage Foundation rate of pay at the current level (£8.45 per hour or £16,300 pa), but that the frozen rate was increased in line with a 1% pay award on 1 April each year, subject to consideration as part of the overall budget setting process, until it was exceeded by National Living Wage, or the evaluated pay rate.

When this issue was considered by Employment Committee, it was anticipated that the national pay award for 2018/19 would be 1%. The current pay offer for 2018/19 (for which agreement was awaited) was based on a 2% increase. Consequently, subject to the acceptance of the pay offer, it was proposed to increase the current Living Wage hourly rate of £8.45 by 2%. As the numbers in receipt of the NLW were very low, this extra 1% would be able to be accommodated within existing Budgets.

The national planning fee increase had allowed the Council to review the method by which the planning regime was delivered, using additional funds received via the increase to improve the service delivery. As a result of this review, a temporary Senior Environmental Health Officer post, for two years had been identified as required in Health and Community Protection. It was proposed that 0.6FTE of the post be funded through the planning fee increase and the remaining 0.4 FTE be funded from the Service Transformation Reserve. This additional 0.4FTE would accommodate further increases in planning applications through the two year period including HS2 related work. It was important to note that any HS2 related time could be recovered from HS2 rather than funded through the Service Transformation Reserve, therefore, the total of £36,000 over the two years, grade to be determined by Hay, would be the maximum required from the Service Transformation Budget.

The Council operated a number of electric cars as a pilot scheme. The scheme pilot was due to conclude in June 2018 and therefore was being evaluated to determine if the pilot had been successful and if the Council wished to continue the scheme in its current form, with alteration or not. The review was not due to conclude until end of February 2018 and therefore a figure for the scheme was unable to be calculated at this time. Upon conclusion of the review, a further report would be brought to detail any financial implications.

On the 21 February 2017, the Council approved the 2017/18 Budgets and Council Tax. This report set out the 5 Year MTFS. At that point, it was forecast that a further £830,000 of savings were required to be found and achieved to enable the Council to maintain a Balanced Budget.

	2017/18 £'000	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**
Deficit-Savings Required(+)/Surplus(-) future years		412	201	-202	830
Change on previous year		412	-211	-403	1,032

The latest forecasts was presented to the Executive in June 2017 (Fit for the Future Report), August (Budget Review Quarter 1) and November (General Fund Base Budgets).

Since February 2017 the Strategy had been rolled forward another year to maintain a five year projection. This meant that whilst the Council benefited from an increase in Council Tax (increasing by £5 and additional growth), it incurred inflation on its service expenditure (assumed 2%). The net effect of this was a £60,000 reduction in the savings requirement.

There had been several changes to staffing budgets, including the new posts proposed and a £150,000 ongoing Budget for an Apprenticeship Scheme approved within the November 2017 Budget Report. Within the 2018/19 and 2019/20 2 year Pay Offer, the National Living Wage had lead the Local Government Employers to look at how this impacted on lower pay scales. Increases above 2% were proposed to be awarded to all spinal column points below 19. For 2019/20 there would be a complete revision to these Scales to match the proposed new Spinal Column Points. Early Indications such there would be additional costs of some £48,000 in

2018/19 and a further £150,000 in 2019/20. The total on-going costs of all of these amounting to circa £350,000

The Council was scheduled to renew many of its contracts in 2021/22. When the Budget was set in February 2017, it was assumed that the cost of this could amount to £1,182,000. However, latest intelligence suggested that the increases to the National Living Wage and a drop in recycling prices could mean the costs of renewal would be considerably more. Alongside this, some current contracts were inflated annually based upon RPI (at August the prior year) minus 0.5%. The latest forecast cost had increased to £1,700,000, an increase of £518,000.

There had been various other changes related to contract expenditure over the years. These included the transfer of the £83,000 costs for the Grounds Maintenance carried out on HRA land, and the impact of the new property development, which would generate additional recycling credit income but incurred additional costs in servicing these properties of £288,000.

The original assumption for the Council Tax Base for 2018/19 had proven to be overly optimistic. Each year, when the Tax Base was set further increases were factored into future years. This base had now reduced and lowers future years as well, 2022/23 being £72,000 lower in Council Tax income than previously forecast.

Planning Fee income in 2017/18 had increased with a further £300,000 being factored into the 2017/18 Budget. With the Local Plan being adopted in November 2017, applications would increase further. It had been possible to factor recurrent additional income amounting to just over £0.5 million per annum into future years plus a further £50,000 when adding annual inflation uplifts. These figures excluded the 20% uplift that would be separately ring-fenced.

Investment Interest had been revised to reflect the latest investment rate forecasts provided by Asset Link Services, the Council's Treasury Management Advisors, and the Council's projected balances invested. The Council's investment income had increased by £150,000 per annum above that previously forecast.

When the Budget was presented in February 2017, the Leisure Options Contract had not been finalised. At that time the Strategy assumed £612,000 in the concession fee. The agreement was evaluated on the basis of the overall benefit to the Council over the 10 year contract period. The concession was £610,000 for 2109/20, increasing annually to £1.389m in 2025/26. This had previously been reported to members. In 2022/23 (the final year of the MTFS produced here), the Concession Fee would be £1,230,000, an increase of £618,000 above that previously forecast.

The provisional settlement indicated a tariff adjustment of £237,000 in 2019/20. This had been incorporated into the Strategy from 2019/20.

There had been many more changes to the five year forecast which had a lower impact. The table below summarised them:

	£'000's
Savings Required by 31/3/2021 (as at February 2017)	**830**
Roll Forward to 2022/23	-60
Staffing - net	350
Leisure Options	-618
Contracts	518
HRA Grounds Maintenance	-83
Expenditure related to property growth	288
Reduced Council Tax Base growth	72
Planning Fee Income	-550
Investment Interest	-150
Tariff Adjustment	237
Reduced Contributions to Bins & receptacles	-45
Net-various other changes	-90
Savings Required by 31/3/2022 (as at February 2018)	**699**

The Council faced a £699k deficit by 2022/23 unless further savings to the same magnitude could be identified and delivered. The profile of these savings was shown in the table below:-

	2017 /18 £'000	**2017 /18 Latest £'000**	**2018 /19 £'000**	**2019 /20 £'000**	**2020 /21 £'000**	**2021 /22 £'000**	**2022 /23 £'000**
Deficit-Savings Required(+)/Surplus(-) future years	0	0	0	607	81	929	699
Change on previous year	0	0	0	607	-526	848	-230

This forecast assumed that future Fit for the Future Savings would be delivered. These included:-

- Office Relocation £300,000 2021/22
- Alternative use of the Town Hall £85,000 2021/22
- Senior Management review £200,000 2022/23

(NB - Some of these savings could occur at an earlier date)

Officers would continue to look for other Fit for the Future Projects which would yield more savings, with a Fit for the Future Report to be presented to in June 2018.

The Latest Financial Strategy was shown at Appendix 4 to the report.

It had been agreed that £1.5m should be the minimum level for the core General Fund Balance. This balance supported the Council for future unforeseen demands upon its resources. In order to consider a reasonable level of general reserves, a risk assessment had been done and was contained at Appendix 5 to the report. This showed the requirement for the General Fund balance of over £1.5 million against the risks identified above.

The General Fund had many specific Earmarked Reserves. These were attached at Appendix 6 to the report. They showed the actual and projected balances from April 2017, along with the purposes for which each reserve was held.

The reserves which showed a significant change in the overall balance in the period 1 April 2017 to 31 March 2022 were detailed in Appendix 6 to the report.

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

The Capital Programme had been updated throughout the year as new and changes to projects had been approved. In addition to the changes throughout the year, it was proposed to add several new schemes to the Capital Programme as detailed in Appendix 9 to the report. The most notable of these were detailed below:-

Scheme	**Year**	**Amount**	**Financed From**
Desktop Infrastructure, Storage Area Network (SAN), Network Devices LAN & WAN, Infrastructure General, Physical Server Replacement, UPS.	2018/19 to 2021/22	£343,500	ICT Replacement Reserve
Rural & Urban Initiatives Grants – extension of current programme	2021/22	£150,000	Capital Investment Reserve
Recycling & Refuse Containers – extension of current programme	2021/22	£80,000	Capital Investment Reserve

Other reports on the Executive agenda in February considered several schemes which impacted on the Capital Programme. These had been incorporated in the Capital Programme as follows:-

Scheme	Year	Amount	Financed From
Acquisition of Stoneleigh Arms	2018/19	£710,000	RTB Receipts
Playbox Theatre loan	2018/19	£150,000	Capital Investment Reserve
Newbold Comyn Arms loan	2017/18 and 2018/19	£350,000	Capital Investment Reserve
Car Parking Displacement – capital costs	2018/19	£220,000	Parking Displacement Reserve

In addition to the new projects incorporated, the following capital projects were expected to come forward over the next year:-

- Investment in replacement multi storey car parks
- Office relocation
- Europa Way

Slippage to 2018/19 in the General Fund Programme had been incorporated as reported during the year.

In addition, the following table showed the main changes to current schemes that were required to be reported. The full details were within Appendix 9:-

Scheme	Year	Amount	Comments
Desktop Infrastructure	2017/18	-£10,000	Saving
Voice over IP telephone system	2017/18	-£-31,700	Saving
Leisure Options	2017/18 to 2018/19	-£919,200	Slippage
Whitnash Hub	2017/18	£89,900	Increase budget for element funded from S106 payments.
St John's Flood Alleviation	2017/18 to 2018/19	-£100,000	Slippage
Pump Room Garden Restoration	2017/18 to 2018/19	-£1,000,000	Slippage
Leisure Centre Benches, Cycle racks etc	2017/18	£16.833	Funded from sale of gym equipment.
Recycling and Refuse	2017/18 to 2020/21	Annual Budget reduced to	Reduced annual budget

Scheme	Year	Amount	Comments
Containers		£80,000	

Appendix 10 to the report, Part 5 showed the General Fund unallocated capital resources. These totalled £2.687m. The Capital Investment Reserve represented the largest share of this at £1.45m, for which the Council had agreed the minimum balance should be £1m. Whilst the Council did hold other reserves to fund capital projects, it would be noted that these were limited and had been reserved for specific purposes. In addition to the resources shown, within the Housing Investment Resources, the Right to Buy "Any Purposes Capital Receipts" projected at £9.3m (Appendix 10, to the report part 4) were available to fund non Housing schemes.

The latest Housing Investment Programme (HIP) was shown at Appendix 10 part 2.

Appendix 9 to the report detailed variations to the HIP from that previously reported in February 2017. This included changes to current schemes, and slippage from 2016/17.

Appendix 10 to the report part 4 showed the funding of the HIP and the forecast balances at year end until 31 March 2022 after the HIP had been financed.

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

1-4-1 RTB receipts had to be utilised in replacing housing stock that had been purchased from the Council by existing tenants through the RTB scheme. This could be through new build properties (such as Sayer Court), the purchase of existing properties (such as Cloister Way) or buy back of existing council properties previously sold through RTB. However, they could only be used to fund up to 30% of the replacement cost as per RTB regulations. If the funding was not used within a three year period from the date of receipt, the funding would be repayable to the Government, along with interest.

The dates by which the unallocated 1-4-1 RTB balances needed to be used by were as follows:

31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024
£1,109,900	£1,800,000	£1,800,000	£1,800,000	£1,864,800

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

The Major Repairs Reserve was used to fund capital repairs of the HRA stock. The contributions to this reserve were based on depreciation calculations. It was noted that approval was given by Executive in July 2017 to increase expenditure for fire safety works following a review of high-rise housing stock. Further provision would be sought from Executive if required, for which it would be noted there was over £4.5m projected funding within the Major Repairs Reserve.

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

The Right to Buy Capital Receipts were shown within the sources of Housing Investment Programme funding. As considered previously, these capital receipts were not ring-fenced and could be used for any capital projects. Consequently, as detailed in a separate report to this agenda, it was proposed to use these receipts to fund the acquisition of the Stoneleigh Arms.

The Council was required to determine an authorised borrowing limit in accordance with The Local Government Act 2004, Section 3, and to agree prudential indicators in accordance with the CIPFA Code for Capital Finance in Local Authorities.

The Indicators were shown at Appendix 12 to the report. Further indicators were included within the Treasury Management Strategy Report.

The New Homes Bonus allocation for £2.482m. This was proposed to be allocated as follows:-

- Waterloo Homes were due to receive £170,287 of this under the Joint Venture with the Council.

- The Council had previously agreed to contribute £500,000 to the planned Whitnash Hub. £150,000 was awarded in 2017/18. It was proposed that the balance of £350,000 was from the 2018/19 NHB allocation. For accounting purposes, this allocation would flow through the Community Projects Reserve.

- For 2014, the Council set aside some monies to commemorate the start of World War One in 1914. It would be appropriate to do likewise to celebrate the centenary of the end of this war. A similar sum £10,500 was recommended from New Homes Bonus. This was proposed to be distributed by the Community Forums.

- In December 2017, it was officially announced that Birmingham would host the 2022 Commonwealth Games. The Council's hosting of the Bowls as part of this was previously reported to Executive in November 2017. Officers had set up a project group as such a prestigious event would need planning so that all facilities were brought up to the highest standards as well as using this opportunity to promote the District and this Council to the world. Clearly, there would be costs involved both before and during the event. Officers had yet to work up detailed plans and budgets. It was therefore proposed that a new Commonwealth Games Reserve should be created to fund this expenditure and £100,000 be set aside. A report on the Games in would be brought to Executive in March of this year which would provide more details on these and the utilisation of the Reserve. Future use of this reserve would be agreed by the Executive.

- In November 2017, the Executive allocated £100,000 to a new Car Park Displacement Plan. For the proposed displacement from Covent Garden Car Park, £423,000 was set aside within the Covent Garden Car Park Reserve in April 2016 within the HQ Replacement Report, alongside £477,000 towards the initial borrowing costs for a new multi-story car park. The likely net costs of displacement in Leamington were being re-assessed. The likely net costs, including costs of works, running costs and changes in income, were likely to exceed the original estimates. In addition, proposals were due to come forward for works on car parks in Warwick, which were likely to be significant. Consequently, it was proposed to allocate £800,000 to the Car Park Displacement Reserve.

- The Community Projects Reserve currently had a balance of £46,000 out of the original allocation of £868,000 from the 2017/18 New Homes Bonus. It was proposed that the balance of the New Homes Bonus for 2018/19 of £1,051,324 be allocated to the Community Projects Reserve. Demands from this reserve would be subject to future reports to the Executive to agree.

The 2017/18 budget was currently forecast to produce a surplus of £110,300. It was proposed that this balance be added to the Contingency Budget, with any unallocated balance carried forward to add to the 2018/19 £200,000 contingency.

The Council did not have an alternative to setting a Budget for the forthcoming year. It could, however, decide to amend the way in which the budget was broken down or not to revise the current year's Budget. The proposed latest 2017/18 and 2018/19 budgets were based upon the most up to date information.

The Finance & Audit Scrutiny Committee recognised the challenge of depreciation of our assets within accounts and asked that opportunities to provide funds for replacing and maintaining assets should be taken.

The Committee agreed to add to their work programme a review of the budgeted reserves to ensure they were necessary and appropriate.

The Committee supported the use of new homes bonus for specific projects and not being used to support core general fund service.

The Executive thanked the Scrutiny Committee for their comments and proposed work. They highlighted that the Government Central Support Grant had been reduced by over £4.5million and, based on current estimates, this Council would be paying the Government £250,000 per year instead of receiving the grant. In that context, the performance of this Council had been exceptional and officers should be congratulated because it had enabled the Council to deliver services without cuts, allocate the new homes bonus to projects (rather than fund the day to day work of the Council) and create appropriate reserves for if work was needed.

Recommended to Council that

(1) the proposed changes to 2017/18 Budgets detailed in Section 3.2 of the report, be approved;

(2) the Revised 2017/18 Budget of Net Expenditure of £14,855,500 (Appendix 1) after allocating a surplus of £110,300 (paragraphs 3.2.1 and 3.2.6 of the report), be approved;

(3) the Earmarked Reserves Requests at Appendix 2 (paragraph 3.2.5 of the report), be approved;

(4) the proposed changes to 2018/19 Base Budgets detailed in Section 3.3 of the report, be approved;

(5) the proposed Budget for 2018/19 with Net Expenditure of £18,742,200 taking into account the changes detailed in section 3.3 of the report and summarised in Appendix 3 to the report, be approved;

(6) subject to the acceptance of the current Local Government Employers' pay offer, to increase the current Living Wage hourly rate of £8.45 by 2% to £8.62;

(7) subject to approval of the Budget 2018/19, the Council Tax charges for Warwick District Council for 2018/19 before the addition of Parish/Town Councils, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band be agreed by Council as follows:-

	£
Band A	107.91
Band B	125.89
Band C	143.88
Band D	161.86
Band E	197.83
Band F	233.8
Band G	269.77
Band H	323.72

(8) the 2018/19 proposed New Homes Bonus of £2,482,111 be allocated as follows, as detailed in paragraph 3.13.1 of the report

New Homes Bonus - 2018/19 Allocation	**£ 2,482,111**
Waterloo	-170,287
Whitnash Hub	-350,000
WW1 Commemorations	-10,500
Commonwealth Games - Bowls	-100,000
Car Parks Displacement Reserve	-800,000
Community Projects Reserve	-1,051,324
Total Allocated	**-2,482,111**

(9) the Financial Strategy as set out paragraph 4.2 and Appendix 4 to the report, be approved;

(10) the ICT Replacement and Equipment Renewal Schedules as set out at paragraph 3.10 of the report, be approved;

(11) the creation of the Planning Investment, Harbury Lane, Commonwealth Games and Homeless Prevention Reserves as set out in paragraph 3.10 of the report, be approved;

(12) the General Fund Capital and Housing Investment Programmes as detailed in

Appendices 10 to the report parts 1 and 2, together with the funding of both programmes as detailed in Appendices 10 to the report parts 3 and 4 and the changes described in the tables in paragraph 3.11 of the report and Appendix 9 to the report, be approved; and

(13) the Prudential indicators as set out in paragraph 3.12 and Appendix 12 to the report, be approved.

(The Portfolio Holders for this item was Councillor Whiting)
Forward Plan reference 885

106. **Treasury Management Strategy 2018/19**

The Executive considered a report from Finance that detailed the strategy that the Council would follow in carrying out its treasury management activities in 2018/19.

The Council was required to have an approved Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy within which its Treasury Management operations would be carried out.

No changes had been proposed to this strategy when compared to the 2017/18 Treasury Management Strategy.

The Local Government Act 2003 required the Council to have regard to the CIPFA Treasury Management Code of Practice and to set prudential indicators to ensure the capital programme was affordable, prudent and sustainable. The prudential indicators could be found in Appendix A to the report.

CIPFA Treasury Management Code of Practice required the annual approval by Council of the Treasury Management Strategy, which should include the Investment Strategy and Minimum Revenue Provision Policy.

CIPFA had recently released Consultation on proposed changes to the Treasury Management Code of Practice and Prudential Code but the revised Codes had not been released. When the new versions were made available, officers would review them and if any significant changes were required to this strategy a revised report would be brought to Council for it to consider.

The Annual Investment Strategy and Minimum Revenue Provision Policy must have regard to Secretary of State Guidance. The Department for Communities and Local Government had issued a consultation, which would amend the existing guidance. Whilst it was intended that the changes would apply from 2018/19, changes could not be implemented until the revised guidance was formally released. If the revised guidance required a change to the Annual Investment Strategy and Minimum Revenue Provision Policy, a report would be brought to Council.

The Finance & Audit Scrutiny Committee supported the recommendations in the report and asked for the equity fund options to be shared with Councillors before this was considered by Council in February.

The Executive highlighted that the Council had out-performed the benchmark for this area of work and, as a result, the Council had used its money more effectively to provide a greater return and therefore reduce the burden on the local tax payer.

The Executive were mindful that some would have concerns about the use of equity funds but with correct checks and balances and an appropriate reserve these were providing a greater return for the Council than if the money was sat in the bank.

There was work in this area that Scrutiny could contribute to and the Portfolio Holder for Finance agreed to liaise with the Chairman of the Committee to identify the approach that would bring the most benefit for the Council.

Recommended to Council that it approves the Treasury Management Strategy, Investment Strategy and the Minimum Revenue Provision Policy, as appended to the report.

(The Portfolio Holder for this item was Councillor Whiting)
Forward Plan ref 888

107. **Housing Revenue Account (HRA) Budget 2018/19 and Housing Rents**

The Executive considered a report from Housing that set out the latest Housing Revenue Account (HRA) budgets in respect of 2017/18 and 2018/19.

The report made the recommendations to Council in respect of setting the 2018/2019 budgets, the proposed changes to council tenant housing rents, garage rents and other charges for 2018/19.

In July 2015, the Government announced that with effect from April 2016, the rents charged for existing tenants by local authority housing landlords should be reduced by 1% per year, for four years. 2018/19 would be the third year of this reduction.

In March 2016, a one year deferral was introduced for supported housing from the reduction of social rents in England of 1%, allowing the Council to continue to apply a CPI (at September) + 1% rent increase in 2016/17.

In 2017/18, the 1% rent reduction was applied to supported housing, with rents in these properties decreasing by 1% a year up to and including 2019/20.

Specialised supporting housing would remain exempt from this policy for mutual / co-operatives, alms houses and Community Land Trusts and refuges. However, this Council did not have any housing which met these criteria.

For new tenancies, landlords were permitted to set the base rent as the Target Social Rent (also known as Formula Rent). In Warwick District this represented a small increase over the social rent charged for tenanted properties and was projected to increase rental income by around £5,800 in 2018/19. However, these rent levels would then be subsequently reduced by 1% at the next annual rent review if the tenancy was still running, to comply with the Welfare Reform and Work Act 2016.

The only exception would be in respect of properties at Sayer Court, Leamington, where the Council had previously approved that tenancies within the new development would be let at Warwick Affordable Rent Levels. Whilst the 1% rent decrease would apply to existing tenants, new tenancies established during 2018/19 would be charged at the full Warwick Affordable Rent Value.

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

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

Garage rent increases were not governed by national guidance. Any increase that reflected costs of the service, demand, market conditions and the potential for income generation could be considered. The HRA Business Plan base assumption was that garage rents would increase in line with inflation. However, the Council did not have in place a formal policy for the setting of rents for garages.

There were waiting lists for a number of garage sites, whilst other sites had far lower demand; where appropriate, these sites were being considered for future redevelopment as part of the overall garage strategy for the future.

Market Research showed that in the private sector, garages were being marketed in the district for on average £80 per month (valuations last reviewed January 2016). The average monthly rent for a Council garage was currently £29.50.

Taking this into consideration, an average increase of £4 per month had been recommended as the most appropriate increase. The additional income generated for the service would help to alleviate the loss of rental income from dwellings and ensure the continuous viability of the Housing Revenue Account Business Plan.

Projected income for 2018/19 would, therefore, increase by a net £84,000 compared to 2017/18.

Alongside the rent increase, a review of garage voids had indicated that on average 15% of the total garage stock was void throughout the year, worth £125,000 in potential income.

Taking into consideration the rent increase, and review of void levels alongside existing garage income budgets, for 2018/19 income budget was to increase by £42,000 compared to the 2017/18 income budget.

For tenants, most garage rents would increase by 92p per week (£48 per month), from £7.07 to £7.99. Non-tenants paid VAT on the charge, so it would increase by £1.11 per week, from £8.48 to £9.59.

During 2015, the Council took ownership of 15 shared ownership dwellings at Great Field Drive in southwest Warwick.

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

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

The Council adopted the Homes and Communities Agency (HCA) template lease agreement which included a schedule on rent review. Schedule 4 of the lease agreement determined that the rent would be increased by RPI + 0.5% from April 2018.

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

The dwelling rents had been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers for 2017/18 and 2018/19. This included additional rental income from the five new build properties purchased at Cloister Way which were due to be purchased by and subsequently let to tenants, and changes based on the number of Right-To-Buy sales in 2017/18, and those forecast for 2018/19.

Shared ownership property rents would increase by RPI + 0.5%, in accordance with the terms of the lease. As at November 2017, RPI was 3.7%, therefore, the income budget had been increased by £3,000.

The garages rental income budget had been increased by £12,000 to take into account the £4 per month average increase in charges for 2018/19 and current level of voids. This was in addition to the £30,000 budget already included as part of budget setting for a 5% increase (as per the November ’17 Executive Report, in turn based on the assumptions underpinning the 2017/18 HRA Business Plan).

The Housing Investment Programme was presented as part of the separate February 2018 report ‘General Fund 2018/19 Budget and Council Tax’.

The recommendations would enable the proposed latest Housing Investment Programme to be carried out and contribute available resources to the HRA Capital Investment Reserve for future development whilst maintaining a minimum working balance on the HRA of at least £1.4m in line with Council policy.

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

The Executive highlighted that while the reduction rent would reduce income by £750,000, the Council would still be committing £6million investment in properties of which £2.5million was into its high rise properties.

Recommended that

(1) rents for all tenanted dwellings (excluding shared ownership) be reduced by 1% for 2018/19;

(2) HRA dwelling rents for all new tenancies created in 2018/19 are set at Target Social (Formula) Rent, or at Warwick Affordable rent for Sayer Court properties;

(3) garage rents for 2018/19 be increased by an average £4 per month; and

(4) the latest 2017/18 and 2018/19 Housing Revenue Account (HRA) budgets as set out at Appendix 3 to the report, be approved.

(The Portfolio Holder for this item was Councillor Phillips)
Forward plan reference 886

108. **Heating, Lighting and Water Charges 2018/19 – Council Tenants**

The Executive considered a report from Housing that set out the proposed recharges to Council housing tenants for the provision of communal heating, lighting and water supply during 2018/19.

Recharges were levied to recover costs of electricity, gas and water supply usage to individual properties within one of the sheltered and the five very sheltered housing schemes, which were provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities were recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.

The charges necessary to fully recover costs were calculated annually from average consumption over the last three years, updated for current costs and adjusted for one third of any over-recover or under-recovery in previous years. The charges for 2018/19 were calculated on the basis of average consumption from December 2014 to November 2017. The use of an average ensured that seasonal and yearly variations were reflected in the calculation.

In February 2013, the increase required to meet projected Heating & Lighting costs was deemed unaffordable for tenants, so it was agreed to implement a lower increase and to fully recover costs within a five year period. In 2015/2016, it was recommended that where the increase to fully recover costs was higher than 95p per week, the increases be constrained to 95p to ensure the increase was affordable for tenants and continued to move towards full recovery over future years.

From 2016/17, the Council moved towards a policy of full recovery of costs and, to achieve this, it adopted a policy whereby the charges be increased by the lower of, the full amount to achieve full cost recovery or an amount equivalent to 1% of the rent due for the property. This approach enabled full costs recovery to be phased in gradually and ensured that no excessive increases to the charges were made in one year. This was a fair approach as it facilitated the Council implementation of full costs recovery and it ensured tenants were no worse off financially.

The Gas and Electricity contracts for the authority were renegotiated in 2016/17, with savings achieved on the gas contract but an increase on the electricity contract. Any savings / increases would be passed on to tenants in future years through the process detailed above.

As the heating, lighting and water charges were intended to be cost recovery, it was proposed that from 2019/20 the charges were agreed following this methodology by the Head of Housing and Head of Finance, in consultation with the relevant portfolio holders. Any changes in the income budgets would be reflected in the HRA Rent setting report.

If any proposed charges were thought to be unaffordable for tenants, charges could be set at any level between no increase and the proposed charges, with the understanding that this meant that the shortfall would either be funded from the rents of all tenants, the majority of whom would be paying their own electricity and gas costs directly, or recovered from charges in future years when some flats could be occupied by new tenants who had not benefited from the reduced charges.

For those Heating/Lighting and water charges which had been set below the level necessary to recover the full cost, a higher charge could be set to better reflect the costs. For instance, at Tannery Court, tenants could be charged a further £3.82 per week (£198.64 per year). However, this would be above 1% of rent, which was the agreed maximum.

Charges could be set above the real costs of recovery. This would mean tenants of these schemes would have no choice but to pay above the real cost of these utilities, as the communal nature of these services meant they could not choose their own energy suppliers. This would not be fair.

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

Recommended that

(1) the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the rent year commencing 2nd April 2018, as set out in Appendix 1 & Appendix 2 to the minutes be approved; and

(2) from 2019/20 the agreement of the heating lighting and water charges is delegated to the Head of Housing and Head of Finance in consultation with the relevant portfolio holders, with charges calculated in accordance with the methodology within paragraphs 3.2 and 3.4 of the report.

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan reference 887

109. **Creation of additional car parking provision in Leamington**

The Executive considered a report from Neighbourhood Services that sought approval for the necessary consents to allow the Section 106 (S106) agreement to be finalised and brought forward a series of proposals for new car parking provision, predominantly on Council owned land, which would be in addition to the applicant's proposals.

The Planning Committee of 9 January 2018 approved the linked planning applications for the Covent Garden and Riverside House elements of the HQ relocation project, subject to the finalisation of S106 Agreements for both sites. The conditional approval for the Covent Garden application required the applicant to submit a car park displacement strategy for the period between closure of the existing car parks and the opening of the new multi-storey car park. The applicant's proposals required the consent of the Council regarding car parks within their control.

Following the publication of the agenda for the meeting, one of the proposals for new car parking, contained within the report, was withdrawn. The Leader also ensured that the Executive had all seen and considered the submission from Royal Leamington Spa Town Council on this matter.

Two linked planning applications were submitted by PSP Warwick LLP (LLP), the joint venture vehicle that this Council had established with its private sector partner, Public Sector Plc, for the redevelopment of the site of the current Covent Garden surface and multi-storey car parks (application W/17/1700) for new HQ offices for the Council, a new multi-storey car park and 44 apartments and for the subsequent redevelopment of the Riverside House site for up to 170 new homes (application W/17/1701).

The two applications were approved by Planning Committee on 9 January 2018, subject to the agreement of s106 Agreements for both applications. The applicant's offer of a Car Park Displacement Strategy, in respect of application W/17/1700 was accepted by Planning Committee and agreement of this strategy would be a requirement of the s106 agreement for the Covent Garden site. This strategy would cover the period between closure of the existing car parks, projected to be in the last quarter of 2018/19 to avoid the 2018 Christmas shopping period and the opening of the new multi-storey car park, projected to be during the third quarter of 2020/21 in time for the 2020 Christmas period. The loss of car parking at Covent Garden was, therefore, projected to only to cover a single Christmas/New Year period; 2019/20.

In developing their proposed strategy, the LLP had approached the Council for permission to submit a planning application to allow the Riverside House car park to be used for public car parking at weekends. Having trialled public car parking at this site on a temporary basis in the lead up to Christmas 2017, officers were happy that, subject to the LLP bearing the cost of on and off-site enhancements to pedestrian access and signage within the car park and on the route to the town centre, the proposal was viable and should be supported in order to facilitate the applicant's proposed Car Park Displacement Strategy.

The applicant was likely to agree increased prioritisation of short stay car parking within the town centre as part of the s106 Agreement. It was recommended that consultation on changes to the ticketing and payment system at the St. Peter's car park to enable short stay parking to be prioritised, based on the proposals set out at Appendix One to the report. It was proposed that the consultation should be part of the annual consultation process on revised fees and charges for Council owned car parks, to provide certainty to the applicant and the Local Planning Authority that the proposed changes could form part of strategy that would be included within the s106 agreement.

The consultation for setting the 2019 Off-Street Car Parking Orders would commence in July 2018, allowing the new orders to be approved by this Council through the normal Car Parking fees and charges process and subsequently by the County Council to allow revised tariffs to be introduced from 1 January 2019. However, Members were reminded that, subject to the approval of the 2019 Off-Street Parking Orders, whilst the proposed revised charges for the St. Peter's car park would be implemented from 1 January 2019 the proposed changes to allocate the lower floors for short stay parking only, as set out In Appendix One to the report would only be implemented at the point that the displacement strategy was required, i.e. the point at which the Covent Garden car parks actually closed.

Although the LLP's proposed Car Park Displacement Strategy was likely to be acceptable in terms of the Local Planning Authority agreeing that the s106 Agreement requirement, it was anticipated that there would still be an under provision of parking capacity during peak demand periods. The detailed analysis completed by the LLP as part of the planning application process indicated a shortfall of c.297 car parking spaces compared to current provision at the 1pm weekday demand peak and of c.152 spaces at the weekend peak, during the implementation of their proposals.

These figures would reduce to c.197 on weekdays and c.52 at weekends when the 100 space Council owned car parks at Station Approach re-open in 2019, in time for the 2019/20 Christmas/New Year period, the one peak period when the Covent Garden car parks were closed.

Despite the Station Approach car parking becoming operational during the Covent Garden closure period, it was recommended that the Council created new car parking provision to support the needs of the town centre and minimise any adverse economic impacts while the new multi-storey car park was being built.

The proposals provided for an additional c.167 off-street car parking places which, subject to approval would:

- reduce the projected weekday peak shortfall to c.130 spaces during the period between the proposed Covent Garden closure in early 2019 and the re-opening of the new Station Approach car parking in late 2019;
- reduce the projected weekday peak shortfall to c.30 spaces at the current weekday demand peak from late 2019 until the new multi-storey car park opens in late 2020; and
- create additional town centre car parking capacity of c.15 spaces at the current weekend demand peak when the Covent Garden car parks close, rising to an additional c.115 spaces when the new Station Approach car parking becomes available.

Site plans of the proposed locations of the new car parking were set out at Appendix Three to the report and details of the proposed work at each site were set out at Appendix Four to the report. Preliminary discussions with the Planning and Highway Authorities and the Cultural Services team had indicated that all the proposed locations were viable, although detailed planning applications would be required.

The detailed work required to prepare and obtain the necessary planning permissions and any other necessary consents and to undertake the necessary works would be undertaken with the aim of ensuring the new provision would be available before the Covent Garden car parks were closed.

It would be proposed that the new off-street surface car parking provision created at Archery Road and Princes Drive would be retained on a permanent basis. This additional provision of c.87 spaces, along with the new 617 space multi-storey car park at Covent Garden would therefore be available to meet future parking demand growth forecasts and be built into the Council's emerging Car Park Strategy.

It was proposed that any additional provision created at Court Street would be a temporary measure provided during the period that the Covent Garden car parks were closed, allowing the Council to review future options for these sites when the new multi-storey car park opened to ensure that opportunities to support the development of the Creative Quarter for Leamington were maximised.

As detailed plans were developed for each site, the potential to provide electric vehicle recharging points at the proposed new locations would be considered, particularly at those sites intended to be retained for permanent car parking provision at the end of the temporary displacement period.

A proposal within the General Fund budget report, elsewhere on the agenda recommended allocating a proportion of the 2018/19 New Homes Bonus allocation that the Council would receive into the Car Park Displacement Reserve.

The indicative capital cost of delivering the new car parking provision at the proposed sites was £674,000 (excluding the cost of acquiring the Stoneleigh Arms site which was a separate matter to be considered) and, subject to approval of the Budget report, it was proposed that these costs would be met from the Car Park Displacement Reserve.

It was recommended that, authority be delegated to the Heads of Finance and Neighbourhood Services to develop the proposals for each site and establish firm costings to deliver the proposals, in consultation with their respective Portfolio Holders. Resource to support this work was available through the Project Manager - Car Parks post within Neighbourhood Services. The use of delegated powers would ensure that the approved works could be delivered within the timescales required, i.e. before the closure of the Covent Garden car parks.

Any variances from the indicative cost would be reported through the normal budget reporting process or, if significant and unable to be contained within the unallocated funding within the Car Park Displacement Reserve, by a special report to Executive.

Public consultation on the closure of the Covent Garden car park had taken place as part of the Leamington car park user survey undertaken to inform the development of the draft Car Parking Strategy and additional dialogue had been held with town centre stakeholders on potential displacement options during the closure period. The proposals set out were new options and it was proposed that a Development Review Forum be arranged to allow them to be examined further as they were developed. It was anticipated that planning applications would be required for each of the proposed sites and these would be subject to an appropriate public consultation process for each application.

Proposed charges for the new car parks were set out at Appendix Two to the report. It was proposed that consultation on these charges was included as part of the annual consultation process on revised fees and charges for Council owned car parks. However, subject to the approval of the 2019 Off-Street Parking Orders, the proposed charges for the new car parking provision would only be implemented at the point that each site became operational.

Taking into account the net income loss of £770k for the period that the Covent Garden site was unavailable for parking and the additional income of £105k that would be generated from the sites set out in recommendation 2.2, the net revenue costs amounted to £665k for the closure period. The majority of this cost could be funded from the balance on the Car Park Displacement Reserve and the sums allocated towards displacement costs within the Covent Garden Multi Storey Car Park Reserve, with any remaining shortfall considered ahead of the setting of the 2019/20 budget and these proposals factored into the Budget and Medium Term Financial Strategy.

An alternative option, was to do nothing in addition to car park displacement strategy being offered by the LLP. However, although the LLP's proposed Car Park Displacement Strategy would be acceptable in terms of the Local Planning Authority agreeing the s106 Agreement requirement, it was anticipated that there would be an under provision of parking capacity during peak demand periods. As such, this option had been discounted as it would not support the Council's objective to support thriving town centres.

A range of alternative sites had been considered but ultimately discounted due to planning constraints or viability and/or operational issues. These discounted sites were:

- Campion Hills
- Victoria Park
- Station Approach
- Chiltern Railways Leamington Station Car Park, Old Warwick Road
- Morrison's Car Park, Old Warwick Road
- Newbold Comyn
- Newbold Terrace East
- Pump Room Gardens
- Portobello site, off Rugby Road
- Edmonscote Field

- Site of the former Ford Foundry car park
- Chandos Street

The reasons why each site was, after careful consideration ultimately discounted were set out at Appendix Five to the report.

The Joint meeting of the Finance & Audit and Overview & Scrutiny Committee recognised the significant public interest in this item, there was a significant debate on this with all parties contributing to the discussion and there were concerns about the proposals for a number of reasons, however, on being put to the vote the majority supported the recommendations 2.1 to 2.6.

In addition, the Committee made two recommendations to the Executive these were

(1) to explore if Riverside House could be used in weekdays as well as weekends; and

(2) that any further options brought forward should be consulted on with stakeholders.

Councillor Mrs Knight addressed the Executive as Ward Councillor. In her view, there was no easy solution to the proposal and she suggested that all parties get round a table and work together with the community and businesses to find a solution.

Councillor Naimo addressed the Executive as Labour Group observer. She explained that this was not party political and there were different ways and ideas about how this problem could be resolved. She did not feel this was a strategy and overall there would be a shortfall in parking spaces. She asked that Councillors be informed of who took the decision not to consult on these proposals.

Councillor Quinney , addressed the Executive explaining that in his view he did not think the shortfall had been given enough consideration and the other options should be considered in more detail, with the reasons for them not being considered passed to Councillors.

Councillor Boad addressed the Committee as Liberal Democrat Observer. He recognised that the multi storey car park at Covent Garden was in a poor condition that meant it would need to be replaced and the decision to close it could need to be taken at any day. Therefore, any time we had needed to be used wisely to look at locations which had not been fully considered previously.

In response Councillor Thompson, thanked local residents for their articulated comments regarding Christchurch Gardens and why it should not be considered. He reminded Members that air quality had improved in recent years and, while the particulate levels were below legal limits, we should aim to keep these as low as possible. The new Covent Garden Car Park would have the infrastructure in place so that all spaces could be converted to electric charging points if needed. He took time to disagree with the proposal from Leamington Town Council because it was not fair on residents to move more parking on street and further out of town. He concluded by highlighting the need to help reduce the reliance on cars but this would need to be done in partnership with Warwickshire County Council.

Councillor Whiting highlighted that the options had been carefully considered and that the Executive had to make the best decision for the community as a whole and as a result some people would be unhappy. He also reminded the Executive that to some extent all these plans were temporary because the lifespan of them would be circa 20 years and this far into the future it would not be easy to predict what transport would look like or operate.

Councillor Butler reminded the Executive that it was important to get the plans moving to enable the demolition and rebuild to only impact on one Christmas trading period for retailers.

Councillor Coker explained that the removal and replacement of any car park would be a significant challenge. He recognised that the Riverside House car park was not used last year, but then there were spaces because Covent Garden was open. The plans for increasing parking by Victoria Park was also long term to enable more people to park near the Park and encourage more use of it. He also reminded Members that there was the long term aim of increasing shopping provision in Chandos Street on the car park site and by decking this now could limit the options longer term.

Councillor Grainger highlighted that discussion had taken place with Friends of Victoria Park and Archery Road residents. This plan along with improved lighting within the park would significantly enhance this area and encourage people into the area. She reminded Members that all other car parks within the towns were ones that the users had to pay for and this plan brought the Archery Road and Princes drive sites in line with the others. There was consultation last year with Covent Garden car park users. This established that unless there was a park and ride with free parking nobody would use it. Chandos Street would be an obvious option to put car parking decks on but the return on investment, due to the basement underneath and the need to have secure foundations, made it an unviable proposal. There would be a Development Review Forum for each of the sites and there was the opportunity for further discussion via the Towns Neighbourhood Plan.

Councillor Grainger highlighted that discussions were ongoing with Warwickshire County Council and encouraged all to lobby their respective County Councillor. In addition, she asked for options to be shared with Officers so that these could be investigated. She concluded by reminding the Executive that there was a car park in Warwick that the Council owned which along with Covent Garden may have to be closed any day. Therefore, action needed to be taken now so that the risk of these being closed without displacement available could be mitigated against.

Councillor Mobbs concluded by explaining the Council wanted to what was best for the District overall including the towns and its rural community. He believed that the health of the business community in the town centres was key to this. He reminded all that this was the start and a process and this was what Council's independent Planning Committee had asked for. He recognised the concerns of residents but decisions needed to be taken.

Councillor Mobbs pointed out that recommendation 2.1 bullet point three and recommendation 2.6 were matters for Council to determine and therefore if agreed would be considered by Council on 21 February 2018.

The recommendations in the report, along with the two additional proposals from Overview & Scrutiny Committee were proposed, duly seconded and

Resolved that

(1) the Planning Committee of 9 January 2018 agreed that a car park displacement strategy, covering the period between the closure of the existing Covent Garden car parks, currently providing 468 car parking spaces and the opening of the new 617 space multi-storey car park, would be a required clause within the s106 agreement required for planning consent for W/17/1700 planning application for the Covent Garden site and, to allow the applicant to finalise an appropriate agreement with the Local Planning Authority, be noted;

(2) permission for the applicant to submit a planning application for the use of the existing Riverside House car park as public car parking at weekends, throughout the closure period be approved;

(3) the Head of Neighbourhood Services, in consultation with the Neighbourhood Portfolio Holder, be authorised to submit any necessary planning and/or other consent applications to allow additional car parking provision to be created and operated at the following locations in Leamington, as shown at Appendix Three to the report, in order to support the needs of the town centre, during the period that the Covent Garden car parks are closed:

- c.50 permanent surface car parking spaces at Princes Drive;
- c.37 permanent surface car parking spaces at Archery Road;
- c.40 temporary surface car parking spaces at Court Street;
- a further c.40 temporary surface car parking spaces at Court Street, subject to agreement of private and confidential item 18 elsewhere on this agenda;

(4) the indicative capital costs of providing the additional car parking at the locations (£674,000), be noted and that these costs be funded from the Car Park Displacement Reserve subject to agreement of the 2018/19 General Fund Budget and Council Tax;

(5) the Heads of Finance and Neighbourhood Services, in consultation with their respective Portfolio Holders, be authorised to draw down funding from the Car Park Displacement Reserve to deliver the development of the new car parking provision at the sites in (3) subject to the necessary consents having being obtained;

(6) the release of monies from the Car Park Displacement Reserve and the Covent Garden Multi Storey Car Park Reserve towards funding the estimated £665k net revenue cost of the displacement period, be approved and that these figures are updated for inclusion within the 2019/20 Budget with any funding shortfall then considered ahead of being included within the future Medium Term Financial Strategy and within the 2019/20 and 2020/21 Budgets;

(7) officers further explore if Riverside House Car Park can be used in weekdays as well as weekends; and

(8) any further options brought forward should be consulted on with stakeholders.

Recommended that Council:

(1) undertakes consultation on changes to the current ticketing and payment system at the Council owned St. Peter's multi-storey car park, based on the proposals set out at Appendix One to the report, within the annual consultation for car parking fees and charges to enable these to be implemented at the point, later within the financial year 2018/19 that the existing Covent Garden car parks are closed; and

(2) consultation on the proposed charging schedules for the new car parking provision, as set out in Appendix Two to the report, is included within the annual consultation for car parking fees and charges to allow implementation for that part of the financial year 2018/19 when the new provision would become available.

(Portfolio Holder for this item was Councillor Grainger)
Forward plan Reference 844

110. **Private Sector Leasing Scheme**

The Executive considered a report from Housing that brought forward proposals to lease properties from the Private Sector to help deliver its duties under the Homelessness Reduction Act 2017.

The Homelessness Reduction Act 2017 ("the 2017 Act") would come into force on 1 April 2018 and radically changed the approach that Local Authorities needed to take in delivering their obligations to those who were homeless, threatened with homelessness or in need of housing advice.

There were new duties to all applicants, regardless of priority need or intentionality, to help to secure accommodation for anyone who the authority was satisfied was homeless and eligible for assistance (the "relief duty").

The Council currently had a stock of 24 units of accommodation across three different sites (one of which was leased from the Private Sector) specifically for temporary accommodation for the homeless and could supplement this with temporary use of other Council properties and/or guest house/hotel accommodation when necessary.

The impact of the new legislation was unknown at this stage but could result in a need for additional accommodation for homeless or potentially homeless people on a short, medium or long-term basis which could be used to meet both interim duties to accommodate or full duties if the tenancy was of sufficient length. This could be particularly relevant where a large family needed to be accommodated and the authority did not have a property of the appropriate size. It would help to ensure that the use of guest house accommodation continued to be minimised.

The preferred option would be to purchase property on the open market as this resulted in the acquisition of a long-term asset. If that were being pursued then a report would be brought to Executive seeking approval for the purchase. However another option was by leasing properties from the Private Sector.

This option could arise where an owner wished to retain ownership and only be looking for a lease arrangement for a number of years.

Because of the vibrant private rented sector in the District, opportunities to lease appropriate properties were rare and landlords required a swift decision because they had other options available and did not wish to keep a property void for any length of time incurring rent losses, while a decision was taken.

Delegated powers were therefore necessary to enable officers to proceed swiftly in appropriate cases, subject to the following criteria:

- legal advice to be taken on the terms of the lease to ensure that these were acceptable and that there were no land law complications;
- the rent payable by the Council would be within 10% tolerance of an independent valuation;
- the property would be surveyed and must be in a condition such that it was available for immediate occupation at the commencement of the lease. The Council would only carry out works prior to entering into the lease where the costs were met in full by the landlord directly, or “in kind” through reduced rental or a rent free period; and
- the Head of Finance was satisfied that any net costs of a lease could be met from existing budgets.

It was proposed that the use of this power should be limited initially to a maximum of five properties and that any lease should be for a maximum duration of ten years with appropriate break clauses. If the scheme proved successful and additional properties were required then a further report would be brought to Executive seeking to extend it.

The use of Private Sector leasing for temporary accommodation provided an additional option rather than an alternative.

It would be possible to bring a report to Executive for each potential property through the scheme, however, as indicated above, landlords were seeking swift lettings and had other options due to the buoyant private rented sector in the District. Windfall opportunities would therefore be likely to be missed and delegated powers were therefore considered preferable.

The preferred option in most cases would be to purchase a property in which case a report would be submitted to Executive seeking approval for the purchase. The proposed delegated powers would only be for situations where leasing was the only option or was shown to be a better option than purchase in a particular case following a full financial appraisal.

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

Recommended that Council delegates authority to the Head of Housing Services and the Head of Finance, in consultation with the Portfolio Holders for Housing & Property and Finance to enter into a maximum of five leases for properties from the Private Sector (of no more than ten years in duration each) for use in connection with homelessness accommodation duties.

(Portfolio Holder for this item Councillor Phillips)
Forward plan 909

Part 2

(Items upon which the approval of the Council is not required)

111. **Leisure Development Programme – Phase II (Kenilworth)**

The Executive considered a report from Cultural Services that introduced the proposed approach to Phase II of the Leisure Development Programme (LDP) which focused on Kenilworth and the north of the District.

Phase I of the LDP had seen significant investment by the Council in leisure provision in Leamington and Warwick, and now it was the turn of Kenilworth to embark on an equally ambitious programme of work that would result in an integrated model of leisure provision, combining local authority, education and local sports club facilities for the benefit of the growing population in the north of the District.

There was a wide range of potentially complex projects included in Phase II which required dedicated project management. Therefore the report sought approval to make the temporary Programme Manager and Programme Officer posts permanent. Looking forward, these posts would take the lead on the development and implementation of other emerging “sports/ leisure projects”.

Following the model used for Phase I of the LDP, the report requested approval to use the budget allocated to Phase II to appoint professional services to progress this complex series of projects from inception to RIBA Stage 1. It included support for the public consultation process in the early stages of the projects.

Appendix A to the report described the proposed scope and objectives of Phase II of the LDP and considered how the proposals advanced the vision and principles that was agreed in 2014 for leisure provision in the District. Appendix A, to the report, described the context of the Local Plan and update on work that had been carried out to date with a range of local partners and sports clubs. Reference was made in Appendix A, to lessons learned in Phase I of the LDP and described the approach for Phase II would be refined in order to achieve the optimum results. Phase II could, if approved, be an ambitious and aspirational programme of work. As Kenilworth expanded it would need to have modern facilities to serve its growing population and it was believed that Phase II would deliver this. It should be recognised that unlike Phase I, the Council had Everyone Active as the operator of its leisure centres, and therefore reference was made in Appendix A, as to how this relationship would be impacted as Phase II developed.

The LDP was a key corporate project included in Fit for the Future (FFF). The impact of the LDP on the FFF strategy was captured in paragraph 4.1 of the report.

Significant growth was identified for Kenilworth in the Local Plan. Much of the growth was proposed to the eastern side of Kenilworth on land released from the Green Belt. Around 1,400 dwellings were allocated in this area on two adjoining strategic housing sites along with the employment land and education provision. A new Kenilworth school would replace the existing secondary school which was split across two sites and those existing sites were allocated for housing. Other facilities were likely to be provided to the eastern side of Kenilworth including a new primary school, community facilities and public open space/play facilities and there would be a need for new and enhanced highway/cycleway and footpath infrastructure to support the development.

As the existing Kenilworth Rugby Club and Kenilworth Wardens' sites were allocated for housing in the Local Plan, new sites were allocated at Castle Farm (to the west of the town) and land east of Warwick Road (to the south) for outdoor sports provision, although they remained in the Green Belt. In order to guide development and ensure it was appropriately designed with the necessary infrastructure and delivered in a comprehensive manner, Development Services was preparing a Development Brief for the strategic sites to the eastern side of Kenilworth. It was anticipated that this would be adopted as a Supplementary Planning Document late Autumn 2018, with a period of public consultation prior to adoption.

In 2013 the "Vision and Principles" for the Council's sports and leisure provision had been approved. These underpinned Phase I of the LDP in Warwick and Leamington and therefore it was proposed that they should set the context for Phase II.

Providing a Sports and Leisure service which was committed to delivering:

- Local Facilities, (built and playing pitches), for all sectors of the community.
- Modern Facilities, fit for purpose, with flexible spaces.
- Value for Money, fair pricing, and long term financial stability.
- Sustainable model for provision.
    - Promoting the service to current and new users.
    - Engaging current and new users in healthy lifestyle choices.
    - Supporting continued attendance and commitment.
    - Developing opportunities to advance and compete.

Over the last two years, the Council had been working with a range of local sports clubs and other bodies to consider what sports and leisure provision may look like in and around Kenilworth in the future. To date dialogue had taken place with:

- Kenilworth Town Council
- Kenilworth School and Sixth Form
- Kenilworth Wardens Cricket and Football Club
- Kenilworth Rugby Football Club
- Kenilworth Runners
- Kenilworth Tennis, Squash and Croquet Club
- Sport England and a range of National Governing Bodies of Sport (NGBs)

Regular dialogue had occurred with Warwick University which, given its proximity to the town and the current expansion of its sports facilities, was a key consideration as Phase II was scoped and developed. The University site was included in the refreshed Sport England Facility Planning Model work that the Council commissioned in 2017, the results of which would be used alongside the Local Plan to inform the number and mix of sports facilities that would be needed for Kenilworth and its surrounding area in the future.

It was proposed that as with Phase I of the LDP, Phase II was managed in line with RIBA stages (Appendix F to the report) and wherever possible from the experiences of Phase I. The RIBA approach had been approved as a robust method of managing such projects and ensured that resources were made available at the appropriate times to develop the programme and deliver quality buildings that were fit for purpose. It detailed tasks and outputs required at each stage which could vary or overlap to suit specific project requirements. It enabled the Council to make decisions at appropriate stages of the project to ensure that it retained executive control over the project.

Subject to approval of the recommendations in this report it was intended that a further report would be brought to the Executive in early summer 2018 with a range of options that were considered to be appropriate and deliverable. Once the options had been agreed a consultation exercise would be undertaken with members of the public, partners and other agencies, the results of which would inform a further Executive report and development of the projects to RIBA 2 (Concept Design). This would include: the impact of additional traffic movements on junctions, car parking and other users; ecological and environmental impacts, archaeological investigations and a number of other initial feasibility checks which could potentially result in a significant shift in the current cost modelling. Details of how the consultation exercise would be implemented would be included in the next report, however it would include opportunities for all sections of the community, stakeholders, community groups and "Friends of" groups to comment on the proposals and options.

It was anticipated that this initial report would generate comments and feedback from the local community. Any feedback received at this early stage would be collated and then considered at an appropriate time when developing the options for the next report back to the Executive.

The work completed at Stage RIBA 2 would not deliver detailed designs and specifications as these would follow in RIBA Stage 3. The work would however enable greater cost certainty to be brought before Executive at the next stage.

It was recognised that some of the sites impacted by Phase II were highly sensitive. Therefore public consultation at an early stage, before any major decisions had been made, was considered essential. This next stage offered the opportunity for groups such as the Friends of Abbey Fields and the Save our Swimming Pool group to build on their initial views on what should be included in the Phase II project and comment on the proposals and options.

The creation of two new permanent posts within the Cultural Services team were based on the learning from Phase I (Appendix B to the report) and consideration of a growing number of FFF and service area projects that would require coordinated project management over the next 4/5 years.

It was recognised that Phase II comprised a number of complex projects and involved close partnership with a number of external organisations. Each project would have its own challenges and would need careful management if the wider Phase II was to be delivered effectively. The Programme Manager would be responsible for coordinating the work on these various projects and ensuring that agreed milestones were being met.

Phase I of the LDP (construction works and appointment of an external management partners) was managed by the Programme Manager who was appointed in Feb 2015 on a fixed term contract. This contract had been extended twice as the Phase I project progressed from initiation to implementation. With the potential significant list of projects there needed to be an appropriate resource with the appropriate level of programme management skills to manage and enable these projects to be delivered (Appendix D to this report).

Phase I benefitted from the addition of a temporary Programme Officer being added to the team 18 months into the programme. Based on the experience of Phase I, it was recommended, given the effectiveness of this post in Phase I, and the increased number of projects now in the workplan, that subject to approval by Employment Committee in March 2018, both posts be made permanent.

It was proposed that the project manager position already approved for the development of the Community Football Stadium proposed north of Gallows Hill, Warwick became part of the Sports Programme team, reporting to the Programme Manager. This would allow the team to benefit from a degree of skill and knowledge sharing, and would build in an element of resilience to the team., The Programme Manager had a key role in influencing decisions around the facility mix that was incorporated in to the project and bringing sports organisations together to ensure that the final design was correct and that usage of this facility and the associated development on this site was maximised within the community. These latter elements of the project would be enhanced if the role was managed from within Cultural Services where experienced "sports and leisure officers" were on hand to advise and support as required.

Phase II followed the model used for Phase I in the proposal to appoint professional services initially to work with the Council to progress the project to RIBA 1, and then, subject to there being an appetite for the projects to progress, to work with the Council through to delivery. Professional services were required to produce plans, coordinate surveys, advise on the "art of the possible", and to produce plans that could be used for consultation exercises once Executive approved the options (Stage 1).

The Design Team appointed for the project would produce concept diagrams (otherwise known as 'blob diagrams') that would show a number of options for the developments of Phase II in Kenilworth. These would show the general arrangements of different facility groupings that would be possible at each venue, given known constraints and freedoms, latent demands and sporting and commercial opportunities. The purpose of these diagrams would be to guide a discussion and a further Executive report to approve a range of options and proposals before these were then presented to the public, in order to ensure that the public were not asked to comment on any proposals that were fundamentally unacceptable to the Council. Once the acceptable elements were established, these diagrams would be used to guide a public consultation exercise designed to obtain priorities and proposals from the community.

A cross party Member Working Group had been appointed to oversee Phase I. It was proposed that this group was retained and the membership reviewed to reflect the focus of Phase II on Kenilworth. As it was proposed that consultation with members of the public and partner organisations took place at an earlier stage in Phase II, it would be essential that the Member Working Group was engaged in the project from the start and work with officers to ensure that key messages were relayed in the most appropriate way.

Alternatively the Executive could focus solely on WDC owned assets and not engage with partners but this would impact on delivery of the Local Plan re the school and wardens; it also resulted in considering the wider picture across the town.

The Overview & Scrutiny Committee noted the recommendations in the report.

The Executive welcomed the report and the continuation of the Working Party as it enabled cross party engagement and recognition of the lessons learned. There was also the advantage that an operator was in place and it could help provide guidance on the need within each location.

This report was the beginning of the process and there were many constraints on the sites within Kenilworth, including Abbey Fields being a listed ancient monument, Castle Farm access and Meadow Sports was at a school that was due to move. This report would enable dialogue between parties.

Resolved that

(1) the proposed scope and objectives of Phase II of the LDP outlined in Appendix A to the report and the proposed way forward to progress Phase II to RIBA Stage 2, be approved

(2) the budget be included within the 2018/19 Budget and the Medium Term Financial Strategy to allow the permanent posts of Sports Programme Manager and Sports Programme Officer to be added to the establishment, subject to approval by Employment Committee;

(3) the £100,000 allocated to Phase II and approved as part of the 2017/18 Budget, is used to procure professional services (architects and external project management), cover legal costs and undertake essential surveys of the relevant sites, to enable progress to RIBA Stage 1;

(4) a report be brought to the Executive in early summer 2018 asking Members to agree the Phase II options and to approve a public consultation process on those options in summer 2018; and

(5) the Members Working Group is retained to oversee Phase II of the LDP with

membership of the group delegated to the Portfolio Holder for Culture and Head of Cultural Services.

(Portfolio Holder for this item was Councillor Coker)
Forward plan reference 803

112. **Recommendations for the Commissioning of Voluntary and Community Sector services for 2018-2021**

The Executive considered a report from Health & Community Protection that described the proposed changes to the community grants held within the Health and Community Protection budget and the Voluntary and Community Sector (VCS) commissioned services programme that would take effect in 2018/19.

Funding to continue community support services had been agreed with a full year annual reduction of £50k, when compared to 2017/18, factored into the Council's financial planning. A comprehensive review process had resulted in a reallocation of funding that achieved the necessary savings, as described in Section 5 of the report and Appendix 1, to the report.

In summary, the proposed savings had been made by, deleting a Small Grants scheme that was undersubscribed; reducing the annual allocation to the Community Forum grants, which were not always deployed to meet the Council's priorities and for which other funds were available; reducing the funds spent on infrastructure support; and reducing funding over Years 2 and 3 to be spent on social and financial inclusion services.

It was proposed that the next commissioning round and the decisions that support it would last for a three-year period. For commissioned services, this meant that contracts would be awarded for a 2 year 9 month period from 2018 – 2021, so the Council would need to commit to the funding levels that were to be enshrined in those contracts.

The in-year totals for each service and grant were absolute, so service providers/grant applicants would need to absorb price rises caused by inflation.

A comprehensive process of review, including extensive stakeholder consultation had been used to produce the proposed commissioning priorities detailed in Appendix 2, to the report.

The existing programme of services remained broadly intact but had increased emphasis on achieving positive measurable outcomes that made it easier to understand the benefit of each intervention to the recipient and the return on investment for the Council.

Alternatively the Executive could remove all grant programmes. This was rejected because it was felt to be unfair to deprived communities that were not identified as a Council priority.

It could improve access to services by introducing a new project to improve community transport. This was rejected because it needed a more holistic approach with significant investment that included other partners.

Another alternative would be to make additional savings by reducing allocations for commissioned services only. This was rejected because it would reduce some contract values to point where individual contracts would become unsustainable.

It would be possible to maintain focus on urban priority areas exclusively. This was rejected because legitimate concerns about rural isolation and poverty had been expressed repeatedly in recent years and in consultation; these needed to be addressed.

A lot of consideration had been given to the respective geographic allocations for social inclusion services delivered via each of the community hubs. Financial modelling had been used to reflect different aspects of deprivation. The recommended proposal was felt to be the best compromise that recognised the needs of different communities and the capacity of local community support infrastructure.

The Executive could approve proposed savings without changing service specifications but this was not recommended because changes in operating environment and people's needs would not be addressed.

The Executive could alternatively approve savings and service specifications without changing emphasis towards outcomes and return on investment. This was not recommended because reporting on outputs rather than outcomes linked to Council funding would continue; the Council's requirement for greater emphasis on and reporting about the return achieved on its investment would not be secured.

The Overview & Scrutiny Committee noted the report but raised concerns regarding the reduction in allocation for the community forums.

The Executive was mindful of the concerns raised by the Overview & Scrutiny Committee but while it would look at this further it noted that only one Warwickshire County Councillor continued to make their funds available to the Community Forums. However this Council would continue to look at priorities and support them wherever possible.

Resolved that

(1) the proposals for funding community support services as depicted in Appendix 1 (financial spreadsheet), be approved;

(2) the level of funding over the life of contracts as depicted in Appendix 1, be approved;

(3) the commissioning priorities as outlined in this report upon which the detailed specifications for each lot will be developed as depicted in Appendix 2 (service templates), be approved.

(Portfolio Holder for this item was Councillor Thompson)
Forward Plan reference number 884

113. **Events Review Update**

The Executive considered a report from Development Services that updated it on the review of the Events Team.

A review of events was commenced in early 2017 to; identify and deliver opportunities to enhance the strategic planning of events to maximise the economic and community benefits of events; ensure the operational management of events delivered safe, successful and vibrant events, which maximised economic and community benefits; ensure that the service delivered to customers was efficient, transparent and accessible aiding in delivering a diverse calendar of events; and consider the financial implications of supporting events both in terms of the Council's costs and resources and in terms of charges to event organisers.

The report set out the steps to be undertaken to complete the review and as part of this highlighted particular issues that needed to be addressed. It recommended an action plan was agreed and implemented to improve the events service. The report recommended that charges for events that took place in the Council's parks and open spaces should no longer be made with a consequential adjustment to the budget required.

Arising from the review, officers had developed a series of actions which sought to address the issues and to build on the ideas arising from the Stakeholder Engagement. This Action Plan was set out in Appendix 1, to the report, and an explanation of each action along with proposed timetable was included. In many cases, alternative options that had been considered were also set out. If agreed, a number of the actions would lead to further work to consider in detail the way forward in relation to some of the more complex issues. Overall, it was expected that the Action Plan provided for a more consistent and supportive approach to events which recognised the vital economic and community value that events brought.

The Overview and Scrutiny Committee had received two reports on progress during the events review. If the Action Plan set out in Appendix 1 to the report was approved, it was vital that this was implemented during 2018/19. It was therefore proposed that the Overview and Scrutiny Committee received six monthly updates on progress during 2018/19 so that implementation could be tracked.

At present event organisers were charged for using parks on a sliding scale with the maximum charge being £180 per day. This charge had been made to cover the cost of damage to parks resulting from events so that parks could continue to be maintained at a high standard. In total, this charge brought in an income of around £3000 per annum (£2830 in 2017) to the events budget.

Whilst this approach helped to cover some of the Council's costs, there were anomalies in that similar charges were not made to cover the other costs such as waste collection, relocation of taxi ranks or the provision of parking permits where parking bays were lost. As a result, events that took place on the street were not charged for (even though these often resulted in more work and potentially more disruption), whilst events in parks were charged for. It was therefore proposed that the charge for use of parks for events was no longer made. As well as enabling a fairer approach to events charging, this reduction in costs to event organisers would help events in the District to continue to thrive in the context of increasing costs elsewhere (road closures, security measures, licensing etc). It had been clear from the stakeholder engagement, that event organisers were increasingly concerned about rising costs and the implications of this for events. By ceasing to charge for the use of parks, the Council was recognising the vital importance of events to economic and community well-being. The impact of this would be to reduce annual income by around £3000.

The Action Plan in Appendix 1 to the report included a number of alternative options.

The Executive thanked the Overview & Scrutiny Committee for agreeing to include the proposed report within its work plan.

Resolved that

(1) the Action Plan, set out in Appendix 1 to the report, be approved and implemented;

(2) progress on the delivery of the Action Plan will be reported to Overview and Scrutiny Committee in the second and fourth quarters of 2018/19, be noted; and

(3) event organisers are no longer charged for using WDC parks for events and that the resulting loss of income of around £3000 will be reflected in an adjustment to income forecasts for 2018/19 and thereafter reflected in the Medium Term Financial Strategy.

Portfolio holder for this item was Councillor Butler
Forward Plan reference 832

114. **Business Improvement District (BID) Leamington – Recommendation on voting position**

The Executive considered a report from Development Services, that shared the final BID business plan and recommended Warwick District Council's voting position.

The January Executive paper supplied the draft version of the renewal proposal documents, which was subject to change. The final version had now been received and reviewed: there had been no material changes and it could be confirmed that:
- there was no conflict with any Council published formal policy documents (as detailed in Regulation 4 of the 2004 Regulations);
- BID had sufficient funds to meet the costs of the renewal ballot in the event that WDC was in a position to recoup the ballot costs (as detailed in Regulation 10 of the 2004 Regulations); and
- the BID arrangements were not likely to be a significantly disproportionate or inequitable financial burden to levy payers within the BID area (as detailed in in Regulation 12 of the 2004 Regulations).

There were a number of Council properties within the BID area which would be subject to the levy and WDC received one vote for each of these premises. These premises include four car parks, the Town Hall, the Town Hall premises, parking land at Newbold Comyn and two votes for the Royal Pump Rooms. Here WDC had the same rights as any other levy payer to review the renewal documents and decide if it wanted to vote for BID renewal, vote against BID renewal or abstain from voting altogether.

The BID business plan offered numerous benefits to the Royal Leamington Spa town centre. These included:
- an estimated level of investment into the town centre of £1,560,710 over the course of the five years;
- national and regional promotion of Royal Leamington Spa through websites, social media, print and events. An example of the scale of this promotion was the Royal Leamington Spa website, which received in excess of 30,000 hits per month;
- enhancement of the streetscape through beautification projects and ongoing work to tackle begging, rough sleeping and vacant properties;
- supporting businesses to develop and grow, which was necessary with the challenges facing the changing High Street in the next five years; and
- acting as the collective voice for the town centre businesses in fighting for the business' and the town centre's interests.

There was no other organisation, including WDC, which would be able to supply the same level of financial support or staff time as was currently offered by BID. The resultant effect would be a complete absence of the services that the town centre currently benefitted from.

Considering the return on investment gained from our levy (£1,560,710 of town centre investment versus a levy of £4,272) and that WDC overall had a net gain in income from the BID (£8,500 of income versus expenditure of £4,272) it was clear that the BID was significantly greater value to the town centre than the levy cost and, as such, a yes vote for BID renewal was recommended.

To reflect the importance of the vote, it was recommended that the Deputy Chief Executive (BH) be responsible for completing the ballot return with a yes vote for each Council building in the BID area

Alternatively the Executive could either vote against the BID renewal, or abstain from voting, but these options were not considered due to the significant impact to the business community and the negative impact on the vitality of Leamington town centre.

Resolved that

(1) the contents of the BID renewal document and its proposals for the next 5 years, be noted; and

(2) a yes vote to the BID renewal for each of WDC’s nine eligible premises within the BID area be cast and delegates the completion of the ballot papers to the Deputy Chief Executive (BH).

(The Portfolio Holder for this item was Councillor Butler)
Forward Plan reference number 911

115. **2018/19 ICT Services Digital Work Programme**

The Executive considered a report from ICT that sought approval from the Executive for the 2018/19 ICT Services Digital Work Programme and provided a progress update on both the current programme and some of the other Digital Strategic themes.

The ICT and Digital Strategy 2015-19 contained five strategic themes. Appendix 1 to the report contained a detailed explanation of the progress made towards the Digital Warwick theme during 2017/18 and the ongoing commitment for 2018/19. In addition, it provided a comprehensive update of the latest Digital security improvements.

The key Digital Warwick highlights were:
- In Contract 1 Warwick District Council contributed £132,000 to the project which attracted a further £858,000 of investment. In doing so an additional 5,183 premises within the District were now capable of receiving SFBB.
- Contract 2, which was in progress, required no investment from Warwick District Council, but it was anticipated that on completion a

further 1,865 premises in the District would benefit from the availability of SFBB.
- Contract 3 was in its infancy and, by its very nature of being the last contract, was dealing with the most difficult and expensive premises to connect to SFBB. To further assist the roll-out, Warwick District had committed another £130,000 to the project.

The last twelve months, ICT Services had undertaken a raft of initiatives to improve the security of the data that the Council held.

In addition, a report would be brought before the Executive during 2018 to provide an update on the Digital Member theme.

A number of projects had been completed during 2017/18. These projects either originated from the 2016/17 or 2017/18 Digital Work Programmes or were subsequently identified as a high priority and were summarised within the report.

A number of projects, detailed in the report (along with their progress), were from the 2017/18 Digital Work Programme were detailed in the report.

A number of projects, detailed below, had been withdrawn from the 2017/18 Digital Work Programme the reasons for which were set out in the report:
- Revenues visiting officer mobilisation;
- Self-serve car park season ticket requests
- Self-serve pest treatment requests and officer mobilisation
- Improved building control register & officer mobilisation
- Taxi inspections officer mobilisation; and
- Mobile payments SmartPay360 (Capita)

The main learning points from the 2017/18 Digital Work Programme were:
- With limited staff resources, it had continued to be challenging for Service Areas to maintain their business as usual service while releasing the most appropriate staff to design and test their transformational solutions.
- An ongoing complication, identified in the 8 March 2017 report, had been aligning resources between the ICT and Service Area teams for the duration of each project.
- The ICT Application Support Team (who resourced this programme) spent a high proportion of their time supporting the current 100 or so software applications, leaving limited availability for new projects. When implementing transformational projects, Service Areas had had to make some significant back office process changes to realise the full benefits.
- Project timelines could be adversely affected by third-party software supplier availability and lead times.
- That the project teams who experimented with agile methods found the experience highly rewarding and were better able to draw out functional requirements, build, test and release valuable working software within shorter timescales.

In consequence of the above, the following steps would be taken:

- Prior to starting each new project, the Application Support Team would work closely with the proposed project team members to explain the level of commitment required and to better understand where potential resource alignment issues may arise.
- Various improvements were being trialled to increase resource availability for new projects, such as routing all support calls via the ICT Service Desk team to reduce Application Support Team interruptions.
- By using the Agile Development Methodology, new solutions would be developed, tested and implemented, in manageable increments, in tandem with relevant back office process adjustments.
- Where third-party software suppliers were an integral element of a project, their availability and lead times would be sought earlier and factored in to the project timelines, and adjusted as required.

Appendix 2 to the report contained the 2018/19 Digital Transformation Work Programme which reflected, in the main, the Business Cases at Appendix 3, to the report.

The remaining projects had either been carried forward from the 2017/18 Work Programme as a result of supplier delays, or already formed part of the Digital Transformation Business Case that was agreed by Executive on the 2 December 2015.

The Work Programme was based on project urgency and importance, internal staff resource / third-party availability and any anticipated procurement requirements. In addition, legislative changes could impact on the team's ability to fulfil the Work Programme. It was likely that the General Data Protection Act, would impact heavily on ICT Services as back office systems would need new modules installing to handle the revised data requirements.

The following table summarises each Business Case and its anticipated customer and business benefits. Where a project had a limited scope, this was noted below. The individual Business Cases were listed in Appendix 3 to the report for the full list of identified benefits

Integrating Jadu web forms with maps and automated progress updates	Provide assurance for customers with automated progress updates, preventing the need for follow up calls to check case progress	Drive usage from phone to web – a cheaper channel Save staff time in the back office handling customers chasing up enquiries

Fly-tip Reporting	Increased customer satisfaction through regular status updates	Drive usage from phone to web – a cheaper channel Save staff time in the back office handling customers chasing up enquiries
Mobile Food Safety Inspection Enhancements	Increased customer satisfaction as an emailed copy of the inspection and relevant documents will be provided while still on site	Removes time spent manually rekeying visit information and uploading photographic evidence Reduction in manual administration tasks
Miscellaneous Payments Management System	None – internal project only	Ease of setting up new payments and managing existing ones
Litter Bin issue reporting	Ease of reporting litter bin issues Ease of accessing status of litter bin report requests in progress	Informed asset management decision can be made about the litter bin stock
Waste Contractor mobilisation	Photographic evidence of request fulfilment will enhance the information available to customers	Efficient request fulfilment Reduction in manual administration tasks for staff and contractors
Building Control Completion Certificate Self-serve Requests	Encourages self-serve approach Enables online payment for requested certificates	Reduction in phone calls received Reduction in manual processing and paper handling
Corporate Purchasing Card System	None – internal project only	Ability to create reports of payment card usage and for external publication Reduction in manual processing and paper handling
Housing Tenants - Self-serve Repair Requests **Limited project scope:** ICT involvement restricted to assisting with soft market testing of potential third party products and trialling a possible Proof of Concept	Ease of reporting repairs Ease of accessing status of repair requests in progress	Reduction in phone calls received Potential to reduce back office data handling

Development Control - migrating critical data from spreadsheets	None – internal project only	Reduction in data handling and duplication of effort Increased ability to report on and perform data modelling
Corporate Field Payment Solution	Ease of making payment Faster delivery of service following payment	Reduction in manual handling of customer cheques / cash payments Increased safety for field workers
Lone Worker Monitoring System **Limited project scope**: ICT involvement restricted to assisting with soft market testing of potential third party products.	None – internal project only	Subject to procuring suitable software this project would improve the lone worker safety (staff and Members)

The Business Cases at Appendix 3 to the report included anticipated Capital and Revenue costs based on the information that was held about each project. To protect the funds made available for this Work Programme, each Business Case would be subject to a details financial review to ensure all costs have been identified, before agreement to release the funds was made by the s151 Officer.

The option not to continue down the 'digital route' was discussed in the 2 December 2015 Executive Report and it was accepted that while there would always be situations when it was entirely appropriate for a customer to transact with a member of staff, many of the Council's services did not need to be delivered in this way. Continuing with the proposed Digital Transformation Programme advocated in this report would be financially efficient and would provide an improved customer experience.

The Overview & Scrutiny Committee noted the recommendations in the report.

Resolved that the

(1) ongoing progress made in improving the digital security offering and also the return on investment made in the provision of high speed broadband services within Warwick District, as set out in Appendix 1 to the report, be noted;

(2) the progress made in 2017/18 with the ICT Services Digital Work Programme as set out in the 8 March 2017 Executive Report, including a number of learning points, be noted;

(3) the 2018/19 ICT Services Digital Work Programme at Appendix 2 which is based on the Business Cases at Appendix 3, be approved;

(4) the 2018/19 Budget Report allocation of up to £33,000 for the Programme's delivery, be noted; and

(5) the release of funds for this Programme will be subject to a detailed financial review of each Business Case and will require sign off by the s151 Officer.

The Portfolio holder for this item was Councillor Mobbs
Forward plan reference number 912

116. **Investment in Newbold Comyn Arms Manor House**

The Executive considered a report from the Deputy Chief Executive (AJ) that sought approval of a loan of £350,000 to Mr S Miller, thereby enabling the erection of a single storey side extension at Newbold Comyn Arms Manor House in accordance with the granting of planning approval of application W16/1346.

The recommendation provided the opportunity for the Council to improve its assets, enhance the facilities at Newbold Comyn Park and provide an ongoing financial return to the Council which was better than could be achieved through alternative investments.

Newbold Comyn Arms was a Grade II listed building used as a public house and function rooms owned by the Council and leased to Mr Simon Miller & Mrs Sarah Ann Miller following an assignment in October 2009. The lease was for a term of 21 years from 1 April 2001 and the tenant had the right to renew at the end of this lease in 2022. The site was in a partially elevated location on the edge of the Newbold Comyn Park.

Newbold Comyn Park was a 300 acre country park. The northern half was an 18-hole golf course although this was not currently in use. The southern half was used for recreation, sport and wildlife conservation. Leam Valley Local Nature Reserve covered part of the country park. The park was one of the District's major attractions offering numerous things to see and do.

Over the last eight years the tenants had invested £110,000 in the buildings as they endeavoured to turn round what had been a struggling business.

This investment had paid off in no small part due to the erection of a temporary marquee abutting the Manor House where various functions were held. However, there was no planning permission for this temporary marquee and so to ensure that the business was put on a firmer footing (as currently the lack of planning permission made it difficult to promote the facility) a planning application was made to provide for a permanent solution for function space to replace the existing marquee. The site benefited from a large, albeit shared car park that served the public house, golf course and country park. On 9 March 2017 planning permission was granted.

Mr Miller was a builder by trade being a director of Regency Construction Limited (RCL). The company's registered office was in Leamington Spa, and had been incorporated since September 2013. It had filed all accounts as required by Companies House. The latest credit check on the business stated: *"There is no reason to doubt that the company will prove equal to engagements. The risk index allocated to REGENCY CONSTRUCTION LIMITED is based on an analysis of the findings recorded above. In the light of the information available, the overall performance and strength is considered to be sound. The company has, therefore, been awarded a low risk status."* As at 30 September 2017 the company had net assets of £62,139.

RCL's nature of business was described, to Companies House, as development of building projects, construction of commercial buildings and construction of domestic buildings. It was with this background that Mr Miller had produced a Budget Estimate Summary (Appendix 1 to the report) for the construction of the extension. This estimate detailed a cost of £360,000.

Should the Executive agree to the loan then the cost estimates would be validated by the Council's own property team and the Building Control Consortium would be charged with monitoring the works very closely.

The Millers had invested in the Council's buildings over the last eight years to improve the profitability of their business. To take the business to the next level further investment was required. The Millers did not have the capital available without recourse to borrowing, however, the lease arrangement they had with WDC made that very difficult.

The Warwick District Council Act 1984 regulated how the District Council dealt with some of its major property assets. In the case of the Newbold Comyn Arms and Manor House, the 1984 Act enabled the District Council the power to grant leases of up to a maximum of 21 years. However, the Act did not prevent the District Council granting a succession of 21 year leases to the same party. The limitation of the term had meant that financial institutions had been unwilling to grant loans to the Millers as the lenders' security could be compromised.

The issue had been explored with this Council's solicitors and a potential solution could be achieved by the granting of an initial 21 year lease to the tenant and that lease would contain an option for the tenant to renew the lease for a further 21 years on the same terms (including the right to renew). By that means the actual term could be extended to a desired multiple of 21 years.

A potential lender could be concerned by the fact that the renewal was dependent on the tenant choosing to exercise their right to renew, leaving the funder potentially exposed. That difficulty could be overcome by adding the funder to the Lease as a party, and giving them rights to 'step-in' to the tenant's shoes should they decide not to renew the lease. However, it was undeniable that this "risk" would be factored into any loan terms made available to the Millers.

Given this situation it was recommended that should the Executive agree to recommendation to the loan, authority should be delegated to Deputy Chief Executive (AJ) and Head of Finance, in consultation with the Portfolio Holders for Business and Finance, following the receipt of appropriate advice from Warwickshire County Council's legal officers, to revise the lease arrangements should this prove necessary. This could be the case as Mr Miller was concerned that even with a right to renew, his investment could be heavily discounted if he wished to assign the lease at a future date.

Given the difficulty the Millers were encountering accessing finance, they had asked WDC whether it would be prepared to advance a loan that would enable them to undertake the works. Whilst this was not territory the Council had ventured into, with financial support from Government being reduced and the desire to keep council tax and charges as low as possible for residents, this Council was exploring commercial opportunities which previously would not have been entertained. The Millers' request for a loan could enable the Council to achieve a better rate of return than was currently being realised from its investments whilst at the same time enhancing the land it owned. However, there was an element of risk to the Council in advancing such a loan and obtaining a higher return.

Therefore following discussions with the Finance Portfolio Holder, officers asked the Millers to produce a business plan, set out at Appendix 2 to the report, which had been reviewed by the Council's Finance Administration Manager and then by a WDC commissioned consultant, John Ashworth Associates.

The day to day business was operated by Newbold Comyn Arms Limited (company number 08964638) (NCAL) whose sole director was Sarah Miller. The company had been active since March 2014 and had filed all accounts as required by Companies House.

Unlike the RCL Credit Check, the return for NCAL gave officers concern as it stated that the company was in "an above average risk category". However, this was at odds with the trading performance of NCAL with profits of £41,289 in 2016 and £46,373 in 2017, and total net assets circa £55,000. An investigation revealed that Companies House was under the impression that NCAL was not filing its accounts when in fact Companies House had been addressing correspondence to the incorrect address. This matter had now been resolved to the satisfaction of Companies House, however, it was unable to remove the reference to the "non-filing" on its records hence the impact on the credit score. There was no evidence to suggest that NCAL was anything other than a sound business.

The review of NCAL's business plan consisted of:
- A review of the Plan and associated documentation including published company accounts.
- A meeting with Simon Miller.
- A visit to the property and its location, but without any detailed inspection of the various rooms and their condition.
- An undertaking of independent research of the local market and competitive environment.

For the avoidance of doubt, following discussion between Deputy Chief Executive (AJ) and Mr Miller, the loan request was only in respect of the extension and not improvements to the Manor House and Stables bar (situated in the Newbold Comyn Arms public house) which would cost a further £183,000. Mr Miller had hoped that the Council would be prepared to make this investment itself given the lack of investment over the past 15 years or so. Mr Miller now recognised that this was not a Council obligation and he would therefore finance this work on a piecemeal basis.

The plan was set out at Appendix 3 to the report but the key findings were as follows:

a) Loan repayment - based on an interest rate of 5%, "the future estimates contained within the Business Plan (Table 1) demonstrate an operating profit in future years which would be more than sufficient to cover loan repayments as described above. The adjusted figures shown in Table 3 would also be sufficient to repay the loan, although with less headroom."
b) Market Forces - "The Plan itself contains a review of the market and the competition and is positive in its conclusions about the prospects of the business. Our own research generally supports those conclusions."
c) Location - "A sustained marketing campaign should be an essential element of the Business Plan, not only to re-launch the new function suite in the Manor House, but also to drive traffic to the Stables Bar out of the summer season when visitor levels to the country park and the golf course fall."
d) Target Customer Groups - "The Business Plan identifies target markets for the Stables Bar and Restaurant and for the Manor House."
e) Competition - Stables Bar: "Provided the Stables Bar and Restaurant maintains its standards and reputation, and increases its internal capacity, it should be able at least to maintain its share of the available market, which itself is growing." Manor House: "As a family

run business, the owners can offer a distinct product when compared with other suppliers. Locally, the competition for functions business is mostly hotel based."

The review concluded "Our review of the future financial estimates in the Business Plan suggests that the planned operating profit of 35/36% per annum is better than we would expect from a business of this type. We have modelled the impact on the bottom line of different cost assumptions, which are more consistent with industry benchmarks, which produce an operating profit of 18% of turnover. This model has not been tested with the owners."

"Local market forces are consistent with the growth forecasts shown in the Business Plan and competition locally for the niche offer which the business can provide is limited."

"The future estimates contained within the Business Plan demonstrate an operating profit in future years which would be more than sufficient to cover repayments on a loan of £350,000. Our adjusted figures, shown in Table 3, would also be sufficient to repay the loan, although with less headroom."

The review therefore concluded that a £350,000 loan at 5% interest rate could be met by the Plan. Whilst the removal of the £183,000 improvements could impact on the Plan, as these largely related to the structure of the building, the impact was likely to be minimal although Mr Miller believed he would need to find a way of addressing the improvements.

Following feedback from officers, Mr Miller undertook further work on the financials included in the business plan. This work could be seen at Appendix 4 to the report. To provide further confidence as to the rigour of the plan, it broke the business down into the operation of the pub (known as Stables Bar) and the Manor House (the proposed extension). The plan stress tested those operations via three scenarios: Sarah Miller incapacitated; 50% reduction in trade; and no income received from the Manor House. The plan purported to be able to support an interest rate of circa 9-10% with risk mitigation provided by Mr Miller's income which was not reflected anywhere in the plan.

As stated earlier, the company which provided the income to service the loan would be Newbold Comyn Arms Limited. It had made large profits in each of the last two years. Therefore the Executive needed to decide if it considered this track record and expansion of the business robust enough to repay the loan and interest noting however, that the loan would be secured by a personal guarantee from Mr & Mrs Miller.

In addressing recommendation 2.5 of the report the Executive needed to consider whether it believed the business plan to be credible. It had been independently reviewed but like any business plan it would come with risk so any decision needed to based on appetite for that risk.

If it was considered that the plan was sound and a loan could be provided then Executive would need to be reassured that the Council had the power to make the loan and that there were no state aid or competition issues.

On the first point there was no legal bar to the Council making a loan. The authority to do this was under the General Power of Competence, and further, councils had power to invest under the Local Government Act 2003.

With regard to the second and third points then there were no state aid or completion issues that could not be negotiated. Initial legal advice stated that "In order to minimise the risk that this loan be deemed state aid, it should be made at a "market rate". It was very difficult to quantify what this rate should be, given that WDC was the landowner.

To assist the Executive in the decision, commentary from a recent case was provided in the report.

The interest rate charged would require further consideration but for a loan of £350,000 @ 10% over 20 years, there would be a repayment of £472,217 interest. This could be compared with current investment returns on £350,000 which if deposited in Equity funds could potentially be averaging 6% i.e. £420,000 in total.

That in supporting NCAL with its application, the Council had already invested £2,750 (including VAT) by commissioning John Ashworth Associates to review the business plan. There had been significant time spent by Deputy Chief Executive (AJ) on the proposal although the Council's senior officers did not record their time on individual projects so it was not possible to quantify the cost incurred. There had been limited legal and treasury advice costs incurred up to this point with advice on loans being more generic when another matter was being considered. However, should approval for the loan be granted extra cost would be incurred in commissioning legal advice as well as the day-to-day administration of the loan. All these costs could be met from existing budgets and staff resources although there was obviously an opportunity cost of undertaking this work as opposed to doing something else.

Should Executive wish to agree the loan then it was recommended that authority was delegated to Deputy Chief Executive (AJ) and Head of Finance, in consultation with the Portfolio Holders for Business and Finance, following the receipt of appropriate advice from Warwickshire County Council's legal officers, to determine the financing and terms (including security) of the loan and ensure that appropriate safeguards were put in place to protect the Council's investment.

With regard to payment and administration of the loan it was proposed that this was dealt with in the same way that the Council's RUCIS schemes were managed whereby payment was only made upon receipt of invoices and the whole process was overseen by the Finance Administration Manager.

Alternatively the Council could undertake the works itself: This was considered in detail but the Council's procurement policies would mean that Mr Miller would have to compete for the work along with other builders. Whilst superficially this could offer a best value approach, Mr Miller had priced no "developer profit" and other professional services which he would provide into his cost estimates. In reality this would make a competitive alternative bid unlikely.

The Finance & Audit Scrutiny Committee supported and accepted assurances that the agreement would seek to minimise any risk to the Council of any hiatus in the business or loss of key equipment, in the event of the contractor failing or withdrawing.

The Executive noted the concerns of the Finance & Audit Scrutiny Committee and agreed these would be taken into consideration as part of the process establishing the loan.

Resolved that

(1) planning application W/16/1346, Planning Committee has approved the erection of a single storey side extension at Newbold Comyn Arms Manor House, land owned by Warwick District Council (WDC) but tenanted to Mr & Mrs Miller, be noted;

(2) the estimated cost of the works in relation to planning permission W/16/1346, as set out at Appendix 1 to the report, of £360,000, be noted;

(3) the position with regard to the lease, be noted and authority be delegated to the Deputy Chief Executive (AJ) and Head of Finance, in consultation with the Portfolio Holders for Business and Finance, following the receipt of appropriate advice from Warwickshire County Council's legal officers, to revise the lease arrangements and revision proves necessary;

(4) Mr Millers request that the Council advances a loan of £350,000 to enable him to undertake the aforementioned works to the Manor House, the associated, business plan, Appendix 2 to the report (produced by A.G.S Consultancy), and the reviewed by this Council's Finance Administration Manager and independently by John Ashworth

Associates, Appendix 3 to the report, be noted; and

(5) in principle a loan of £350,000 be made available to Mr Miller and authority be delegated to the Deputy Chief Executive (AJ) and Head of Finance, in consultation with the Portfolio Holders for Business and Finance, following the receipt of appropriate advice from Warwickshire County Council's legal officers, to determine the financing and terms of the loan ensuring that:

- Robust security for the loan is in place;
- The loan is released in staged payments following receipt of appropriate invoices and is overseen by the Council's Finance Administration Manager being managed in accordance with RUCIS grant principles;
- The Council's Building Control Consortium oversees the construction of the extension; and
- A valuation of the proposed extension is undertaken enabling the Council to determine the increased value of its asset.

(The Portfolio Holders for this item were Councillors Butler & Whiting)
Forward Plan reference 910

117. **Investment in Playbox Theatre**

The Executive considered a report from the Deputy Chief Executive (AJ) that recommended a loan of up to £100,000 to Playbox Theatre Limited, thereby enabling the construction of a new access drive to an overspill car park and delivery area in accordance with the granting of planning approval of application W/15/0808.

The recommendation provided the opportunity for the Council to support a successful community venture, enhance the facilities at the site and provide an ongoing financial return to the Council which may be better than could be achieved through alternative investments.

Formed in 1986, Playbox Theatre had been operating out of the Dream Factory, Stratford Road, Warwick since 1999. It shared its site with Aylesford School and Sixth Form College, Army Cadet Force (ACF) and Air Training Corps (ATC). The site was therefore a hub for children and young persons' activities and was handily located next to two of the District's major housing estates, Chase Meadow and Forbes. Created for young people from ages two to twenty-one, Playbox Theatre provided extensive training, performance, touring and wide-ranging programmes.

According to Playbox, "The Dream Factory was the first purpose built and uniquely designed creative centre for young people in the UK - and in fact in Europe". Playbox was recognised as a *Key Client* of the Council. A Key Client's make up was a small portfolio of professional arts organisations which were recognised as important to the sustainability and long term viability of the arts infrastructure in Warwick District.

As part of planning application W/15/0808, Playbox sought approval for a new car park, and access drive to an overspill car park and delivery area. This was necessary because of the success and growth of Playbox it had created a need for additional parking spaces and safe access to the site following decisions made by Aylesford School. Planning approval was granted on 22 July 2015, however, the funding had not been secured to undertake the works.

It was noted that the consequences of Aylesford School's decision in respect of access to the site was that if mitigation was not found to the parking situation the very viability of Playbox was threatened. The PlayBox business plan stated:

"The reduced number of events shown since 2015 was a direct result of the gradual erosion of access to the rear car park for daytime / weekend classes and the congestion issue that had been caused by the total closure of the rear access from June 2016. All areas of Playbox's business were suffering either direct or collateral damage.

Now that the access via Aylesford School was completely closed, the rear car park with the existing 20 bays was effectively 'land locked' – and could not be accessed by vehicles at all. This was causing great concern not only for Playbox but also for the parents and other visiting companies.

The new rear access road and car parking proposed was essential to the future sustainability of this unique creative environment known internationally and based in Warwick. It would also ensure that the Dream Factory continued to:

- Maintain accessibility and participation for the local community.
- Provide a family friendly daytime meeting place for parents with pre-school children.
- Offer a café and resource for local business to host meetings / conferences / training.
- Avoid visitors using major local roads as overflow parking that would be dangerous."

Following the approval of planning permission and supported by funding from WDC, ATI Projects Limited was commissioned to determine what funding opportunities were available to finance the aforementioned works and make any likely bids.

A summary of the ATI's bid work was included at Appendix 2 to the report and unfortunately no funding was available subject to further enquiries with the Arts Council (AC). Subsequent work by Playbox in pursuing this line of enquiry was not successful as the AC provided larger grants mainly to National Portfolio Organisations (of which Playbox Theatre was not) - intended to improve arts venues and buildings in the main.

The cost of the works was estimated at between £70,000 and £110,000, based on five quotes received, that were detailed in the report. At the time of writing the quotes already received were being updated and two new quotes were awaited.

Playbox had asked WDC whether it would be prepared to advance a loan that would enable it to undertake the works. Playbox's request for a loan could enable the Council to achieve a better rate of return than could be achieved through alternative investments whilst at the same time supporting a successful Key Client with the delivery of its aspirations. However, there was an element of risk to the Council in advancing such a loan and obtaining a higher return.

Playbox had produced a business plan, set out at Appendix 3 and had been assisted in its construction by ATI Projects Ltd, funded by the Council. The business plan had been reviewed by the Council's Finance Administration Manager and Head of Finance.

The business was appropriately registered with Companies House as Playbox Theatre Limited. It was a private company limited by guarantee without share capital with three directors and a company secretary. The company had been active since November 1997 and had filed all accounts as required by Companies House.

The review of the business plan had consisted of:

- A review of the Plan and associated documentation including published company accounts by Finance Administration Manager and Head of Finance.
- A meeting with company directors Mary King and Stewart McGill by Deputy Chief Executive (AJ).
- A visit to the property and its location by Deputy Chief Executive (AJ).

The development of the business plan had been an iterative process following feedback by the Finance officers and Deputy Chief Executive (AJ).

In addressing this recommendation 2.4, the Executive would need to consider whether it believed the business plan to be credible. It had been reviewed by the Council's Finance Administration Manager and Head of Finance but like any business plan it would come with risk so Executive needed to reflect on their appetite for that risk.

If the Executive considered the plan was sound and wished to consider a loan then it would want to be reassured that the Council had the power to make the loan and that there were no state aid or competition issues.

On the first point there was no legal bar to the Council making a loan. The authority to do this was under the General Power of Competence, and further, councils had power to invest under the Local Government Act 2003.

With regard to the 2nd point there were no state aid issues because the proposed loan was below the threshold. With regard to matters of competition the key issue was the level of interest charged. A helpful commentary from Warwickshire County Council Legal Services was as follows:

"The court emphasised the wide spectrum of reasonable reactions to commercial circumstances in the private market. This effectively gives a public body a wide margin of judgment when applying the private investor test. It is only necessary to establish that a hypothetical investor, with the same characteristics as that particular public body, would have made that decision.

Basically, in coming up with an appropriate rate/terms, WDC should get an independent view in writing, and I'm suggesting your auditors would be good people to ask for this. You should ask them for their professional opinion on what appropriate terms would be for a loan of this type."

The interest rate charged would require further consideration but for a loan of £100,000 @ 10% over 10 years, total cost would be £162,745 (at today's prices) which equated to repayment of £62,275 interest over the ten years. This could be compared with current investment returns on £100,000 which if deposited in Equity funds could potentially be averaging 6% i.e. £60,000 in total.

In supporting Playbox with its application, the Council had already invested £3,600 (including VAT) by commissioning ATI Projects Limited to undertake the business plan production and prior to this ATI undertook the "grant finding" work as part of a previously commissioned contract with the Council. It was estimated that the cost of this work was a further £1,500. There had also been significant time spent by Deputy Chief Executive (AJ) on the proposal although the Council's senior officers did not record their time on individual projects so it was not possible to quantify the cost incurred. There had been limited legal and treasury advice costs incurred up to this point with advice on loans being more generic when another matter was being considered. However, should approval for the loan be granted extra cost would be incurred in commissioning legal and treasury advice as well as the day-to-day administration of the loan. All these costs would be met from existing budgets and staff resources although there was obviously an opportunity cost of undertaking this work as opposed to doing something else.

Should Executive wish to agree the loan then it was recommended that authority was delegated to Deputy Chief Executive (AJ) and Head of Finance, in consultation with the Portfolio Holders for Business and Finance, following the receipt of appropriate advice, to determine the financing and terms (including security) of the loan.

With regard to payment and administration of the loan it was proposed that this was dealt with in the same way that the Council's RUCIS schemes were managed whereby payment was only made upon receipt of invoices and the whole process would be overseen by the Finance Administration Manager.

The business plan referred to a further initiative "Playbox Futures". The purpose of this project was to expand the offer to a wider range of young people by developing digital media, sound performance and theatre production opportunities. This would require additional facilities, equipment and building alterations and so fundraising, including a bid to the Council's RUCIS scheme, was likely to be made during the course of this year.

As an alternative Playbox had attempted to raise the necessary finance through an investigation of grant funding opportunities but as was detailed in Appendix 2 to the report this has not proven successful.

Three other alternative options were set out within the report, including applying for a bank loan for the funding , raising the funding through fundraising and to do nothing. These were all not considered appropriate because of the urgent needs for the works to enable the theatre to be fully operational as soon as possible.

The Finance & Audit Scrutiny Committee supported the recommendations in the report, but asked that before the loan was provided assurance was sought from them that the sponsorship and grants were recurring and that the theatre should be encouraged to undertake more fundraising itself.

The Executive was mindful it could have awarded this in other circumstances, as a grant, and was confident in the due diligence of officers for this to ensure this would be repaid. Considering this and the business constraints in place on the theatre, because of the lack of car parking, the Executive was content to support the proposal.

Resolved that

(1) approval of planning application W/15/0808, for a new Playbox Theatre car park and access drive to overspill car park and delivery area, be noted;

(2) the estimated cost of the works to construct the access drive set out in W/15/0808, between £70,000 and £110,000 and the attempts that have

been made to secure grant funding from other bodies set out at Appendix 2 to the report, be noted;

(3) the request by Playbox Theatre Limited that Warwick District Council (WDC) makes a loan of up to £100,000 available to enable them to undertake the aforementioned works and has produced a business case (Appendix 3 to the report - produced ATI Projects Limited) reviewed by this Council's Finance Administration Manager and Head of Finance, be noted;

(4) a loan of up to £100,000 to Playbox Theatre Limited be approved and authority be delegated to Deputy Chief Executive (AJ) and Head of Finance, in consultation with the Portfolio Holders for Business and Finance, following receipt of appropriate advice, to determine the financing and terms of the loan and being satisfied that the project is deliverable ensuring that:
- Robust security for the loan is in place;
- The loan is released in staged payments following receipt of appropriate invoices and is overseen by the Council's Finance Administration Manager being managed in accordance with RUCIS grant principles; and

(5) a Rural/Urban Initiatives Scheme (RUCIS) grant application from PlayBox for £30,000 to support changes in the theatre building will be made later this calendar year, be noted.

(The Portfolio Holders for this item were Councillors Butler & Whiting)
Forward Plan reference number 911

118. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraph 3 of Schedule 12A of the Local

Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

119. **Investment in Playbox Theatre**

The Executive considered the confidential business plan for the PlayBox Theatre.

Resolved that the confidential business plan for the PlayBox theatre, be noted.

(The Portfolio Holders for this item were Councillors Butler & Whiting)
Forward Plan reference number 911

120. **Rural and Urban Capital Improvement Scheme (RUCIS) Application**

The Executive considered two grant applications under the Rural/Urban Capital Improvement Scheme. The applications were from Kenilworth Squash Club and Lapworth Cricket Club.

The Council operated a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grants recommended were in accordance with the Council's agreed scheme and will provide funding to help the projects progress.

The Kenilworth Squash Club application was sought to improve and redevelop club facilities; redecorating, carpeting, replace broken doors, new boiler, LED lighting and glass-back to court 1

The project contributed to the Council's Fit for the Future Strategy as without the squash club there would be fewer opportunities for the community to enjoy and participate in sport activities which could potentially result in an increase in anti-social behaviour, an increase in obesity and disengage and weaken the community. The project would deliver a new glass-back to squash court 1 which would provide new opportunity for members of the community to enjoy watching sporting activity, it would deliver energy efficiencies through new LED lighting and boiler/heating system which would help to reduce running costs and subsequently ensure that costs to the community either playing or watching sport were kept as low as possible.

The Lapworth Cricket Club application was to purchase a new mower and roller to replace the existing equipment that had reached the end of its life span.

This project contributed to the Council's Fit for the Future Strategy as without the cricket club there would be fewer opportunities for the community to enjoy and participate in sport activities which could potentially result in an increase in anti-social behaviour, an increase in obesity (particularly in children) and disengage and weaken the community. The club helped to tackle disadvantage in a rural area as there were no bus services in the village and as a result the club offered the only sporting facilities to those members and families of the local community who did not have access to their own means of transportation. The nearest sporting facilities outside of Lapworth were at Hockley Heath where they played football on the recreation ground or travelling further afield to Claverdon to participate in Rugby. The nearest cricket clubs to Lapworth Cricket Club's Melson Memorial Park ground were Dorridge Cricket Club and Rowington Cricket Club, neither of these two venues had any public transportation links with Lapworth which was approximately two miles from each club both served by very busy roads with little or no pedestrian provision.

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

Resolved that

(1) A Rural/Urban Capital Improvement Grant from the urban cost centre budget be made to Kenilworth Squash Club of 50% of the total project costs to improve and redevelop club facilities, as supported by Appendix 1 to the report, up to a maximum of £19,028 excluding vat, subject to receipt of written confirmation from Kenilworth Town Council to approve a capital grant of £400 (if the application is declined or a reduced amount is offered the budget shortfall will be covered by Kenilworth Squash Club’s cash reserves which have been evidenced through their annual accounts and the provision of a recent bank statement); and

(2) a Rural/Urban Capital Improvement Grant from the rural cost centre budget be made to Lapworth Cricket Club of 50% of the total project costs to purchase a new mower and roller, as supported by Appendix 2 to the report, up to a maximum of £10,479 including vat.

(The Portfolio Holder for this item was Councillor Mobbs)

121. **Significant Business Risk Register**

The Executive considered a report that set out the latest version of the Council’s Significant Business Risk Register (SBRR).

The Significant Business Risk Register recorded all significant risks to the Council's operations, key priorities, and major projects. Individual services also had their own service risk registers.

The SBRR had been drafted following a review by the Council's Senior Management Team and the Leader of the Council.

This report sought to assist members fulfil their role in overseeing the organisation's risk management framework. In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers with regard to risk management:

A summary of all the risks and their position on the risk matrix, as currently assessed, was set out as Appendix 2 to the report.

The scoring criteria for the risk register were judgemental and were based on an assessment of the likelihood of something occurring, and the impact that could have.

Any movements in the risk scores over the last six months were shown on the risk matrices.

Last quarter, Risk 2 was removed from the red zone for the following reasons. The objectives of the Corporate Workforce Steering Group (CWSG) relating to the 'Review of Salaries, Benefits and Recruitment' had now been progressed such that 'Likelihood' that the identified risk materialised could be reduced from level 3 to level 2. The Remuneration Review found that there were no overall problems with recruitment and retention but recognised that there were 'hard-to-recruit' areas which needed to be addressed case-by-case by, where appropriate, utilising the Market Forces Supplement Scheme. Other developments included a comprehensive branding initiative and increased channels of advertising. In addition, the current Living Wage Foundation rate of pay would be increased in line with national pay awards until it was exceeded by the National Living Wage at which point the National Living Wage would apply. Finally, subject to funding, a Corporate Apprentice Programme had been agreed to be developed with the first cohort planned for September 2018. These matters were reported to the CWSG and People Strategy Steering Group/Employment Committee in September 2017.

Recently, in order to reflect the current IT risk environment, a risk entitled 'Risk of failure to protect information assets from a malicious cyber-attack' was added. This was originally placed in the red zone but was taken out of the red zone last quarter because it was considered that the Likelihood score had been over-estimated. The likelihood of the risk materialising was considered high but was no longer considered certain.

The only risk movement on the SBRR this quarter was Risk 13: "Risk of major contractor going into administration or deciding to withdraw from the contract." The Likelihood score had increased by one level as a result of the golf contractor withdrawing from the golf contract and no longer providing facilities at Newbold Comyn Golf Course. That the risk had materialised indicated that a higher Likelihood score was appropriate. Logging the risk movement in this way helped to highlight the situation and ensure that it was given due attention.

As part of the process of assessing the significant business risks for the Council, some issues had been identified which at this stage did not necessarily represent a significant risk, or even a risk at all, but as more detail emerges could become one. These were the: impact of national housing policy proposals on the Council's ability to remain a viable landlord; EU referendum result; and Government had started consultations around the proposed 100% Business Rate Retention by Local Government.

The Finance & Audit Scrutiny Committee did not comment on this item, had added it to its work plan for next meeting and asked that the Leader or his Deputy plus Councillor Whiting attend their meeting.

The Executive noted the Comment from Finance & Audit Scrutiny Committee and the Leader agreed to attend their next meeting.

Resolved that

(1) the Significant Business Risk Register attached at Appendix 1 to the report be noted; and

(2) the emerging potential and changing risks identified in section 10 of this report; be noted.

(The Portfolio Holder for this item was Councillor Mobbs)

122. **Public and Press**

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

Item Nos.	Para Nos.	Reason
22	1	Information relating to an Individual
22	2	Information which is likely to reveal the identity of an individual
18, 19, 20, 21 & 23	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

123. **Proposed purchase of the site of the former Stoneleigh Arms, Royal Leamington Spa**

(The full minutes of this item will be detailed in the confidential minutes of the meeting)

The Executive considered a report regarding the potential purchase of the Stoneleigh Arms, Royal Leamington Spa.

The Finance & Audit Scrutiny Committee noted that there had been an independent valuation of the premises which was considered reasonable and that the Deputy Chief Executive (BH) would circulate this valuation to the Executive before it took this decision.

Resolved that the recommendations in the report are approved.

(The Portfolio Holder for this item was Councillor Mobbs)

124. **Confidential Appendix to Item 9 - Business Improvement District (BID) Leamington – Recommendation on voting position**

The Executive considered the confidential Business Plan for the proposed renewal of BID Leamington.

Resolved that the Appendix be noted.

(The Portfolio Holder for this item was Councillor Butler)

125. **Confidential Appendix to Item 14 - Investment in Newbold Comyn Arms Manor House**

The Executive considered the confidential Business Plan for the proposed investment in the Newbold Comyn Arms.

Resolved that the Appendix be noted.
(The Portfolio Holders for this item were Councillors Butler & Whiting)

126. **ICT Services Redesign**

(The full minutes of this item will be detailed in the confidential minutes of the meeting)

The Executive considered a report that requested funding to finance the redundancy and pension costs of an individual should they not be matched to an alternative role following a service redesign.

Resolved that the recommendations in the report be approved.

(The Portfolio Holder for this item was Councillor Mobbs)

127. **Minutes agreed**

The confidential minutes of the 4 January 2018 were taken as read and signed by the Leader as a correct record.

128. **Urgent Item - Beauchamp House – 77-79 Coten End**

(The full minutes of this item will be detailed in the confidential minutes of the meeting)

The Executive considered an urgent report from Housing with regard to Beauchamp House – 77-79 Coten End.

The Finance & Audit Scrutiny Committee supported the recommendations in the report including a revised wording to recommendation 2.1 so it read "in the region of" and not "exceeding".

The Overview & Scrutiny Committee noted the report including a revised wording to recommendation 2.1 so it read "in the region of" and not "exceeding".

Resolved that the recommendations in the report were approved subject to recommendation 2.1 being revised to remove the words not exceeding and replaced with in the region of.

(The Portfolio Holder for this item was Councillor Phillips)

(The meeting ended at 8.24 pm)

Appendix 1

Heating, Lighting and Miscellaneous Charges

It is recommended that from 2nd April 2018 charges covering heating, lighting and miscellaneous charges Should be varied as follows:

Heating, Lighting and Miscellaneous Charges	**Current Charge per Week 2017/18 £**	**Charge To Fully Recover Costs 2018/19 £**	**Proposed Charge per Week 2018/19 £**	**Proposed Increase/ (Decrease) per Week 2018/19 £**	**Proposed Change 2018/19 %**
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa					
Nos. 1 - 12, 14 – 41	£11.60	£10.25	**£10.25**	-£1.35	-11.6%
Nos. 43, 44, 46 and 47 (Misc. Charge only)	£0.60	£0.60	**£0.60**	+£0.00	+0.0%
Tannery Court, Bertie Road, Kenilworth					
Nos. 1, 2, 4 – 6, 7a, 8 - 12, 22a, 14 - 40	£8.35	£13.40	**£9.58**	+£1.23	+14.7%
No. 3	£12.25	£19.80	**£13.48**	+£1.23	+10.0%
Yeomanry Close, Priory Road, Warwick					
Nos. 1 - 12, 14 – 32	£9.15	£9.56	**£9.56**	£0.41	4.5%
James Court, Weston Close, Warwick					
Nos. 1 - 12, 14 – 26	£10.35	£8.35	**£8.35**	-£2.00	-19.3%
Chandos Court, Chandos Street, Royal Leamington Spa					
Nos. 1 - 12, 11a, 25a, 14 – 46	£11.20	£10.15	**£10.15**	- £1.05	-9.4%
Radcliffe Gardens, Brunswick Street, Royal Leamington Spa					
Bedsits and 1 bedroom flats	£7.80	£7.38	**£7.38**	-£0.42	-5.4%
2 bedroom flats	£11.62	£11.44	**£11.44**	-£0.18	-1.6%

Appendix 2

Water Charges

It is recommended that from 2nd April 2018 water charges should be varied as follows:

Water Charges	Current Charge per Week 2017/18 £	Proposed Charge per Week 2018/19 £	Proposed Increase/ (Decrease) per Week 2018/19 £	Proposed Change 2018/19 %
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa				
Nos. 1 - 12, 14 - 41, 43 – 47	£3.95	**£4.30**	+£0.35	+8.8%
Tannery Court, Bertie Road, Kenilworth				
Nos. 1, 2, 3, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£4.20	**£3.85**	-£0.35	-8.3%
Yeomanry Close, Priory Road, Warwick				
Nos. 1 - 12, 14 - 32, 33 and 34	£2.65	**£2.80**	+£0.15	+5.6%
James Court, Weston Close, Warwick				
Nos. 1 - 12, 14 – 28	£2.90	**£2.90**	+£0.00	+0.0%
Chandos Court, Chandos Street, Royal Leamington Spa				
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£3.30	**£3.30**	+£0.00	+0.0%