Executive

Minutes of the meeting held on Wednesday 8 February 2017 at the Town Hall, Royal Leamington Spa, at 6.00 pm.

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

Also present: Councillors; Boad - Chair of Overview & Scrutiny Committee and Liberal Democrat Observer, Mrs Falp - Whitnash Residents Association (Independent) Observer and Quinney - Chair of Finance & Audit Scrutiny Committee.

Apologies for absence were received from Councillor Barrott.

84. **Declarations of Interest**

Minute number 93 – Recommendations from One Stop Shop Review

Councillor Boad declared an interest because Crown Routes, of which he was a member, were mentioned within the report.

85. **Minutes**

The minutes of the meetings held on 30 November 2016 and 5 January 2017 were taken as read and signed by the Leader as a correct record.

Part 1
(Items on which a decision by Council is required)

86. **Election of Chairman and Vice-Chairman of the Council for 2017/18**

Recommended that

(1) Councillor Boad be appointed as Chairman of the Council for 2017/18; and

(2) Councillor Cross be appointed as Vice-Chairman of the Council for 2017/18.

(This is a recommendation to Council on 10 May 2016)

87. **Budget 2017/18 and Council Tax – General Fund Revenue and Capital**

The Executive considered a report from Finance which updated them on the Council’s financial position, bringing together the latest and original Budgets for 2016/17 and 2017/18, plus the Medium Term Forecasts until 2021/22. In doing so, it advised upon the net deficit from 2021/22 and the savings required to balance future years’ Budgets.

The report sought Members approval of the following-

- Latest Budget 2016/17
- Original 2017/18 Budget
- This Council's Band D Council Tax charge for 2017/18
- 5 Year Capital Programme
- Prudential Indicators for 2017/18.
- To note the latest Reserves and Schedules, approving the relevant transfers.
- Financial Strategy
- Equipment Renewal Reserve and ICT Replacement Schedules
- Ear Marked Reserve Requests for slippage to 2017/18 Budgets

Despite significant cuts in Government Funding, this Council had been able to set a balanced Budget for 2017/18 without having to reduce the services it provided. This had been the case for many years as a result of the Fit for the Future Programme it had adopted. 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, replenish reserves and make a contribution to provide a 2017/18 Contingency Budget. Alongside this, the Council had achieved a modest surplus on its 2016/17 Budget.

However, the Council's financial projections showed that further savings needed to be secured from 2018/19 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 2017/18. It was for this reason a five year Financial Strategy, Capital Programme and Reserves Schedule had been included within the report.

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 that the Council should annually approve Prudential Indicators.

The Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. This statement was set out Appendix 12 to the report.

Appendix 1 to the report summarised the latest 2016/17 Budgets. These were reported to the Executive in November 2016 showing net expenditure of £11.8m and a surplus of £169,300.

The following changes had been proposed to the 2016/17 Budget:-

	2016/17 £
Surplus per November Report	**-169,300**
Additional Legal Costs	49,000
Additional Housing Benefits costs	47,000
Social Mobility grant slippage	20,400
Reduced rental income	14,200
Diverted Footpath contribution	-22,500
Increased Better Care Funding Grant (DFG)	-311,000
Refuse Bins delivery costs declassified capital	40,000
Other small changes	-4,100
Change in Service Expenditure / Income	**-167,000**
Reduced Interest Payments / Receipts	25,800
Footpath contribution to reserves	22,500
Change in Reserves Contributions	-30,500
Better Care Funding Grant (DFG) RCCO	311,000
Declassified Refuse container delivery costs	-40,000
Change in Financing and Reserves	**288,800**
Additional Grants	-3,000
Latest position 2016/17	**-50,500**

It was originally anticipated that the PA system in the Council Chamber would last until the head office relocation, when this facility would be incorporated into the new offices. However, this was no longer the case. It urgently needed replacing and it was now proposed to purchase a new system at a cost of £45,000 from the 2016/17 Contingency Budget. This would leave £8,600 in the Contingency Budget.

Following on from the above proposal the 2016/17 Budget also included the following unallocated contingency budgets totalling £45,700:

- General Contingency Budget £8,600 (after allocating £45,000 for the new PA system)
- Office Cleaning Contract £12,600
- Price Inflation £24,500;

These budgets were not likely to be used within 2016/17 and so would increase the surplus for the year by a further £45,700.

In reviewing the 2016/17 budgets, revenue “slippage” had been identified on projects originally scheduled for 2016/17. A list of Earmarked Reserve requests for approval was attached at Appendix 10 to the report. Due to the early closure of the 2016/17 Accounts, the Head of Finance in conjunction with the Finance Portfolio Holder had been given delegated authority to consider any further earmarked reserve requests that were apparent when the Accounts were closed, with these being reported retrospectively to the Executive.

After the approval of the 2017/18 Base Budgets in November, further changes had been identified. Inclusion in next year's Budgets at this point ensured both the 2017/18 Budget and Financial Projections would contain the most realistic figures as currently available. These changes were:

	2017/18 £
Surplus per November Report	**-97,196**
Contingency Budget 2017/18	96,200
Additional staffing	48,500
Additional Housing Benefits costs	72,400
Private Sector Housing surveys	15,000
Pension Fund contributions	-18,000
Increased rental income	-19,600
Other small changes	-8,300
Change in Service Expenditure / Income	**186,200**
Change in Reserves Contributions	-240,904
Contribution from Leisure Options Reserve	-300,000
Interest Paid & MRP - Leisure Centres	499,400
Collection Fund Deficit	20,000
Investment Interest	-67,500
Change in Financing and Reserves	**-89,004**
Latest position 2017/18	**0**
New Homes Bonus Allocation 2017/18	**-1,938,358**
Allocated to Services:	
Waterloo Housing Association	178,525
Contingency Budget 2017/18	104,500
Kenilworth (Leisure Ph2)	100,000
Digital Transformation	200,000
OSS Digital Investment	50,000
Linen Street re-provision	250,000
Private Sector Housing Resources	37,500
Allocated to Services	**920,525**
Allocated to Reserves:	
Early Retirement Reserve	150,000
Community Projects Reserve	867,833
Allocated to Reserves	**1,017,833**
TOTAL NEW HOMES BONUS ALLOCATED	**1,938,358**

Additional staffing included:

- £32,000 for an additional Revenues Officer in response to the continued growth in new properties in the District and resultant Council Tax correspondence to be processed.
- Arts Programme Support Officer £10,600.

The proposed 2017/18 Budget allowed for the creation of a Contingency Budget to the total of £200,700. In recent years the use of a Contingency Budget had been invaluable to allow the Council to deal with un-budgeted demands. These demands were agreed by Executive or delegations as allowed for within the Code of Financial Practice. Full details of the use of the Contingency were reported to Executive.

The projected Collection Fund Balance as at 31 March 2017 had been calculated to be a deficit of £182,801. Warwickshire County Council and the Warwickshire Police and Crime Commissioner were duly notified of their shares on the 15 January 2017. This Council's share was £20,000. This had been factored into the 2017/18 Budget.

The Base Budget for 2017/18 included an estimated £300,000 (part year) concession payment from the new operator being procured to run the Council's leisure centres from the planned date of 1 June 2017. Within the Medium Term Financial Strategy this figure increased to £600,000 per annum from 2018/19. In discussions with tenderers they had emphasised how they would incur substantial losses in the early years of the contract. This reflected the upfront capital investment required from the operator to fit out the facilities, the only partial completion of Newbold Comyn and St Nicholas Park Leisure Centres from the start of the contract to late 2017, and the time taken to build up the customer base. Consequently, they did not favour the "flat line" concession fee being sought in the original tender documents. If there were to be no concession payable in the early years, the operators suggested that they would be able to present far more favourable bids.

By agreeing to a "concession holiday" in the early years of the contract, it resulted in an increased concession in subsequent years which would present the following advantages to the Council:-

- This would assist the Council's Medium Term Financial Strategy as discussed in paragraph 3.9.5 of the report where savings of £0.83m were still to be sought.
- The contract was for ten years, at the end of which it was possible to negotiate to extend the contract for a further five years, or to re-procure. Having a higher concession price in these later years should present a better negotiating stance for considering an extension of the contract.

The disadvantage of a concession holiday was the impact that this had on the proposed 2017/18 Budget and the early years of the Medium Term Financial Strategy. This would leave a funding gap which had to be closed.

The new operator would need to make significant upfront investment in the leisure centres. This would notably include the gym equipment and general equipment, and in total was likely to be in excess of £1m. The operators were likely to look to lease much of this equipment Gym equipment. Consideration had been given to the Council arranging the leases for this equipment on the basis that it could secure more favourable leasing rates than the operators would be able to. The

Council did hold significant balances, which, with current investment rates, investment returns were not great (averaging around 0.57% assumed for 2017/18). Consequently, consideration was being given to the Council advancing a sum of up to £1m to the operators on the basis that this would result in significantly favourable concession payments in subsequent years.

To close the funding gap referred to in paragraph 3.3.6 of the report, the following changes had been made to the financial arrangements that supported the proposed Budget:-

- The funding of the Capital Programme from the Capital Investment Reserve was reduced by £1.9m.
- £1.9m Right to Buy Capital Receipts were utilised to replace the Capital Investment Reserve funding. As discussed in paragraph 3.11.11 of the report, the Council legally had the ability to use these receipts for any capital funding.
- The Capital Investment Reserve made an appropriation of £1.9m to the Leisure Options Reserve profiled £1.5m in 2016/17 and £400k in 2017/18.
- The Leisure Options Reserve releases £300k to the General Fund Budget in 2017/18 and £600k 2018/19 to make up for the concession holiday. The balance on this reserve was proposed to be available to advance to the selected operator for upfront costs, assuming that this presented a sound investment decision and good value for money for the Council in respect of the future concessions payable. It was proposed that the use of this funding would be agreed by the Heads of Finance and Cultural Services in consultation with the respective Portfolio Holders. The use of this reserve would be subsequently reported to members.

On the basis of the fore-going, as part of the negotiation stage for the operation of the leisure centres, tenderers were being asked to submit updated bids based on a re-profiled concession payment, with the option of no payment for 2017/18 and 2018/19, and bids if the Council was prepared to advance them with upfront funding.

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' settlement figures, alongside the Revenue Support Grant (RSG) for recent years were:

	£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 had been subsequently accepted by the Government.

As anticipated, the RSG within the 2017/18 provisional settlement was unchanged for each year. It was worth noting that the figures for those few authorities not submitting an efficiency statement had not been changed.

In presenting the RSG figures, the Government made the following assumptions which all 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). It would be noted that this was a major departure from previous 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 payments to local authorities. It was noted that there was uncertainty over New Homes Bonus (as indicated in the reductions seen in the sums awarded for 2017/18), 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 Medium Term Financial Strategy where future NHB payments were excluded.

Taking the above assumptions into account, the Government's figures suggested that over the period 2015/16 to 2019/20, the Council's overall Core Spending Power would have reduced by £0.9m or 6.3%. However, Members would note, that with the reductions in Revenue Support Grant in recent years, the Council's reduction in spending power since 2013/14 would be far greater.

Within the December 2015/16 Provisional Settlement the Government included "Tariff Adjustments" to the Business Rate figures in future years following on from where the RSG had reduced to zero. These adjustments were widely recognised as being negative RSG. In the Final 2016/17 Settlement, these adjustments had been removed partly on the basis that by 2019/20 the figures would all change due to the introduction of 100% Business Rate Retention. However, within the 2017/18 Provisional Settlement, Tariff Adjustments had been re-introduced. For Warwick this amounted to £240,000 from 2019/20. As Members would appreciate, there was continued substantial lobbying against this from local government. As yet, this Tariff Adjustment had not been factored in to the Council's Medium Term Financial Strategy.

The final Grant Settlement was expected in early February and updated figures would be provided when available. Any change in the Revenue Support Grant was proposed to be compensated by the use of the Service Transformation Reserve.
Projecting the Council's element of Business Rate Retention continued to present difficulties because of a number of factors

There were many appeals awaiting determination by the Valuation Office. An assessment of the success of these needed to be made and suitable provision had been allowed for within the estimated figures. Whilst it was hoped that this figure was suitably prudent, given the size and nature of some of the appeals, there remained a risk.

All businesses had had their rateable valuation reassessed for April 2017. This would result in new appeals being submitted against the new valuations. There was to be in place a new "Check, Challenge, Appeal" regime seeking to expedite appeals and deter speculative appeals. However, appeal process was still expected to be protracted, meaning that it could be some years until the success of future appeals were lodged and settled. However, it was necessary for an estimate of these future appeals to be allowed for in the 2017/18 Estimates.

Tariff/Top-Up Adjustments existed in the system so as to redistribute business rates income between local authorities. With the revaluations, 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 bases since the commencements of business rates revaluation in April 2013. The Government had made an assessment of the adjustments necessary for the 2017/18 figures. However, this would be reviewed following the closure of the 2017/18 accounts, meaning that further adjustments (positive or negative) were likely into 2018/19 or possibly beyond.

It was expected that 100% Business Rates Retention would come in from 2020/21. There were significant uncertainties how this would work in practice, with functions having to transfer from central to local government.

Largely due to the regulations governing the accounting arrangements for business rates retention, there could 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.

The NNDR1 form which estimated the business rates for 2017/18 was being finalised as this report was being written ahead of its deadline of 31 January 2017. This would produce some of the final figures that would feed into the Business Rates Retention for the Council for the year. It was not expected that there would be much 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.

The Business Rates retention within the Medium Term Financial Strategy were believed to be reasonably prudent taking into account all the above factors. These figures would continue to be reviewed and changes would be reported as the Medium Term Financial Strategy 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 2% or £5 without triggering a referendum. For 2017/18 there were no restrictions on Town and Parish Councils, however, the Government would continue to closely monitor increases by the larger town and parish councils. In light of this, the previous decisions to reduce the Concurrent and Council Tax Support funding to parish and town councils was on hold.

Warwick District's Council Tax Charge for 2016/17 was £151.86. This was well below the national average. Excluding Parish Precepts, this Council was in the second lowest quartile and when Town and Parish Precepts were included it fell within the lowest quartile. It remained the lowest of the five Warwickshire District and Borough Councils, when Parish Precepts were included. The average Band D council tax, excluding parish/town council in 2016/17, was £174.99 and £211.70 when they were included.

The Council Tax Base was calculated in November of last year, with the Council's preceptors being notified accordingly. The Tax Base for 2017/18 was 52,710 Band D Equivalents. This was an increase of 310 Band D Equivalents above that projected in the Strategy when 2016/17 Budgets were set in February 2016. With the increased tax base, the £5 proposed increase in council tax would generate an additional £390,000 per annum in 2017/18.

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 and the addition of the collection fund balance of £20,000 deficit. This figure was divided by the 2017/18 tax base to derive the District Council Band D Council Tax Charge.

The recommendations within this report produced a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2017/18 of £156.86, this being a £5 increase on that of 2016/17. Based on this increase, the Council Tax levels for each of the respective bands were:

Band	£ Charge
Band A	104.57
Band B	122.00
Band C	139.43

Band D	156.86
Band E	191.72
Band F	226.58
Band G	261.43
Band H	313.72

Parish and town councils throughout the District were asked to submit their precepts for 2017/18 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 around £1,300,000 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 and concurrent services, which the Council had agreed to phase out.

At the time of writing the report, neither the County Council nor the Police and Crime Commissioner had set their 2017/18 budgets or element of the Council Tax. The meeting of the County Council was scheduled for the 2 February 2017 and the Police & Crime Commissioner was due to seek approval from their Panel on the morning of 3 February 2017.

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 22 February, 2017 would provide all the required details. This would be distributed to Council as soon as possible following the Police and Crime Commissioner Meeting on the 3 February. 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.

Councillors had a fiduciary duty to the Council Taxpayers of Warwick District Council. Councillors 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. Councillors 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.

Any additions or reductions to the budget, on which no information was given in the report, the Councillor 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. This report set out relevant considerations for deliberations, including the statement at Appendix 10 to the report from the Chief Financial Officer.

Section 106 of the Local Government Finance Act 1992, stated that any Councillor who had not paid their Council Tax or any instalment for at least two months after it became due and which remained unpaid at the time of the meeting, 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 2017/18 was £1,938,358. This was a reduction from the £2,257,564 awarded for 2016/17. There was a consultation about the New Homes Bonus allocations in December 2015. Following consultation, the Government had made the following changes to the New Homes Bonus:-

- Funding had been reduced from the previous six year's retrospective years to five years for 2017/18. Had the six years been maintained, this would have presented the Council with an additional £500,000 New Homes Bonus in 2017/18.
- From 2018/19 allocations would be on the basis of only four years.
- A introduction of a baseline of 0.4% had been included from 2017/18. New Homes Bonus was only awarded on growth above this level. For Warwick District Council, for 2017/18 the 0.4% baseline represents 247 dwellings. With the total growth of 622 Band D properties, the 2017/18 allocation was based on 375 properties. The new baseline was reducing the New Homes Bonus by £300,000 compared to the previous regime.
- The proposals to withhold payments for areas without a local plan were not being implemented for 2017/18, but would be revisited for 2018/19.
- The Government was still to consider withholding payments for homes that were built following an appeal in the future. This was due to be subject to further consultation. At this stage it was not at all clear how this proposal would work in practice.

The December 2015 Consultation was issued because the original scheme was not affordable within the Government's projections. This was widely acknowledged, and hence there had always been caution in relying on future years' allocations. With these reductions to the overall sums being awarded, the scheme should now be more affordable for the Government and present local authorities with more certainty over the future allocations.

Further work was on-going looking at housing building projections used in the Council's Local Plan to see how these would impact upon future New Homes Bonus (NHB) allocations.

Taking into account the fore-going, future years allocations were likely to be in the £1.5m-£2.0m range.

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. £178,525 was due to be paid to Waterloo in 2017/18. Section 3.13 detailed how it was proposed to allocate the Residual Balance for 2017/18.

The Council paid all its employees the Living Wage as determined by the Living Wage Foundation (LWF). This was agreed for 2016/17 at £8.25 and was due to increase for 2017 to £8.45. This was more than the Living Wage as set by the Government, this being currently £7.20, increasing to £7.50 from April 2017. With the increase in the LWF rate, this would continue to apply to employees up to Spinal Column 12 and so should be able to be accommodated within the proposed Budget. The Council should continue to review its commitment to paying the LWF rate annually.

The Medium Term Financial Strategy presented reported in February 2016, when the 2016/17 Budgets were approved, forecast that there would be a £240,000 deficit by 2020/21 unless ongoing savings were identified and delivered within the same period.

	2017/18 £'000	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**
Cumulative Deficit-Savings Required(+)/Surplus(-) future years	75	103	253	240
Change of Previous Year	75	28	150	-13

When setting the base budget in November 2016, there was a forecast deficit of £132,000 by 2021/22 unless savings to the same magnitude could be identified and delivered. Since then, there had been further changes.

The impact of the Major Contract Renewal in 2021/22, was most notable. RPI was now increasing at a higher rate than that built into the Financial Strategy. By 2021/22 it was expected to be 3.2%, 1.2% more than in the Strategy. The RPI factor in the next four years had also been updated. When the current contract was re-let, recycling income tonnage prices had been much higher than they were now. Now that the contractor retained all of this income, it was anticipated that this shortfall would be built into the tender prices. Alongside that, a provision had been made for the National Living Wage. There was now a further increase of some £550,000 above the £600,000 originally forecast when the Strategy was updated to reflect 2021/22 (as reported in the June 2016 Fit for the Future Report).

The full estimated financial implications from the decision in November to invest in the two leisure centres had been factored into the Medium

Term Financial Strategy. These included the cost of borrowing, all direct costs of operating the centres removed, inclusion of the estimated concession, and anticipated savings in support costs of the service. These changes were in addition to the savings that had been made to the leisure centre budgets in recent years.

Various smaller changes had also occurred, the most significant being costs of Benefits E Forms on the CIVICA system £52,000.

Investment Interest forecasts had been updated to reflect the Council's Treasury Management Consultant's latest interest rate forecasts and also the revised forecast balances. The November Base Budget Report reflected a reduction in income of some £345,000. However, this had now improved by some £121,000. An overall change of a £224,000 shortfall on the assumptions in February 2016.

Office Relocation and Town Hall Transfer had both been re-profiled to April 2019/20. This did not impact on the overall savings requirement in the Medium Term Financial Strategy, but did increase the savings to be found for 2018/19.

Extending the £5 increase to Council Tax into future annual increases up to 2020/21 and 2021/22 would yield additional recurrent income of some £180,000.

Taking all of these changes and those reported previously in June and November 2016, plus many minor ones into account, the Medium Term Financial Strategy now indicated that £830,000 of recurrent savings needed to be found outside of those already built into the Strategy. This was replicated in the table below:

	£'000
February 2016 Executive	**240**
Roll Forward 2021/22	49
Major Contracts	1,151
Fit for the Future Programme as amended	-684
Council Tax Increases of £5 up to and including 2021/22	-507
Fees and Charges including Planning and Car Parking income	-316
Electricity costs	335
Pension changes	230
Increased Tax Base (reported November 2017)	-48
CIVICA Costs	72
HEART	50
Business Rates Retention	-210
Investment Interest	224

Other Changes (less than £50,000)	244
February 2017 Executive	**830**

The Table below illustrated savings into each financial year:

	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

Appendix 2 to the report outlined the Medium Term Financial Strategy in more detail. It should be noted, that despite the significant potential savings considered and included within the Medium Term Financial Strategy, further savings were needed to enable the Council to continue to set a balanced budget within the projected level of financial resources.

Of particular note was the shortfall of £412k for 2018/19. Additional savings of this magnitude had to be found before this time next year to ensure that a balanced budget could be set for 2018/19. Further proposals were due to be presented to Members in June 2017 as part of the forthcoming Fit For the Future report.

Within the Medium Term Financial Strategy savings from several significant projects had been included. If these savings were not made, the Council would need to agree on how other savings may be made. The projects savings currently included in the Medium Term Financial Strategy would be found from:-

- Office relocation
- Town Hall Transfer
- Changes to Members Allowances
- Senior Management Review
- Further reductions in Discretionary Spend
- A review of Community Partnership spending
- Increased recycling credits

Officers continued to monitor and update the five year forecast during 2017/18, with reports to Executive as part of the Budget Review process.

Council had agreed that £1.5m should be the minimum level for the core General Fund Balance. This Reserve 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 this was contained at Appendix 11 to the report. This showed the requirement for the General Fund balance of over £1.5 million against the risks identified above. It had been agreed that £1.5m should be the minimum level for the core General Fund Balance.

The General Fund had many specific Earmarked Reserves. These were attached at Appendix 3 to the report, showing the actual and projected balances from April 2016, along with the purposes for which each reserve was held. Finance and Audit Scrutiny Committee was especially asked to scrutinise this element and pass comment to Executive. Those reserves which showed a significant change in the overall balance in the period 1 April 2016 to 31 March 2021 were detailed in Appendix 3, but covered the; Capital Investment Reserve, ICT Replacement Reserve, Gym Equipment Reserve, General Fund Early Retirements Reserve, Equipment Renewal Reserve, Service Transformation Reserve, Public Open Spaces Planning Gain Reserve, Public Amenity Reserve, Corporate Assets Reserve, Community Forums Reserve, Business Rates Retention Volatility Reserve, Leisure Options Reserve and the Community Projects Reserve.

Officers undertook an Options Appraisal when procuring items from the Equipment Renewal Reserve. It was recommended this practice continued and was used for any purchase from a Reserve where this exercise could be appropriate and offered an alternative cost effective means of purchase, e.g. ICT Reserve and Capital Investment Reserve.

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

It was proposed to add the following into the current five year General Fund capital programme :-

Scheme	**Year**	**Amount**	**Financed From**
Colour Copier – replacement for current obsolete machine	2016/17	£74,200	Finance Lease
Replacement Printers and PC's – extension of current programme	2020/21	£27,000	ICT Replacement Reserve
Infrastructure Replacement	2020/21	£35,000	ICT Replacement Reserve
Infrastructure General	2020/21	£13,500	ICT Replacement Reserve
VOIP Telephone System	2020/21	£75,000	ICT Replacement Reserve
Rural & Urban Initiatives Grants – extension of current programme	2020/21	£150,000	Capital Investment Reserve

Scheme	Year	Amount	Financed From
Recycling & Refuse Containers – extension of current programme	2020/21	£125,000	Capital Investment Reserve

In addition to the new projects incorporated above, 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 2017/18 in the General Fund Programme had been incorporated into the proposed Capital Programme in respect of two Play Area Improvement Schemes totalling £109,500.

In addition, the following table showed changes to current schemes that were required to be reported on:

Scheme	Year	Amount	Comments
Leisure Options	2016/17	-£26,000	Transfer to revenue to part fund Programme Managers salary
Green Farm Play Area	2016/17	-£26,800	S106 contribution funding this scheme returned to Developer as Developer now providing play area
Rural & Urban Initiatives Grants	2016/17	-£60,000	2016/17 Underspend
Cubbington Flood Alleviation Scheme	2016/17	-£17,200	Transferred to revenue to meet ongoing maintenance costs
Royal Spa Centre Operational Works	2016/17	-£48,000	Scheme completed under budget
Recycling and Refuse Containers	2016/17 – 2019/20	-£40,000 per year	Transferred to revenue to fund bin delivery costs

Part 5 of Appendix 6 to the report showed the General Fund unallocated capital resources which totalled £2.866m. The Capital Investment Reserve represented the largest share of this at £1.392m, for which the Council had agreed the minimum balance should be £1m. Whilst the Council held other reserves to fund capital projects, it should be noted that these were limited and had been reserved for specific purposes. The Capital Receipts shown related to the funding originally allocated to Kenilworth Public Service Centre. With this scheme no longer within the Capital Programme, this funding should now be available to fund other capital projects that may come forward.

The latest Housing Investment Programme (HIP) was shown at Part 2 of Appendix 6 to the report.

Slippage to 2017/18 in the Housing Investment Programme since last reported to was as follows:

Scheme	Amount
Environmental Works - General	£87,000
Electrical Fitments/Rewiring	£500,000

In addition, the following tables showed new schemes and changes to current schemes:-

New schemes:-

Scheme	Year	Amount	Financed from
Cloister Way House Purchases	2017/18	£825,300	1 for 1 capital receipts

Changes to current schemes:-

Scheme	Year	Amount	Comments
Improved Ventilation	2016/17	£5,000	Saving
Environmental Works – Tenant Participation Projects	2016/17	£46,000	Saving
Mandatory Disabled Facilities Grants	2016/17	£132,100	Saving

Part 4 of Appendix 6 to the report showed the funding of the Housing Investment Programme and the funding available. The total funding accruing over the period to 2020/21 that had not currently been allocated to funding the HIP was as follows:-

	£000
Capital Receipts	9,614
Capital Receipts: One for One replacement	8,375
HRA Capital Investment Reserve	38,315
Major Repairs Reserve	13,848
S 106	1,002
Decent Homes Grant	138
Total	**71,292**

The Capital Receipts primarily related to Right to Buy Sales. The Council did have freedom over how these were utilised, being able to fund General Fund or Housing capital schemes. The Council's policy had been for these to be retained for housing purposes, and currently primarily assisting to fund the Disabled Facilities Grants. As the Council did legally have scope to use these receipts for any capital funding, it had been proposed to use £1.5m in 2016/17, £323,000 in 2017/18 and £77k in 2018/19to fund the General Fund Capital Programme, as outlined in paragraph 3.3.7 of the report. In addition, given the Council's current financial position the Council should review its policy for the future use of this funding. It was proposed that this should be further considered as part of the forth-coming Fit For the Future report in June.

The Capital Receipts One to One were an element of the receipts from Right to Buy Sales that would otherwise be paid to Central Government. The Council needed to use this funding towards new additional dwellings. If this funding was not used within a three year period from the date of receipt, this funding would be repayable to the Government, along with interest.

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 primarily be used for the provision of new HRA stock. However, with details of the high value voids levy proposed by the Government still awaited, the funding might not be available to invest in new dwellings and might be needed to fund housing association Right to Buy.

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

The Section 106 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 need to be utilised or they might be needed to be repaid to the developers.

It should be noted that the Council was predicted to accrue substantial resources in future years to fund the Housing Investment Programme.

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 8 to the report. Further indicators were included within the Treasury Management Strategy Report.

Based on the details presented in this report, the Council had the following one off funding and balances over which it had discretion over its utilisation:

- New Homes bonus (£1,759,833 net of payment to Waterloo Housing Association)

- 2016/17 Surpluses, totalling £96,200.

The following demands on this funding were proposed to be specifically resourced:-

- The Early Retirement Reserve had a forecast balance of £143,000 at 31 March 2017. There were various initiatives and staffing reviews underway and to be undertaken during 2017/18. It was therefore considered prudent to maintain a healthy balance in this reserve.

- In previous years, the Council had a Contingency Budget (approx. £200,000) to allow for unforeseen events which could not be met from other funding sources. Where these were unavoidable, the Contingency Budget had been utilised.

- Future reports would consider funding requests in respect of Digital Transformation and One Stop Shop Digital Investment.

- Newbold Comyn and St Nicholas Park Leisure Centres were undergoing refurbishment ahead of the Centres being outsourced. Phase 2 of the refurbishments at Kenilworth had still to be done. A report would be forthcoming ahead of feasibility work for this project commencing.

- Linen Street Car Park was in need of refurbishment or demolition and rebuilding. Monies were needed to undertake feasibility works prior a business case being brought to forward with proposals for a way forward. A more detailed report would be presented outlining the business case for parking in Warwick.

- Public Sector Housing. As a result of a peak of additional work for the private sector housing team, with 164 HMO licenses due for renewal in September as part of the 5 year licensing cycle, and an estimated 200 new properties likely to be licensable under the new regulations that it was anticipated would be introduced by Government in October, additional staffing resource was required. Budget provision had been made available to recruit 1x F grade officer and 1x H grade admin assistant from the start of the second quarter. The need for any additional resource would be considered 'in-year' when the date of implementation of the new licensing regime is confirmed and addressed through the contingency budget if appropriate.

Alongside the projects detailed in 13.3.2, there would be other projects which would benefit the community in Warwick District. It was therefore proposed that after allocating monies to the Contingency Budget, Early Retirement Reserve and projects above, the residual £867,833 be allocated to a new Community Projects Reserve. When monies were ready to be spent on one of these projects a separate Report would be brought to the Executive prior to it being drawn down.

Some of the projects for which funding was likely to be sought included the following:-

- Executive and Council had already received Reports on St Mary's Lands. The last one being in November 2016. The Executive had agreed a Delivery plan of proposals amounting to £256,000 over 2 years (£196,000 and £60,000 respectively) be considered as part of the budget process for 2017/18 and 2018/19. It was now proposed that the sum was re scheduled to £86,000 and £170,000 respectively to allow for the proper planning of the car parking element (£110,000).

- A report was due to come to the Council which considered the purchase of land off Europa Way to facilitate the relocation of Leamington Football Club and in turn for its current site to be used as a Gypsy and Traveller site. It was proposed that the land purchase and associated costs be funded by borrowing, incurring approximately £325,000 debt servicing costs per annum, the first four years of which would be proposed to be funded from the Community Fund Reserve, so giving time to provide for its ongoing funding to be sourced within the General Fund. The scheme as a whole would allow for the construction costs of a stadium to be sourced from commercial and other enabling development. To facilitate the first stage of that process £100,000 was proposed to be used to undertake a detailed development appraisal and to cover project management costs. This was also proposed to be funded from the Community Fund Reserve.

- Funding was needed to undertake preliminary investigation and consultation to enable an evidence-based assessment of the likelihood of achieving Parks for People funding for Abbey Fields from the Heritage Lottery Fund.

- Funding was needed to improve and repair a major footpath running through Abbey Fields.

Further funding requests were possible including:

- a small amount of funding, possibly 'match-funding', would be required during the financial year to enhance the external communal areas, street scene, car parking area and signposting within the Spencer Yard complex to complement the development of the Creative Quarter initiative.

- a small amount of funding would be required during the financial year to develop a partnership project to investigate the deployment of digital screens at selected Council buildings to promote the town centre and Council activities and to allow the commercial potential of the project to be investigated.

- The Leamington Town Centre Vision would be presented to Council for its endorsement during the financial year, in addition to it being presented to the other organisations represented in the partnership developing the Vision for their endorsement, and that some 'seed-funding' would be required for initial priority work, for example, improvements to the routes from the station to the town centre, to deliver the Vision.

- This approach also gave the Council the opportunity to consider during the year community based schemes that may not otherwise qualify for the Council's RUCIS scheme.

The following uses of these balances/funding was now proposed:-

	2017/18 New Homes Bonus	**2016/17 Surplus**	**Unspent Contingency Budgets 2016/17**	**Total**
	£	**£**	**£**	**£**
Waterloo Housing Association	178,525			**178,525**
Early Retirement Reserve	150,000			**150,000**
Contingency Budget 2017/18	104,500	50,500	45,700	**200,700**
Kenilworth (Leisure Ph2)	100,000			**100,000**
Digital Transformation	200,000			**200,000**
	2017/18	**2016/17 Surplus**	**Unspent Contingency Budgets 2016/17**	**Total**
OSS Digital Investment	50,000			**50,000**
Linen Street re-provision	250,000			**250,000**
Private Sector Housing Resources	37,500			**37,500**
Community Projects Reserve	867,833			**867,833**
Total	**1,938,358**	**50,500**	**45,700**	**2,034,558**

In the December Autumn Statement, the Government announced a package of business rates measures including the Government doubling rural rate relief to 100% from 01 April 2017.

The Government intended to amend the relevant primary legislation to require local authorities to grant 100% mandatory rural rate relief. However, before legislation was amended the Government expected local authorities to use their local powers (under section 47 of the Local Government Finance Act 1988) to grant 100% rural rate relief to eligible ratepayers from 01 April 2017.

It was for individual local authorities to decide to award relief but if the local authority chose to support the Autumn Statement initiative, then Central Government would fully reimburse the cost of the local share of awarding the relief by means of a section 31 Grant. Consequently, the Council would be no worse off under the business rates retention scheme if they adopted the scheme.

The Council did not have an alternative to setting a Budget for the forthcoming year. Members could, however, decide to amend the way in which the budget was broken down or not to revise the current year's

Budget. However, the proposed latest 2015/16 and 2016/17 were based upon the most up to date information.
The Finance & Audit Scrutiny Committee raised concerns that the Right To Buy Capital Receipts were being utilised for functions unrelated to the supply of housing but noted that the Council was not restricted in its right to do so.

Concerns were also raised about the management fee likely to be offered to the successful Leisure Centre operators in recognition of the large upfront investments required including in gym equipment. However, the Committee noted the officers' assurances that this should result in significantly favourable concession payments in subsequent years, that risks would be adequately controlled and that information would be shared with Members once negotiations were concluded.

Whilst reviewing the Medium Term Financial Strategy, concerns were raised about increased spending on ICT equipment and software and some other specific large outlays. Conversely, it was noted that the projected income from Leisure Centres did not yet reflect the expected favourable outcome expected.

Overall, therefore, the Finance and Audit Scrutiny Committee supported the recommendations in the report.

The Executive recognised the significant reduction in the net expenditure of the authority which over recent years had been reduced from over £18 million to under £12 million. They thanked all officers for their work in achieving this and for continuing to deliver services at the same standard. They recognised that it was getting harder to achieve the savings required.

They recognised the improvements in forecasting by officers that removed would remove some of the surprises that had previously occurred and recognised the need to balance this with being prudent.

They highlighted that while the Council was maintaining a balanced General Fund budget, there was still a need to plan for long term sustainable maintenance of Council assets and the removal of depreciation out of the Council tax calculation by the Labour Government had impacted on this.

The Portfolio Holder for Finance reminded Members that the Leisure contract was an innovation that needed to be taken and officers were to be congratulated for their work on delivering this project in tough circumstances. The decision to provide discretion to potential management companies for the leisure centre would provide a greater return to the Council over the full length of the contract therefore delivering improved value for the Council. Councillor Whiting continued that for this reason it was disappointing to see the statements from the Labour Group in the media. He accepted that there was a risk if the contractor went into administration but this had not occurred to date in any similar scheme and in return the Council should receive a guaranteed indexed link return.

Finally, he stated that the main reason for the Council not investing in housing at the present time was because of the uncertainty in this area for all of local government and it would be folly to embark on such projects at this time. Therefore, at this time the money would be better used for the community and did not impact on the ability to deliver social housing when the uncertainty had been removed.

Recommended that Council:

(1) approves the proposed changes to 2016/17 Budgets detailed in paragraph 3.2 of the report;

(2) approves the Revised 2016/17 Budget of Net Expenditure of £11,969,306 (Appendix 1 to the report) after allocating a surplus of £96,200 (paragraphs 3.2.2 and 3.2.4 of the report);

(3) approves the proposed changes to 2017/18 Base Budgets detailed in paragraph 3.3 of the report.

(4) approves the proposed Budget for 2017/18 with Net Expenditure of £14,858,673 taking into account the changes detailed in paragraph 3.3 and summarised in Appendix 1 of the report;

(5) approves the use of the Leisure Options Reserve by the Heads of Finance and Cultural Services in consultation with the respective Portfolio Holders towards the upfront investment costs that will be incurred by the new leisure centre operator as set out in paragraph 3.3.8 of the report;

(6) notes the Grant Settlement for 2017/18 as discussed in paragraph 3.4.1 of the report; and approves that should there be any changes between the indicative Revenue Support Grant and the final amount, the changes will be managed through the Service Transformation Reserve (para 3.4.6), and any change in the Business Rate Retention figures is reflected in the use of the Business Rate Retention Volatility Reserve (paragraph 3.5.7 of the report);

(7) approves the Council Tax of a Band D property for Warwick District Council for 2017/18 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts is agreed at £156.86 representing a £5 increase on 2016/17.(paragraph 3.6.7 of the report);

(8) subject to approval of the above Budget 2017/18, the Council Tax charges for Warwick District Council for 2017/18 before the addition of Parish/Town Councils, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band be agreed as follows:

Band	**£ Charge**
Band A	104.57
Band B	122.00
Band C	139.43
Band D	156.86
Band E	191.72
Band F	226.58
Band G	261.43
Band H	313.72

(9) continues to pay the National Living Wage to its employees, with the rate increased to £8.45 (as determined by the Living Wage Foundation) from April 2017 (paragraph of the report 3.8.1);

(10) notes the Medium Term financial projections as shown in the Strategy at Appendices 2; along with the underlying deficit of some £830,000 unless this can be addressed by savings of the same magnitude delivered by 2021/22 (paragraph 3.9.5 of the report); and that there would be a further update in June 2017, including details of how this may be resolved in a Fit for the Future Report;

(11) notes the Reserves Schedule as at 1st April 2017 and projected balances at Appendix 3;

(12) approves the establishment of a new Community Projects Reserve, with the Executive to agree allocations from this

reserve. (paragraphs 3.10.3.xiii and 3.13.3 of the report);

(13) approves that the Equipment Renewal Schedule (Appendix 4 to the report) and ICT Schedule (Appendix 5 to the report) will be financed by the respective reserves and notes that neither reserve is fully funded in the long term unless further sources of finance in addition to the recurrent allocations as approved in the September 2015 Fit for the Future Report (paragraphs 3.10.3 v and ii of the report) can be found;

(14) notes the funding shortfall for future Pre-Planned Maintenance work, and this will be considered further within the forth-coming March Executive Report on the Corporate Property Planned Preventative Maintenance Programme (paragraph 3.10.3 ix of the report);

(15) approves the General Fund Capital and Housing Investment Programmes as detailed in Parts 1 and 2 of Appendices 6 of the report, together with the funding of both programmes as detailed in Parts 3 and 4 Appendices 6 to the report and the changes described in the tables in paragraph 3.11 and Appendix 7 to the report;

(16) recognises that it is not restricted in the use of Right to Buy Capital Receipts for the Housing Investment Programme, agrees that £1.9m of these be utilised to part fund the 2016/17, 2017/18 and 2018/19 General Fund Capital Programmes, and that this policy will be subject to further consideration within the June Fit For the Future Executive report (paragraph 3.11.11 of the report);

(17) approves the Prudential indicators (paragraph 3.12 and Appendix 8 to the report);

(18) approves the Financial Strategy (paragraph 4.2 and Appendix 9 to the report);

(19) notes the 2017/18 proposed New Homes Bonus of £1,938,358 and approves the allocation of this as follows, as detailed in paragraph 3.13.6 of the report:

New Homes Bonus - 2017/18 Allocation	1,938,358
Waterloo	-178,525
Early Retirement Reserve	-150,000
Contingency	-104,500
Kenilworth (Leisure Ph2)	-100,000
Digital Transformation	-200,000
OSS Digital Investment	-50,000
Linen Street re-provision	-250,000
Private Sector Housing Resources	-37,500
Community Projects Reserve	-867,833
Total Allocated	**-1,938,358**

(20) notes that the 2016/17 General Fund budgeted surplus of £50,500 will be incorporated into a 2017/18 Contingency Budget. In total the 2017/18 contingency budget would be £200,700 when some of the New Homes Bonus (£104,500) and balances on various Contingencies Budgets from 2016/17 (£45,700) are also included. (paragraph 3.13.6 of the report);

(21) notes the mitigations and controls in place to alleviate the financial risks as detailed in Section 6 of the report;

(22) approves the requests for revenue slippage to 2017/18, where it is not possible to complete projects by 2016/17 as set out at Appendix 10 to the report; and

(23) adopts the discretionary measure of doubling rural rate relief to 100% from 01 April 2017, funded by Government Grant following the announcement in the December Autumn Statement (paragraph 3.14) .

(The Portfolio Holder for this item was Councillor Whiting)
Forward Plan reference number 807

88. **Housing Revenue Account (HRA) Budget 2017/18 – Council Tenants**

The Executive considered a report from Finance that presented the latest Housing Revenue Account (HRA) budgets in respect of 2016/17 and 2017/18.

The information contained within the report supported the recommendations to Council in respect of setting next year's budgets, the proposed changes to council tenant housing rents, garage rents and other charges for 2017/18.

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.

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.

As planned, the rent reduction would apply to supporting housing, with rents in these properties decreasing by 1% a year for three years, up to and including 2019/20.

The existing exemption for specialised supporting housing would remain in place and be extended over the remaining three years of the policy for mutual / co-operatives, alms houses and Community Land Trusts and refuges. However, this Council did not currently have any housing which would meet these criteria.

For void properties, the Council was able to set the base rent as the Target Social Rent (also known as Formula Rent). This represented a small increase over the social rent charged by the Council to tenanted properties and would increase projected rental income by around £5,000 in 2017/18. However, this rent had to be subsequently reduced by 1% at the next annual rent review when the property was re-let to comply with the July 2015 policy announcement included in Welfare Reform and Work Bill 2015/16.

The only exception would be in respect of properties at Sayer Court, Leamington where the Council had previously decided 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 2017/18 would be charged at the current full level of rent.

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

The report recommended compliance with national policy and guidance on the setting of rents for General Needs and Supported Housing properties.

The shared ownership properties rent increases were not governed by the national Policy. Schedule 4 of the lease agreement allowed the

Council to increase rents for shared ownership properties by RPI + 0.5% in April 2017.

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. To date 88 garages had been demolished or disposed of to provide land for new affordable housing.

Market Research showed that in the private sector, garages were being marketed for around £80 per month (as at January 2016). The average monthly rent for a Council garage rent was currently £26.

With regard to these factors, 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 funding was available for responsive repairs and modernisation of the whole HRA stock.

This increased projected income for 2017/18 by £100,000 compared to 2016/17.

For tenants, most garage rents would increase by 77p per week, from £6.11 to £6.88. Non-tenants also pay VAT on the charge, so it would increase by £1.14 per week, from £7.33 to £8.47.

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 Council adopted the Homes and Communities Agency (HCA) template lease agreement which included a schedule on rent review. The lease determined that the rent would be reviewed in April 2017 and would be increased by RPI + 0.5%.

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.

In addition to the changes identified in the report, the HRA would be budgeting to provide an additional £545,900 to fund Housing Related

Support Services in 2017/18, pending a review of service (as outlined in the HRS Committee Report – February 2017). Any surplus would be returned to the Capital Investment Reserve following the review, due in July.

The dwelling rents had been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers for 2016/17 and 2017/18. This included additional rental income from the 81 new build properties at Sayer Court which were completed Q3 2016 and were in the process of being let to tenants.

The garages rental income had been increased to take into account the £4 per month average increase in charges for 2017/18.

The bad debt provision had been reduced by £56,800 to 1.5% of gross rents (down from 1.71%) for 2017/18. This was to reflect a reduction in the value of rent arrears over the past two years. The introduction of Universal credit was expected to result in an increase in the levels of rent arrears. However, this was not expected to be fully implemented until summer 2018.

Full details of the Budget would be included within the Budget Book which would be available to Members ahead of Budget/Rents Setting by Council although a summary was provided in Appendix 3 to the report.

The Housing Investment Programme was presented as part of the separate February 2017 report 'General Fund Budget'.

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 Council had discretion over the setting of Garage rents and, as an alternative, it was possible for each 1% change in garage rents results in an increase or decrease of potential income of around £5,200 per year. It would be possible to set Garage rents higher than those proposed to maximise income; however, significantly higher rents could make Garages harder to let and so reduce income. Similarly, rents could also be reduced but this would reduce income to the HRA Budget when it is needed. The review of the HRA Business Plan during 2017/18 would consider options for increasing the financial viability of providing garages.

The Council had the discretion to decrease rents for existing tenants by more than the 1% prescribed.

An addendum was circulated at the meeting which advised that for tenants most garage rents would increase by 95p per week, from £6.11 to £7.06. Non-tenants also paid VAT on the charge, so it would increase by £1.14 per week, from £7.33 to £8.47.

The values for tenants in the report previously were based on an average of all garages, whereas the VAT values were based on a Mode average. They were now both based on the Mode Average so that the data was consistent. None of the changes had a financial impact upon the HRA.

The Finance & Audit Scrutiny Committee raised concerns relating to the increase in garage rents and hoped that this would go towards funding the repair and maintenance of the garages. Members noted, however, that the strategy relating to garages had been delayed until a new Head of Housing was in post.

The Finance and Audit Scrutiny Committee supported the recommendations in the report.
The Executive thanked the Scrutiny Committee for their comments and reemphasised the main reason for not building houses at present was because of the uncertainty from central government.

Recommended to Council that

(1) housing dwelling rents for 2017/18 be reduced by 1% for existing HRA dwelling tenants;

(2) the rents for Designated, Sheltered and Very Sheltered dwellings for 2017/18 is reduced by 1%;

(3) HRA dwelling rents for 2017/18 onwards for new tenancies are set at Target Social Rent, except for Sayer Court, which are to be set at Warwick Affordable Rent levels;

(4) shared ownership properties rents will increase by RPI + 0.5% in accordance with the terms of the lease;

(5) garage rents for 2017/18 be increased by an average of £4 per month (excluding VAT where applicable);

(6) the latest 2016/17 and 2017/18 Housing Revenue Account (HRA) budgets be agreed as set out at Appendix 3 to the report; and

(7) the 2017/18 Budget to incorporate an additional £545,900 to fund Housing Related Support Services in 2017/18, pending a review of service (as outlined in the HRS Committee Report – February 2017).

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan reference 808

89. **Heating Lighting and Water Charges2017/18 – Council Tenants**

The Executive considered a report from Housing & Property Services which set out the proposed recharges to Council housing tenants for the provision of communal heating, lighting and water supply during 2017/18.

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 also 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 past three years, updated for current costs and adjusted for one third of any over-recovery or under-recovery in previous years. The charges for 2017/18 were calculated on the basis of average consumption for 2013/14, 2014/15 and 2015/16. The use of an average ensured that seasonal and yearly variations were reflected in the calculation.

For reference, 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 aimed 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 should be constrained to 95p to ensure it 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 were increased by the lower of the full amount, to achieve full cost recovery or an amount equal to 1% of the rent due for the property. This approach enabled full cost recovery to be phased in gradually and ensured that no excessive increases to the charges were made in one year.

The proposed increase in weekly charges was equivalent to the 1% decrease in average rent to tenants. This was a fair approach as it facilitated the council implementation of full costs recovery and it did not make tenants worse off, as detailed at Appendix 1 to the report.

The Gas and Electricity contracts for the authority had been renegotiated in 2016/17, with savings achieved on the gas contract and an increase agreed on the electricity contract. Any savings / increases would be passed on to tenants in future years.

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 also 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 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. This would mean a number of tenants would be paying an increase in charges of up £3.40 per week (£176.8 per year), while other tenants would see a reduction in the charges they paid by up to 80p per week (£41 per Year).

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.

Recommended that Council approves the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the rent year commencing 4 April 2017, as set out in Appendix 1 & Appendix 2 to the report.

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan Reference 809

90. **Treasury Management Strategy Plan for 2017/18**

The Executive considered a report from Finance that detailed the strategy for 2017/18 that the Council would follow in carrying out its Treasury Management activities including the Annual Investment Strategy and Minimum Revenue Provision (MRP) Policy Statement.

The Council was required to have an approved Treasury Management Strategy, including an Annual Investment Strategy and Minimum Revenue Provision Policy within which its Treasury Management operations could be carried out. The Council would be investing approximately £18.86 million in new capital schemes in 2017/18 and would have average investments of £75 million (2016/17 latest £72m). The Council was running out of suitable counterparties with which to invest thus requiring changes to counterparty limits in 2017/18 in order to create headroom to absorb the predicted increase in investment balances from 2017/18 onwards. The level of cash available to invest arose from the Council’s reserves and provisions, the General Fund (GF) and Housing Revenue Account (HRA) balances, and accumulated capital receipts as well as working capital cashflow.

The Council’s treasury management operations were also governed by various Treasury Management Practices (TMP’s), the production of which was a requirement of the CIPFA code and which must be explicitly followed by officers engaged in treasury management. These had previously been reported to the Executive. There had been the following changes to various Treasury Management Practices (TMP’s) and these changes were summarised within the report.

The Council had regard to the Governments Guidance on Local Government Investments and CIPFA’s updated Treasury Management in Public Services Code of Practice. The guidance stated that an Annual Investment Strategy must be produced in advance of the year to which it related and must be approved by Council. The Strategy could be amended at any time and it must be made available to the public. The Annual Investment Strategy for 2017/18 was contained within Appendix B to the report and its Annex.

The Council had to make provision for the repayment of its outstanding long term debt and other forms of long term borrowing such as Finance Leases. Statutory guidance issued by CLG required that a statement on the Council’s policy for its annual MRP should be submitted to the Council for approval before the start of the financial year to which it relates and this was contained in Appendix C to the report.

The Prudential Code for Capital Finance in local authorities, which was revised in 2011, introduced new requirements for the manner in which capital spending plans were to be considered and approved, and in conjunction with this, the development of an integrated treasury management strategy. The Prudential Code required the Council to set a number of Prudential Indicators and this report incorporated, within section 5 of Appendix A, the indicators to which regard should be given when determining the Council’s treasury management strategy for the next three financial years.

The approval of an annual Treasury Management Strategy was a requirement of the CIPFA Treasury Management in the Public Services Code of Practice, the latest version of which was adopted by the Council in 2011/12. Therefore, an alternative to the strategy being proposed for 2017/18 would be to not alter the current counterparty limits but this would risk the Council running out of acceptably credit rated counterparties and possibly having to lower its minimum credit ratings below that which it felt comfortable with.

Finance & Audit Scrutiny Committee fully supported the recommendations in the report along with the potential for encouraging other Financial Advisors to work with Local Authorities in the future. Members also noted that whilst the risk profile was increasing, the Council was doing all it could to mitigate this whilst strengthening Capital Security.

The Executive thanked the team for their work on this and for taking the Council into equity investments.

Resolved that the changes to the various Treasury Management Practices as detailed in paragraph 3.2 of the report be noted.

Recommended that Council approves

(1) the Treasury Management Strategy for 2017/18 as outlined in paragraph 3.1 of the report and detailed in Appendix A to the report;

(2) the 2017/18 Annual Investment Strategy as outlined in paragraph 3.3 and detailed in Appendix B to the report together with Annex 1 including the following changes:-

a) that as per the table in paragraph 2.2 of Appendix B to the report, the current counterparty limits in relation to the appropriate long term credit rating are increased to those shown in the table;

b) that as per paragraph 2.5 of Appendix B to the report, in relation to Corporate Equity Funds the current risk categories of low, medium and high and individual fund limits of £3m, £2m and £1m respectively are replaced by low and medium risk with fund limits of £4m and £2m respectively. In each case the limit to be subject to a 10% allowance for capital growth. These changes to take immediate effect.

c) that as per paragraph 2.6 of Appendix B to the report, the policy on the use of Financial Derivatives is approved;

(3) the Minimum Revenue Provision Policy Statement as outlined in paragraph 3.4 of the report and contained in paragraphs 4.1 to 4.4 of Appendix C of the report; and

(4) the Prudential Indicators as outlined paragraph 3.5 below and contained in paragraphs 5.1 to 5.5 of Appendix A of the report.

(The Portfolio Holder for this item was Councillor Whiting)
Forward Plan reference 810

91. **Housing Related Support Services**

The Executive considered a report from Housing & Property Services that made recommendations to ensure the future delivery of housing related support services to Warwick District Council tenants who lived either in our sheltered schemes or in a property designated for older people. This followed the withdrawal of funding from Supporting People grant administered by Warwickshire County Council.

The recommendations followed a commitment by Warwick District Council to continue with support services to our tenants and to continue to offer Lifeline services to the wider public. The new charges recommended offer the Council a platform for further work to review services and form part of an overall plan to continue to deliver good housing support services.

Supporting People funding of £463,700 per annum previously contributed towards the cost of the provision of services to tenants in sheltered and designated properties but this funding, paid to the Council by Warwickshire County Council, ceased on 31 July 2016.

In anticipation of this cessation of funding, the Executive agreed on 13 January 2016 to approve the utilisation of additional budget provision, held within the HRA Business Plan, to maintain existing levels of Housing Related Support to tenants of the Council's sheltered schemes and properties designated for older people. This provision was made available until July 2017, allowing services to be maintained for the remainder of the financial year 2016/17 and the start of the financial year 2017/18 while new proposals for funding the service were developed and brought forward for approval.

The recommendations set out proposals for new charges, as part of the Council's response to the loss of grant. Other proposals related to a full review of the staffing of the service and active management steps to market the services and hence increase income. These proposals would be reported to Employment Committee and a further report would come to Executive in June 2017 to show how the current funding gap, set out in section 5, would be addressed as a result.

As part of the review, extensive consultation had taken place with tenants. Informal consultation was undertaken in early 2016 and in October 2016 formal consultations started, with proposals sent out to all the 1,300 tenants affected. In addition, nine public meetings were held, having advertised them in the consultation documents. These were a useful opportunity to explain the proposals and discuss any concerns. The deadline for comments from the consultation was the 20 December 2016.

The consultations for the sheltered schemes and the designated properties were separate. The proposal put forward to sheltered residents was that:

"We will continue to provide a service similar to the one we provide now. There will be an officer on duty at each scheme Monday to Friday, and an officer to visit each scheme on Saturday and Sunday. Daily welfare checks will be made as required.

There will be a 24/7 Lifeline and emergency response service.

It will be a condition of your tenancy that you receive this service (you will not be able to opt out of this service).

You will be required to pay for this service (some of the cost may be met by housing benefit)."

Of the 186 tenants 70 forms were returned. The response to this was as follows:

	Number	Percentage
Agree with the proposal	59	84%
Do not agree with the proposal	11	16%
	70	100%

Tenants expressing views at the public meetings were generally pleased; reassurance was provided to those present that the charges associated with this proposal would be in the region of £10 to £15 per week. As some residents were paying £29.12 per week, most residents were satisfied. The Council was also able to inform tenants that the charge for the Lifeline part not be eligible for housing benefit would be under £5 per week and those attending the meetings did not express any views that indicated they thought this was unreasonable.

A typical comment recorded from the consultation *"It is very comforting to know for myself and my family that I will have the Lifeline, best thing ever. Thank you and well done!"*

The tenants of our designated properties for the over 60s, were consulted on two different proposals, reflecting the views expressed during the informal consultations already held. The two proposals were as follows:

Proposal 1: Lifeline service is a condition of your tenancy and you will be required to pay for the service.

Proposal 2: Lifeline service is not a condition of your tenancy and you will only pay for the service if you require it.

The results of the consultation were as follows:

Proposal	Number	Percentage
Option One	107	26%
Option Two	307	74%
Total	414	100%

The tenants attending meetings showed a clear preference for an opt-in service; with a number of tenants feeling they did not need this at the moment and therefore felt that they should not have to pay for this service.

The proposals set out for approval were, therefore, in line with the preferences expressed by the majority of tenants in the consultation exercise and thus could be expected to have supported from most of the residents affected.

The proposed weekly charges, as referred to in 2.2 and 2.3, were set out below:

	Existing SP charge	New charges	Of which not eligible for HB
Sheltered schemes	£29.12	£12 (£8.40 intensive housing management+ £3.60 Lifeline service) Compulsory for all customers	£3.60
Designated properties	£11.50	£7.56 (£3.96 intensive housing management + £3.60 Lifeline service) Voluntary, tenants can opt out	£3.60
Designated properties	£6.52	£7.56 (£3.96 intensive housing management + £3.60 Lifeline service) Voluntary, tenants can opt out	£3.60

Discussions had taken place with the Housing Benefits team who had confirmed that the intensive housing management charges would be eligible for Housing Benefit and that the charges for Lifeline were not eligible for Housing Benefit.

Of the 84 residents of the sheltered schemes, 39 would have to pay £3.60 per week when they were currently not having to pay for this service. 45 residents would be better off as they were currently paying the full £29.12 per week charge.

Subject to approval of recommendations 2.2 and 2.3, in the report, residents would be informed of the results of the consultation and these charges as part of the new rent notification letters to be sent out at the end of February, with the new charges being implemented on the 3 April 2017.

This review had also highlighted that some properties that were currently designated as older person properties were perhaps not best suited to this categorisation. We were finding that some properties advertised to the over 60s were on many occasions receiving no or very few bids and were having to be re-advertised, with a reduced age restriction which delayed re-letting. At the same time the Council had applicants with medical priority or other priorities that had to wait years for a reasonable offer of accommodation.

Two groups of properties had been identified for review:

a) 42 properties in mixed blocks, so some residents in the block were of a designated age and others were not; and
b) 200 properties in flats where access was not via a communal entrance.

If the recommendation was accepted, consultation would begin in April 2017, consideration would be made on individual locations depending on the feedback and circumstances of each location. A report of any changes recommended would come back to Executive for approval.

Removal of the designated status would open up the properties upon re-letting to the Right to Buy. The designated properties were currently excluded from the Right to Buy. However, officers did not believe the Council should keep the designated status just to preserve this restriction. It was more important that the Council were making the best use of stock given the housing demands in the District.

Alternatively, the Council could decide to no longer provide Lifeline Services or support services to older tenants. The proposed charges were considered reasonable and were part of the response to provide properly funded and effective services.

The Council could continue to impose charges on tenants of our designated properties and not allow an opt-out. This would be unpopular but would better preserve income to pay for services. It was expected that with the charges proposed, savings that could be made, and the marketing to increase take up of Lifeline services, the Council could continue to deliver effective services to older residents.

If the Council were unable to increase take up of Lifeline services within two years, a re-evaluation of the continuation of Lifeline services would take place.

Members of the Finance & Audit Scrutiny Committee raised concerns about the impact to residents of changes to some housing designations but noted Officers’ assurances regarding consultation and the option of adjusting designations. They commended the significant reduction in some charges as a result of the review.

The Committee therefore supported the recommendations in the report and noted that most residents were satisfied with the services being provided.

The Executive welcomed the comments of the Scrutiny Committee and highlighted that in essence this Council was picking up the ball from Warwickshire County Council but as a result the Council would be paying less.

Recommended to Council that it

(1) it notes the extensive consultation that has taken place with residents of sheltered schemes and tenants of designated properties for older residents;

(2) approves a service charge from 3 April 2017 for our sheltered schemes of £8.40 per week for intensive housing management services, and a service charge of £3.60 per week for the Lifeline service. These charges replace the £29.12 per week Supporting People Charges for the tenants of the five sheltered schemes: Acorn Court, Chandos Court, James Court, Tannery Court and Yeomanry Close. These charges will be charged to all residents of the schemes as part of their tenancy agreement obligations;

(3) approves a service charge from 3 April 2017 for our designated properties of £3.60 per week for a Lifeline alarm service, or £7.56 for Lifeline Plus services (£3.60 plus £3.96 intensive housing management charge). These charges replace the existing Supporting People charge of £11.50 or £6.52 per week;

(4) approves the charges set out in 2.3 above will no longer be obligatory, as part of the tenancy agreement, with charges only being levied where agreed with the tenant that they require these services;

(5) notes that proposals for new management arrangements for housing support services will be reported to the March 2017 Employment Committee and that a full redesign of the teams delivering these services will be presented for consideration at the Employment Committee in June 2017, with any cost implications, including potential redundancy costs, also reported to Executive in June 2017; and

(6) notes the consultation with tenants on the removal/changes of age restrictions on 42 properties in mixed age blocks and a further 200 properties where there is a specific access to the property rather than a communal block entrance, with the outcomes of the consultation and any subsequent proposals on the removal or alteration of age designations being reported back to a future Executive.

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan Reference Number 777

Part 2

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

92. **A New Bridge over the River Avon on St Nicholas' Park, Warwick and Improvements to Myton Fields Car Park**

The Executive considered a report from the Deputy Chief Executive (AJ) that sought approval for investigating the viability and costs for the introduction of a new bridge over the River Avon on St Nicholas' Park Warwick and improvements to the Myton Fields Car Park.

Warwickshire County Council (WCC) had recently undertaken a major public consultation exercise in relation to its highway proposals for Warwick town centre. The proposals supported delivery of the Warwick District Council (WDC) Publication Draft Local Plan. At the request of Historic England (HE) and others, a different approach had been applied to the highway proposals, with greater emphasis given to improving air quality, improving connectivity for pedestrians and cyclists, improving the setting of heritage assets, introducing a 20 mph speed limit and generally enhancing the visitor experience.

A new bridge over the River Avon and joining Myton Fields to St Nicholas Park could potentially help with this objective, and would create a new sustainable travel link between Warwick town centre and the schools along the Myton Road, and with the housing area (current and emerging) south of Warwick. The bridge could also provide an opportunity for fresh interpretation of Warwick Castle, St Nicholas' Park, and the River Avon.

The Chief Executives of both Warwick District Council (WDC) and Warwickshire County Council (WCC) had agreed to officers working collaboratively to better integrate town planning (the responsibility of WDC) with highway issues (the responsibility of WCC), and the idea for a new pedestrian bridge had grown from this multidisciplinary approach.

Following initial discussions between officers of the two authorities, WCC commissioned work to estimate the cost of a bridge. A 'relatively standard' pedestrian/cyclist bridge was estimated to be around £2 million, but given the fact that the bridge would effect the setting of heritage assets of the highest significance it was unlikely that such a bridge would be acceptable; instead an exemplary design would be needed which could be closer to £4 million.

A bridge was proposed over the River Avon at Stratford-upon-Avon, where the river was wider than at Warwick, and WCC advised that the cost of this bridge (not built) exceeded £3 million back in 2006. A comparable river bridge in Derby city centre built in 2007 cost £3.8 million. The cost of the bridge proposed at Tintagel Castle (although this was a very different context) was estimated to be £4 million.

Given the uncertainty at the time of writing about the design and construction of the bridge, it was difficult to provide a precise cost range, but the costs provided a feel for the scale of the project should Councillors wish to proceed.

Along with investigating the feasibility of a bridge, it was also recommended that work be undertaken to explore improvements and enhancements to the car park at Myton Fields. This area was currently used for car parking on a seasonal basis but it was highly likely that a pedestrian/cyclist bridge would generate significant new footfall with visitors wanting to start their "experience" by parking in Myton Fields and not just in the spring and summer months. An improved year-round car park had the advantage of further mitigating the potential for parking issues generated by the enhanced leisure centre in St Nicholas Park.

Investigating car park improvement options at Myton Fields was also apposite in the context of the work ongoing on developing a car parking strategy for Warwick as it would help inform that work. Indeed, officers had already started work to understand the cost of all-weather surfacing at Myton Fields to provide a functional year-round car park.

To undertake this feasibility work it was considered that the following professional services would be required:
- Architects, engineers, surveyors, landscape architects
- Competition consultants / public relations
- Project management
- Cost consultants
- Ecologists
- Arboriculturalists

It was estimated that the cost of procuring these services would be in the region of £60,000. Consultation with all interested parties would be needed including, but not limited to, Historic England, the Town Council, Chamber of Trade, Friends of St Nicholas Park, Warwick Society, Environment Agency, etc.

Heritage England had, informally, made a positive response to the idea. It had advised that the bridge would need to be of a very high quality design given the sensitive location and it would be worthy of a design competition to attract the best possible design talent.

Heritage England had suggested the competition could be similar to the one they had run for a new bridge at Tintagel Castle, which required experienced architects and engineers to collaborate in delivering an appropriate design within a given budget. It would be possible to appoint consultants to run the competition, as with the Tintagel example.

The land either side of the River Avon between Leamington and Warwick was largely owned by WDC, interrupted by smallish parcels in private ownership. As a future consideration the Council could explore whether it would be possible to make the Council's land ownership wholly contiguous between the two towns thereby providing an attractive walk for residents and visitors alike. The bridge proposal would enhance the experience of walking between the two towns.

Doing nothing was an alternative option, but this would mean that walking and cycling were less attractive options, resulting in increased car use to the detriment of air quality, safety, and visitor's experience of historic Warwick. Walking and cycling could potentially become more dangerous for pupils attending schools off Myton Road, this was because Castle Bridge already accommodated heavy traffic and over 5000 new homes would be built to the south of Warwick, potentially increasing traffic on Castle Bridge.

The Portfolio Holders responsible for the report circulated an addendum to the report at the meeting that explained that should a new bridge prove not feasible, the case to improve the car parking area would still stand on its own terms as it could:

- Address the potential car parking shortfall at St Nicholas Park should the new leisure facilities prove even more successful than anticipated;
- Alleviate some of the early morning traffic issues associated with the schools on Myton Road;
- Provide an increase in overall car parking capacity for the town of Warwick;
- Inform the emerging car parking strategy for Warwick.

The Overview & Scrutiny Committee noted the report.

The Executive recognised that this was a sensitive and important area that needed to be considered carefully to ensure all relevant parties were consulted. They noted the importance of paragraph 3.9 of the report that stated "Consultation with all interested parties would be needed including, but not limited to, Historic England, the Town Council, Chamber of Trade, Friends of St Nicholas Park, Warwick Society, Environment Agency, etc".

The Leader explained that recommendation 2.1 should be amended to provide greater clarity on the fact that the improvements to the car park and new bridge were, while related, separate projects to be considered.

Resolved that

(1) officers be authorised to work with all relevant parties to establish the cost and viability of building an appropriately designed pedestrian/cyclist bridge over the River Avon and also a better landscaped and functional car park beside it at Myton Fields which addresses the less than ideal access arrangements off Myton Road;

(2) a sum of £60,000 is released from the Community Projects Reserve (see separate agenda item) to enable officers to undertake necessary feasibility and business case work including how a competition could secure the appointment of world-class design talent for the bridge and landscaping (including the car park); and

(3) Warwick District Council owns a large swathe of green space running along the River Avon and whilst the various land parcels are not contiguous the bridge would further enhance the links between open spaces running between Leamington and Warwick.

(The Portfolio Holders for this item were Councillors Cross and Shilton)
Forward plan reference number 835

93. **Recommendation from One Stop Show Review**

The Executive considered a report from Neighbourhood Services that sought approval for the development of a business case for the change in approach to the delivery of One Stop Shops (OSS).

Warwick District Council and Warwickshire County Council had worked in partnership to deliver a "One Stop Shop" Service across five sites in the District since 2005. The five sites were at Riverside House, Leamington Spa; Shire Hall, Warwick; Kenilworth Library; Whitnash Library and Lillington Library.

The report provided the Executive with information gathered as part of this review and supplied an overview of the current OSS service. It suggested that a Business Case be put together to implement its findings, which could potentially deliver financial savings and a smarter way of working in line with Council Strategy and improved the service provided to customers.

A final report would be produced within 12 months and as part of that there would be an evaluation of the potential IT customer service options.

The current cost for this Council of face to face enquiries at the County Council owned sites was very high compared to the recognised national average, which was set out in paragraph 8.4 and 8.7 of the report along with Appendix C to the report. This needed to be looked at critically and ways of reducing that cost considered.

There were opportunities to improve the technology available at the OSS's that would enable a better service to be provided to customers alongside bringing the service in line with WDC's ICT & Digital Strategy (See Para 4.2 & 8.14). This would provide the opportunity to a) enhance and widen the service offered to customers and b) reduce the cost per enquiry.

Consideration needed to be given to the opening hours of the OSS sites to ensure value for money against the service demand. Particular attention needed to be given to Whitnash and Lillington where this Council's face to face service was only offered 1.5 days per week as detailed at Appendix A to the report.

The majority of the present enquiries made at the OSS sites were WCC related, with the exception of Riverside House. The number of WDC enquiries taken per day at the sites was also low. Therefore, there was a need for the service to be critically reviewed to ensure that it offered value for money.
The present joint partnership with WCC needed to be formalised to ensure that the most efficient and effective employer/employee arrangements were in place. The current situation created uncertainty for members of staff and managers around which employer terms and conditions and practices should be followed.

Consideration would be given to the different options within the current existing localities of the One Stop Shops that could potentially provide opportunities for the use of a building or office space that could improve the range and quality of services provided e.g. The Chain in Lillington. Officers would also ensure that the relevant Ward Councillors were consulted.

One alternative option was to maintain the current way of working and realise the priorities of this Council's ICT & Digital Strategy. It was considered that to realise the priorities of this strategy the current way of working needed to change so they both need to be considered together.

Another option considered was for this Council to withdraw from the OSS service altogether. However, there would always be a proportion of users that would require assistance in using the digital services and those that could not or would not engage with the technology.

The Overview & Scrutiny Committee noted the report.

In response to a question from Councillor Mrs Falp, the Portfolio Holder for Neighbourhood Services explained that once this report was approved, relevant Ward Councillors would be consulted.

Resolved that

(1) a business case for the change in approach to service delivery at the One Stop Shops is produced for consideration based on the following principles:-

a) that customers are encouraged to access Council services digitally wherever practicable;

b) that a face-to-face service is removed and replaced at One Stop Shops by digital access where the current service is not providing value for money;

c) that the partnership arrangement between Warwick District Council and Warwickshire County Council is reviewed to ensure an effective employer/employee relationship is in place.

(2) Officers will consult with frontline staff and Warwickshire County Council in the production of the aforementioned business case; and

(3) Ward Members will be consulted at appropriate points in the development of the business case.

(The Portfolio Holder for this item was Councillor Shilton)
(Forward Plan reference number 812

94. **Rural and Urban Capital Improvement Scheme (RUCIS)**

The Executive considered a report from Finance that sought approval for Rural/Urban Capital Improvement Scheme grant applications from Sydni Centre and the Canal & River Trust.

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 would provide funding to help the project progress.

Both projects contribute to the Council's Sustainable Community Strategy:

The SYDNI Centre project would provide a refurbished sports court which would also enable multi-sports use (currently it was just a basketball court) which would remove current Health & Safety concerns and increase sporting / physical activity opportunities especially as the current facility was not in a usable condition. This facility would help to bring people together using the common denominator of outdoor play and sports which could help hard pressed families to relax, help to alleviate mental health problems, improve health & wellbeing and provided younger people something to do to alleviate boredom.

The project, ergo, contributed to the Council's Sustainable Community Strategy as without the centre and the sports court there would be fewer opportunities for the community to enjoy and participate in physical, social and cultural activities which could potentially result in an increase in anti-social behaviour, an increase in obesity (including in children) and disengage and weaken the community. The centre was located in one of the four most deprived areas within Warwick District, it was an area that was known to have some community cohesion tensions, some of the poorest families in the area, a high proportion of people with mental health issues and some low level anti-social behaviour.

The Canal & River Trust project contributed to the Council's Sustainable Community Strategy as the section of towpath to be surfaced would link with sections either side that were already stone paved creating an all-year-round 3.2km paved towpath for the community and visitors to the area to utilise, this would also remove current health & safety issues caused by the existing uneven and, at times of rainfall, muddy and waterlogged path.

This project would increase opportunity for a much greater diversity of pedestrians to enjoy and participate in physical activity which would help to reduce obesity, including within children. This had the potential to attract more visitors to the area which in turn could help the local businesses and amenities such as the general store and local public houses. The Canal & River Trust also had a group of local volunteers who helped to maintain the area and there was a volunteer towpath taskforce who would be carrying out the project work, this brought together a wide range of people which helped to engage and strengthen the community.

The Council only had a specific capital budget to provide grants of this nature and therefore there were no alternative sources of funding if the Council was to provide funding for Rural/Urban Capital Improvement Schemes. However, the Executive could choose not to approve the grant funding, or to vary the amount awarded.

Resolved that

(1) a Rural/Urban Capital Improvement Grant from the urban cost centre budget for the SYDNI Centre of 50% of the total project costs to refurbish the outdoor sports court and adapt to multi-sports use, be approved, as detailed within paragraphs 1.1, 3.2 and 8.1 of the report, up to a maximum of £6,361 excluding VAT, as supported by Appendix 1 to the report, subject to receipt of written confirmation of planning permission for the project work; and

(2) a Rural/Urban Capital Improvement Grant from the rural cost centre budget for the Canal & River Trust of 80% of the total project costs to lay stone surfacing on a 730 metre section of the canal towpath between Packwood Lane, Lapworth and Dicks Lane, Rowington, be approved, as detailed within paragraphs 1.1, 3.2 and 8.2, and supported by Appendix 2 and 3 of the report, be approved up to a maximum of £7,917 excluding vat.

The Portfolio Holder for this item was Councillor Whiting)

95. **Public and Press**

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

Minute.	Para Nos.	Reason
96 &97	1	Information relating to an Individual
96 & 97	2	Information which is likely to reveal the identity of an individual
97	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The full minute of the following item will be detailed within the confidential minutes.

96. **Cultural Services – Potential Redundancies**

The Executive considered a report from Cultural Services that set out the staff redundancy consequences of two reviews within Cultural Services. The new structures from both reviews were approved by Employment Committee on 14 December 2016.

Resolved that the recommendations in the report be approved.

(Portfolio Holder for this item was Councillor Coker)

97. **Confidential Minutes**

The confidential minutes of the meeting held on 5 January 2017 were taken as read and signed by the Leader as a correct record.

(The meeting ended at 6.47pm)