Executive
Thursday 10 December 2020

A meeting of the Executive will be held remotely on Thursday 10 December 2020, at 6.00pm and available for the public to watch via the Warwick District Council YouTube channel.

Councillor A Day (Chairman)

Councillor J Cooke	Councillor R Hales
Councillor J Falp	Councillor J Matecki
Councillor M-A Grainger	Councillor A Rhead

Also attending (but not members of the Executive):

Chair of the Finance & Audit Scrutiny Committee	Councillor J Nicholls
Chair of the Overview & Scrutiny Committee	Councillor A Milton
Green Group Observer	Councillor I Davison
Liberal Democrat Group Observer	Councillor A Boad
Labour Group Observer	Councillor M Mangat

Agenda

1. **Declarations of Interest**

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be disclosed during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

2. **Minutes**

To confirm the minutes of the meeting held on 17 November 2020

(To follow)

Part 1

(Items upon which a decision by Council is required)

3. **Council Tax Section 13A(1)(c) Policy**

To consider a report from Finance **(Pages 1 to 13)**

4. **General Fund Financial Update**

To consider a report from Finance **(To follow)**

5. **Formation of a Local Housing Company**

To consider a report from Housing **(To follow)**

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

6. **Housing Revenue Account Business Plan Review 2020**

To consider a report from Finance **(Pages 1 to 33)**

7. **Climate Emergency Action Programme (CEAP) Review**

To consider a report from the Programme Director for Climate Change **(Pages 1 to 17)**

8. **Fuel Poverty Strategy**

To consider a report from Health and Community Protection **(Pages 1 to 28)**

9. **Contract Extension to VCS**

To consider a report from Health and Community Protection **(Pages 1 to 7)**

10. **Public and Press**

To consider resolving 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.

Item Numbers	Paragraph Numbers	Reason
11, 12	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

11. **Lillington Health Hub – Valley Road Car Park**

To consider a confidential report from Development Services
(Pages 1 to 7)

12. **Confidential Appendices C and D to Item 5 - Formation of a Local Housing Company**

To consider confidential appendices from Housing
(To follow)

Published Tuesday 1 December 2020

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.
Telephone: 01926 456114
E-Mail: committee@warwickdc.gov.uk

For enquiries about specific reports, please contact the officers named in the reports You can e-mail the members of the Executive at executive@warwickdc.gov.uk

Details of all the Council's committees, Councillors and agenda papers are available via our website on the Committees page

We endeavour to make all of our agendas and reports fully accessible. Please see our accessibility statement for details.

The agenda is available in large print on request, prior to the meeting, by telephoning (01926) 456114

Executive

Minutes of the meeting held remotely on Tuesday 17 November 2020 at 6.00pm, which was broadcast live via the Council's YouTube Channel.

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

Also Present: Councillors: Boad (Liberal Democrat Group Observer), A Dearing (Green Group Observer), Mangat (Labour Group Observer), Milton (Chair of Overview & Scrutiny Committee) and Nicholls (Chair of Finance & Audit Scrutiny Committee).

47. **Declarations of Interest**

Minute Number 49 – Hours of Flying Model Planes on St Mary's Lands, Warwick

Councillor Grainger declared an interest because she was a Warwick Town Councillor and had been on the St Mary's Lands Working Party since its conception.

48. **Minutes**

The minutes of the meeting held on 1 October 2020 were taken as read and signed by the Chairman as a correct record.

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

49. **Hours of Flying for Model Planes on St Mary's Lands, Warwick**

The Executive considered a report from the Chief Executive. At the 29 November Executive meeting, Members considered a recommendation to amend the model aeroplane flying hours at St Mary's Lands, Warwick. The initial request to amend the hours had arisen from the model flyers in 2016, who requested that flying hours were extended to allow for longer periods of flying.

It was agreed by the Executive that before the flying hours could be extended, an assessment of potential ecological, noise and health and safety impacts needed to be undertaken, and if that assessment showed no significant issues, then a formal public consultation would also be undertaken. The results of that work would be brought back in a report to the Executive for a final decision.

The report summarised the outcome of the work undertaken to date since November 2017, and sought Members' views on the amended hours of flying.

The outcome of the work above, which was approved by the Executive, concluded that:

i. a satisfactory health and safety risk assessment had been completed;

ii. an assessment of background noise had not been completed, as the move to silent electric flight had largely removed the disturbance to local residents. The extended hours would be linked to a ban on petrol (noisy engine) model aircraft for electric battery powered, silent models only; and
iii. two sets of flying times were proposed, by an independently appointed ecologist and supported by the wildlife group, and by the model flyers and supported by a majority of the Working Party.

In preparing the assessment, the ecology report recommended that additional measures should be implemented to reduce the impact of disturbance and trampling of ground nesting birds, through the use of temporary barriers to protect nesting sites during the breeding season. Members of the Executive were also asked to note the recommendation that that Working Party should prepare an access strategy to protecting ground nesting birds, and identify any additional maintenance costs for subsequent Committee approval.

St Mary's Lands was a large public open space on the western side of Warwick, lying between the edge of town and the countryside leading to the A46. It was an area that fell wholly within the town's Conservation Area, housed a Grade II Listed Building with the also listed Hill Close Gardens immediately adjoining, and was partly a Local Nature Reserve, which could be seen in Appendix 2 to the report.

St Mary's Lands was also home to a variety of uses and activities, many of which were historic in nature, such as a racecourse, golf course, football, local community use (Corps of Drums), walking, running, and dog walking. In addition, the area had, for over 90 years, been used as an area in which people could use to fly model aircraft. This made it one of the oldest venues, if not the oldest, in the country for flying of model aircraft.

The improvement of St Mary's Lands area was one of the Council's key projects, and the Council agreed in August 2017 to a Master Plan for the area, as well as a delivery plan which was being implemented. The Working Party that brought together the organisations involved with the area was focusing on the implementation of the Master Plan. Since July 2017, the local association of model aircraft flyers had been represented on the Working Party. In October 2017, a presentation to the Working Party was given by the model flyers' representative, in support for a re-introduction of the more extensive hours of operation that used to operate prior to the last consideration of this issue by the Council in 2004.

The main issue previously was the impact of noise on nearby residents and trying to manage the risk of aircraft falling and hitting people or property. The local group outlined that 99.9% of model aircraft flown was battery driven, rather than petrol as was previously the case, and therefore was very quiet and would mean that noise nuisance was no longer an issue. The Council's records concurred with this, as there had been no noise nuisance complaints registered in the previous five years. Similarly, there had been no recorded incidents of any crashes affecting people or property in recent times.

St. Mary's Lands was an important site for wildlife, recognised by its Local Nature Reserve status. A key objective of the masterplan was increasing the site's wildlife value and overall biodiversity. The model aircraft were flown over areas that were used as breeding grounds by ground nesting birds. Whilst it was an offence to intentionally or recklessly disturb at, on or near an 'active' nest under the Wildlife and Countryside Act 1981, the wildlife group had witnessed unintentional disturbance and the nesting populations at St. Mary's Lands was, at best, stable.

Following the November 2017 Executive approval, an ecology study was commissioned immediately afterwards. The ecologist undertook three site visits over a seven-month period and reported on its findings in August 2018. The findings were inconclusive, in that it could not identify any adverse impacts of model flying, but could not confirm that they did not exist. The wildlife group were also concerned that whilst three site visits were undertaken, none of these coincided with the beginning of the breeding season, which was mid-February to early March. Consequently, it was agreed that a more extensive ecological evaluation, covering a full 12-month period would be required. A revised brief for the new survey was agreed and the works tendered. The ecologist was appointed in February 2019, an interim report was issued in the summer of 2019, and a final report after the 12-month study in March 2020.

The ecology report, as set out at Appendix 3 to the report, identified the site as having high-ecology value for nesting birds, and these were affected by a cumulative impact from various disturbances. It identified the model flying having a low to medium disturbance impact. A higher level of disturbance was made by dogs running into the nesting sites. The cumulative effect of both the model flying and dogs was seen to be detrimental to nesting birds. The report recommended some physical restrictions should be made to prevent dogs from being able to access the sensitive breeding sites, and that the model flying hours should be adjusted to give a beginning and end of day periods without interruption from flying.

The majority of the Working Party members were supportive of the model flyers request. The Working Party's recommendation was that the increased hours should be adopted for a trial period of 12 months, with additional ecological monitoring over that period, and the use of temporary barriers to protect the areas most sensitive to disturbance during the bird nesting season. This would allow for further evaluation prior to adopting the revised hours.

Contact was made with the revived Lammas & District Reisdents Association (LADRA) in 2017. Many comments from residents, and responses to them from the model flyers were received to aid the preparation of the 2017 Executive report. As the final ecology report was received in March 2020, just before the national lockdown began, no wider public consultation beyond the Working Party members had been undertaken.

In summary, the issues raised were:

1. Potential of noise nuisance to nearby residents was unlikely.
2. Potential of health and safety issues for other users of the area were considered and were deemed to be very low risk.
3. Impact on the local ecology, bearing in mind the flying area overlapped a Local Nature Reserve, had been assessed and the impact of the model

flying was considered to be low to medium, but the cumulative affect with dog disturbance was detrimental to the wildlife importance.

4. Policing of any restrictions.

There was little recorded evidence of the first two issues being problems. However, prohibiting petrol driven aircraft completely and preventing drones being used would further mitigate these issues, and this would be contained in the revised conditions of use.

In respect of point three, it was proposed that a combination of measures should be adopted to protect the nesting sites, with a differentiation in flying hours during the more critical bird nesting season and improved barriers to control dogs and walkers from disturbing nesting sites. This would not restrict access in any designated public rights of way.

Regarding point four, policing of the existing restrictions relied on the model plane flyers themselves and others in the area being aware of any breaches, and the same situation would apply in any revised scenario. The current roping off of bird nesting sites offered little protection from dogs, and the use of temporary physical barriers, combined with site notices, would assist in identifying and managing the nesting sites.

It was suggested that an assessment of the potential type and extent of barrier restrictions should be undertaken and developed with the Working Party, before the next breeding season started in mid-February 2021. Once that information was collected, and it demonstrated no significant issues, then a formal public consultation could be carried out, based around site notices and information displays.

This approach would allow all the issues to be properly examined and considered, and this was important given the potential risks that could arise.

In terms of alternative options, the Council could decide not to agree to any change, but there did appear to be evidence that a change in technology could mean that longer hours could be acceptable at certain times of year, and could be combined with other measures to address the cumulative impacts on the local ecology.

The Chief Executive advised Members of further correspondence received since the publication of the report. In response to the letters of concern that he had received, he clarified that the proposal was to extend the hours of flying model planes, but he reaffirmed this would be for electric powered aircraft only, which would deal with some of the noise concerns raised. He also explained that there would be a review after a year to assess any impacts on health and safety or ecology. He also explained to Members that he received feedback from Ashow and Stoneleigh Parish Council in support of the proposal. There were also two representations from the Friends of St Mary's Lands who raised concerns relating to recommendation 3, which was a recommendation that the Council would draft a plan of how better to protect the nesting sites of bird species, which they thought did not fall within the provisions of the Warwick District Act 1984. These responses were circulated to Members prior to the meeting, and with the approval of the Chairman, the Chief Executive invited Mr Endell, Senior Solicitor at Warwickshire County Council, who had given the Council legal advice on this issue, to attend the meeting, and answer any questions from Members of the Executive.

Mr Endell explained to Members that although the Friends of St Mary's Land's view that the purpose of the Warwick District Act 1984 was to preserve the common in its present state, he did not agree with this interpretation. He stated that he had extensive experience considering the Act, and in his view, its primary use was to give Warwick District Council powers to manage St Mary's Land, rather than to limit powers. He felt that erecting fencing for purposes such as nature preservation was well within the powers that the Act allowed to the District Council. In response to a question, Mr Endell clarified that there was not anything in the recommendations that caused him any concern from a legal perspective or in the application of the Act.

Councillor Grainger felt that the proposal was a long time coming, and noted that the Flying Club had been particularly agreeable and patient. She then proposed the report as laid out.

Resolved that

(1) a review of the options for the flying hours of model aircraft, as set out in Appendix 1 to the report, and the recommendation from the Working Party to adopt the hours recommended by the model flyers, with the Working Party's recommended amendment to review the impact after a year, be agreed;

(2) the hours of operation be made known via the Council website and on-site signage; and

(3) the results of the St Mary's Lands Working Party's assessment of access be reported back to the Executive for a decision on controlling access to sensitive breeding areas, including the costs of additional barriers / site notices.

(The Portfolio Holder for this item was Councillor Grainger)

Part 1

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

50. **Fees and Charges**

The Executive considered a report from Finance detailing the proposals for discretionary Fees and Charges, in respect of the 2021 calendar year. It also showed the latest Fees and Charges 2020/21 income budgets, initial budgets for 2021/22 and the actual out-turn for 2019/20.

The Council was required to update its Fees and Charges in order that the impact of any changes could be fed into the setting of the budget for 2021/22. Discretionary Fees and Charges for the forthcoming calendar year needed to be approved by Council.

In the financial climate, and with the impact of COVID-19, it was important that the Council carefully monitored its income, eliminated deficits on service specific provisions where possible, and minimised the forecast future General Fund revenue deficit.

Budget Managers were tasked with seeking to achieve additional income of 15%. However, for some Fees and Charges, legislation and other factors made it unviable to achieve this, and so these had been set in accordance with such legislation, and service knowledge provided by the managers. This was intended to make a contribution towards the savings that the Council needed to make in its overall budget over future years, with the timeline for making significant savings being significantly reduced due to the impact of Covid-19

As a result of this, the Fees and Charges, outlined in Appendix A to the report, presented an overall forecast increase in income of 9% (£647,000).

The Regulatory Manager had to ensure that licensing fees reflected the current legislation. The fees charged needed to reflect the amount of officer time and associated costs needed to administer them.

New cremation fees were proposed to meet potential new or differing customer requirements.

Land Charges and Building Control fees were ring fenced accounts. Income levels for Land Charges had reduced, due to the transfer of the LLC1 fee to the Land Registry Service. There had been a corresponding fall in staffing costs and payments to Warwickshire County Council to reflect this. Income and expenditure was carefully monitored to avoid creating a large surplus (or deficit) on the Land Charges Control Account, which needed to break even. Building Control was subject to competition from the private sector and had to set charges that were competitive within this market.

Management of the Council's Leisure Centres was by Everyone Active. The contract definition stated that 'The Contractor shall review the (following) core products and prices each year and submit any proposed changes to the Authority for approval (the "Fees and Charges Report")'. Everyone Active were expected to request an increase on some of these prices, in line with the Retail Prices Index (RPI). Previously, when the leisure centres were operated by the Council, most years the charges were increased by around RPI. It was recommended that, provided the changes proposed by Everyone Active to the core products and prices were within the September RPI, that the Heads of Culture and Finance, in consultation with the relevant Portfolio Holders, could accept the changes. In reviewing the proposed increases, officers would consider previous years increases to avoid automatic year on year increases in prices.

Linear car parking charges were to be removed, to be replaced with charges covering specified stay durations. Sunday charges were also to be in place at all car parks from 4 January 2021, and parking for electric vehicles would be free.

New fees were included to reflect the increase in products and services offered as part of the Lifeline service.

The revenue effects of the proposed fees and charges were summarised in the following table (ring fenced accounts were removed).

General Fund Services	**Actual 2019/20 £**	**Original Budget 2020/21 £**	**Forecast 2020/21 £**	**Forecast 2021/22 £**	**Change 2020/21 Original to 2021/22 %**
Chief Executive's Office	62,726	45,000	30,000	47,300	5.11%
Culture	237,511	209,600	39,600	229,400	9.45%
Development	1,338,974	1,337,700	1,071,900	1,364,000	1.97%
Health & C.P.	2,000	6,800	6,800	7,400	8.82%
Housing	0	84,800	0	0	
Neighbourhood	5,005,386	5,503,900	4,436,500	6,186,700	12.41%
Total General Fund Services	**6,646,597**	**7,187,800**	**5,584,800**	**7,834,800**	**9.00%**
Housing Revenue Account	**413,491**	**443,700**	**430,000**	**445,000**	**0.29%**

Increased income from fees and charges sought to generate income to cover the costs of the provision of respective services. Any increases would reduce the ongoing savings target within the Financial Strategy.

The forecasts for 2020/21 and 2021/22 would be reviewed within both the Base Budget Report in December 2020, and the Budget Setting Report in February 2021. Managers would also continue to review their projections on a monthly basis.

In terms of alternative options, the various options affecting individual charges were outlined in sections 8 to 16 of the report.

Fees and Charges for 2021/22 could remain at the same level as for 2020/21, which would increase the savings to be found over the following five years, unless additional activity could be generated to offset this. This was not a realistic option, given the position of the Financial Strategy, and the level of savings required.

An addendum circulated prior to the meeting advised Members *both new and renewal applications will no longer receive the concession for reduced fees for HMO licensing for landlords with multiple dwellings.*

The addendum also advised Members of an update to Appendix A to the report, where the proposed increase in the price of a season ticket at Linen Street Car Park, which was set out on page 65, was included in error and should have read:

Linen Street Multi Storey (100 spaces)	Charge from 2/4/20	Proposed Charge from 4/1/21
- Per Annum	£521.50	£521.50

Linen Street Multi Storey (100 spaces)	Charge from 2/4/20	Proposed Charge from 4/1/21
- Per Month	£62.00	£62.00

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

Councillor Hales thanked the Finance and Audit Committee and the Programme Advisory Board for their advice. He then proposed the report as laid out and subject to the addendum as circulated and detailed above.

Recommended to Council that

(1) the Fees and Charges proposals, as set out in Appendix A to the minutes, to operate from 4 January 2021, be agreed; and

(2) provided the changes proposed by Everyone Active to the core products and prices from January 2021 are within the September RPI, the Heads of Culture and Finance, in consultation with the relevant Portfolio Holders, be authorised to accept these charges.

(The Portfolio Holder for this item was Councillor Hales)
Forward Plan Reference 1,138

51. **Sherbourne Resource Park – Proposal to become a Partner Council**

The Executive considered a report from the Deputy Chief Executive (BH) and Neighbourhood Services proposing that the Council invest in the opportunities presented by the development of a regional Materials Recycling Facility (MRF) and formally join the following local authorities as a Partner Council in the project:

- Coventry City Council (CCC)
- Stratford District Council (SDC)
- Rugby Borough Council (RBC)
- Nuneaton & Bedworth Borough Council (NBBC)
- North Warwickshire Borough Council (NWBC)
- Solihull Metropolitan Borough Council (SMBC)
- Walsall Council (WC)

Warwick District Council (WDC) was collecting approximately 10,000 tonnes of dry mixed recyclate (DMR) materials under its waste collection contract. This was sorted, processed and taken to market by its contractor, with their costs and with a risk premium, reflecting the risk of fluctuations in the value of the processed materials, reflected in the contract price. Under the proposals in the report, the Council would in future send all of its DMR to the MRF.

Evidence from recent procurement exercises in Coventry and in neighbouring Warwickshire authorities had demonstrated an upward trend in the contract costs associated with material recycling. Within the current group of Partner Councils, the gate fees for disposal of recyclates were above £65p/t and these costs, plus the additional haulage costs of transporting waste to recycling facilities, were reflected back in contract prices. Market intelligence indicated that further substantial rises were likely as the private sector continued to move the risk of reducing end market prices, and the likelihood of future additional costs arising from new legislation on recycling to local authorities. It was anticipated that the removal of risk from, and the reduction of cost for the contractor, resulting from the use of the MRF, would reduce the future costs of the proposed new waste collection contract, which was the subject of a separate report considered by the Executive on the 17 November 2020 at Minute Number 56 (Waste Contract Renewal – Update Report).

In 2017/18 an initial feasibility study was undertaken, led by Coventry City Council (CCC), to consider the technical and economic viability of developing a MRF to serve CCC, neighbouring local authorities and commercial businesses across the region. This study indicated a positive business case, subject to more detailed information. That business case had subsequently been developed further and concluded that a MRF with a capacity of processing between 120,000 and 175,000 k/tonnes per annum, with c90,000 k/t, rising to c120,000 k/t from local authorities, would be commercially viable. This base case was prepared on conservative assumptions and sensitivities had been run through the financial modelling, to measure the economic and commercial considerations of additional Partner Councils and third party commercial dry mixed recyclate, and the benefit to each Partner Council.

In order to make the construction of the MRF financially viable and allow both risk and reward to be shared across the local government sector, a formal agreement (the Joint Working Agreement) was put in place between CCC, NBBC, NWBC, RBC, SMBC and WC, who would become Partner Councils in the project, based on the principle of joint decision making, with any formal voting decision weighted on each partner’s proportionate stake in the project. Each Partner Council would become a shareholder in a wholly owned arms-length company that would construct and operate the MRF, with their stake based on the principle of proportionality, represented as a percentage stakeholding equivalent to their proportion of the total tonnage of DMR to be provided to the MRF by all the partners. SDC were subsequently offered the opportunity to become a Partner Council, and chose to do so in October 2019.

WDC were offered the same opportunity to join the project as a full Partner Council but chose to join at an advanced stage. A planning application was submitted for the MRF on a site allocated for such a facility within the CCC Local Plan, adjacent to the existing Waste to Energy Plant at Bar Road, Coventry, and was due to be considered by the CCC Planning Committee on 12 November 2020. An OJEU compliant procurement exercise was undertaken by CCC (the Procuring Authority) on behalf of the other Partner Councils, as provided by the Joint Working Agreement. To minimise risk, separate packages were procured for a Design and Build civil engineering contract and the fit-out contract, and was subject to a competitive dialogue phase of negotiations prior to final bid submissions being made. The securing of planning consent and the final tender submission prices would allow the project to be brought to ‘financial close’ on 1 March 2021.

The existing partners made it clear to WDC that a formal decision on whether the Council wished to join the project was required by the end of November 2020, so that the necessary arrangements could be made without compromising the indicative timetable of works. The timetable had been designed to allow contract awards to be made on 1 March 2021, with development to then commence, commissioning of the completed facility to begin in late 2022, and the facility to become fully operational in summer 2023. The key milestone dates in the indicative programme were set out at confidential Appendix Three to the report.

This deadline was driven by the need for all the Partner Councils to understand and budget for their financial contribution to the project. At the financial close of this phase of the project, the Partner Councils would be required to establish jointly an arms-length company (AssetCo), which would enter into the contracts to deliver the recycling solution, funded through loans from the partners.

In agreeing the recommendation to join the project the Council would be:

- committing to its share of the costs of the construction, development and operation of the MRF;
- committing the recycling tonnage of dry material recyclate (DMR) collected within its District for the next 20 years; and
- committing to establishing, being represented on and being bound by the decisions of Assetco, who would control operation of the MRF for 40 years.

In so doing the Council was, along with the other Partner Councils, potentially committing to remain a project partner for 40 years. Once the Joint Working Agreement had been signed, this Council, or any successor body, could only leave the project if:

- the gate fee for use of the MRF was calculated to exceed the agreed maximum gate fee, as specified in the Joint Working Agreement, at confidential Appendix Five to the report, when the final Business Case was assessed at financial close;
- all partners agreed not to proceed with the project, prior to financial close;
- all partners agreed to dissolve AssetCo;
- AssetCo was formally wound-up;
- WDC's shareholding was transferred to another public sector body who took on WDC's responsibilities under the agreements (for example, were changes to be made to the current local government structure within Warwickshire).

The financial business case for WDC to join the project was based on the detailed cashflow modelling set out in confidential Appendix One to the report, and the overall conclusion on project viability was set out in confidential Appendix Two to the report. This modelling was underpinned by the assumption that all DMRs from each of the Partner Councils would be committed to the project. This guaranteed supply of materials made the MRF cost effective, whilst leaving tonnage headroom within its handling capacity for either growth in the future needs of the Partner Councils, as recycling rates increased, or commercial growth and/or the addition of more Partner Councils.

This business case modelling was undertaken on WDC's behalf by KPMG and then analysed thoroughly by WDC's Finance team. It demonstrated that joining the project should deliver significant financial benefits to the Council.

The commitment to the project was potentially for 40 years (the lifespan of the MRF), the loan facility was for 20 years, mirroring the length of the Waste Supply Agreement, and the contracts that Partner Councils would enter into with AssetCo. The financing of the second 20-year period would, therefore, be a decision for the Partner Councils (or their successor bodies) to make.

The use of the MRF allowed the Council to mitigate the known risk of the costs of recyclate processing continuing to rise, and this being passed on to the Council through increased waste collection contract prices. The MRF was designed to provide a flexible solution, capable of producing high quality recyclate, with built-in redundancy to evolve with future changes in waste legislation and targeted material streams. On completion it would be the most advanced facility of its type in the UK, placing WDC and the other Partner Councils in the advantageous position of being at the forefront of change.

The project also offered an opportunity to use WDC's investment power to reduce the long term cost of a key statutory service whilst potentially improving the quality of the recycling service this Council offered and reducing the impact of climate change.

In joining the project, a decision from full Council was needed to provide the authority to add the project to the Council's capital programme, make provision to subscribe for ordinary shares in AssetCo and contribute cash to AssetCo, in accordance with the Joint Working Agreement, and make provision to fund the loan facility that this Council would be required to make available to the AssetCo. The provisions within this recommendation provided the necessary legal and financial approvals for this.

In making the decision to join the project, the Council needed to make provision for payment of a share of the costs of developing the project to financial close. These costs were shared by the existing partners, with their respective cost shares determined by the ratio of their 2018/19 DMR tonnages. In joining the project, WDC would be required to pay a proportion of the 'sunk' costs of developing the project up to financial close, with the other Partner Councils share reducing proportionately. This payment would be made to the Procuring Partner, CCC, that had borne the costs of the project work to date.

The detailed of the cost to WDC, not exceeding £300,000, was set out in confidential Appendix Two to the report. It was proposed that this was funded through a Public Works Loan Board (PWLB) loan.

The Council needed to make provision for a one-off payment to subscribe for ordinary shares in AssetCo, at the point of the financial closure of the project. The details of the cost to WDC, not exceeding £100,000, was set out in confidential Appendix Two to the report. It was proposed that this was funded through a PWLB loan.

The appointment of representatives to outside bodies was a decision for full Council, and recommendation 2.2.5 to Council sought a delegation from full Council to the Chief Executive, in consultation with the Leader.

Subject to Council approving recommendation 2.2, the Executive needed to exercise its powers under Section 12 of Local Government Act 2003 and Section 1 of the Localism Act 2011 to establish the AssetCo, the 'arms-length' trading company, that would be structured to accommodate both local authority and, through a Teckal compliant subsidiary company, private sector trading. Therefore, for ease it was proposed that the Chief Executive was delegated authority to enter into the relevant legal agreements and associated documents.

Additionally, as set out in paragraph 5.2 of the report and confidential Appendix Two to the report, the Council would need to make provision within its Capital programme for up to a maximum of £400,000 of up-front funding for the delivery of the project.

Prior to the establishment of the AssetCo and the final decision to proceed with the project, the Partner Councils were bound by the terms of the Joint Working Agreement.

To join the project, the Council was required to sign the Deed of Adherence, as set out at confidential Appendix Four to the report, which provided for WDC to be added as a signatory to the Joint Working Agreement, as set out at confidential Appendix Five to the report.

In making their decision on this recommendation, Members considered the contents of the Warwickshire Legal Services advice note, set out at confidential Appendix Six to the report.

The business case for the project, required each Partner Council to make available a minimum loan provision to the AssetCo. The level of the provision required to be made by each Partner Council was based on its future shareholding stake in the AssetCo. The level of that stake was, in turn, derived from its proportion of the total tonnage of DMR to be provided by all the Partner Councils, based on 2018/19 actual tonnages. For WDC, the percentage stake of its future proposed shareholding in the AssetCo was set out in confidential Appendix Nine to the report, and the minimum loan provision was set out in confidential Appendix Two to the report.

However, Council was recommended to make a larger loan provision of up to a maximum of £6m available to AssetCo. This higher level of loan facility would protect the Council against the impact of any price fluctuations generated by the appraisal of the final contract bid submissions on the final Business Case, prior to sign off at financial close.

It was, therefore, proposed that the final level of loan should be determined under delegated authority and should be reported to Council as part of the February 2021 Budget Setting report.

The future governance of the AssetCo would be set out in a future Shareholders Agreement that would be signed by all the Partner Councils prior to contract award.

The current draft of this Agreement was attached at confidential Appendix Seven to the report. It was proposed that the final version would be agreed under the delegated authority, as set out in recommendation 8, with further detailed advice sought from Warwickshire Legal Services, allowing comments to be fed into the drafting process as appropriate.

The Council also needed to commit to the future supply of its DMR to be directed to the MRF for the 20-year period, as set out in the Waste Supply Agreement, that would be signed by all the Partner Councils prior to contract award.

The current draft of this Agreement was attached at confidential Appendix Eight to the report. It was proposed that the final version would be agreed under the delegated authority as set out in recommendation 9, with further detailed advice sought from Warwickshire Legal Services, allowing comments to be fed into the drafting process as appropriate.

The project was managed by a Project Team, comprising officers seconded from Coventry City Council. External, independent advice on legal, financial and the technical aspects of the project, had been procured from Pinsett Mason LLP, KPMG, and Wardle Armstrong respectively. The Project Team reported to a Project Board, comprised of senior officer representatives from each of the Partner Councils. Since the Leadership Coordination Group indicated in-principle support for WDC to become a Partner Council, officers were afforded observer status on the Project Board and the Finance and Legal sub-groups, which were developing the Waste Supply and Partnership Agreements respectively. These governance arrangements would remain in place until the financial close and the formal establishment of Sherbourne Recycling Limited, the AssetCo.

However, when AssetCo was established, it required new governance arrangements.

The members of the AssetCo Board would be the managing directors of Sherbourne Recycling Limited, and would have legal responsibilities to the Company, rather than directly to their respective Councils. It was, therefore, critical that the WDC Board Member was aware of the political priorities of the Council so they could ensure that these were properly reflected in Board discussions.

Given the prominence and financial importance of the MRF to the Council and in recognition that this was first time the Council had participated in a jointly managed but wholly local government owned arms-length company, it was proposed that regular briefings were provided to the named Members by the Board Member, so they could receive appropriate guidance on what outcomes this Council sought to achieve through the operation of the AssetCo. How this was done would be a member decision, and alternative options to the arrangement proposed in recommendation 10 were considered.

Members noted that where a decision of the Board could be made under the reserved matter arrangements, as set out in the Shareholders Agreement, a report would be presented to Executive or Council, as appropriate (and mirror reports would be taken through the governance structures of the other Partner Councils), so the Council's views would be determined in advance of any Board decision, and the Board Member would be requested to have regard to the decision when voting.

In addition to the proposal in the recommendation above, it was proposed that the Neighbourhood PAB would receive regular reports on both the operation of the MRF and the implementation and performance of the proposed new joint waste contract with Stratford District Council, that was the subject of a report considered by the Executive on 17 November 2020, at Minute Number 56 - Waste Contract Renewal – to which it was fundamentally linked**.**

The proposed reporting to the PAB was to ensure backbench Members were engaged in the Council's decision-making processes and were able to see when and where their views and suggestions had shaped or influenced outcomes.

Soft market testing of the proposed joint waste contract, provided strong evidence that the removal of kerbside sorting of recyclates, and the guarantee that the DMR materials would be purchased by the MRF for a set gate fee, increased the likelihood of competing and competitive bids being received through an external procurement exercise.

In terms of alternative options, not becoming a Partner Council in the MRF project was not recommended as it would deliver none of the benefits set out in the report, expose the Council to the financial risks arising from either placing the responsibility for making suitable alternative arrangements for DMR processing on the waste collection contractor or taking on that direct responsibility, and would effectively mean that the proposed joint waste contract with SDC could not be progressed without the risk of higher prices being loaded into tender returns, and/or no contractors submitting a tender, because there was not unanimity of recyclate processing arrangements over the whole geography covered by the contract.

The option of deferring a decision to allow the Council to request further information was not recommended, given the time constraints for decision making. However, the Council would be joining a well-established project, nearing financial close, and the range of information available to allow the evaluations underpinning the recommendations was considerable and sufficient to allow an informed decision to be made.

Alternative options were available to provide guidance to the Council's Board representative on AssetCo, for example, replacing the recommended three named members with a group of alternative membership, or dispensing with the arrangement entirely and leaving this function to the Neighbourhood PAB. These options were not recommended because of the prominence and financial importance of the MRF to the Council.

The Overview and Scrutiny Committee considered this report alongside the report at Minute Number 56 – Waste Contract Renewal – Update Report, because they both dealt with waste management. It noted and accepted the contents of both reports. The comments it made focussed on service delivery and therefore have been recorded in the minutes for that item.

The Committee expressed its thanks to the Portfolio Holder, Councillor Grainger and Julie Lewis, the Head of Neighbourhood Services

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

Councillor Grainger thanked both of the Scrutiny Committees and proposed the report as laid out.

Recommended to Council that

(1) the project be added to the to the Council's approved capital programme;

(2) a loan facility of up to a maximum of £6m to be made available to Sherbourne Recycling Limited (AssetCo), that will own and operate the MRF, on appropriate commercial market terms funded from Public Works Loan Board (PWLB) borrowing, be approved;

(3) a one-off payment be made of up to £300,000 to the Procuring Authority during financial year 2020/21, funded from PWLB borrowing, as this Council's contribution to the development costs of the project up to financial close-down, in accordance with the terms of the Joint Working Agreement, be approved;

(4) a one-off payment be made of up to £100,000 during financial year 2020/21, funded from PWLB borrowing, to subscribe for ordinary shares in AssetCo and contribute cash to AssetCo in accordance with the Joint Working Agreement, be approved; and

(5) authority be delegated from the Council to the Chief Executive, in consultation with the Leader of the Council, to appoint an officer as representative of the Council as a director of AssetCo.

Resolved that

(1) the proposal to become a full Partner Council in the Sherbourne Resource Park, Materials Recycling Facility (MRF) project, be supported;

(2) the implications of joining the project, as set out at paragraphs 3.1.5 and 3.1.6 in the report, be noted;

(3) the financial appraisal of the project proposals and the implications for this Council, as set out in confidential Appendices One and Two, be

noted;

(4) this Council will be required to confirm to the current Partner Councils whether or not it wishes to become a full investing partner in the project no later than 26 November 2020, be noted;

(5) the indicative programme for the financial close of the project, contract award and the subsequent construction and fit-out periods, as set out at confidential Appendix Three to the report, be noted;

(6) subject to Council on 25 November agreeing the proposed recommendations above, the use of the Council's powers under Section 12 of the Local Government Act 2003 and Section 1 of the Localism Act 2011 be approved to (but not limited to):

(a) authorise the Deputy Chief Executive (BH), in consultation with the Portfolio Holder for Neighbourhood and the Leader of the Council, to negotiate, agree and enter into all relevant legal agreements and associated documents necessary to give effect to the proposal;

(b) acquire shares in AssetCo, (Sherbourne Recycling Limited, the wholly owned company to be established by the Partner Councils) funded by Public Works Loan Board (PWLB) loan finance as set out in Section 5 and confidential appendix Two to the report;

(c) negotiate and agree a loan facility of up to a maximum of £6m to be made available to AssetCo on appropriate commercial market terms;

(d) negotiate and agree variations to the terms of the loan facility;

(e) enter into the relevant legal agreements and associated documents necessary to manage and operate AssetCo (the Shareholders Agreement);

(f) enter into a Waste Supply Agreement with AssetCo, committing the Council's dry material recyclate tonnage for 40 years;

(g) agree to provide upfront funding for the project of up to £400k, as set out in confidential Appendix Two, including the one-off payment to the Procuring Authority as set out in paragraph 2.2.3 and the cash contribution to AssetCo as set out in paragraph 2.2.4, and this be included in the Capital Programme and funded from PWLB borrowing, or other appropriate funding as determined by the Head of Finance in accordance with the Council's Code of Financial Practice.

(7) subject to Council on 25 November agreeing the proposed recommendations above, the signature of the Deed of Adherence to commit the Council to the Joint Working Agreement with the other Partner Councils, as set out at confidential Appendices Four and Five respectively, noting the legal advice from Warwickshire Legal Services set out at confidential Appendix Six to the report, be approved;

(8) subject to Council on 25 November agreeing the proposed recommendations above, authority be delegated to the Deputy Chief Executive (BH) and Head of Finance, in consultation with the Finance Portfolio Holder to determine the level of loan to be provided to AssetCo, up to the maximum threshold of £6m;

(9) subject to Council on 25 November agreeing the proposed recommendations above, current draft of the Waste Supply Agreement, as set out at confidential Appendix Eight to the report, and authority be delegated to the Deputy Chief Executive (BH) and Head of Neighbourhood Services, in consultation with the Neighbourhood Portfolio Holder and Leader of the Council to finalise the Agreement, be noted;

(10) subject to Council on 25 November agreeing the proposed recommendations above, the Board of the future AssetCo will be comprised of one appropriately trained senior officer from each Partner Council, be noted;

(11) the Leader of the Council and the Finance and Neighbourhood Portfolio Holders will receive feedback from and provide guidance to the officer representative on the AssetCo Board, be approved and that where a formal Board decision is required that would impact on the partners an appropriate Executive report would be brought forward;

(12) oversight of, and guidance on the future operation of the MRF will also available through the Neighbourhood Programme Advisory Board (PAB), be noted; and

(13) the potential beneficial impact of the approach proposed is subject to the proposed joint waste contract that is the subject of the Waste Contract Renewal Update Report (Minute Number 56), and that the overall financial position will not be known until the proposed waste collection tenders have been analysed in summer/autumn 2021, at which point the Council's Medium Term Financial Projections will be updated.

(The Portfolio Holder for this item was Councillor Grainger)
Forward Plan Reference 1,151

Part 2

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

52. **Newbold Comyn – Final Masterplan and Funding for Cycling Facilities**

The Executive considered a report from Neighbourhood Services which presented Members with a proposed final masterplan for Newbold Comyn, and sought approval for funding to enable the progression of a bid to British Cycling for the capital funds for the costs of the cycling facilities contained within the plan. The report also updated Members of the estimated total project costs.

Following the closure of the 18-hole golf course in 2017, the Council considered the future of Newbold Comyn. Work had been undertaken, through consultation and engagement with stakeholders, to identify a mix of facilities which met local needs, increased resident engagement/usage with the site and importantly, attempted to secure a long-term financially sustainable solution. This work resulted in the creation of a draft masterplan which included both free-to-access and paid-for facilities.

Between March and June 2020 the Council undertook its third public consultation on the proposals for the Comyn. A total of 2215 responses were received from the online survey. Email responses were also obtained from various stakeholder groups, including the political parties.

In summary, the feedback from the online consultation showed strong support for the masterplan as consulted upon. When asked to rate overall support for proposals, where 5 is 'support' and 1 is 'do not support', 70% of respondents indicated that they supported the proposed mix of facilities and their location as follows:

	5	4	3	2	1
Considering all of the facilities together, do you support the proposed mix	42.3%	27.7%	15.4%	7%	7.6%

of facilities and their location? (5 = support and 1 = do not support)					

Individually, all of the proposed facilities within the masterplan received strong levels of support, with only a minority of respondents stating that they would not use or support the facilities. A summary of the consultation feedback could be found at Appendix A to the report.

Whilst the responses to the online questions showed high levels of support, a number of questions and concerns were flagged in the survey comments and also through the consultation with the stakeholder groups.

These concerns centred on:

- The inclusion of the commercial elements of the masterplan (in particular, the activity centre) and their impact both in terms of the potential to turn Newbold Comyn into a destination venue and also the resultant increased traffic and requirement for more parking spaces. Some consultees felt that the draft masterplan proposal was contrary to the objectives of the Council's Climate Emergence Action Programme (CEAP).
- A desire to see improved site linkages with cycle and pedestrian routes beyond the site.

Discussions with the Member Steering Group at its meeting on 28 July 2020 reached a conclusion that the Comyn should not be developed as a destination venue and that future development should be aimed primarily at residents living within the District.

Responding to the concerns about the commercial facilities and parking requirements, a number of revisions were made to the proposed masterplan.

Further work would need to be undertaken as part of the next phase of work to understand the impact in terms of an appropriate number of parking spaces. This would involve undertaking a full traffic and parking assessment and consultation with Warwickshire County Council transport planning team. The feedback about the wider linkages to the site would also need to be addressed by officers, including the Council's Climate Change Programme Director, as the project progressed.

In addition to the consultation carried out in Spring 2020, a soft market testing exercise was also conducted by the Council's consultants SLC, between July and September. The purpose of this work was to understand the appetite operators had in managing the facilities proposed in the masterplan. The results of this work were summarised in a report, included in Appendices C and C.1 to the report.

The findings showed a disappointing response, reflecting the current situation regarding Covid-19, which had impacted the leisure operator market nationally. Of the 34 separate operators contacted, responses were received from five. There was interest from one operator in whole site management. However, it was felt that this option would be fettering future

options for the Council, given the current economic uncertainties and the potential benefits to the Council in using a mixed management model for the site. The remaining respondents expressed an interest in the operation of the artificial turf pitch, but there was no interest in activity centre, golfing facilities or visitor centre.
Accepting that the online consultation responses showed strong support for all of the facilities, the market testing results, along with some of the concerns fed back from stakeholder groups, prompted a number of revisions to the masterplan. In addition, it was also noted that since the masterplan was designed, the Covid-19 pandemic had a significant impact on the economy, including the sports and leisure markets, and this changing context had also been taken into account.

The lack of current appetite from operators to manage the activity centre and golfing facilities had meant that these specific activities were removed from the masterplan. The absence of operator interest certainly challenged the long term sustainability of these facilities. However, in recognition of the consultation feedback and the project's objectives to provide facilities which visitors found attractive and increased engagement with the site, it was proposed that the areas previously allocated for the activity centre and golf were retained for alternative activities, to be identified at a later date.

The proposed final masterplan was shown at Appendix B to the report. For reference, the original masterplan (as consulted upon during Spring 2020) was also included at Appendix D to the report. The proposed amendments were summarised below:

a) removal of high ropes/climbing activity centre. The area would be "zoned" and retained for outdoor activity, the type and nature of which would be reviewed by Spring 2022, in approximately 18 months later. This amendment was made due to the lack of sufficient operator interest in operating the proposed facility at Newbold Comyn. It also responded to consultation feedback, which expressed a desire that the Newbold Comyn should not become a destination venue;
b) removal of proposed zip wires. The area would be "zoned" and retained for outdoor activity, the type and nature of which would be reviewed by Spring 2022, approximately 18 months later. The reason for this amendment was as set out in paragraph 3.14a of the report;
c) removal of adventure golf. The area would be "zoned" and retained for outdoor activity, the type and nature of which would be reviewed by Spring 2022, approximately 18 months later. The reason for this amendment was due to the lack of sufficient operator interest;
d) removal of 9-hole pitch and putt. The area would be "zoned" and retained for outdoor activity, the type and nature of which would be reviewed by Spring 2022, approximately 18 months later. The reason for this amendment was set out in paragraph 3.14c of the report;
e) inclusion of a learn to ride area to enable young children to learn to ride and develop cycling skills. Two options for the location of this facility were explored as shown at number six and adjacent to number three on the masterplan, shown in Appendix B to the report.. The reason for this inclusion responded to British Cycling feedback that a purpose built learn to ride area would complement the other cycling facilities proposed for the site, allowing beginners to progress onto the trails. The location of both options would ensure that the new facility would be convenient for access to toilets and refreshments;

f) the barns (behind the Newbold Comyn Arms) would be considered as a potential alternative location for visitor centre if it proved unviable to progress with the proposed location for the visitor centre (adjacent to area eight). There was also the potential for remaining barn space to be let to local enterprises for commercial rent. The reason for the inclusion of this additional option was to enable the Council to explore the potential benefits and impacts of an alternative location for the visitor centre, including the mitigation of planning risks, re-use of a listed building and income generation through the commercial letting of space to local businesses. Reference would also be made to work of the Council-wide Strategic Asset Review in determining the suitability and viability of the barns for this purpose;
g) parking spaces (P4) – this area would be retained for additional parking as required. The amount of parking spaces would be determined by the emerging masterplan and full traffic and parking assessment in consultation with Warwickshire County Council transport planners, to be undertaken in next phase of work; and
h) landscaping to new nature reserve – a number of revisions to the landscaping were included, with the purpose of maximising biodiversity through the creation of additional grassland areas, pond and ditch improvements and tree planting, achieved through direct planting and natural regeneration.

The removal of the activity centre and golf facilities addressed the concerns raised about the commercialisation of the site. However, it was noted that this would a remove an income stream which could contribute to covering the Council’s costs of maintaining the Newbold Comyn.

The masterplan represented a key policy document setting out the Council’s aspirations for the site. It was also recognised that the masterplan set out the outline design for Newbold Comyn and that significant further work was required to progress the detailed design for each facility, in preparation for future planning permission(s).

Agreeing the masterplan was important as this would enable the Council to progress in a phased manner on a number of key elements (e.g. development of the cycle trails, nature reserve and football facilities) as funding became available.

The total estimated cost to deliver the masterplan based on the high level design was between £8,441,622 and £10,276,904. A cost breakdown was set out in the table below.

Facility	**Scenario A: Original masterplan (as consulted in Spring 2020)**	**Scenario B: Proposed final masterplan (excluding activity centre and golf offer)**
Built Facilities		
Visitor Centre / Football Pavilion	£2,710,200	£2,710,200
Repurposed former golf shop	£200,000	£200,000
Outdoor Facilities		
External Works and Landscaping	£950,000	£950,000

Facility	Scenario A: Original masterplan (as consulted in Spring 2020)	Scenario B: Proposed final masterplan (excluding activity centre and golf offer)
3G Artificial Turf Pitch	£850,000	£850,000
Cycle Trails / Pedestrian Routes	£504,600	£504,600
Outdoor Activity Centre (High Ropes, climbing, zip wires)	£630,000	-
Adventure Golf course	£250,000	-
Reinstatement of Pitch and Putt	£275,000	-
Adventure Play Area (and refurbished Toddler Play Area)	£330,000	£330,000
Relocated Grass Pitches	£15,000	£15,000
Woodland Craft kiosk	£30,000	£30,000
Sub total	**£6,744,800**	**£5,589,800**
Contingency (10%)	£675,000	£559,000
Professional fees (16%) and surveys	£1,283,000	£984,368
Furniture, Fittings and Equipment	£22,800	£22,800
Inflation to construction midpoint (Q2 2023)	£1,551,304	£1,285,654
Total development cost	**£10,276,904**	**£8,441,622**

It was noted that these costs were estimated and would change as the design was developed. The design was currently at RIBA 1 stage and would need to be progressed to RIBA 4 before greater cost certainty could be achieved. Scenario A provided an estimated cost for the total project, including the now discounted activity centre and golf offer. For comparison, Scenario B showed the total cost excluding those elements. Should suitable facilities be identified at a future date to replace the activity centre and golf course, this would inflate the total budget required, and therefore Scenario A was provided to indicate a potential budget cost.

The cost breakdown excluded a budget for the creation of the nature reserve. This Council was aware of a number of grant opportunities and dialogue was ongoing with Warwickshire Wildlife Trust about the future creation and management of the proposed new reserve. The Trust would also have access to grant funding.

The cost break down excluded a budget allowance for the additional option of refurbishing the barns to enable the buildings to be used for a visitor centre and/or business lets. Previous feasibility work had indicated that this could cost in the region of approximately £2 million.

Additional work was undertaken by SLC to explore the external grant funding opportunities available to the Council. This study, included in Appendix E to the report, indicated that there was the potential for the Council to secure between £1.24 million and £2.9 million capital funding. Clearly, the Council’s ability to obtain this funding would be dependent on many factors, including capacity within the Neighbourhood Services team to pursue grants. Should the Council be successful, this would reduce the amount of capital required to deliver the masterplan to between £6.98 million and £5.3 million based on scenario B facilities being delivered.

The implementation of the masterplan would be undertaken in phases. The approval for an initial budget would be considered as part of the February 2021 budget report to Council, in order that the Newbold Comyn budget requirements could be submitted alongside other corporate priorities. Subject to approval, the budget could take the form of a Council Reserve designated for the phased implementation of the masterplan.

Following on from confirmation of a budget in February for project delivery, further work from officers would be required to identify a phased implementation timetable based on availability of internal and external funding.

The masterplan included the provision of cycling facilities, including three cycling trails (family trail, a skills orientated based trail and a cross country trail), a learn-to-ride area and a bike hire and maintenance facility located in the former golf shop. The trails and learn-to-ride area would be free to use.

The estimated cost based on high level designs to construct these facilities was approximately £850k. This excluded an additional estimated £55k fees for design development to produce detailed designs, commission surveys and obtain planning permissions.

The Council had been successful in its stage 1 funding application to British Cycling for Places to Ride (PTR) funding for the cycle facilities. The Council had been invited to submit a stage 2 application, which, if successful, could result in the Council being awarded 50% of the capital costs for the construction of the facilities, currently estimated at £425k.

As part of the full application for the cycling facilities, the deadline of which was 15 January 2021, the Council was required to commit to provide the remaining 50% funding through written confirmation, to ensure that the project was deliverable.

In addition, the Council also needed to:

- complete the detailed design for all facilities; trails, learn to ride area and bike hire building;
- submit planning applications and listed building consent (if required);
- obtain pre-tender estimates; and
- devise a cycling development plan, based on further consultation to design and run a programme of activities including coaching, recreational sessions and events.

The Neighbourhood Services Programme Team would undertake the work to develop the stage 2 bid and, subject to the outcome, manage the construction of the facilities. However, at the time, there was not the officer capacity to undertake the work to devise and oversee the cycling development programme. (The cycling development programme was a British Cycling requirement as part of the funding scheme.) The Council therefore needed to identify a viable solution to deliver this work. A number of options were explored. These included:

- Partnership working with local cycle clubs. There were further opportunities to link this work with the operation of the proposed bike hire facility.
- Partnership working with Everyone Active to engage sports development resource.
- Recruitment of an intern, marketing opportunity through links with local universities, colleges and sporting bodies.

The masterplan funding strategy report provided by SLC identified the potential to secure additional external funding for the cycle facilities:

- Sport England Community Asset Fund – up to £50k;
- FCC Community Foundation Action Fund – up to £100k; and
- HS2 The Community and Environmental Fund - up to £75k.

Further work was required to assess the likelihood of success with applications to these funds.

The pressing deadline for the application would require officers within the Neighbourhood Programme team to prioritise this project.

The budget required to meet the grant match funding would be met from CIL amounts received by the Council, with the Section 123 List being amended to include Newbold Comyn, with up to £425k allocated in 2020/21, in consultation with the Section 151 Officer.

The design development costs were not included in the British Cycling, Places to Ride grant scheme. The report therefore recommended funding of £55k from CIL amounts to progress the current high level designs for the trails and refurbishment of the golf shop to detailed plans, submit planning applications and provide tender estimates. This process would also involve the undertaking of a number of surveys. The Section 123 List would be amended to include Newbold Comyn, with a further £55k allocated in 2020/21, in consultation with the Section 151 Officer.

As stated in paragraph 3.31 in the report, there was considerable work to do to progress the cycling scheme, in readiness for the stage 2 application for the funding. It was recommended that authority was delegated to the Deputy Chief Executive (AJ), as project sponsor, and S151 Officer, in consultation with the Neighbourhood Services and Finance Portfolio Holders, to oversee the work of the project team to achieve this.

It was understood that planning permissions would be required for the cycle trails and the learn-to ride-area. Whilst the works to the former golf shop were intended to minimise alterations to this grade II listed building, there was a reasonable possibility that planning permission and other consents (e.g. listed building and building control) would also be required.

In terms of alternative options, there was the option to delay agreeing the masterplan until budget decisions could be made. However, it was felt important to get timely agreement on the masterplan and the facilities contained within it, in order that individual elements could be progressed in a phased manner as funding opportunities become available, for example, the cycling and football facilities.

There was also the option to terminate the progression of the application for British Cycling funding for the cycling facilities. However, the opportunity to access 50% external funding (c£425k) was positive and would significantly improve the viability of delivering cycling facilities in the Comyn, which the consultation showed was well supported by the community.

Councillor Grainger proposed the report as laid out, and thanked Members for their support.

Resolved that

(1) the results of the public consultation on the draft masterplan carried out in Spring 2020, as set out at Appendix A to the report, be noted;

(2) the proposed masterplan, as set out at Appendix B to the report, for the re-development of Newbold Comyn, noting the results of the recent market testing exercise, be agreed;

(3) the current estimated costs to deliver the masterplan, and an initial budget required to implement the masterplan in phases will be proposed alongside costs for other priority corporate projects to be set out in the Council's February budget report, be noted;

(4) a stage 1 application to British Cycling for funding towards the cycling facilities contained within the masterplan has been successful, and the Council has been shortlisted to make a stage 2 application, which if successful may result in an award of the maximum funding of 50% (c£425k) towards the capital costs, be noted;

(5) a written confirmation be provided to British Cycling at the point of submitting a stage 2 application for funding (January 2021) that the Council will meet any shortfall for the capital project of up to 50% of costs, currently estimated at c£425k, if the application is successful. Those costs (and those at (6) below) are met from Community Infrastructure Levy (CIL) amounts received by this Council with the Section 123 List being amended to reflect this and the profile of CIL funding to be determined by the Section 151 Officer, be agreed;

(6) £55k to undertake the detailed design of the cycling facilities, required for the stage 2 application for British Cycling funding and that these costs are to be met from CIL amounts received by the Council, with the Section 123 List being amended to reflect this and the profile

of CIL funding to be determined by the Section 151 Officer, be approved; and

(7) authority be delegated to the Deputy Chief Executive (AJ) and Section 151 Officer, in consultation with the Neighbourhood and Finance Portfolio Holders, to progress the bid application and its financing, and seek planning and any other consents (e.g. listed building and building control) necessary to implement the cycle trails and conversion of the golf shop.

(The Portfolio Holder for the item was Councillor Grainger)
Forward Plan Reference 1,144

53. **Creative Quarter: Spencer Yard**

The Executive considered a report from Development Services seeking approval on fundamental elements of the Spencer Yard project, which formed part of the wider Creative Quarter regeneration initiative.

In March 2019, the Executive approved the vision (including indicative projects) for the Creative Quarter, as set out in the 'Big Picture' document, which had been subject to public consultation. This was followed by approval of the 'Phase One Report' by the Executive in November 2019. The report set out some high level proposals and principles relating to the projects identified in the 'Big Picture'. Approval was given for projects at Spencer Yard, Bath Place and Court Street, and in doing so, the Council agreed that Phase One of the Collaboration Agreement between Warwick District Council and Complex Development Projects Ltd (CDP) had been signed off.

The Creative Quarter partnership with CDP in respect of these projects had moved into Phase Two of the Collaboration Agreement. This involved:

1) the testing and refining of the high level proposals and options set out in the Phase One Report;
2) assessing any other – complementary – uses that may emerge as part of this work;
3) further stakeholder engagement as needed; and
4) the detailed planning and design of both the delivery and ongoing management of schemes.

Spencer Yard was identified by CDP, and agreed by the Council, to be the first priority project within those contained within the Phase One Report. As an underutilised area that was already home to several creative organisations, there was an opportunity to build on this and provide additional grow on space for businesses.

Since November 2019, CDP had commissioned a number of surveys on the buildings, to inform their design work and asses the viability for each building. Although those surveys were not yet complete due to restricted access to all areas, the design work had commenced which indicated the following for each building (representative examples of the latest draft proposed plans were included in confidential Appendix One to the report):

- The Old Dole Office would undergo light refurbishment work. Externally, it would require an update of the building envelope, such as replacement of windows and doors, as well as an over clad solution to protect the building from the elements, and also make the building more thermally efficient, whilst improving the overall look. Internally, the existing open spaces would remain but would incorporate support spaces such as toilets, kitchenettes and stores. On the second floor, a new light weight addition could be added following the floor layout of the floor below adding an additional floor to the building.
- The former Nursery would require the same level of refurbishment work internally, together with a small extension to adapt the layout and make it more efficient for office use. Externally, the building envelope needed to be made waterproof and more attractive.
- The former United Reformed Church (URC) building was to be converted into an open plan office space with a common social area that could be shared by the officer users. It was also proposed for the basement level to be refurbished and remodelled following structural investigation. The basement could be linked to the upper floors through a central staircase which would be opened up to bring natural light into the crypt.

Initial surveys to the buildings indicated thermal efficiency performance was poor. The Council worked closely with CDP as part of the development proposals and the plans being submitted were to ensure that wherever possible, the buildings were developed to a carbon neutral standard. The following were some of the options that the Council looked to pursue:

- improved building fabric on the old Dole Office and former Nursery;
- new thermally efficient windows, although due to the listed status of the URC, this may not be possible on the single glazed stain glass windows;
- ground source heat pumps to be installed where possible, subject to ground investigations, or if not, then air source heat pumps would also be pursued;
- solar panels would be encouraged as part of the development, subject to Conservation Area considerations, notwithstanding the type and position of the roof may have an impact on the effectiveness, and this would need to be assessed carefully as part of the planning process; and
- complete removal of gas heating and replacement with renewable energy generation where possible.

The Council’s objectives around sustainable development would be pursued in more detail as specific proposals were drawn up and submitted as formal planning applications.

The open yard area and car park presented an opportunity to increase footfall to the area by installing the basic infrastructure, which would allow the space to easily be used for pop up events and markets. The space would need to be flexible to maintain existing delivery and emergency vehicle routes. Members noted that discussions with the Loft Theatre to reach an agreement on how to mitigate impact of increased activity in the yard on their performance/rehearsal schedule, were ongoing.

The focus of CDP's work was on preparing and submitting a formal planning application for the buildings and the yard area at Spencer Yard before the end of 2020. A pre-application planning meeting was undertaken on Tuesday 6 October, which included colleagues from Development Management and the Conservation Officer. A Stakeholder Forum consultation event was undertaken on Friday 16 October, and a public consultation run by CDP was due to take place as an online event for two weeks, commencing on 2 November 2020. This would be a separate exercise to the formal consultation relating to any future planning application(s).

The principles by which CDP would bring forward projects within the Creative Quarter, and the broad shape of these, was agreed by the Council when it approved the Phase One Report. The decisions that the Council needed to make were around the details of how these projects would be brought forward, the nature of any disposals and any other relevant matters that impacted on the Council's future involvement with, or control of, projects. It had been established through the Collaboration Agreement between the Council and CDP, that this would be achieved through a Development Agreement.

In respect of the proposals for Spencer Yard, the Phase One Report agreed the following:

- the schemes were progressed on the basis that creative workspace/ office use was accepted in principle;
- survey work was undertaken on the assets, in order that detailed cost and design work could take place;
- in accordance with the Collaboration Agreement, a Development Agreement was entered into between WDC and CDP in respect of these assets, which would give CDP exclusivity to develop the assets, and would set out the terms of any cost and revenue shares between the parties;
- WDC and CDP explored the opportunities to work with WDC's Enterprise Service;
- WDC granted licenses to CDP and/or events companies as required, on terms to be agreed, for use of the yard and parking areas for pop-up events and markets (as set out in paragraph 3.7 of the report); and
- ownership of specific assets may transfer from WDC to CDP on a freehold or long leasehold basis, subject to consideration of a detailed Business Case and development appraisal.

At the time of the report, the heads of terms were being negotiated and would include:

- The Properties: To include the former URC, The former Nursery and the Old Dole Office.
- Tenure: CDP would purchase a long leasehold interest in each of the properties.
- The Development: The properties would be refurbished to provide office space with ancillary uses.
- Conditionality for completion of the transfers: for example, project viability, planning permission and listed building consent being obtained, funding being secured and vacant possession of the buildings.
- Planning: details in relation to the planning application to be submitted.

- Development Works: requirements to ensure, for example, that CDP carry out the works with relevant statutory consents.
- Access: The Council would allow CDP access to the site as required to complete the design work on two days' notice.

It was proposed that the Heads of Terms would be agreed under delegated authority, as set out in recommendation 2 in the report, following the receipt of appropriate legal and commercial advice and discussions with the Leadership Coordination Group. For information, only a draft of the current iteration of the Head of Terms was attached as confidential Appendix Two to the report. This was the subject of legal and commercial scrutiny and could yet change significantly. The final iteration would be discussed with the Leadership Coordination Group, subject to the exercise of the delegated authority.

It was noted that the land at Spencer Yard, which was being considered for event space, was not included within the proposed transfer to CDP. CDP proposed that investment would take in this area to create an improved landscaped area, but that the ownership and management of this space remained with the Council. CDP asked (within the Development Agreement) that WDC granted it the right to hold a certain number of events on key days, but otherwise, WDC would be free to host other events. CDP indicated that works on Spencer Yard would require grant funding in order for it to be viable. Investment to create an events space was included within the recent Future High Streets Fund bid that was agreed by Council on 5 August, and subsequently submitted to the Government. CDP would apply to the Council as landowner for any consent to carry out events in the Yard.

Further work was needed to explore any collaboration between CDP and the Council's Enterprise Service. This could either be done on a leasehold basis back to the Council, or on a management agreement between both parties. Once planning permission was granted, the viability for each party would be looked at in more detail.

CDP submitted a sustainability statement as part of the planning application, which detailed what energy efficiency measures were available for each building. This statement could not be produced yet as there was still outstanding survey work which needed to take place for the assessment to be made.

The method for disposal of assets from the Council to CDP was set out in the Collaboration Agreement, a legal document signed by both parties at the start of the project in 2017. This stated that any freehold or leasehold disposal would be detailed in the development agreement. CDP were in the process of preparing the detailed Business Cases for the individual properties listed in paragraph 3.4 of the report, to enable these decisions to be made, after discussion with the Leadership Coordination Group and formal sign off by the Project Board, of which the Leader of the Council and the Finance and Business Portfolio Holder were members. The indications were that the emerging Business Cases would not demonstrate a need for freehold disposals.

The Council had commissioned independent commercial advice on appropriate valuations for the properties, and these were used to determine the validity of the assumptions within the final Business Cases, and further commercial advice would be sought in relation to finalising the heads of terms.

Any capital receipts accruing from a future long leasehold disposal of the buildings would, ideally, be ring-fenced to the Creative Quarter initiative and re-cycled to add value to the projects proposed in the report or future initiatives. However, Members were aware that the 2021/22 Budget setting process needed to reflect the revised Medium Term Financial Strategy projections and a parallel review of the capital resources available to the Council. It was, therefore, proposed that receipts were initially ring-fenced as appropriate, pending the outcome of the review process.

In terms of alternative options, the Council could choose not to pursue the negotiation on the draft Heads of Terms, or choose not to agree them following that negotiation. However, in so doing it could be considered to be acting unreasonably, which would be a breach of the terms of the Collaboration Agreement. In such a scenario, CDP could claim for all costs incurred to date in getting the proposals to the stage they were at the time, which would amount to a considerable amount.

Additionally, failure to agree Heads of Terms for the Spencer Yard properties would impact adversely on the delivery of the overall Creative Quarter project and place at risk the delivery of its strategic objectives, designed to benefit the District and its residents.

The Overview and Scrutiny Committee considered the report and accepted its contents.

The Finance & Audit Scrutiny Committee recommended to the Executive that authority be delegated to the Deputy Chief Executive (BH) in consultation with the Chair of the Finance & Audit Scrutiny Committee, the Leader of the Council and the Portfolio Holder for Finance and Business, to further investigate and look in detail at the proposed Heads of Terms included in Confidential Appendix 2 to the report. Given the Council's unanimous support of the Climate Emergency Action Plan, Members asked that detailed terms on the environmental standards of the proposals be considered, and whether it was sensible to include environmental conditions into the lease. Members felt that the efficacy of those conditions was something the Programme Advisory Board should look at and monitor.

Members of the Executive were required to vote on this because it formed a recommendation to them.

Councillor Rhead, as the Portfolio Holder for Environment, stated that he was in support of the comments from the Finance and Audit Scrutiny Committee, but requested an amendment to the recommendation to ensure it would not affect the viability of the scheme.

Councillor Hales thanked officers for their time and efforts, and welcomed the input from both Scrutiny Committees. He was happy to accept the recommendation from the Finance and Audit Scrutiny Committee.

Councillor Nicholls, the Chair of the Finance & Audit Scrutiny Committee, agreed to the suggested amendment to the recommendation from the

Finance and Audit Scrutiny Committee, to include “subject to not adversely affecting the viability of the scheme”.

Councillor Day proposed the report as laid out, subject to the additional amended recommendation from the Finance and Audit Scrutiny Committee.

Resolved that

(1) the work that Complex Development Projects Ltd (CDP) have undertaken in partnership with the Council since the approval of the “Phase One Report” in November 2019, be noted;

(2) negotiations are in progress on the draft Heads of Terms in relation to the principles of the Development Agreement between the Council and CDP in relation to Spencer Yard, be noted, and authority be delegated to the Deputy Chief Executive (BH), in consultation with the Leader of the Council and the Finance & Business Portfolio Holder, to agree the heads of terms and sign off the final agreement, after receipt of legal advice and discussion with the Leadership Co-ordination Group;

(3) any capital receipts received in relation to the Spencer Yard assets are placed in an appropriate ring-fenced Creative Quarter account and their future use is considered as part of an overall review of Council reserves and capital financing resources, be agreed; and

(4) authority be delegated to the Deputy Chief Executive (BH) in consultation with the Chair of the Finance & Audit Scrutiny Committee, the Leader of the Council and the Portfolio Holder for Finance and Business, to further investigate and look in detail at the proposed Heads of Terms included in Confidential Appendix 2 to the report. Given the Council's unanimous support of the Climate Emergency Action Plan, Members ask that detailed terms on the environmental standards of the proposals be considered, and whether it is sensible to include environmental conditions into the lease, subject to not adversely affecting the viability of the scheme. The efficacy of those conditions be looked at and monitored by the Programme Advisory Board.

(The Portfolio Holders for this item were Councillors Day and Hales)
Forward Plan Reference 1,147.

54. **Transfer of Bust of Sir Henry Cooper**

The Executive considered a report from Cultural Services. A bronze bust of British heavyweight boxer Sir Henry Cooper by William Redgrave was acquired by Leamington Spa Art Gallery & Museum (LSAG&M) in 1970. At the time of the report, it was valued at £900. It did not fall under the Council's Collections Development Policy and had never been displayed.

LSAG&M wished to dispose of the bust by transferring it to a more appropriate public collection.

The recommendation followed a review of the bust's relationship to Warwick District Council's (WDC) Collections Development Policy, which set out the principles, standards and legislation for responsible and ethical acquisition and disposal of collections. The Policy was last reviewed and approved by the Executive in 2018.

The bust was purchased by a private individual in December 1969 from the Grosvenor Gallery, London, and donated to LSAG&M in 1970. It appeared to have been selected due to the significance of boxing in Leamington Spa's sporting history. Sir Henry Cooper was born and lived in London, and had no connection to Leamington Spa. Artist William Redgrave was born in Essex, worked mainly in St Ives, Cornwall, and also had no connection to Leamington Spa.

LSAG&M had a permanent display of local boxer Randolph Turpin and a substantial collection of related material in store. The bust of Sir Henry Cooper was not relevant to the display or to the stored collection.

LSAG&M also had a small collection of sculpture. The collection included works by artists with local connections, and by internationally significant artists. Works from the collection were regularly included in the main Art Gallery displays and in temporary exhibitions of fine art.

The bust of Sir Henry Cooper had never been displayed, and the curators could not foresee any circumstances in which it would be displayed at LSAG&M, either in the context of local history or fine art.

The storage space at LSAG&M was very limited, and the allocated space for sculpture in the Fine Art Store was at capacity, with limited room to accommodate new acquisitions.

The Curatorial team had carried out an extensive search to find a museum with a collection which would be a more appropriate home for the bust. The British Sporting Art Trust (BSAT) were approached in July 2019 and had expressed an interest in the bust. The BSAT were building a collection of British sporting art at Palace House Gallery, Newmarket, and also organised exhibitions at other public galleries. The BSAT collection focused on fine art with sporting subjects, including boxing. The BSAT also cared for the British Council's collection of sporting art. BSAT staff had the relevant curatorial expertise to make best use of the bust for public benefit, and the resources to store and care for it appropriately in the long term.

The Collections Development Policy stated that '*the museum will only dispose of objects for curatorial reasons'.* The criteria for disposal included:

'Falls outside the Collections Development Policy', and *'Public benefit better served by transfer to another institution.'*

Such a disposal required the consent of the Executive: '*The decision to dispose of material from the collections will be taken by the governing body only after full consideration of the reasons for disposal. Other factors including public benefit, the implications for the museum's collections and collections held by museums and other organisations collecting the same material or in related fields will be considered.'*

If disposal was approved, the Collections Development Policy stated that preference should be given to transfer to an Accredited Museum: '*Once a decision to dispose of material in the collection has been taken, priority will be given to retaining it within the public domain. It will therefore be offered in the first instance, by gift or sale, directly to other Accredited Museums likely to be interested in its acquisition.'* The BSAT was an Accredited Museum.

Taking into account the above, it was the view of the Collections & Engagement Manager that there were sound curatorial reasons and it was to the public benefit for the Council to present the bust of Sir Henry Cooper to the BSAT. This would allow it to be displayed in context with other related objects, and ensure it was properly cared for by specialist staff.

In terms of alternative options, the bust could be retained by LSAG&M, which would be detrimental to its use for the public benefit and would increase pressure on storage space.

Councillor Grainger proposed the report as laid out.

Resolved that the presentation of the bust of Sir Henry Cooper as a gift to the British Sporting Art Trust, be approved.

(The Portfolio Holder for this item was Councillor Grainger)
Forward Plan Reference 1,150.

55. **Significant Business Risk Register**

The Executive considered a report from Finance setting out the latest version of the Council's Significant Business Risk Register for review by the Executive. It was drafted following a review by the Council's Senior Management Team and the Leader of the Council.

The report sought to assist Members fulfil their role in overseeing the organisation's risk management framework. A very useful source of guidance on the responsibilities of Members and officers, with regard to risk management, came from the Audit Commission in its management paper "Worth the risk: improving risk management in local Government":

"Members need to determine within existing and new leadership structures how they will plan and monitor the Council's risk management arrangements. They should:

- *decide on the structure through which risk management will be led and monitored;*
- *consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;*
- *agree an implementation strategy;*
- *approve the council's policy on risk (including the degree to which the council is willing to accept risk);*
- *agree the list of most significant risks;*
- *receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;*
- *commission and review an annual assessment of effectiveness: and*
- *approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.*

The role of senior officers is to implement the risk management policy agreed by Members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

As part of the process of assessing the significant business risks for the Council, some issues had been identified which, at the time, did not necessarily represent a significant risk, or even a risk at all, but as more detail emerge, may become a risk. These were mentioned in previous reports, but as their status had not changed, they were included again for completeness.

- Funding – the ongoing impact of the Covid-19 pandemic continued to cause great uncertainty for the Council and its operations. The situation was monitored on a near daily basis, and communications between the political and managerial leadership of the Council remained very strong. Members and officers were in the process of producing a revision to the Council's change programme to prepare it as well as possible for what lay ahead.
- Brexit – already recognised as a potential trigger to some of the Council's existing risks, this issue would be kept under review so that as details emerged of exactly what the Country's new trade and political relationships may mean, generally for local government and specifically for this Council, the implications for the Council's risk environment could be considered further.

The report was not based on "project appraisal", so no alternative options were considered.

The Finance & Audit Scrutiny Committee recommended to the Executive to review Environmental Risk 16 on the Risk Register, "Failure to meet the

District's ambition to be carbon neutral within specified timeframes", to more clearly indicate if this risk referred to the ambition to become carbon neutral as a Council, District or both together. Members felt that as it stood, this was unclear and would benefit from being broken down into different aspirations and their risks, or making it more clear if it was an overarching risk for the whole programme.

Members of the Executive were required to vote on this because it formed a recommendation to them.

Councillor Rhead suggested an amendment to this recommendation, to clarify that there were two separate targets, one for the District and one for the Council.

Councillor Nicholls, the Chair of the Finance & Audit Scrutiny Committee, agreed to Councillor Rhead's suggested amendment, to include "Failure to meet the District's ambition to be carbon neutral within specified timeframes, be split in two risks that refer to the ambition to become carbon neutral as a Council and as a District".

Councillor Day proposed the report as laid out, subject to the additional amended recommendation from the Finance and Audit Scrutiny Committee.

Resolved that

(1) the Significant Business Risk Register, attached at Appendix 1 to the report, was reviewed and any further actions should be taken to manage the risks facing the organisation were considered;

(2) the emerging risks identified in section 9 of the report, be noted; and

(3) Environmental Risk 16 on the Risk Register, "Failure to meet the District's ambition to be carbon neutral within specified timeframes", be split in two risks that refer to the ambition to become carbon neutral as a Council and as a District.

(The Portfolio Holder for this item was Councillor Day)
Forward Plan Reference 1,137

56. **Waste Contract Renewal – Update Report**

The Executive considered a report from Neighbourhood Services. The Warwick District Council (WDC) waste collection contract would end on 31 March 2021. A tender process for a replacement contract was undertaken in 2020 but, as reported to the Executive at its 24 August meeting, the evaluation of the outcomes concluded that it was untenable to continue with the procurement process and re-let the contract. Officers were duly authorised to negotiate a contract extension with the incumbent contractor for a maximum 30-month period.

Members were made aware that the costs of the contract extension posed a significant challenge to the Council's finances and it was, therefore, preferable to minimise the period of the extension as much as was practical. In making their decision to extend the existing contract, the Executive noted that it would be sensible to recommence the procurement process afresh and as soon as possible, having revisited the parameters upon which the process was launched, to determine whether a less expensive long-term contract could be achieved. Councillors also agreed to use the contract extension period to explore options around changes to the collection regime, the use of the proposed sub-regional Materials Recovery Facility (MRF) to process dry recyclates collected within the District, and the option of a joint waste collection contract with Stratford District Council (SDC).

The report proposed that a joint waste contract should be procured with SDC, utilising a revised waste collection regime, which would allow the WDC contract extension to be terminated on 31 July 2022. A report at Minute Number 51 - Sherbourne Resource Park – Proposal to become a Partner Council - made recommendations in respect of the MRF.

In July 2020, WDC and SDC agreed a statement on a jointly commissioned review of local government across South Warwickshire and the wider county area and agreed to explore:

- sharing of senior management posts across the two authorities;
- shared contracts across the two authorities; and
- a Joint Core Strategy/Local plan review.

Exploration of a shared waste collection contract was particularly pertinent to both Councils, as WDC had entered into an extension of their current contract (for a maximum period of 30 months from April 2021) and the SDC contract was due to end on 31 July 2022, allowing the possibility of a new shared contract to be implemented from that date. Considerable work had, therefore, been undertaken on the potential for a joint waste collection contract.

Comprehensive soft market testing suggested that there were considerable advantages to procuring one joint waste contract, with several contractors citing that such a contract would be attractive to the market due to its scale and size, hence the recommendation of a single contract operated by an external contractor.

WDC and SDC currently operated their waste collection services by an external contractor and this was considered to be the optimum delivery mechanism for the future. Appendix One to the report detailed a number of alternative delivery options that were considered in making this decision and outlined the benefits of an outsourced service.

It was envisaged that the joint contract would be entered into by both authorities acting individually, with each being jointly and severally liable, rather than one Council being the lead authority. In this scenario, the Councils would sign a Memorandum of Understanding (MoU), governing disputes relating to the contract prior to its award. However, further legal advice was taken on the contract liabilities and would be considered by the joint Project Board, referenced in section 3.4 of the report.

It was recommended that the Council adopts the EU procurement route of Competitive Procedure with Negotiation, due to the complex nature of the service requirements surrounding waste collection services, sustainability issues, and the collaboration arrangement being proposed. The Council was permitted to apply this procedure under the Public Contract Regulations 2015 (Chapter 2, section 3, item 26 (4) (iii).

It was highly likely that both Councils would face major cost increases in a new waste collection contract, mainly due to national living wage increases, changes and volatility in the recycling market, and other risks that sat with the existing contractors. A 123+ service design was proposed in order to reduce the extent to which the costs would rise, and would be the most effective system in minimising residual waste and maximising recycling. If efficiencies of scale and competitive bids were gained for a joint waste contract, the service design would need to be the same across WDC and SDC.

The proposed 123+ service design was detailed in Appendix Two to the report. The main benefits of the service were as follows:

a) An easier system for residents to follow – recycling could be mixed in a wheeled bin; there was no requirement to sort recycling into different containers; and there was reduced risk of recycling not being collected due to it not being presented in the right way.
b) Increased recycling rates – anticipated increase of up to 10% (according to a study carried out by WRAP in 2019 for WDC).
c) Allowed more capacity for recycling within a new wheeled bin.
d) Reduced litter and spillages as recycling would be contained within a lidded wheeled bin.
e) Allowed additional items to be recycled such as juice cartons and large cardboard.
f) Reduced complaints about loss or damage of recycling boxes and bags.
g) Reduced manual handling risks for collection operatives.

An indicative timeline for procurement was shown at Appendix Three to the report. This was a tight but realistic programme, as a number of work streams had already been established and considerable work had already been undertaken on document preparation that could be tweaked following consideration by Council, and sign-off by the Project Board.

A joint Project Board was established in October 2020 to ensure joint delivery of the contract, and to individually ensure the interests of each Council was best represented. It consisted of officers from both Councils and had two joint sponsors; the Deputy Chief Executives from each Council who alternatively chaired the Board.

The Board would operate in accordance with a formal MoU between the two authorities. The current draft of the MoU was set out at Appendix Four to the report, and was in the process of being finalised after both Councils considered legal advice. It was, therefore, proposed that the final MoU was agreed under the delegated authority, proposed in recommendation 2.5 of the report.

The membership of the Board was set out in the MoU and ensured that appropriate officers from both Councils were involved in the contract re-letting and implementation, with responsibilities for specific themes being shared on an equitable basis. This group of experienced officers had the necessary expert knowledge to deliver the proposed joint contract and were best placed to agree the specification for the contract. Ms Lewis, as the shared Head of Service of Neighbourhood Services (WDC) / Community & Operational Services (SDC), would be the operational project lead providing expert advice and driving individual work streams to ensure key decisions were bought to the Board for resolution and timescales were adhered to.

An existing Member Working Group (MWG) consisting of Portfolio Holders for Culture & Neighbourhood, Finance & Business and Housing & Property had been overseeing the contract extension process. It was proposed that this group continued to provide guidance to officers, so that WDC interests were fully understood and best represented in the Project Board discussions.

With regard to the introduction of low emission vehicles, it was not possible to commit to a specific solution or timescale at this stage, as there remained significant uncertainties regarding feasibility, technology development, infrastructure provision and cost, although the contract specification would ensure that future implementation was provided for.

The development of this element of the contract specification would need to take account of the parallel work being undertaken as a priority for the Climate Emergency Action Programme. This was exploring the feasibility of introducing electric and/or hydrogen infrastructure in to the District to support a range of vehicles including municipal vehicles. In addition, work was continuing with electric vehicle providers to explore issues around vehicle range and costs, taking account of the need for the service to operate over the whole of south Warwickshire. It was noted that technology for the provision of alternate fuel vehicles was in its infancy with regard to those required for waste collection.

When considering the detail of bids received for the waste collection contract, it might be the case that if the Council was to finance the purchase of vehicles, there could be a cost saving. Should the Council go down this route, there would need to be up-front capital financing. As the extent of any such potential financing was not known at this point, it was recommended that authority was delegated to the Head of Finance, in consultation with the Portfolio Holder for Finance, to determine whether it was appropriate, and if so, amend the capital programme accordingly, with Executive updated in a subsequent report.

In developing the proposals contained in the report, briefings were provided to Executive and Leadership Co-ordination Group (LCG), in addition to the oversight provided by the MWG. Subject to the recommendations being approved, it was proposed that further Member input and guidance was provided through the Finance and Neighbourhood Project Advisory Boards (PABs).

In particular, it was proposed that in providing guidance on the implementation of a new contract, the Neighbourhood PAB would undertake a crucial role in helping to create waste champions and community involvement in areas such as waste reduction and recycling.

To accommodate the change in collection methods, new recycling waste bins and food waste caddies would be required, estimated to cost £1.4m. It was proposed that these would be funded from PWLB borrowing, with the costs included within the Capital Programme. Further information on this funding requirement was included within section 5 of the report and the report on the MRF, Minute Number 51 - Sherbourne Resource Park – Proposal to become a Partner Council.

Ahead of the recent tender process for the waste, street cleansing and grounds maintenance contracts, an additional £2m was included in the Council's Medium Term Financial Strategy (MTFS) from 2021/22, to accommodate the anticipated increased costs from this contract. As reported to Members at the 24 August 2020 Executive meeting, a further recurring £1.863m was allocated to the waste contract budget within the MTFS on the back of the tender prices received. Taking into account an estimated income of £315k from the sale of recyclables, the net cost to the Council of the waste contract in the budget was £5.507m, but it was hoped that this amount would be reduced.

The proposals within the report and the separate report on the Materials Recycling Facility (MRF) were believed to present the best net financial position to the Council when the new contract was let. The revenue Budget of £5.507m needed to accommodate the following revenue costs of both sets of recommendations in the two linked reports. A summary of the costs that needed to be covered as a result of the recommendations in both reports was therefore set out in each report. The requirements would cover:

- WDC's share of the annual cost of the new joint waste collection contract, as determined from the tender process;
- debt charges from the PWLB borrowing requirement for new recycling bins and food caddies;
- debt charges from the PWLB borrowing to cover the MRF advance costs;
- debt charges from the PWLB borrowing to cover the Council's loan advance, less the value of the interest received from the AssetCo;
- MRF costs charged to the Council, notably gate fees; and
- subject to any use of the delegation, as set out in recommendation 2.7 of the report, debt charges from PWLB borrowing for vehicles and plant to be supplied to the new contractor, if this was the most financially beneficial option available to the Council.

Subject to the proposals in the two linked reports being approved, there would be more certainty over these figures over the course of 2021, as the MRF project reached financial close in March 2021, and the outcomes of the tender returns from the waste contract procurement process were evaluated in late summer/early autumn 2021. However, the feasibility work jointly commissioned by WDC and SDC to review waste collection options concluded that the recommendations in the report and the linked MRF report, presented the most financially advantageous options for the Council, and provided the potential for substantial savings to be achieved against the allocated budget in due course.

In terms of other options, the option of pursuing an alternative to an external tender process was not recommended for the reasons set out in section 3.1 of the report and Appendix One to the report.

The option of pursuing a WDC-only contract rather than a joint contract was not recommended because of the desire to work together with SDC, and because of the efficiencies saved by procuring one joint contract.

The option of a start date later than 1 August 2022 was not recommended as the extension to the current WDC contract was very expensive and needed to be kept to an absolute minimum.

The option of a start date of 1 April 2022, at the end of the initial 12-month extension period had been discounted, as the procurement timelines made this extremely difficult to achieve and alignment with the end of the SDC contract on 31 July 2022 was the preferred solution that would make commencement of one new joint contract more operationally and financially effective.

The Overview and Scrutiny Committee felt that it would be important to bring residents on-board with the changes to the waste and recycling services. Effective communication and providing help to residents to manage the impact of the changes would be necessary and this would help link into the Council's wider Climate Emergency ambitions.

The Overview & Scrutiny Committee did raise concerns over the potential problem that could be posed by fly-tipping and asked that an effective strategy to counter this risk was put in place. Flexibility in the approach was key.

The Overview & Scrutiny Committee expressed its thanks to the Portfolio Holder, Councillor Grainger and the Head of Neighbourhood Services.

Councillor Grainger proposed the report as laid out.

Resolved that

(1) the options considered in Appendix One to the report be noted, and the procurement of a joint waste contract with Stratford-on-Avon District Council (SDC) through an OJEU compliant process, be agreed;

(2) the current waste collection arrangements be changed to a '123+' waste collection model, as detailed at Appendix Two to the report, and that the new joint contract is procured on this basis, be agreed;

(3) the indicative procurement timetable as set out at Appendix Three to the report, be noted;

(4) the final tender specification will be agreed by a Joint WDC and SDC Project Board, co-chaired by the WDC Deputy Chief Executive (BH) and the SDC Deputy Chief Executive, and operating under a Memorandum of Understanding (MoU)

signed by both authorities, be noted;

(5) authority be delegated to the Deputy Chief Executive (BH) and the Head of Neighbourhood Services, in consultation with the Portfolio Holders for Neighbourhood, Finance and Housing & Property, to agree the final version of the MoU and, subsequently WDC's requirements for the specification, to be taken to the Project Board for agreement;

(6) the procurement process will allow for the exploration of a future introduction of electric or hydrogen powered vehicles and for other carbon reduction measures to support the Council's Climate Emergency Action Plan, be noted;

(7) authority be delegated to the Head of Finance, in consultation with the Portfolio Holder for Finance, to determine whether it would be more advantageous for the Council to purchase the vehicles necessary to deliver the contract and that, if this is to be the case, the capital programme is amended accordingly and reported to a subsequent meeting of the Executive;

(8) the Finance Programme Advisory Board (PAB) will receive updates to allow it to monitor the progress and evaluation of the procurement process and the Neighbourhood PAB will subsequently receive updates on the implementation of the contract after it has been awarded, be noted; and

(9) the cost of new recycling bins and food waste caddies, estimated at £1.4m, will be included in the Capital Programme and funded from Public Works Loan Board borrowing, as set out in section 5 of the report, be noted.

(The Portfolio Holder for this item was Councillor Grainger)
Forward Plan Reference 1,152

57. **Public and Press**

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

Minute Numbers	Paragraph Numbers	Reason
58, 59, 60	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

58. **Confidential Appendices to Item 4 – Sherbourne Resource Park – Proposal to become a Partner Council**

The Executive noted the confidential Appendices in relation to Agenda Item 4, Minute Number 51 – Sherbourne Resource Park – Proposal to become a Partner Council.

59. **Confidential Appendices to Item 5 – Newbold Comyn – Final Masterplan and Funding for Cycling Facilities**

The Executive noted the confidential Appendices in relation to Agenda Item 5, Minute Number 52 – Newbold Comyn – Final Masterplan and Funding for Cycling Facilities.

60. **Confidential Appendix 2 to Item 6 – Creative Quarter – Spencer Yard**

The Executive noted a confidential Appendix in relation to Agenda Item 6, Minute Number 53 – Creative Quarter – Spencer Yard.

(The meeting ended at 7.25pm)

CHAIRMAN
10 December 2020

Fees and Charges 2021/22

		Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
General Fund Services					
Chief Executive's Office	(App A2)	62,726	45,000	30,000	47,300
				-33.3%	**5.1%**
Culture	(App A3)	237,511	209,600	39,600	229,400
				-81.1%	**9.4%**
Development	(App A14)	1,338,974	1,337,700	1,071,900	1,364,000
				-19.9%	**2.0%**
Health & Community Protection	(App A31)	2,000	6,800	6,800	7,400
				0.0%	**8.8%**
Housing	(App A40)	0	84,800	0	0
Neighbourhood	(App A42)	5,005,386	5,503,900	4,436,500	6,186,700
				-19.4%	**12.4%**
Total General Fund Services		**6,646,597**	**7,187,800**	**5,584,800**	**7,834,800**
				-22.3%	**9.0%**
Housing Revenue Account					
HRA	(App A57)	413,491	443,700	430,000	445,000
				-3.1%	**0.3%**

Notes:

i) Recommended charges to operate from 4th January 2021 (unless otherwise stated).

ii) Charges inclusive of VAT where applicable (unless otherwise stated).

iii) Juniors are regarded as persons under 18 years of age (unless otherwise stated)

Chief Executive's Department

ICT - GIS section	Current Charge £	Proposed Charge From 4/1/21 £	
Street Naming and Numbering			
Rename/number exisiting property	39.00	41.00	5.13%
Amend a Development Layout	79.00	83.00	5.06%
Add a name to existing numbered property	Nil	Nil	
Naming of a New Street	128.00	134.50	5.08%
Numbering of New Development -			
1-10 plots	£79 per plot	£83 per plot	
11+plots	£790 plus £22 per plot	£830 plus £23 per plot	
Additional copies of 'Confirmation of Address' letters	Upon request	Upon request	
Renaming of a street	Upon request	Upon request	

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
ICT - GIS section				
Street Naming and Numbering	62,726	45,000	30,000	47,300
Total ICT GIS Section	**62,726**	**45,000**	**30,000**	**47,300**

Culture

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Culture and Heritage:				
Royal Spa Centre	86,498	78,000	0	81,900
Royal Pump Room	1,772	1,100	100	1,200
Town Hall Room Hire	91,209	66,000	10,000	75,000
Total Culture and Heritage	**179,479**	**145,100**	**10,100**	**158,100**
Recreation and Sport:				
Tennis	1,621	4,200	1,100	2,100
Bowls	14,508	16,600	3,900	16,600
Football, Rugby, Hockey Pitches	13,457	16,500	9,000	18,700
Edmondscote Track	20,142	15,500	10,000	19,200
Miscellaneous Charges	0	5,600	1,300	5,000
Lillington Recreation Centre	8,304	6,100	4,200	9,700
Total Recreation and Sport	**58,032**	**64,500**	**29,500**	**71,300**
Total Culture	**237,511**	**209,600**	**39,600**	**229,400**

Culture

Culture and Heritage

Royal Spa Centre (Free of V.A.T. unless otherwise stated)	**Charge** **From 2/1/20**	**Proposed Charge** **From 4/1/21**
Avon Hall:		

With the exception of below, all charges are by negotiation

Catering:
When light refreshments are required, these shall be provided by the Arts Section's Customer Services Team , with whom arrangements should be made

When the premises are booked for functions requiring licensed refreshments, the Bar be provided by and . under the control of the Council.

Main Auditorium	by negotiation	by negotiation

The service of the Duty Manager and/or member of the Technical Staff are included in all the hire charges.

Balcony / Conservatory:	by negotiation	by negotiation

The service of the Duty Manager and/or member of the Technical Staff are included in all the hire charges.

Studio / Cinema

Income (Net of V.A.T.)	**Actual 2019/20 £**	**Original Forecast 2020/21 £**	**Latest Forecast 2020/21 £**	**Original Forecast 2021/22 £**
Events	85,722	76,000	0	79,800
Additional Facilities	776	2,000	0	2,100
Total Royal Spa Centre	**86,498**	**78,000**	**0**	**81,900**

Culture

Culture and Heritage

ROYAL PUMP ROOM (All prices inclusive of V.A.T. unless otherwise stated)	**Charge From 2/1/20** **£**	**Proposed Charge From 4/1/21** **£**	
ASSEMBLY ROOM: ALL BY NEGOTIATION			
PRIVATE, NON-COMMERCIAL BOOKINGS:	80%	80%	
COMMERCIAL BOOKINGS:	100%	100%	
VOLUNTARY ORGANISATIONS:	65%	65%	
ANNEXE:			
PRIVATE, NON-COMMERCIAL BOOKINGS:	80%	80%	
COMMERCIAL BOOKINGS:	100%	100%	
VOLUNTARY ORGANISATIONS:	65%	65%	
EDUCATION ROOM:			
Schools, Colleges & Educational Groups:			
- per day	42.50	45.00	5.88%
- per session (Half day)	32.00	35.00	9.38%
Commercial or non-educational hirers - by negotiation with the Head of Cultural Services with a minimum charge of £10 per hour)			
Additional Facilities :			
Piano (Per booking)	78.00 +VAT	80.00 +VAT	2.56%
ART GALLERY AND MUSEUM:			
Art Exhibitions :			
- commission on pictures sold	30%	30%	

INCOME (Net of V.A.T.)	**Actual 2019/20** **£**	**Original Forecast 2020/21** **£**	**Latest Forecast 2020/21** **£**	**Original Forecast 2021/22** **£**
Assembly Room, Annexe, Education Room	1,712	1,000	0	1,100
Art Exhibitions - Commission on sales	60	100	100	100
Total Royal Pump Room	**1,772**	**1,100**	**100**	**1,200**

Culture

Culture and Heritage

TOWN HALL ROOM HIRE (Free from V.A.T.)	**Charge From 2/1/20 £**	**Charge From 4/1/21 £**
All charges are by negotiation		
PRIVATE, NON-COMMERCIAL BOOKINGS:	80%	80%
COMMERCIAL BOOKINGS:	100%	100%
VOLUNTARY ORGANISATIONS:	65%	65%

Income (Net of V.A.T.)	**Actual 2019/20 £**	**Original Forecast 2020/21 £**	**Latest Forecast 2020/21 £**	**Original Forecast 2021/22 £**
Town Hall Room Hire	**91,209**	**66,000**	**10,000**	**75,000**

Culture

Recreation and Sport

Tennis
Per court per hour
(Excluding All Weather Pitch)
Victoria Park Tennis operates as a concession with the operator setting the charges

Income (Net of V.A.T.)	**Actual 2019/20 £**	**Original Forecast 2020/21 £**	**Latest Forecast 2020/21 £**	**Original Forecast 2021/22 £**
Total Tennis	**1,621**	**2,100**	**1,100**	**2,100**

Bowls	**Charge From 2/1/20 £**	**Proposed Charge From 4/1/21 £**	
Per person - per hour	4.80	5.50	14.58%
Senior Citizens	2.40	2.75	14.58%
Under 18's / Disabled / Unemployed	2.40	2.75	14.58%
Under 5s	Free	Free	
Season Ticket	68.00	78.00	14.71%
Club Season Ticket	35.00	36.00	2.86%
Club Member Season Ticket	35.00	36.00	2.86%
Commonwealth Games Rate for 1 green plus function Room per hour	40.00	45.00	12.50%
Commonwealth Games Rate for 1/2 green plus function Room per hr	20.00	23.00	15.00%
Commonwealth Rate room hire	39.30	45.00	14.50%
Hire of Green (for morning, afternoon or evening session)	by negotiation	by negotiation	

Club Bookings
Subject to negotiation and agreement by Hea
of Finance and Cultural Services

New rates introduced in recognition of non profit making organisations and Commonweath Nations booking the bowls in in relation to the 2022 Commonwealth Games

Culture

Recreation and Sport

Income (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Individuals	1,824	2,300	0	2,400
Clubs, bookings etc.	3,684	4,400	1,900	4,600
Local club rentals	9,000	9,200	2,000	9,600
Total Bowls	**14,508**	**15,900**	**3,900**	**16,600**

	Current Charge 2020/21 Season		Proposed Charge 2021/22 Season	
Football	**Adult £**	**Junior £**	**Adult £**	**Junior £**
Hire of Pitch:				
a) Pitch only	40.00	22.00	42.00	23.00
b) With Dressing Room / Showers	64.00	40.00	67.00	42.00
Hire of Pitch for Season (Once a week):				
a) Pitch only *	555.00	290.00	583.00	305.00
b) With Dressing Room / Showers *	1,005.00	500.00	1,055.00	525.00

Hire of Pitch for Season (Once fortnightly):

a) Pitch only *	277.00	145.00	290.00	152.00
b) With Dressing Room / Showers *	503.00	250.00	525.00	262.50
Rounders Pitch			N/A	

INCOME (Net of V.A.T.)	**Actual 2019/20 £**	**Original Forecast 2020/21 £**	**Latest Forecast 2020/21 £**	**Original Forecast 2021/22 £**
Total Football, Rugby, Hockey Pitches	**13,457**	**17,900**	**9,000**	**18,700**

* Exclusive of VAT. However, if bookings do not fulfil Customs and Excise criteria for VAT free charge, VAT must be added.

Summary of requirements for VAT free hire of sports facilities:

i) User must be a club, school or similar body.
ii) Clear evidence of agreement required, e.g. exchange of letters.
iii) Payment to be made in full whether or not hire takes place.
iv) Hire must be for a sports season or three months, whichever is less.
v) Hirer must have exclusive use of the facility for hire period.

Culture

Recreation and Sport

Edmondscote Athletics Track	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Athletic Track:			
Day Tickets:			
- Adults	4.80	5.50	14.58%
- Juniors / Senior Citizens	2.80	3.00	7.14%
Season Tickets:			
- Adults *	125.00	137.50	10.00%
- Juniors / Senior Citizens *	63.00	69.50	10.32%
* Season Tickets - charges are reduced from 1st October to March 31st by 60%			
Reservation of Track for Group Sessions:			
Training:			
- Session not exceeding 4 hours	55.00	60.00	9.09%
- Schools / Junior	42.00	46.00	9.52%
Sports Meetings - per session of four hours or part thereof:			
Weekdays:			
- Schools / Junior	62.00	68.00	9.68%
each additional hour or part thereof	21.50	24.00	11.63%
- Others	95.00	105.00	10.53%
each additional hour or part thereof	32.00	35.00	9.38%
Saturdays:			
- Schools / Junior	90.00	95.00	5.56%
each additional hour or part thereof	32.00	35.00	9.38%
- Others	138.00	151.00	9.42%
each additional hour or part thereof	47.00	52.00	10.64%
Sundays:			
- Schools / Junior	112.00	123.00	9.82%
each additional hour or part thereof	42.00	46.00	9.52%
- Others	174.00	191.50	10.06%
each additional hour or part thereof	62.00	68.00	9.68%
Use Of Floodlighting - per hour or part thereof	10.00	11.00	10.00%
Use of P.A. System - per period	25.00	27.50	10.00%
Use of Pavilion Facilities - per 4 hour period	45.00	49.50	10.00%
- each additional hour (or part)	18.50	20.00	8.11%

Culture

Recreation and Sport

Income (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Edmondscote Track	**20,142**	**17,500**	**10,000**	**19,200**

* The Floodlighting rate has never been applied as it would be unaffordable to all clubs and the condition of the lighting was poor. We have now improved the lighting and wish to apply a rate that is considered affordable.

Miscellaneous Charges	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Pavillion Hire:			
Hire of Vic Park Bowls Pavilion -external hirers per hr up to 3 hrs)	42.00	46.50	10.71%
Hire of Victoria Park Bowls Pavilion - internal hirers per day	52.00	57.50	10.58%
Hire of Victoria Park Bowls Pavilion - internal hirers up to 3 hrs	40.00	44.00	10.00%

Parks Exercise Permits	Monthly £	Annual £	Monthly £	Annual £
1-3 Sessions per week				
Groups up to 5	30.00	310.00	30.00	310.00
Groups of 6 or more	75.00	760.00	75.00	760.00
4 or More sessions per week				
Groups up to 5	50.00	510.00	50.00	510.00
Groups of 6 or more	125.00	1,260.00	125.00	1,260.00

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Sporting Events in Parks	**0**	**5,600**	**1,300**	**5,000**

Community Sports Development

Various courses of a variety of durations and at many locations from basic children's participation and learning up to adult advanced coaching / training.
Prices from free of charge up to £50 per day dependent on the location, need and subsidy.

Culture

Recreation and Sport

LILLINGTON RECREATION CENTRE	Proposed Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Sporting and Youth Organisations:			
- per morning / afternoon	23.00	26.00	13.04%
- per evening / weekend (per 2 hour session)	23.00	26.00	13.04%
- each additional hour or part thereof	11.50	13.00	13.04%
Other Organisations:	by negotiation	by negotiation	

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Lillington Recreation Centre	**8,304**	**8,400**	**4,200**	**9,700**

FACILITIES FOR PERSONS IN RECEIPT OF UNEMPLOYMENT BENEFIT AND INCOME SUPPORT AND STUDENTS

1. Facilities available free of charge during times shown. If no time is shown it is during all normal hours the activity is available.

   Tennis (Beauchamp Gardens)

   Edmondscote Athletic Track - Monday to Thursday: 9 a.m. to 5.30 p.m., Friday : 9 a.m. to 4.00 p.m. (sometimes restricted by bookings)

   Newbold Hall / Jephson Room,Spa Centre -

2. Facilities available at reduced charges during times shown.

Bowls - Casual usage 10 a.m. to 5 p.m.	-Senior citizens rates
Edmondscote Athletic Track - Monday to Thursday 5.30 onwards and Sunday mornings	-Junior rate

Coaching Courses	-Reduced price on selected courses (see local press for details)
Art Gallery / Craft Courses	-Reduced price on selected courses (see local press for details)
Royal Spa Centre	-Reduced ticket prices at selected performances (see local press for details) -Standby tickets for some concerts and shows, 50% reduction, dependant upon availability Tickets will only be sold 30 minutes prior to start of performance.

* At least 50% of players must fulfil eligibility criteria

FACILITIES FOR PERSONS IN RECEIPT OF UNEMPLOYMENT BENEFIT AND INCOME SUPPORT AND STUDENTS

3. The department operates a whole range of other facilities which are offered without charge (such as paddling pools, playgrounds, parks, Jephson Gardens) and activities (such as Sunday Band concerts, plays in the parks) which are advertised in the local press as appropriate. Play schemes during the summer holidays are also free.

For full details of our services, or for further information on leisure opportunities, please ring the Cultural Services Department on 01926 456207

NOTE:

(a) Use of the above facilities free or at a reduced charge is conditional upon production of a current :

E.S. 40 (Job Seekers Allowance)

OR

Benefits Agency decision notice or book for Income Support

OR

Benefits Agency decision notice or book for Family Credit

OR

Students Association (Union) Card specifying Full time status or

Students Association (Union) Card, non-specific and Student aged under 25 years

(b) Children of the above may receive discounts on certain holiday courses

Every Active also offer discounts – please contact the Centres for further details

Development

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Building Control				
Building Control Fees	858,837	836,000	700,000	840,000
Total Building Control	**858,837**	**836,000**	**700,000**	**840,000**
Development Control				
Development Control	52,474	70,000	38,500	70,000
Total Development Control	**52,474**	**70,000**	**38,500**	**70,000**
Self Building Section	0	**1,000**	**1,000**	**1,500**
Enterprise Team				
Enterprise Team	278,437	273,400	238,400	277,500
Total Enterprise Team	**278,437**	**273,400**	**238,400**	**277,500**
Markets				
Markets	1,624	25,000	0	26,300
Total Markets	**1,624**	**25,000**	**0**	**26,300**
Bowls Championship - Parking	14,021	16,300	0	18,700
Events Team - Open Spaces	20,830	2,000	0	15,000
Land Charges				
Local Land Charges	112,752	115,000	94,000	115,000
Total Land Charges	**112,752**	**115,000**	**94,000**	**115,000**
TOTAL DEVELOPMENT	**1,338,974**	**1,337,700**	**1,071,900**	**1,364,000**

Development

The Building (Local Authority Charges) Regulations 2010

TABLE 1: NEW BUILD OF HOUSES OR FLATS (Dwellings / flats up to 300m^2)

Notes:

1. For a 'full plans' application, the plan fee is required immediately to process the application. This is followed by an inspection fee which is payable on commencement of the building work.

2. For a 'building notice' application the entire fee is required immediately to process the application.

Number Of Dwellings	Charge From 1/4/20 £	Proposed Charge From 1/4/21 £	
Full Plans Applic: Submission Fee			
1	£330.00	£330.00	0.00%
2	£390.00	£390.00	0.00%
3	£450.00	£450.00	0.00%
4	£510.00	£510.00	0.00%
5	£570.00	£570.00	0.00%
6	£630.00	£630.00	0.00%
Full Plans Applic: Inspection Fee			
1	£600.00	£600.00	0.00%
2	£770.00	£770.00	0.00%
3	£950.00	£950.00	0.00%
4	£1,130.00	£1,130.00	0.00%
5	£1,300.00	£1,300.00	0.00%
6	£1,480.00	£1,480.00	0.00%
Building Notice			
1	£930.00	£930.00	0.00%
2	£1,160.00	£1,160.00	0.00%
3	£1,400.00	£1,400.00	0.00%
4	£1,640.00	£1,640.00	0.00%
5	£1,870.00	£1,870.00	0.00%
6	£2,110.00	£2,110.00	0.00%

For sites with more than 6 dwellings please contact us for a quote
For the fee for new houses with floor areas in excess of 300m^2 please contact Building Control.
The fee for a new house or flat includes the garage whether attached or detached.
For full plans applications the fees are split. The submission fee must be paid with the application.
The Inspection fee can also be paid at the same time or be invoiced once the works have started.

Development

The Building (Local Authority Charges) Regulations 2010

TABLE 2: CERTAIN BUILDING WORK IN DWELLINGS
Notes:

1. In a domestic property if alterations (up to £5,000 value, window replacement, replacement roof or garage conversions) are taking place at the same time as an extension (not including loft or basement conversions) there is a 50% discount in the fees for the alterations.

2. If there is more than one extension on a single dwelling, the floor areas for each extension are added together for a single overall fee.

3. Where work is concerned with the provision of access or facilities for a disabled person, in certain circumstances there are exemptions from fees. Please contact Building Control .

4. For a 'full plans' application, the plan fee is required immediately to process the application. This is followed by an inspection fee which is payable on commencement of the building work.

5. The floor area is internal, not including the area of the external walls.

Development

TABLE 2: CERTAIN BUILDING WORK IN DWELLINGS (Continued)

		Charge From 1/4/20 £	Charge From 1/4/21 £	
	Full Plans Application: Submission Fee			
1	Full (or part) garage conversion	£305.00	£305.00	0.00%
1	Replacement windows	£135.00	£135.00	0.00%
1	Domestic Re-roofing up to £10,000 value	£200.00	£200.00	0.00%
	Solar panels and replacement thermal elements	£200.00	£200.00	0.00%
2	Erection of a garage or car port up to $60m^2$	£305.00	£305.00	0.00%
	Domestic extensions up to $40m^2$	£180.00	£180.00	0.00%
3	Domestic extensions from $40m^2$ - $60m^2$	£220.00	£220.00	0.00%
3	Loft or basement conversions up to 40m2	£180.00	£180.00	0.00%
3	Loft or basement conversion from $40m^2$ - $60m^2$	£220.00	£220.00	0.00%
4	Underpinning	£400.00	£400.00	0.00%
	Full Plans Application: Inspection Fee			
1	Full (or part) garage conversion	Nil	Nil	
1	Replacement windows	£135.00	£135.00	0.00%
1	Domestic Re-roofing up to £10,000 value	£200.00	£200.00	0.00%
	Solar panels and replacement thermal elements	£200.00	£200.00	0.00%
2	Erection of a garage or car port up to $60m^2$	Nil	Nil	
	Domestic extensions up to $40m^2$	£300.00	£300.00	0.00%
3	Domestic extensions from $40m^2$ - $60m^2$	£400.00	£400.00	0.00%
3	Loft or basement conversions up to 40m2	£300.00	£300.00	0.00%
3	Loft or basement conversion from $40m^2$ - $60m^2$	£400.00	£400.00	0.00%
4	Underpinning	Nil	Nil	
	Building Notice			
1	Full (or part) garage conversion	£305.00	£305.00	0.00%
1	Replacement windows	£135.00	£135.00	0.00%
1	Domestic Re-roofing up to £10,000 value	£200.00	£200.00	0.00%
	Solar panels and replacement thermal elements	£200.00	£200.00	0.00%
2	Erection of a garage or car port up to $60m^2$	£305.00	£305.00	0.00%
	Domestic extensions up to $40m^2$	£480.00	£480.00	0.00%
3	Domestic extensions from $40m^2$ - $60m^2$	£620.00	£620.00	0.00%
3	Loft or basement conversions up to 40m2	£480.00	£480.00	0.00%
3	Loft or basement conversion from $40m^2$ - $60m^2$	£620.00	£620.00	0.00%
4	Underpinning	£400.00	£400.00	0.00%

1 There is a 50% discount for replacement windows, replacement roof, garage conversion or other works up to £5,000 value (not including loft of basement converversions) if these works are taking place at the same time as a domestic extension

2 Garages in excess of $60m^2$ should be calculated using Table 3.

3 Domestic extensions over $60m^2$ should be calculated using Table 3. There is a minimum fee of £470.

4 The fees for loft and basement conversions in excess of 60m2 should be calculated using Table 3.

5 For full plans applications the fees are split. The submission fee must be paid with the application. The Inspection fee will be invoiced once the works have started or alternatively it can be paid with the submission fee.

Development

The Building (Local Authority Charges) Regulations 2010

TABLE 3: ALL OTHER BUILDING WORK

Notes:

1. For loft / basement conversions there is a minimum fee of £470

2. For domestic extensions over $60m^2$ there is a minimum fee of £470

3. If a 'full plans' application is being made for work requiring a fee of £270 or less the whole fee is payable upon application. Otherwise, 40% of the total fee will be required with the application form as the plan fee. An invoice will be sent on commencement of the work for the remaining 60%, which forms the 'inspection fee'.

4. The estimated cost should be in line with recommended RICS rates, not including VAT or fees paid to architects, etc.

5. Where work is concerned with the provision of access or facilities for a disabled person, in certain circumstances there are exemptions from fees. Please contact Building Control

6. If electrical works are part of a larger project, no further fee is payable. The fee for an application purely for electrical works should be calculated on the basis of Table 3, however a BS7671 completion certificate will need to be issued by an electrician registered with an approved 'competent person' scheme. This electrician should be appointed by the applicant.

Development

The Building (Local Authority Charges) Regulations 2010
TABLE 3: ALL OTHER BUILDING WORK (Continued)

Estimated Cost of Building Work	Charge From 1/4/20 £	Proposed Charge From 1/4/21 £	
Full Plans Application: Submission Fee			
£0 to £5,000	£240.00	£240.00	0.00%
£5,001 to £10,000	£305.00	£305.00	0.00%
£10,001 to £15,000	£140.00	£140.00	0.00%
£15,001 to £20,000	£170.00	£170.00	0.00%
£20,001 to £30,000	£200.00	£200.00	0.00%
£30,001 to £40,000	£230.00	£230.00	0.00%
£40,001 to £50,000	£260.00	£260.00	0.00%
£50,001 to £60,000	£290.00	£290.00	0.00%
For works valued over £60,000 please contact us			
Full Plans Application: Inspection Fee			
£0 to £5,000	Nil	Nil	
£5,001 to £10,000	Nil	Nil	
£10,001 to £15,000	£230.00	£230.00	0.00%
£15,001 to £20,000	£270.00	£270.00	0.00%
£20,001 to £30,000	£310.00	£310.00	0.00%
£30,001 to £40,000	£350.00	£350.00	0.00%
£40,001 to £50,000	£390.00	£390.00	0.00%
£50,001 to £60,000	£430.00	£430.00	0.00%
For works valued over £60,000 please contact us for a quote			
Building Notice			
£0 to £5,000	£240.00	£240.00	0.00%
£5,001 to £10,000	£305.00	£305.00	0.00%
£10,001 to £15,000	£370.00	£370.00	0.00%
£15,001 to £20,000	£440.00	£440.00	0.00%
£20,001 to £30,000	£510.00	£510.00	0.00%
£20,001 to £40,000	£580.00	£580.00	0.00%
£40,001 to £50,000	£650.00	£650.00	0.00%
£50,001 to £60,000	£720.00	£720.00	0.00%

For works valued over £60,000 please contact us for a quote

There is a 50% discount for replacement windows, replacement roof, garage conversion or other works up to £5,000 value if these works are taking place at the same time as a domestic extension.

For full plans applications the fees are split. The submission fee must be paid with the application. The Inspection fee will be invoiced once the works have started or alternatively it can be paid with the submission fee.

Fees are inclusive of V.A.T.

Development

The Building (Local Authority Charges) Regulations 2010
BUILDING REGULATIONS - SUPPLEMENTARY CHARGES

	Charge From 1/1/20 £	Proposed Charge From 1/4/21 £	
Following changes to the national guidance governing Building Regulations Fees, the following charges were introduced with effect from 1 January 2020: (All the following supplementary charges are plus VAT)			
Returned Cheques	55.00	55.00	0.00%
Reactivating Archived Files	55.00	55.00	0.00%
Additional Inspections	55.00	55.00	0.00%
Re-directing Invoices	55.00	55.00	0.00%
Copies of decision notices and completion certificates	25.00	25.00	0.00%
Research	55.00	55.00	0.00%
Pre-application site inspections	55.00	55.00	0.00%

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Building Control Fees	**858,837**	**836,000**	**700,000**	**840,000**

Development

Development Control

		Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Permitted Development Enquiries		50.00	50.00	0.00%
(Self Assessment online free)				
Local Plan 2011-2029 Publication Draft		N/A	N/A	
NEW: Written requests relating to the Planning History of a Site		200.00	200.00	0.00%
Pre-Application Advice Fees				
Tier 1: Self service advice via the WDC website		No charge	No charge	
Tier2A Written response request if plan permission is required		100.00	100.00	0.00%
Tier2B Request for a written response to the acceptability of a minor proposal	Householders	100.00	100.00	0.00%
	Other proposals	250.00	250.00	0.00%
Tier2C Provision of verbal advice at the Development Management / Building Control householder drop in session		No Charge	No Charge	
Tier 3: Provision of pre-application advice for small scale non-householder proposals which do not fall with tiers 4 - 6	per meeting	300.00	300.00	0.00%
	written response	300.00	300.00	0.00%
	both	600.00	600.00	0.00%
Tier 4: Provision of pre-application advice for proposals which fall within the "minor" development category: i.e. residential proposals of 1 - 9 dwellings or involving a site area up to 0.5 ha; commercial proposals involving less than 1,000 sq. m of floor space or a site area of less than 1 ha	per meeting	600.00	600.00	0.00%
	written response	600.00	600.00	0.00%
	both	1,200.00	1,200.00	0.00%
Tier 5: Provision of pre-application advice for proposals which fall within the "small scale major" development category: i.e. residential proposals of 10 - 199 dwellings or involving a site area of 0.5 - 4 ha; commercial proposals involving between 1,000 and 9,999 sq. m of floor space or a site of 1 - 2 ha	per meeting	1,200.00	1,200.00	0.00%
	written response	1,200.00	1,200.00	0.00%
	both	2,400.00	2,400.00	0.00%
Tier 6: Provision of pre-application advice for proposals which fall within the "large scale major" development category: i.e. residential proposals of 200 or more dwellings or involving a site area of 4 ha or more; commercial proposals involving between 10,000 sq. m or more of floor space or a site of 2 ha	per meeting	1,800.00	1,800.00	0.00%
	written response	1,800.00	1,800.00	0.00%
	both	3,600.00	3,600.00	0.00%

Development

Development Control

All fees are inclusive of V.A.T.
A fee will be charged for advice which:

- and apply to all development proposals including those following both the grant of outline planning permission (i.e. prior to the submission of reserved matters applications) and the refusal of planning permission.

- *For any specific development proposal, a* fee will not be charged for *the first round of* advice *(provided by means of either a written response or meeting)* relating to proposals which:-

- are brought forward by small charitable organisations that are based within Warwick District where the proposal either i. falls within tiers 2 to 3 or ii where larger schemes falling within tiers 4 to 6 are proposed to directly benefit the users of *the charity*;

- are for residential development and include *the provision of at least 90% affordable housing.*

- assist disabled people: for example, proposals involving modifications to make a more accessible or user friendly.

- require Listed Building consent (not including redevelopment schemes where the work to a Listed Building is part of a wider proposal).

- are for employment development falling within the B use class.

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Development Control	**52,474**	**70,000**	**38,500**	**70,000**

Self-Build Homes Register
To be included on the register, there will be an entry charge of £55 for Part 1 and £27.50 for Part 2. People entered on Part 1 of the register are to pay a higher fee as there is duty for local authorities to meet the demand on this part of the register. The fee is outside of the scope of VAT.
5.1 If an application to join the register is unsuccessful then the fee will be refunded in full.
5.2 After 12 months, entrants in part 1 are required to pay a renewal fee of £20 and re-register otherwise they will be removed.

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Self Build Register	**0**	**1,000**	**1,000**	**1,500**

Development

Enterprise Team

		Charge From 1/4/20 £	Proposed Charge From 1/4/21 £	
Court Street Creative Arches				
Annual Rent Excluding V.A.T. - which should be added at the prevailing rate.				
All Units	Single or Double Arch	by negotiation	by negotiation	
Althorpe Enterprise Hub				
Office Tariff: Monthly Licence Fee (excluding V.A.T. - which should be added at the prevailing rate) Includes Service Charge				
Unit Number	No of Desks			
1	3	490	497	1.50%
2	3	512	520	1.50%
3	4	626	635	1.50%
4	3	557	565	1.50%
5	2	408	414	1.50%
6	2	372	378	1.50%
7	2	373	378	1.37%
8	2	373	378	1.37%
9	2	408	414	1.60%
10	3	557	565	1.48%
11	4	626	635	1.50%
12	3	466	473	1.50%
13	12	2,007	2,037	1.50%
14	3	550	558	1.50%
15	3	535	543	1.50%
16	3	550	558	1.50%
17	12	2,045	2,076	1.50%
Fees include service charge and 1 parking space - except Unit 12 which does not have parking allocated				
Conference Room Hire Charges (excluding V.A.T. - which should be added at the prevailing rate)				
Althorpe Enterprise Hub Tenants:				
Per Hour		16.75	17.00	1.50%
Half Day	Morning 9.00 am to 12.30 p	50.25	51.00	1.50%
	Afternoon 1.00 pm to 4.30 p	50.25	51.00	1.50%
Full Day	9.00 am to 5.00 pm	100.50	102.00	1.49%

Development

Enterprise Team

		Charge From 1/4/20 £	Proposed Charge From 1/4/21 £	
Althorpe Enterprise Hub Other Organisations:				
Half Day	Morning 9.00 am to 12.30 p	67.00	68.00	1.49%
	Afternoon 1.00 pm to 4.30 p	67.00	68.00	1.49%
			136.00	
Full Day	9.00 am to 5.00 pm	134.00	136.01	1.50%

NOTE: Times above are for guidance only and can be negotiated

26 H.T.

Includes service charge

Unit Number	No.of Desks	Charge From 1/4/20 £	Proposed Charge From 1/4/21 £	
1	8	897.31	910.75	1.50%
2	8	972.73	987.50	1.52%
3	3	406.79	413.00	1.53%
4	10	1,063.20	1,080.00	1.58%
5	5	529.57	537.50	1.50%
6	4	513.28	521.00	1.50%
7	4	513.28	521.00	1.50%

Court Street: COWork - Arch 4

Pricing tariff - (including V.A.T.)	Charge From 1/4/20 £	Proposed Charge From 1/4/21 £	
Monthly subscription (cost per month)	270.00	275.00	1.85%
Dedicated desk package			
P.A.Y.G			
Per day	15.00	15.50	3.33%
Per half day	9.00	9.50	5.56%
Per hour	3.50	3.75	7.14%

INCOME (Net of V.A.T.)	**Actual 2019/20 £**	**Original Forecast 2020/21 £**	**Latest Forecast 2020/21 £**	**Original Forecast 2021/22 £**
Enterprise Team	**278,437**	**273,400**	**238,400**	**277,500**

Development

Business Support and Events Team

MARKETS (Free of V.A.T. unless otherwise stated)	Proposed Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Farmers' Market charge per stall per market to stallholders:			
- Warwick (4-5 per year)	33.00	35.00	6.06%
- Leamington	33.00	40.00	21.21%
- Leamington (Covent Garden, 9 per year)	0.00	40.00	
Market Contractor charge per stall per market to stallholders:			
- Leamington and Warwick	33.00	35.00	6.06%
- Kenilworth	29.25	30.00	2.56%

% of stall income due to Warwick District Council:

Number of Stalls:	%	%
Up to 29	20%	20%
Up to 39	25%	25%
Up to 49	30%	30%
Up to 59	35%	35%
60-79	40%	40%
Over 80	50%	50%

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Markets	**1,624**	**25,000**	**0**	**26,300**

Development

Business Support and Events Team

MISCELLANEOUS CHARGES	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Ticketed Commercial Events (Exempt from VAT)	By negotiation	By negotiation	
Set-up and break-down days- percentage of day rates above (Exempt from VAT)	35%	35%	0.00%
Additional cleansing recharged at cost			
- per 6 cubic yard skip	56.00 + VAT	64.50 + VAT	15.18%
- per additional litter pick	20.50 + VAT	23.50 + VAT	14.63%
Deposits: (VAT not applicable)			
Charitable/Community events <250 people	100.00	115.00	15.00%
Other Charitable/Community events	250.00	287.50	15.00%
Commercial with 15 or under trading units	250.00	287.50	15.00%
Commercial with over 15 trading units	500.00	575.00	15.00%
Fairs with 5 or fewer rides	500.00	575.00	15.00%
Fairs with over 5 rides	1,000.00	1,150.00	15.00%

Deposits should be paid in advance and repaid after the event less cleaning/reinstatement costs (if appropriate)

CIRCUSES AND FAIRS - up to seven days (Exempt from V.A.T.)	1,850.00	2,127.50	15.00%
Each additional day or part thereof (subject to negotiation and agreement by Heads of Finance and Cultural Services).	310.00	356.50	15.00%
PUMP ROOM GARDENS CORNER SITE (per day): (Exempt from V.A.T.) (Subject to negotiation and agreement by Heads of Finance & Cultural Services)	175.00 minimum	201.25 minimum	15.00%
FILMING ON WDC LAND (Exempt from V.A.T.)	by negotiation	by negotiation	

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Special Events	20,830	2,000	0	15,000
Circuses and Fairs	5,500	5,100	0	4,300
Total Miscellaneous Charges	**26,330**	**7,100**	**0**	**19,300**

Development

Business Support and Events Team

BOWLS - CHAMPIONSHIP PARKING	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Victoria Park:			
Car Parking:			
- National Championship Bowls Events - per day	5.00	5.75	15.00%
- 5 Day Parking Pass	20.00	23.00	15.00%

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Car Parking - Victoria Park -Bowls	**14,021**	**16,300**	**0**	**18,700**

Development

Local Land Charges

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Local Land Charges (ringfenced account)				
Local Land Charges	112,752	115,000	94,000	115,000
TOTAL LOCAL LAND CHARGES	112,752	115,000	94,000	115,000

	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Search Fee (non-electronic)			
CON29R Official Search (includes VAT)	96.00	110.50	15.10%
Part II - Optional Enquiries			
CON290 (PARTII)	12.00	14.00	16.67%
CON290 (PARTII) Enquiry 22	0.00	0.00	0.00%
(refer direct to County Council)			
Other Work			
Additional (Non-standard) Questions	24.00	27.50	14.58%
Additonal land parcel (all search types)	12.00	14.00	16.67%

All of the above fees are outside the scope of V.A.T. unless otherwise stated.

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Local Land Charges (ringfenced account)	112,752	115,000	94,000	115,000

Development

Legal Services

	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
CHARGES FOR LOCAL AUTHORITY LEGAL WORK			
Disposals, Licences, Easements, etc.			
Disposals (excluding those on the open market)	At cost	At cost	
Leases	At cost	At cost	
Licences	At cost	At cost	
Licence to plant in Highway - Initial Fee	At cost	At cost	
Rights of Way / Easements	At cost	At cost	
Licenses to Assign (Commercial / Residential)	At cost	At cost	
(refer to County Council if possible)			
Mortgages			
Supply of Epitome and Abstract of Title: Photocopy charge	see below	see below	
Redemption of Mortgages	No charge	No charge	
Council entering into Conveyance releasing part of mortgaged property	At cost	At cost	
Postponement of Council's Discount provisions	88.00	101.00	14.77%
Release of one party to mortgage	250.00	287.50	15.00%
Applic for retrospective consents to Property Alterations	65.00	75.00	15.38%
Miscellaneous Agreements concerning the Development of Land			
Sect 106 Agreements - Town & Country Plan Act 1990	available via w	available via website	
Photocopying (Inclusive of V.A.T.)			
A4 Single sided	0.11	0.13	15.00%
A4 Single sided - colour	0.88	1.00	13.64%
A4 Double sided	0.22	0.25	15.00%
A4 Double sided - colour	1.50	1.75	16.67%
A3 Single sided	0.22	0.25	15.00%
A3 Single sided - colour	1.80	2.10	16.67%
A3 Double sided	0.44	0.50	13.64%
A3 Double sided - colour	3.00	3.45	15.00%
A0 Plans	17.50	20.00	14.29%
A0 Plans - colour	60.00	69.00	15.00%

Health and Community Protection

Licensing

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Licensing and Registration (ringfenced account)				
Licensing and Registration	156,383	208,000	208,000	238,100
Total Licensing and Registration	**156,383**	**208,000**	**208,000**	**238,100**

LICENSING and REGISTRATION:	Current Charge from 2/1/20	Proposed Charge From 4/1/21	
(V.A.T. not applicable)	£	£	
Hackney Carriage / Private Hire Licence +Horse Drawn Vehicles:			
Vehicle Licence (PH) - Application Fee	49.00	50.00	2.04%
Vehicle Licence (PH)	82.50	84.00	1.82%
Vehicle Licence (PH) Renewal- Application Fee	49.00	50.00	2.04%
Vehicle Licence Renewal (PH)	78.50	80.00	1.91%
2nd Vehicle Licence Renewal (PH) -	49.00	50.00	2.04%
2nd Vehicle Licence Renewal (PH) - licence	40.50	41.00	1.23%
Vehicle Licence (HC) - Application Fee	50.00	51.00	2.00%
Vehicle Licence (HC)	82.50	84.00	1.82%
Vehicle Licence (HC) Renewal- Application Fee	50.00	51.00	2.00%
Vehicle Licence Renewal (HC)	80.00	81.50	1.88%
2nd Vehicle Licence Renewal (HC) - app	50.00	51.00	2.00%
2nd Vehicle Licence Renewal (HC) - licence	40.00	40.75	1.88%
Vehicle Licence (PH) with Dispensation- Application Fee	51.00	52.00	1.96%
Vehicle Licence (PH) with Dispensation- Licence Fee	83.00	84.50	1.81%
2nd annual (PH) renewal with dispensation - app	51.00	52.00	1.96%
2nd annual (PH) renewal with dispensation - lic	42.00	42.75	1.79%
Renewing Vehicle Licence with Dispensation (PH)- app	51.00	52.00	1.96%
Renewing Vehicle Licence with Dispensation (PH)- licence	80.50	82.00	1.86%
2nd Vehicle Licence Renewal with Dispensation (HC) - New cha	83.50	85.00	1.80%
Vehicle Licence - Transfer of Vehicle	40.75	41.50	1.84%
Medical Administration fee (included with new/renewal applica	18.00	18.00	0.00%
Annual Medical (without Application)	20.00	20.00	0.00%
HC/PH driver licence - grant 3years (new) -application	106.00	108.00	1.89%
HC/PH driver licence - grant 3years (new) - licence	252.00	257.00	1.98%
HC/PH driver licence - renewal 3years (new) -application	92.00	93.50	1.63%
HC/PH driver licence - renewal 3years (new) - licence	252.00	257.00	1.98%
Replacement Driver's Badge	32.00	32.50	1.56%
Replacement Driver's or Vehicle's Paper Licence	20.00	20.00	0.00%
Replacement Drivers Dashboard ID	37.00	37.75	2.03%
Replacement Vehicle Plate	25.00	25.50	2.00%
New Driver's Knowledge Test	72.00	73.50	2.08%
Private Hire Operator's Licence (5year) - New Application	105.00	107.00	1.90%
Private Hire Operator's (5year) -Licence	780.00	795.50	1.99%
Private Hire Operator's Licence (5year) -renew Application	55.00	56.00	1.82%
Private Hire Operator's (5year) - Renew Licence	780.00	795.50	1.99%

Health and Community Protection

Licensing

LICENSING and REGISTRATION:	Current Charge from 2/1/20	Proposed Charge From 4/1/21	
(V.A.T. not applicable)	£		£
DBS Check	75.00	76.50	2.00%
Local Government (Misc. Provisions) Act 1982			
Sex Establishments Licence - new Application	2,450.00	2,500.00	2.04%
Sex Establishments Licence - new Licence	4,650.00	4,700.00	1.08%
Sex Establishments Licence -renewal Application	2,300.00	2,350.00	2.17%
Sex Establishments Licence -renewal Licence	4,650.00	4,700.00	1.08%
Transfer	2,250.00	2,300.00	2.22%
Variation	2,250.00	2,300.00	2.22%
Street Trading Consent Licence:			
Static Pitch - new application	75.00	76.50	2.00%
Static Pitch - licence	210.00	214.00	1.90%
Touring Pitch - new application	70.00	71.00	1.43%
Touring Pitch - licence	200.00	204.00	2.00%
Day Trading	60.00	61.00	1.67%
Group Trading			
Category 1 (up to 20)	100.00	102.00	2.00%
Category 2 (21 to 49)	125.00	127.50	2.00%
Category 3 (50 to 75)	150.00	153.00	2.00%
Category 4 (76 to 99)	175.00	178.50	2.00%
Category 5 (over 100 traders)	200.00	204.00	2.00%
Transfer of Consent	40.00	40.75	1.88%
Variation to Consent	60.00	61.00	1.67%
Replacement Badge	25.00	25.50	2.00%
Replacement Paper Consent	20.00	20.00	0.00%
Additional Employee	40.00	40.75	1.88%
Small Lotteries - renewal	20.00	20.00	0.00%
Small Lotteries -new	40.00	40.00	0.00%
Scrap Metal			
Site Licence (3 year)	795.00	810.00	1.89%
Additional Site licence	665.00	678.00	1.95%
Renewal of Site licence	666.00	679.00	1.95%
Variation of Site licence	75.00	76.50	2.00%
Collectors licence (renewal) -	615.00	627.00	1.95%
Collectors Licence (3 year)	640.00	652.00	1.88%
Variation Collectors Licence	75.00	76.50	2.00%
Replace or copy licences	20.00	20.00	0.00%
Change of licence details (trading name, address etc.)	30.00	30.60	2.00%
Change of site manager	70.00	71.00	1.43%
Change of site	155.00	158.00	1.94%
Replacement ID Badge	30.00	30.50	1.67%
CCTV viewing charge	99.00	114.00	

Health and Community Protection

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Sex Establishments	6,650	7,000	7,000	7,000
Consent for Street Trading	10,645	7,000	7,000	7,000
Small Lotteries	2,240	2,000	2,000	2,000
Hackney Carriages / Private Hire	135,144	190,000	190,000	194,000
Scrap Metal	704	1,000	1,000	1,000
CCTV	1,000	1,000	1,000	1,200
Total Licences	**156,383**	**208,000**	**208,000**	**212,200**

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Licensing	**156,383**	**208,000**	**208,000**	**212,200**
Environmental Health:				
Pest Control	1,158	2,600	2,600	2,700
Food Safety	0	2,700	2,700	3,000
Pollution Control	842	1,500	1,500	1,700
Licensing	16,256	18,400	18,400	19,300
Total Environmental Health	**18,256**	**25,200**	**25,200**	**26,700**
TOTAL HEALTH & COMM PROT	**174,639**	**233,200**	**233,200**	**238,900**

Health and Community Protection

Environmental Health

PEST CONTROL (Inclusive of V.A.T.)	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
RODENT CONTROL:			
(Control of Rat & Mice Infestation)			
Non Domestic Premises (without contract):			
- One man and van per hour	90.00	92.00	2.22%
- Two men and van per hour	119.00	121.00	1.68%
Domestic Premises:			
Rat Infestation	Free	Free	
Mice Infestation:			
- Standard Charge	78.00	80.00	2.56%
- Persons in receipt of Inc Support or Job seekers Allowance	Free	Free	
Persons in receipt of a State pension/Pension Credits	39.00	40.00	2.56%
Persons Registered Disabled	39.00	40.00	2.56%
TREATMENT FOR OTHER PESTS:			
- Standard Charge			
- Bedbugs	84.00	86.00	2.38%
- Fleas and Cockroaches	84.00	86.00	2.38%
- Persons in receipt of Inc Support or Job seekers Allowance	Free	Free	
Persons in receipt of a State pension/Pension Credits	42.00	43.00	2.38%
Persons Registered Disabled	42.00	43.00	2.38%
STRAY DOGS:			
- Administration charge for processing stray dogs	27.00	27.00	0.00

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Pest Control	1,028	2,100	2,100	2,100
Stray Dogs processing- administration	130	500	500	600
Total Pest Control	**1,158**	**2,600**	**2,600**	**2,700**

Health and Community Protection

Environmental Health

FOOD SAFETY:	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Food Inspection:			
- Non-Statutory Inspections	180.00	198.00	10.00%
Health Certificate	70.00	77.00	10.00%

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Food Safety Charges	**0**	**2,700**	**2,700**	**3,000**

POLLUTION CONTROL:	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Contaminated Land Search	104.00	120.00	15.38%

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Pollution Control Charges	**842**	**1,500**	**1,500**	**1,700**

Health and Community Protection

Environmental Health

LICENSING	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
(V.A.T. not applicable)			
Dangerous Wild Animals Act	441.00	463.00	4.99%
New Zoo Licence (5yr)	1,442.00	1,514.00	4.99%
Renewal Zoo Licence (6 years)	1,648.00	1,730.00	4.98%
Animal Welfare Licence			
Home/Day Boarder			
Application fee	150.00	157.50	5.00%
Licence Fee 1 yr	100.00	105.00	5.00%
Licence Fee 2 yr	140.00	147.00	5.00%
Licence Fee 3 yr	180.00	189.00	5.00%
Additional Host (franchise) added to Application fee	60.00	63.00	5.00%
Commercial Boarding (A) (1-25 dogs)			
Application fee	200.00	210.00	5.00%
Licence Fee 1 yr	130.00	136.50	5.00%
Licence Fee 2 yr	170.00	178.50	5.00%
Licence Fee 3 yr	210.00	220.50	5.00%
Commercial Boarding (B) (more than 25 dogs)			
Application fee	250.00	262.50	5.00%
Licence Fee 1 yr	130.00	136.50	5.00%
Licence Fee 2 yr	170.00	178.50	5.00%
Licence Fee 3 yr	210.00	220.50	5.00%

Health and Community Protection

Environmental Health

LICENSING (CONTINUED)	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
(V.A.T. not applicable)			
Pet Shop Licence			
Application fee	300.00	315.00	5.00%
Licence Fee 1 yr	130.00	136.50	5.00%
Licence Fee 2 yr	170.00	178.50	5.00%
Licence Fee 3 yr	210.00	220.50	5.00%
Exhibition & Performance Licence			
Application fee	200.00	210.00	5.00%
Licence Fee 3 yr	100.00	105.00	5.00%
Hiring of Horses A (1-16)			
Application fee	200.00	210.00	5.00%
Licence Fee 1 yr	130.00	136.50	5.00%
Licence Fee 2 yr	230.00	241.50	5.00%
Licence Fee 3 yr	330.00	346.50	5.00%
Hiring of Horses B (17 or more)			
Application fee	250.00	262.50	5.00%
Licence Fee 1 yr	130.00	136.50	5.00%
Licence Fee 2 yr	230.00	241.50	5.00%
Licence Fee 3 yr	330.00	346.50	5.00%
Dog Breeding Licence A (1 to 10 bitches)			
Application fee	200.00	210.00	5.00%
Licence Fee 1 yr	130.00	136.50	5.00%
Licence Fee 2 yr	170.00	178.50	5.00%
Licence Fee 3 yr	210.00	220.50	5.00%
Dog Breeding Licence B (11 or more bitches)			
Application fee	250.00	262.50	5.00%
Licence Fee 1 yr	130.00	136.50	5.00%
Licence Fee 2 yr	170.00	178.50	5.00%
Licence Fee 3 yr	210.00	220.50	5.00%
Variations (charge depends on nature of variation and if a visit is requ	40.00	42.00	5.00%
Requests for re-inspections	180.00	189.00	5.00%

Any vets charges accrued are charged back to the applicant

Health and Community Protection

Environmental Health

LICENSING (CONTINUED)	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
(V.A.T. not applicable)			
Local Government (Misc. Provisions) Act 1982			
Premises Registration Ear Piercing, Tattooing (Application)	150.00	157.50	5.00%
Premises Registration Ear Piercing, Tattooing (Licence Fee)	120.00	126.00	5.00%
Personal Registration Electrolysis, Acupuncture (Application)	110.00	115.50	5.00%
Personal Registration Electrolysis, Acupuncture (Licence Fee)	120.00	126.00	5.00%
Temporary Tattoo Events - Cost per Day			
Temp Event Premises registration (per business) -Applic	70.00	73.50	5.00%
Temp Event Premises reg (per business at event) -Licence	120.00	126.00	5.00%
Variations to above licences (From) - new charge	35.00	36.50	4.29%

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Licensing - Skin Piercing/Tattooing	7,400	3,500	3,500	3,700
Riding Establishments	1,360	4,000	4,000	4,200
Zoos	1,373	0	0	0
Animal Boarding Establishments	4,304	9,000	9,000	9,400
Animal Breeding	1,112	1,000	1,000	1,100
Pet Shops	267	500	500	500
Exhibit/Performing Animals	440	400	400	400
Total Licensing	**16,256**	**18,400**	**18,400**	**19,300**

Housing

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Private Sector Housing Renewal				
Improvement Grants Admin	0	84,800	0	0
HMO Renewal		23,300	23,300	23,800
TOTAL HOUSING and PROPERTY	**0**	**108,100**	**23,300**	**23,800**

	Proposed Charge From 2/1/20 £	Proposed Charge From 2/1/21 £
Charges for The Administration of Improvement Grants	at cost	at cost
Home Improvement Agency fee (% cost of works)	12.5%	12.5%
Immigration Inspection Fee	137.8 + VAT	140.60 + VAT
Statutory Notice Administrative Fee	at cost	at cost

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Improvement Grant Admin. Charges		**84,800**	**0**	**0**

Housing

Housing in Multiple Occupation Licensing

		Charge From 2/1/20 £	Charge From 4/1/21 £	
New Applications:	Number of Occupants			
Full Fee	5 only	857.00	874.00	1.98%
	6 to 12	992.00	1,012.00	2.02%
	13 to 20	1,136.00	1,159.00	2.02%
	21+	1,313.00	1,339.00	1.98%
Multiple Discounted Fee *	5 only	825.00	N/A	5.94%
	6 to 12	952.00	N/A	6.30%
	13 to 20	1,099.00	N/A	5.46%
	21+	1,270.00	N/A	5.43%
Licence Renewal Fees:				
Full Fee	5 only	634.00	665.00	4.89%
	6 to 12	728.00	765.00	5.08%
	13 to 20	838.00	880.00	5.01%
	21+	964.00	1,012.00	4.98%
Multiple Discounted Fee *	5 only	594.00	N/A	11.95%
	6 to 12	691.00	N/A	10.71%
	13 to 20	800.00	N/A	10.00%
	21+	927.00	N/A	9.17%
* Multiple Discount Fee Removed from 4/1/21				
Late Licence Application Fee (after initial reminder letter)		110.00	126.50	15.00%
Appointment of Manager Fee:	Manager Fee	57.20	N/A	
	Discounted Fee**	30.50	N/A	
** Payable where manager has been 'fit and proper person' checked in the last 5 years				
Administrative Charges:				
Repeat requests for documents		55.50	64.00	15.32%
Finder's Fee for unlicensed HMO (penalty)		163.00	187.50	15.03%
(If the landlord/owner has failed to notify wdc of the licensable HMO)				
Photocopying Charges:	Additional copying (per document)	5.50	6.25	13.64%

Mobile Homes Act 2013 Fees

Mobile Home Site New Application/Variation Fee			
sites with up to 10 units	282.00	324.00	14.89%
sites with 11 to 50 units	315.00	362.50	15.08%
sites with 51 to 100 units	349.00	401.00	14.90%
sites with more than 100 units			
Mobile Home Site Annual Inspection Fee			
sites with up to 10 units	225.00	259.00	15.11%
sites with 11 to 50 units	259.00	298.00	15.06%
sites with 51 to 100 units	292.00	336.00	15.07%
sites with more than 100 units			
Mobile Home Site Re-inspection Fee	83.00	95.50	15.06%
Mobile Home Site Administrative Fee	33.50	38.50	14.93%

Neighbourhood

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Car Parking				
Car Parking	3,231,593	3,418,500	2,298,000	3,737,300
Total Car Parking	3,231,593	3,418,500	2,298,000	3,737,300
Waste Collection:				
Refuse Collection	180,551	150,800	200,000	173,400
Total Waste Collection	**180,551**	**150,800**	**200,000**	**173,400**
Bereavement Services:				
Cemeteries	312,277	412,900	400,100	481,500
Crematorium	1,280,965	1,521,700	1,538,400	1,794,500
Total Bereavement Services	1,593,242	1,934,600	1,938,500	2,276,000
TOTAL NEIGHBOURHOOD	**5,005,386**	**5,503,900**	**4,436,500**	**6,186,700**

Bereavement Services

CEMETERIES (Free of V.A.T. unless otherwise stated)	**Charge From 2/1/20 £**	**Proposed Charge From 4/1/21 £**	
SALE OF BURIAL RIGHTS * (For a period of 50 years)			
Each Grave - Area without kerbstones			
Each Grave - Area with kerbstones			
Standard grave with/without kerbstone for coffin/casket 6'9" x 25"	1,320.00	1,580.00	19.70%
Large Grave	1,700.00	1,970.00	15.88%
Selection Fee (Grave space chosen out of rotation)	370.00	430.00	16.22%
Selection Fee (as above) - for child,1/2 Size & Ashes	150.00	215.00	43.33%
Child's grave	550.00	700.00	27.27%
Half size grave for Cremated Remains	550.00	700.00	27.27%
Exclusive Burial Rights - Garden of Remembrance	250.00	290.00	16.00%
Extension of expired rights (standard* grave 5 year extension)	124.00	158.00	27.42%

* extension of expired rights for non-standard size graves will be calculated pro-rata per square foot.

Graves purchased for future use will be charged out of rotation fee in addition to the fee for the exclusive right of burial

INTERMENT *
Request delegated authority to Head of service in conjunction with Portfolio Holder to change or introduce fees for enhanced services required as a result of extraordinary or emergency events

Person aged 17 years and above :			
Adult interment (irrespective of depth)	900.00	1,045.00	16.11%
Cremated Remains	190.00	220.00	15.79%
Cremated Remains - St. Nicholas Church Yard	190.00	220.00	15.79%
Children :			
Still-born to not exceeding 1 month (Parents are resident in WDC area)			
Still-born to not exceeding 1 month (Parents NOT resident in WDC ar	115.00	135.00*	17.39%
Child aged between 1 month & 16 years (parents resident in WDC area)			
Child aged between 1 month &16 yrs(parents not resident in WDC are	115.00	135.00*	17.39%
Woodland Burial (Oakley Wood)	1,300.00	1,495.00	15.00%
Surcharge of 50% for non-residents			
* Fee recoverable from Central Government and is NOT charged to bereaved parents			
MEMORIAL FEES :			
Headstone and other memorials up to 3' 6" - incl 1st inscript	220.00	255.00	15.91%
Vase and other memorials under 1' 0" - incl 1st inscript	220.00	255.00	15.91%
Additional Inscription	100.00	115.00	15.00%
Kerbstones			
Kerbset memorials (including the first inscription)	420.00	483.00	15.00%
OTHER CHARGES:			
Manual search of Burial Registers (per 30 mins or part thereof)			
	45.00	55.00	22.22%
- Includes email confirmation of details.			
	65.00	80.00	23.08%
- Includes confirmation of details sent by post			
Specialist contractor services		Cost + 20%	
Assistance when making arrangements without a funeral director		86.00	
Assistance when making arrangements without a funeral director - (concession for those eligible to claim for a funeral payment)		No charge	

Bereavement Services

CEMETERIES	Charge From 2/1/20	Proposed Charge From 4/1/21	
Use of Kenilworth Cemetery Chapel	115.00	130.00	13.04%
Late arrival(charged after 10mins + for every subsequent 15mins)	150.00	200.00	33.33%
Transfer exclusive right of burial	80.00	95.00	18.75%
Preparing documents for relinquish of grant	80.00	95.00	18.75%
Marking out grave	50.00	60.00	20.00%
Temporary grave marker (1 year only)		35.00	
Late deliv of burial paperwork (after 10am,3 working days prior to buri	55.00	65.00	18.18%
Late cancellation of burial (after 10am, 3 working days prior to burial)	200.00	230.00	15.00%
Very Late cancellation of burial-if excavation has already been carriec	Full cost of Interment		
Late notification of coffin size or incorrect coffin size supplied (after 10am, 3 working days prior to burial)	200.00	230.00	15.00%
Personal Delivery of cremated remains to Cemetery or within Warwicl District	100.00	115.00	15.00%

* Surcharge of 200% for non-residents on sale of burial rights and interments

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Burial Rights	124,592	187,900	185,300	219,600
Interments	143,030	170,000	159,000	198,100
Memorials	37,175	46,900	47,600	54,200
Cemeteries - other	7,480	8,100	8,200	9,600
Total Cemeteries	**312,277**	**412,900**	**400,100**	**481,500**

Bereavement Services

CREMATORIUM	Charge From 2/1/20	Proposed Charge From 2/1/21	
(Free of V.A.T. unless otherwise stated)	£	£	
CREMATION FEE: (Including use of music system and/or Organ)			
Foetal remains and still-born to 1 month (parent resident in WDC)	No charge	No charge	
Foetal remains and still-born to 1 month (parent NOT resident in WD(	135.00	135.00	0.00%
Child - aged between 1 month and 16 years (parent resident in WDC	No charge	No charge	
Child - aged between 1 month and 16 years (parent not resident in W	135.00	135.00	0.00%
Person aged 17 years and above	800.00	920.00	15.00%
Person aged 17 years and above - non-resident	800.00	920.00	15.00%
Body Parts	135.00	135.00	0.00%
Additional Service Time - per half hour	150.00	175.00	16.67%
Late arrival	180.00	210.00	16.67%
Communal cremation of foetal remains (PER COFFIN)	135.00	135.00	0.00%
Cremation where there is no service	555.00	640.00	15.32%
Premium on top of cremation fee for Saturday service	190.00	220.00	15.79%
Child - aged between 1 month and 16 years (parent resident in WDC)	No charge	No charge	
Child-aged between 1 monthand 16 years(parent NOT resident in WD	135.00	135.00	0.00%

Request delegated authority to Head of Service in conjunction with Portfolio Holder, to change or introduce fees for enhanced services required as a result of extraordinary or emergency events events

CASKETS AND OTHER MEMORIALS (Inclusive of (VAT)	
Scattering tube	24.00
Mini scattering tube	12.00
Ashes casket	55.00
Mini ashes casket	20.00
Ashes keepsake	40.00
Additional Biodegradable Oakley Wood caskets	10.00
(1 supplied free with ashes that are collected)	
Grave Marker (supplied at time of burial)	35.00
Carved wooden grave marker (supplied at the time of the burial)	80.00
DVD recording of service	50.00
Live streaming of service	No charge

Request delegated authority to Head of Service in conjunction with Portfolio Holder

Bereavement Services

OTHER SERVICES	Charge From 2/1/20 £	Proposed Charge From 2/1/21 £	
Disposal of remains from other Crematoria	85.00	100.00	17.65%
Certified copy of an entry in the Cremation register	12.00	12.00	0.00%
Temporary retention of Cremated Remains (per month) - chargeable from the third month following Cremation service	27.00	27.00	0.00%
Despatch of Cremated Remains by courier	200.00	250.00	25.00%
Duplicate certificate for cremated remains	12.00	12.00	0.00%
Late arrival of paperwork (after 10am, 2 working days prior to cremati	55.00	65.00	18.18%
Late cancellation of service(after 10am,2 working days prior to cremat	200.00	230.00	15.00%
Assistance when making arrangements without a funeral director		86.00	
Assistance when making arrangements without a funeral director - (concession for those eligible to claim for a funeral payment)		No charge	
BOOK OF REMEMBRANCE (inclusive of VAT)			
2 Line Inscription	110.00	130.00	18.18%
5 Line Inscription	150.00	175.00	16.67%
8 Line Inscription	200.00	230.00	15.00%
Crests, etc.	85.00	100.00	17.65%
REMEMBRANCE CARDS (inclusive of VAT)			
With 2 Line Inscription	55.00	65.00	18.18%
With 5 Line Inscription	75.00	90.00	20.00%
With 8 Line Inscription	100.00	115.00	15.00%
Crests, etc.	85.00	100.00	17.65%

Bereavement Services

CREMATORIUM (Free of V.A.T. unless otherwise stated)		Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
MEMORIAL GARDEN (inclusive of VAT):				
Sanctum 2000 Unit	- Supply and 10 year lease including inscription of up to 80 letters	900.00	1,035.00	15.00%
	- Additional 10 year lease	300.00	500.00	66.67%
	- New plaque (up to 80 lett	325.00	375.00	15.38%
	- Inscribed designs A	180.00	210.00	16.67%
	- Inscribed designs B	225.00	260.00	15.56%
	- each additional letter	3.50	4.05	15.71%
	- refurbish existing plaque	200.00	230.00	15.00%
	- 2nd interment -80 letters i	280.00	360.00	28.57%
Refurbished columbaria with new plaque and 10 year lease		660.00	835.00	26.52%
Vase Block and Inscribed relief tablet -Supply and 10 year lease		500.00	575.00	15.00%
	- Additional 10 year lease	150.00	250.00	66.67%
	New plaque (relief)	155.00	180.00	16.13%
	new plaque (gilded)	160.00	190.00	18.75%
	- refurbish existing plaque	90.00	100.00	11.11%
Refurbished vase with new plaque and 10 year lease		310.00	500.00	61.29%
Wooden Memorial Benches		1,300.00	1,500.00	15.38%
Granite Memorial Benches (with one plaque)		1,250.00	1,450.00	16.00%
Granite Memorial Bench (with two plaques)		1,350.00	1,625.00	20.37%
Granite Memorial Bench (with three plaques)		1,450.00	1,800.00	24.14%
Plaque on communal memorial bench		350.00	405.00	15.71%
Refurbish memorial bench		Cost + 20%	Cost + 20%	
Memorial tree		Cost + 20%	Cost + 20%	
Habitat memorial (eg bird or bat box)		150.00	175.00	16.67%
Additional or replacement plaque (private benches)			175.00	New
Leaf or Acorn plaque			375.00	New
Bird plaque			400.00	New
Sustainable plaque scheme		330.00	380.00	15.15%
Any other type of commemoration				

Request delegated authority to Head of Service in conjunction with Portfolio Holder

Bereavement Services

INCOME (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Cremation	1,251,005	1,482,800	1,498,800	1,747,900
Book of Remembrance & Rememb Cards	18,551	26,100	26,100	30,300
Memorial Garden	11,409	12,800	13,500	16,300
Total Crematorium	**1,280,965**	**1,521,700**	**1,538,400**	**1,794,500**
Bereavement Services:				
Cemeteries	312,277	412,900	400,100	481,500
Crematorium	1,280,965	1,521,700	1,538,400	1,794,500
Total Bereavement Services	**1,593,242**	**1,934,600**	**1,938,500**	**2,276,000**

Neighbourhood

Parking Services

	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
LEAMINGTON			
Bedford Street, Chandos Street, Covent Garden Surface			
7 Days a week charges			
30 minutes	0.50	0.50	0.00%
1 Hour	1.00	1.10	10.00%
2 hours (new minimum charge)	2.00	2.20	10.00%
3 hours	3.00	3.30	10.00%
4 hour Maximum	4.00	4.40	10.00%
Overnight Charge	1.50	1.50	0.00%
Adelaide Bridge, Rosefield Street			
7 Days a week charges			
30 minutes	0.50	0.50	0.00%
1 Hour	1.00	1.10	10.00%
2 hours	2.00	2.20	10.00%
3 hours	3.00	3.30	10.00%
4 hours	4.00	4.40	10.00%
4.5 to all day	5.00	6.00	20.00%
Overnight Charge	1.50	1.50	0.00%
Bath Place, Court St, Packington Place			
30 minutes	0.30	0.30	0.00%
1 Hour	0.50	0.50	0.00%
2 hours	1.00	1.00	0.00%
3 hours	1.50	1.50	0.00%
4 hours	2.00	2.00	0.00%
24 hours	4.50	4.50	0.00%
Overnight Charge	1.50	1.50	0.00%
Multi-storey: Royal Priors			
up to 3 hours	2.00	2.00	0.00%
3 to 4 hours	3.50	3.50	0.00%
4 to 6 hours	5.50	5.50	0.00%
15-24 hours	8.00	8.00	0.00%
Sundays	1.20	1.20	0.00%

Parking Services

	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Pay on Foot: Covent Garden multi-storey car park - 7 days a week charging			
12 minutes (minimum charge)	0.20	0.20	0.00%
30 minutes	0.50	0.50	0.00%
1 Hour	1.00	1.10	10.00%
2 hours	2.00	2.20	10.00%
3 hours	0.00	3.30	New
4 hours	0.00	4.00	New
All day charge	3.00	4.00	33.33%
Overnight Charge	1.50	1.50	0.00%
Pay on Foot: St. Peter's multi-storey car park - 7 days a week charging			
30 minutes	0.50	0.50	0.00%
1 hour	1.00	1.10	10.00%
2 hours	2.00	2.20	10.00%
3 hours	3.00	3.30	10.00%
4 hours	4.50	5.00	11.11%
4.5 to 24 hours	5.00	6.00	20.00%
Overnight Charge 6pm until 8am	1.50	1.50	0.00%
Station Approach (Lower Road)			
30 minutes	0.30	0.30	0.00%
1 Hour	0.50	0.50	0.00%
2 hours	1.00	1.00	0.00%
3 hours	1.50	1.50	0.00%
4 hours (max stay in Station Approach)	2.00	2.00	0.00%
4.5 to all day	4.50	4.50	0.00%
Overnight Charge	1.50	1.50	0.00%

Parking Services

	Charge From 2/4/20 £	Proposed Charge From 4/1/21 £	
KENILWORTH			
Abbey End & Square West car parks			
30 minutes	0.40	0.50	25.00%
1 Hour	0.80	1.00	25.00%
2 hours	1.50	1.80	20.00%
3 hours	2.00	2.50	25.00%
4 hours	2.50	3.00	20.00%
All day	4.50	5.50	22.22%
Overnight Charge 6pm to 8am	1.50	1.50	0.00%
Sundays	Free	Normal charges	
ABBEY FIELDS			
Up to 2 hours	Free	Free	
3 hours	2.00	2.50	25.00%
4 hours	2.50	3.00	20.00%
All day	4.50	5.50	22.22%
Overnight Charge 6pm to 8am	1.50	1.50	0.00%
Sundays	Free	Normal charges	
WARWICK			
St. Nicholas Park: (Charges apply 8am - 6pm)			
30 minutes	0.50	0.50	0.00%
1 hour	1.00	1.10	10.00%
2 hours	2.00	2.20	10.00%
3 hours	3.00	3.30	10.00%
4.5 hours	4.00	4.40	10.00%
4.5 to 24 hours	5.00	6.00	20.00%
Castle Lane, The Butts, Priory Road and West Rock			
30 minutes	0.50	0.50	0.00%
1 hour	1.00	1.10	10.00%
2 hours	2.00	2.20	10.00%
3 hours	3.00	3.30	10.00%
4 hours	4.00	4.40	10.00%
4.5 to 24 hours	5.00	6.00	20.00%
Linen Street, West Rock, West Gate, New Street, The Butts, Priory Road, Castle Lane car parks:			
Overnight charges (6pm - 8 am)	1.50	1.50	0.00%

Neighbourhood

Parking Services

	Charge From 2/4/20 £	Proposed Charge From 4/1/21 £	
SHORT STAY: Linen Street			
30 minutes	0.50	0.50	0.00%
1 hour	1.00	1.10	10.00%
2 hours	2.00	2.20	10.00%
3 hours	3.00	3.30	10.00%
4 hours	4.00	4.40	10.00%
4.50 to 24 hours	5.00	6.00	20.00%
Overnight charges (6pm - 8 am)	1.50	1.50	0.00%
LIMITED STAY (up to 3 hours): New Street / Westgate			
30 minutes	0.50	0.50	0.00%
1 hour	1.00	1.10	10.00%
2 hours	2.00	2.20	10.00%
3 hours	3.00	3.30	10.00%
4 hours	4.00	4.40	10.00%
Overnight charges (6pm - 8 am)	1.50	1.50	0.00%
St. Mary's Lands Area 2			
30 minutes	0.50	0.50	0.00%
24 hours	1.00	1.00	0.00%
Overnight Charge	1.50	1.50	0.00%
ST. MARY'S LANDS - Area 3			
2 hours	Free	Free	0.00%
3 hours	2.00	2.20	0.00%
3 to 4 hours	3.00	3.30	0.00%
ST. MARY'S LANDS - Area 4			
30 minutes	0.50	0.50	0.00%
1 hours	1.00	1.10	0.00%
2 hours	2.00	2.20	0.00%
3 hours	3.00	3.30	0.00%
4 hours	4.00	4.40	0.00%
All day -	5.00	6.00	20.00%
Overnight Charge	1.50	1.50	0.00%
MYTON FIELDS PICNIC AREA			
up to 4 hours	3.00	3.00	0.00%
All day	4.50	6.00	33.33%
Overnight charges (6pm - 8 am)	NA	N/A	0.00%
Barrack Street			
1 hours	0.70	Awaiting	0.00%
2 hours	1.20	info	0.00%
3 hours	2.00	from	0.00%
4 hours	2.80	WCC	0.00%
All day -	4.00		0.00%
COACHES - Designated Car Parks onl	5.00	5.00	0.00%

Neighbourhood

Parking Services

	Charge From 2/4/20 £	Proposed Charge From 4/1/21 £	
PENALTY CHARGE NOTICES (Exempt from V.A.T.)			
(Set by Central Government)			
Higher Rate (50% disc if paid in 14 days)	70.00	70.00	0.00%
Lower Rate (50% disc if paid in 14 days)	50.00	50.00	0.00%
SEASON TICKETS			
Charges exclude V.A.T. which should be added at the prevailing rate			
Leamington Spa, Warwick & Kenilworth			
Long Stay ONLY (Excluding Pay on Foot Car Parks)			
- Per Annum	675.83	676.00	0.03%
- Per Month	69.50	69.50	0.00%
Leamington Spa Restricted Locations			
St. Peter's Pay on Foot (200 spaces only)			
- Per Annum	521.67	522.00	0.06%
- Per Month	62.00	62.00	0.00%
Leamington Spa Restricted Locations			
Covent Garden Pay on Foot (200 spaces only)			
- Per Annum	283.25	284.00	0.26%
- Per Month	41.25	41.25	0.00%
Royal Priors Multi Storey (50 spaces only)			
-Per Month	106.67	107.00	0.31%
Adelaide Road (20 passes only)			
- Per Annum	425.00	425.00	0.00%
- Per Month	62.00	62.00	0.00%
Rosefield Street (20 spaces only)			
- Per Annum	425.00	425.00	0.00%
- Per Month	62.00	62.00	0.00%
Leamington Spa Old Town (Packington Place, Court St & Bath Place)			
- Per Annum	425.00	425.00	0.00%
- Per Month	60.00	60.00	0.00%
Warwick Restricted Location Car Parks			
St. Nicholas Park, Warwick (100 spaces only)			
- Per Annum	425.00	425.00	0.00%
- Per Month	62.00	62.00	0.00%
West Rock (40 spaces only)			
- Per Annum	425.00	425.00	0.00%
- Per Month	62.00	62.00	0.00%
St Mary's Lands Area 2 (150 spaces)			
- Per Annum	91.67	92.00	0.36%
- Per Month	13.33	13.50	1.28%
St Mary's Lands Area 4 (60 spaces)			
- Per Annum	425.00	425.00	0.00%
- Per Month	62.00	62.00	0.00%

Neighbourhood

Parking Services

	Charge From 2/4/20 £	Proposed Charge From 4/1/21 £	
Season Tickets			
Linen Street Multi Storey (100 spaces)			
- Per Annum	521.50	521.50	0.00%
- Per Month	62.00	62.00	0.00%
Priory Road, Warwick (10 spaces only)			
- Per Annum	425.00	425.00	0.00%
- Per Month	62.00	62.00	0.00%
Kenilworth Restricted Location Car Parks			
Square West (75 spaces only)			
- Per Annum	378.00	378.00	0.00%
- Per Month	55.00	55.00	0.00%
Abbey End (50 spaces only)			
- Per Annum	378.00	378.00	0.00%
- Per Month	55.00	55.00	0.00%
Abbey Fields (50 spaces only)			
- Per Annum	378.00	378.00	0.00%
- Per Month	55.00	55.00	0.00%
-resident 12 month permit	25.75	25.75	0.00%
Overnight Parking Permits -Park specific (Available for car parks -excludes Royal Priors/Myton Fields/The Brays)			
- Overnight Parking: 6 pm to 9am only	41.66	41.75	0.22%
Administration charge for Season Ticket Amend / Refunds	6.00	6.00	0.00%
Release of vehicles from Multi-Storey car parks	50.00	50.00	0.00%
Special Event Charge	6.00	6.00	0.00%
Skips and Scaffolds on car parks:			
per day	50.00	50.00	0.00%
per week	200.00	200.00	0.00%

Disabled Drivers

Vehicles displaying a valid 'Blue' Disabled Persons badge may park free of charge on any of the Council's Pay and Display car parks. Car Park Regulations and Orders apply. Those parking in pay on foot car parks will need to have their ticket endorsed by the inspector.

All of the above charges are inclusive of V.A.T. unless otherwise stated

Neighbourhood

Parking Services

Income Summary: (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Car Parking Charges	2,792,291	2,963,000	2,100,000	3,259,300
Season Tickets	271,423	257,500	50,000	250,000
Excess Charges	131,465	150,000	100,000	180,000
Other Income	36,415	48,000	48,000	48,000
Total Income	**3,231,593**	**3,418,500**	**2,298,000**	**3,737,300**

Neighbourhood

Waste Collection

Refuse Collection: (V.A.T. not applicable)	Charge From 2/4/20 £	Proposed Charge From 4/1/21 £	
Standard wheeled bin (grey and green)	25.00	29.00	16.00%
Recycling box and lid	5.00	5.00	0.00%
Recycling box lid only	1.50	1.50	0.00%
Recycling bag	2.50	2.50	0.00%
Food caddy	0.00	0.00	0.00%
Delivery charge	5.00	5.00	0.00%
Bulk Bin 660litre	250.00	289.00	15.60%
Bulk Bin 900litre	275.00	317.00	15.27%
Bulk Bin 1100litre	275.00	317.00	15.27%

Replacement waste container charge - waiver

Any resident who informs the council that they are unable to pay for receptacles, and who are eligible for the Council Tax Reduction Scheme, may have the charges waived (w.e.f. October 2017)

Bulky Refuse Tickets:			
Collection of 1 item	35.00	40.00	14.29%
Collection of 2 items	35.00	40.00	14.29%
Collection of 3 items	35.00	40.00	14.29%
Collection of 4 items	45.00	52.00	15.56%
Collection of 5 items	45.00	52.00	15.56%
- Senior Citizens / Persons in receipt of Income Support or addition to state pension and Registered Disabled Persons			
Collection of 1 item	17.00	20.00	17.65%
Collection of 2 items	20.00	23.00	15.00%
Collection of 3 items	23.00	26.00	13.04%
Collection of 4 items	26.00	30.00	15.38%
Collection of 5 items	31.00	36.00	16.13%

Income Summary: (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Additional Bins/Bags etc	118,697	90,800	120,000	104,400
Bulky Refuse Tickets	61,854	60,000	80,000	69,000
Total Refuse Collection	**180,551**	**150,800**	**200,000**	**173,400**

Neighbourhood

Waste Collection

Fixed Penalty Notices	Legislation	Fixed Penalty	Maximum	Discount
Depositing Litter -	S87/88 Env Protection Act (EPA) 1990	£80	£2,500	£50
Graffiti & fly-posting -	S3-47 Anti-Soc Behaviour Act 2003	£80	£2,500	£50
Failure to Furnish documentation - **(Waste Carriers Licence)**	s5B(2) Control of Pollution(Amend) Act 1989	£300	£5,000	none
Failure to Produce authority (Waste Transfer Notes)	S34A(2) EPA 1990	£300	£5,000	none
Failure to comply with Waste Receptacle Notice	S46 & S47 EPA 1990	£100	£1,000	£60
Community Protection Notices -	S52 ASB Crime& Policing Act 2014	£100 14 days to pay	£2,500 unlimited in case of a body	£75 if paid in 10 days
Fly-Tipping -	Unauthorised deposit of Waste(Fixed Penalties) Regulations 2016	£400	unlimited	£300

Neighbourhood

Jephson Gardens - Temperate House	Charge From 2/4/20 £	Proposed Charge From 4/1/21 £	
Charities/Community Groups/Schools - whole day	45.00	51.75	15.00%
Charities/Community Groups/Schools - half day (up to 4 hours)	30.00	34.50	15.00%
Small scale commercial / internal	60.00	69.00	15.00%
Small scale commercial / internal	40.00	46.00	15.00%
Large scale commercial	90.00	103.50	15.00%
Large scale commercial	60.00	69.00	15.00%

Income Summary: (Net of V.A.T.)	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Jephson Gardens	3,485.00	7,500	0.00	8,625.00
Total	**3,485.00**	**7,500**	**0.00**	**8625.00**

Housing Revenue Account

	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Warwick Response			
WDC tenants living in designated or sheltered schemes VAT exempt			
Disabled tenants VAT zero rated			
All other customers should have VAT added to their charges at the prevailing rate.			
Weekly charges			
Monitoring Service only	1.85	1.95	5.41%
Monitoring Service and Equipment Rental	3.65	3.65	0.00%
Discretionary services (New Tenants only):			
Supply and Install Lifeline	Cost + £50	Cost + £50	
Supply and Install Keysafe	Cost + £35	Cost + £35	
Moving Lifeline (i.e. to a different room)	35.00	38.50	
Service call out (faults) * per hour	35.00	38.50	
Replacement batteries *	Cost + £35	Cost + £35	
Replace lost cables *	Cost + £35	Cost + £35	
Replace pendant *			
program / post	Cost + £22	Cost + £22	
program / deliver	Cost + £35	Cost + £35	
Replace Lifeline	Cost + £35	Cost + £35	

* Charge will be made once the product's warranty expires

Lifeline Services Equipment and Products:			
Lifeline Vi and My Amie pendant			
posted	NA		
installed	75.00	75.00	
My Ami			
posted	60.00	60.00	0.00%
installed	85.00	85.00	0.00%
Neck Cord			
posted	5.00	5.00	0.00%
Thin wrist strap			
posted	5.00	5.00	0.00%
Thick wrist strap			
posted	5.00	5.00	0.00%
Easy press adapter			
installed	30.00	30.00	0.00%
posted	10.00	10.00	0.00%
Belt clip			
posted	5.00	5.00	0.00%
Key ring			
posted	5.00	5.00	0.00%
Minuet watch			
posted	95.00	95.00	0.00%
installed	110.00	110.00	0.00%

Housing Revenue Account

	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Lifeline Services Equipment and Products:			
Ivi Intelligent Pendant Fall detector			
posted	NA		
installed	NA		
Cair pendant			
posted	NA		
installed	70.00	70.00	0.00%
Cair brooch adapter			
posted	5.00	5.00	0.00%
Cair clip adapter			
posted	5.00	5.00	0.00%
Cair wrist strap			
posted	12.00	12.00	0.00%
Cair neck chain			
posted	12.00	12.00	0.00%
Footprint configured and posted (Price per week - rental option only)	4.95	4.95	
OwnFone configured and posted (Price per week - rental option only)	4.95	4.95	
Bogus caller/panic button			
posted	55.00	55.00	0.00%
installed	80.00	80.00	0.00%
Supra Keysafe			
install only	95.00	95.00	0.00%
Keyguard XL keysafe			
install only (WDC tenant)	45.00	45.00	0.00%
install only (private client)	65.00	65.00	0.00%
Pivotell medication dispenser			
posted	210.00	210.00	0.00%
installed	235.00	235.00	0.00%
Tunstall Smoke detector			
installed with Lifeline only	50.00	50.00	0.00%
Tynetec Reach IP lifeline with pendant			
Rental - mail order (price per week rental option only)		4.50	
Rental - installation charge		75.00	
Tynetec Reach IP lifeline with falls detector			
Rental - mail order (price per week rental option only)		4.60	
Rental - installation charge		75.00	
Vibby Falls Detector			
Purchase - mail order	N/A	N/A	
Purchase - installed	100.00	100.00	

Housing Revenue Account

	Charge From 2/1/20 £	Proposed Charge From 4/1/21 £	
Tynetec Falls Detector			
Purchase - mail order		100.00	
Purchase - installed		125.00	
Replacement Tynetec Pendant (lost or damaged)			
Mail order		60.00	
Installed		85.00	
Tynetec Smoke Detector			
Mail order		60.00	
Installed		95.00	
Tynetec Falls Detector			
Mail order		100.00	
Installed		125.00	
HEROS (Home Emergency Response Service)bolt on	£5 per month	£5 per month	
Guest room			
Guest/Relatives of residents - per night	10.00	20.00	100.00%
Guest/Relatives of residents - subsequent nights		15.00	
Homelessness - per night	15.00	15.00	0.00%
Community Room Hire (per hour)			
Tenants		from £0 - £5	
Charities and community groups		5.00	
Commercial		15.00	

	Actual 2019/20 £	Original Forecast 2020/21 £	Latest Forecast 2020/21 £	Original Forecast 2021/22 £
Total Housing Revenue Account	**413,491**	**443,700**	**430,000**	**445,000**

Appendix B to Minute Number 50

Controllable Fees and Charges - Leisure Contract

Contract Definition –

The Contractor shall review the following core products and prices in September of each year and submit any proposed changes to the Authority for approval (the "Fees and Charges Report"):

1. Concessionary Swim (based on the list of concessions listed in paragraph 10.2 below)
    a. Those in receipt of a disability benefit
    b. Those in receipt of Job Seekers Allowance and those not working and in receipt of Universal Credit
    c. Juniors (5 – 18yrs)* Note this should have been 5 – 17yrs; ie pay full price from 18yrs
    d. Individuals in receipt of state pension
    e. Students – full time of any age; any student under 25yrs
    f. Exercise Referral clients
2. Junior swimming lesson
3. Casual concession gym session
4. Casual concession fitness class
5. School swimming lesson (currently calculated as a price per child)
6. Exercise Referral session

Free admission for:

a. Children aged 4 and under
b. Individuals in receipt of Carers Allowance when accompanying the person for whom they care
c. Children accompanying an adult in receipt of Job Seekers Allowance or Universal Credit.

2021 Core Controllable Prices

Concession Swim To the following groups at the facilities		**NCLC and St Nix's**	With EA concess card	Abbey Fields	With EA concess card
	Those in receipt of disability benefit	£3.80		£3.35	
	Those in receipt of Job Seekers allowance or universal credit	£3.80		£3.35	
	Juniors 5 -17yrs	£3.15	£2.35	£2.70	£2.00
	Individuals in receipt of state pension	£3.15	£2.00	£3.15	£2.00
	Students fulltime any age, any student under 25years	£3.60		£3.20	
	Exercise Referral Session	As per Fitter Futures scheme			
Swim Lesson Fee	Junior Lesson Fee	£6.40		£6.40	
	Concessionary Junior Lesson fee	£4.65		£4.65	
	School swimming lesson	£36.74	half pool £18.00	£36.74	half pool £18.00
Fitness	Casual Concession Gym Session	£4.70		CFarm £4.70	
	Casual concession fitness class	£4.85		C Farm £4.20	
Exercise Referral	Exercise Referral Session	As per Fitter Futures scheme.			

Agenda Item 3

Executive
10 December 2020

Title: Council Tax: Discretionary Reduction Policy – Section 13A(1)(c) Local Government Finance Act 1992
Lead Officer: Paul Town
Portfolio Holder: Councillor Richard Hales
Public report ~~/ Confidential report~~
Wards of the District directly affected: N/A

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: No
Included within the Forward Plan: No
Equality Impact Assessment Undertaken: Yes 1,155
Consultation & Community Engagement: No - Consultation not undertaken as it is a requirement under Section 13A of the Local Government Finance Act 1992 that Billing Authorities have a policy in place for the Section 13A(1)(c) Council Tax Discretionary Reduction Policy
Final Decision: Yes
Accessibility Checked: Yes

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	2/11/2020	Andrew Jones
Head of Service	2/11/2020	Mike Snow
CMT	9/11/2020	Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer	2/11/2020	Mike Snow
Monitoring Officer	2/11/2020	
Finance	2/11/2020	Paul Town
Portfolio Holder(s)	9/11/2020	Cllr Richard Hales

1. Summary

1.1. This report seeks approval for a policy to be introduced, in order to provide clear instructions and guidance when dealing with an application for discretionary relief to Council Tax and to satisfy the Council's requirements to hold such a policy for Section 13A(1)(c).

2. Recommendation

2.1. The Executive recommend to Council that it approves the Council Tax section 13a Discretionary relief policy statement, as set out at Appendix 1 to the report.

2.2. That, subject to the approval of recommendation 2.1, the Executive recommend to Council that delegated authority be given to the Head of Finance to provide discretionary relief as set out within the Council tax section 13a discretionary relief policy statement.

3. Reasons for the Recommendation

3.1. Section 13A(1)(c) of the Local Government Finance Act 1992 allows a billing authority to reduce the Council Tax payable after taking into account any discounts, disregards, reliefs, and exemptions. It can be used for individual cases or the Council can determine classes of case in which liability is to be reduced.

3.2. All billing authorities are required to have a policy for this scheme and Warwick District Council does not currently hold a policy for this.

3.3. The proposed Policy looks to support only the most vulnerable and those in severe financial difficulties. This is proposed recognising not only the current financial challenges faced in the community but also those faced by the Council because any relief awards will be at cost to the Council.

3.4. In the absence of a policy previously, requests for support have been minimal. These have been considered on their own merits, and where necessary, a report has been taken to the Executive for approval. This has only happened once and WDC has never had any other cause to award or consider relief using this discretionary power. However, it is felt that it would now be appropriate to set a clear policy to guide decisions should they be required.

3.5. Recommendation 2.2 is included to ensure that explicit authority is in place for the scheme to be implemented.

4. Policy Framework

4.1. Fit for the Future (FFF)

4.1.1. The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

4.2. **FFF Strands**

4.2.1 **External impacts of proposal(s)**

People - Health, Homes, Communities – This policy can provide help to those tax payers in severe financial difficulties and subsequently finding themselves in a state of vulnerability.

Services - Green, Clean, Safe – no impact

Money- Infrastructure, Enterprise, Employment – The use of discretionary powers within this policy will reduce the payable amount of Council Tax for vulnerable tax payers and may enable them to continue within the realms of their financial constraints.

4.2.2. **Internal impacts of the proposal(s)**

People - **Effective Staff** – This policy will provide 'permitted' staff with the guidance and ability to make decisions based on a sound policy with regards to using discretion to reduce the chargeable Council Tax on a property.

Services - Maintain or Improve Services - This policy addresses the needs of those customers in the most severe financial difficulties in relation to Council Tax.

Money - Firm Financial Footing over the Longer Term – As Warwick District Council have not held a policy for this discretionary relief in the past, there has been no cost associated with the provision of this relief. This is not expected this to change dramatically now that a policy is in place because of the procedures already in place that are used to support people in this position.

4.3. **Supporting Strategies**

4.3.1. This report does not directly impact on any of the supporting strategies of Fit for the Future.

4.4. **Changes to Existing Policies**

4.4.1. This report does not bring forward any changes to any existing Council Policies.

4.5. **Impact Assessments**

4.5.1. There are no impacts identified as a result of this report.

5. Budgetary Framework

5.1. Under the legislation the cost of reliefs grants must be borne by the District Council, being a charge on the General Fund. If any relief is awarded, this will be funded out of the Council's Contingency Budget using existing delegations which allow for up to £10,000. If any relief was proposed above this, the funding would need to be agreed by the Executive.

6. Risks

6.1. By not having a policy in place if a case were escalated to the Valuation Tribunal, Warwick District Council would automatically lose if we did not have a policy in place. This would also lead to reputational damage of Warwick District Council.

6.2. Not having a policy in place would lead to Warwick District Council not being able to support those most vulnerable and in severe financial difficulties within the district.

7. Alternative Option(s) considered

7.1. Warwick District Council does not have the option to not hold a policy for Council Tax Discretionary Reduction under Section 13A(1)(c) of the Local Government Finance Act 1992. This is a statutory requirement.

7.2. There is the option to change the wording on the policy, however the policy designed is in line with other Councils and provides the ability for the relevant officers to make a sound decision when considering any applications.

Council tax section 13a discretionary relief policy statement

SECTION 13A SCHEME

The Council is aware of its duties and powers in accordance with section 13A of the Local Government Finance Act 1992 as amended by section 76 of the Local Government Act 2003. This policy sets out how the Council will use its powers and the criteria that must be satisfied.

Section 13A(1)(c) of the Local Government Finance Act 1992 empowers a billing local authority as follows:

(1) Where a person is liable to pay Council Tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.

(2) The power under subsection 1) above includes power to reduce an amount to nil.

(3) The power under subsection 1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

DISCRETIONARY RELIEF SCHEME

When determining an application consideration will be made to:

- Any application should be one of last resort and any entitlement to council tax support, discounts or exemptions must have been explored prior to an application being made.
- There must be evidence of hardship or personal circumstance that justifies a reduction in Council Tax Liability
- Applications will only be granted in **exceptional or unforeseen circumstances** that threaten a taxpayer's ability to discharge their liability for council tax and may threaten their ability to stay in their home. For example, but not limited to; a flood or fire which means you are unable to live in the property or where a council tax payer faces sudden financial hardship they could not have expected.
- The Council Taxpayer must not have access to assets or savings that could be realised and used to pay Council Tax
- If the Council Tax account is in arrears, the Council must be satisfied that non-payment was not due to wilful refusal or culpable neglect to pay the Tax.
- The payment record history of the Council Taxpayer
- Relief will only be applicable to the council tax payer's primary home, The Council will consider applications on both occupied and unoccupied properties as long as the property that is applying for the relief is the rate payers main home, main residence. For example, a ratepayers main home has been subject to fire or flood and they have had to move to a temporary residence. We will not accept applications for relief on second homes or properties that are let out to tenants.
- There is a financial implication to awarding discounts under S13A as the Council has to fund the cost of all awards from its own resources.

Therefore, awards must meet the underlying principle of offering value for money to council taxpayers within the District.

AWARDING A SECTION 13A RELIEF

In deciding whether to make a Section 13A award we will have regard to the applicant's circumstances. In order to do this each applicant may be asked to supply reasonable supporting evidence. This may include, but is not limited to:

- Income & expenditure statements including details of any savings or capital
- Utility and household bills
- Medical evidence
- Sources of credit such as credit cards, loan arrangements and overdraft facilities.

AMOUNT OF RELIEF

The amount of relief to be awarded will be at the Council's discretion, and will take into consideration the amount of debt and the extent to which the guidelines are met.

AWARD PERIOD

The relief will only be granted to a maximum of the end of the tax period to which it is claimed and will not automatically continue to reduce a futures year's liability. The relief is intended as short- term assistance only and should not be considered a way of reducing the council tax long term.

All awards will be made by crediting the award value to the council tax account to which it applies. If this credit results in a refund being due the Council will consider these in the usual manner.

HOW TO CLAIM A DISCRETIONARY RELIEF

Application forms will be provided to customers, upon request (Appendix 1). The form will also be available online via Warwick District Council's website. It will be the sole responsibility of the customer to complete and return the application form along with all supporting evidence.

Where information or evidence requested has not been received within **one calendar month** the Council will determine the application on the basis of the evidence and information on its possession. The Council may refuse to award discount where lack of this information and evidence does not enable the Council to reach an informed decision regarding the applicant's circumstances.

NOTICE OF DECISION

Applications will be reviewed, and decisions on awards will be made by the Revenues & Recovery Manager in the Revenues team. The Council will notify a customer of its decision in writing within **14 days** of receiving sufficient information to make a decision or as reasonably practicable. Where the request for a Section 13A Discount award is unsuccessful or not met in full the Council will explain the reasons why the decision was made, and explain the applicant's right of appeal.

REVIEW PROCESS

Section 13A awards are administered under Local Government Finance Act 1992 and are subject to a statutory appeals process. However, in the first instance the Council will accept a taxpayer's request for a reconsideration of a decision where the Council has not awarded a discretionary relief or where the tax payer feels the award should be increased.

Requests for reconsideration should be:

- Made in writing to the Warwick District Council's Council Tax department or via email to ctax-recovery@warwickdc.gov.uk
- Received within **21 days** of receipt of the initial decision for the discretionary relief
- Signed (or digitally signed on an email) by the applicant or their authorised representative
- Include full reasons for the reconsideration request.

Upon receipt of a request for reconsideration the Council's Exchequer Manager will consider whether the customer has provided any additional information against the criteria to justify a change in decision.

The Council will notify a customer of its decision within **21 days** of receiving a request for reconsideration. If after receiving a reconsideration decision, a customer still disputes the decision, they can appeal to the Valuation Tribunal. The Tribunal will consider these appeals on their merits and is not restricted to inquiring whether the billing authority has exercised its discretion lawfully and reasonably. The Tribunal may substitute its view for that of the authority.

OVERPAYMENTS

If the Council becomes aware that the information contained in an application for a S13A discount award was incorrect or that relevant information was not declared, either intentionally or otherwise, the Council may seek to recover the value of any award made as a result of that application. Where this is the case, the award will be removed from the relevant council tax account and any resulting balance will be subject to the normal methods of collection and recovery applicable to such amounts.

FRAUD

The Council is committed to the fight against fraud in all its forms. Any applicant who tries to fraudulently claim a S13A discount might have committed an offence under the Fraud Act 2006.

If the Council suspects that fraud may have occurred, the matter will be investigated as appropriate and this could result in criminal proceedings.

EQUALITIES STATEMENT

Warwick District Council is committed to equality and fairness. Equality is about ensuring that people are treated fairly, given fair chances and to ensure equality of opportunity for all within the district; especially equality of access to the services we provide across different members of our communities. It is also about ensuring that people receive fair outcomes in the standard of service they receive from the Council. This incorporates everyone, regardless of their race, gender, age religion or belief, sexual orientation, marital or civil partnership status and/or disability in line with the principles set out in the Equalities Act 2010.

POLICY REVIEW

The policy will be reviewed annually, or sooner if appropriate, to take account of operational adjustments and or changes to legislation.

APPENDIX 1 – APPLICATION FORM FOR ASSISTANCE UNDER SECTION 13A

YOUR DETAILS

Council tax account reference number:

Title:

Surname:

First name:

Date of birth:

Full postal address (including postcode)

Telephone number:

Email address:

Address of property for which this reduction is being applied for (including postcode):

If someone else is helping you to complete this form, please give their details:

Their surname:

Their first name:

Their full address including postcode:

Their telephone number:

Their relationship to you:

YOUR CURRENT CIRCUMSTANCES

To help us make a decision we need information about your current financial circumstances and what in particular has caused you hardship. For each answer, if you have any documents to support the information you have provided, please provide it with this form. Please answer each question with as much detail as you can.

Do you own any other properties? If so please provide the addresses:

Have you applied for council tax support, if not, why not ?

Is the property undergoing any major structural works?

Is the property occupied? If not by you, please provide the occupants details:

What are the current circumstances which are causing you hardship?

How long do you expect these circumstances to continue?

What have you done to improve the situation?

Are you receiving any financial support or assistance from any other sources? If yes please provide full details:

Please provide any additional information that you think will support your application:

Please provide proof or any supporting documents with your application. Without this we will be unable to make a decision on your application.

STATEMENT OF INCOME AND EXPENDITURE

PLEASE PROVIDE DETAILS OF ANYONE ELSE THAT LIVES WITH YOU AT YOUR ADDRESS:

DETAILS OF ANYONE ELSE THAT LIVES WITH YOU 1

Name	Date of Birth	Relationship to you

PLEASE PROVIDE DETAILS OF ALL INCOME FOR YOU AND YOUR PARTNER IF YOU HAVE ONE:

INCOME DETAILS FOR YOU AND YOUR PARTNER 1

Type of income	You (per month)	Your partner (per month)
Wages		
Job seekers allowance (JSA)		
Employment support allowance (ESA)		
Incapacity Benefit		
Income Support		
Universal credit		
Working tax credits		
Child tax credits		
Child benefit		
Pension credit		
Saving credit		
Maintenance payments		
Disability Living allowance		
Any other income		

Please send in proof of all income listed above. Without this we will be unable to make a decision on your application.

PLEASE PROVIDE DETAILS OF ALL EXPENDITURES FOR YOU AND YOUR PARTNER COMBINED (IF YOU HAVE ONE):

EXPENDITURE DETAILS COMBINED 1

Type of expenditure	Amount per month
Rent/Mortgage	
Council Tax	
Water rates	
Gas	
Electric	
Food/Household expenses	
Tv licence	
Building and contents insurance	
Telephone bills (including mobile phone bills)	
Sky or cable television	
Internet or broadband	
Car payments	
Car insurance	
Car fuel costs	
Other travel expenses	
Medical/medication bills	
Clothing	
Credit card repayments	
Loan repayments	
Store card repayments	
Hire purchase agreement repayments	
Socialising (including tobacco costs)	
Child care	
Child maintenance	
Student loans	
Any other insurance (Life, ill health etc)	
Any other expenditure please specify below:	
1:	
2:	
3:	
4:	
Total expenditure	

Please send in proof of all expenditure listed above. Without this we will be unable to make a decision on your application.

DECLARATION:

I declare that the information I have given on this form is true and correct. I understand that I may be prosecuted if I try to get a Council Tax Hardship Reduction / Relief dishonestly. I authorise Warwick District Council to make enquiries necessary to verify the details I have given on this form.

Your signature:

Date:

Agenda Item 4

Executive
10 December 2020

Title: General Fund Financial Update
Lead Officer: Chris Elliott/Andrew Rollins / Mike Snow
Portfolio Holder: Councillor Hales
Public report / Confidential report: Public
Wards of the District directly affected: All

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: Yes
Included within the Forward Plan: Yes
Equality Impact Assessment Undertaken: No
Consultation & Community Engagement: No
Final Decision: Yes
Accessibility checked: Yes

Officer/Councillor Approval

Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	30.11.20	Chris Elliot
Head of Service	30.11.20	Mike Snow
CMT	30.11.20	Chris Elliott, Andrew Jones, Bill Hunt, Dave Barber
Section 151 Officer	30.11.20	Mike Snow
Monitoring Officer	30.11.20	Andrew Jones
Finance	30.11.20	Andrew Rollins
Portfolio Holder(s)	30.11.20	Councillor Hales

1. Summary

1.1 This report sets out to provide an update on the General Fund Financial position, including the latest Medium Term Financial Strategy (MTFS) as at December 2020 and the latest position on reserves. The report also asks Members to understand the significant risks the Council is facing in dealing with the MTFS especially given the high degree of uncertainty in its operating environment. Alongside the MTFS, a number of savings proposals are presented as a way that the Council will aim to reduce the deficit outlined in the strategy.

1.2 The report also outlines that consideration be given to the establishment of an annual Climate Action Fund; approval for a Project Monitor for the Kenilworth School proposal; retrospective approval for a study on the high level business case for further joint work Stratford upon Avon District Council (SDC).

2. Recommendations

2.1 To note the current position outlined within the Medium Term Financial Strategy, (MTFS); the deficit position; the planned use of £3m reserves to partially mitigate the deficit in 2021/22; and, the reduced reserve position ongoing (Appendix 1).

2.2 To note the significant risks that the Council is facing to its MTFS and the annual Budget that require clear and determined action to resolve and in that context that Members carefully consider the comments of the Council's S151 Officer within Section 5 of the report on the financial risks facing the Council.

2.3 To approve the Budget Proposals identified within Appendix 2, which will support the Council in reducing the remainder of the deficit outlined in the MTFS and to bring forward such other reports to Executive, Employment or other Committees of the Council as are required for implementation.

2.4 To approve the funding for the Project Monitor in relation to the Kenilworth School relocation funded as detailed in paragraphs 3.5.1 and 3.5.2.

2.5 To agree that a Climate Action Fund be established in the budget for 2021/22 and subsequent years of at least £500,000 per annum; the funding for which is to be considered as part of the Annual Budget report in February 2021.

2.6 To note the use of the Chief Executive's Emergency powers in consultation with Group Leaders for the commissioning of work to prepare a high level business case on closer working with SDC.

3. Reasons for the Recommendations

3.1 Recommendation 2.1 - The Medium Term Financial Strategy

3.1.1 As previously reported to members, the Council needs to achieve significant General Fund revenue savings to make up the projected revenue shortfall. Within the Quarter 1 Budget report to Executive the shortfall as depicted in the Medium Term Financial Strategy (MTFS) was shown as follows: -

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Deficit-Savings Req(+)/Surplus (-) future years	0	+3,190	+6,139	+5,701	+5,355	+5,306
Change on previous year increase(+) or decrease (-)	0	+3,190	+2,949	-438	-346	-49

3.1.2 The MTFS is in the process of being updated. However, it continues to face the following significant uncertainties: -

- The impact of Covid19 on the Council's finances. This was previously discussed within the Q1 report. There remains significant uncertainty as to the size and the timing of the reduced income and increased costs that the Council will continue to face. The financial impact of the pandemic is expected to continue into 2021/22 and beyond.
- The impact of the forecast downturn in the economy as a consequence of the pandemic and the further uncertainties about the trade terms for leaving the EU.
- Whilst the Government has provided some funding towards the costs and reduced income incurred by local authorities, there has been no indication of funding beyond 2020/21.
- The Local Government Finance Settlement. This is expected in December and will be a significant driver in determining the share of Business Rates that the Council will retain for 2021/22 and New Homes Bonus. It is only expected to be a one-year settlement, meaning there will remain further uncertainty for these elements of funding from 2022/23.

3.1.3 An updated MTFS will be included within the February Budget report. Whilst the precise shortfall will inevitably change, the figures within the above table are still the best position the Council has for financial planning. The projected figure for 2021/22 though is based on the use of £3m reserves taken from the Business Rates Volatility Reserve. This is on top of £3.1m used to support the current financial year's budget. This action together with other calls on reserves has meant that the Council's overall General Fund reserves have fallen from just over £22m (April 2020) to just over £15m at April 2021 and are projected to fall further to just over £10m for April 2022. Please see Appendix 1. This is not a sustainable position. The Council's useable General Fund reserves are being assessed and there a number of demands upon them: to maintain anticipated service requirements; contractual commitments; to support the change processes that will be required to deliver the budget proposals referred to within paragraphs 3.3.1 to 3.3.3 below; as well as to retain a cushion for the Council especially in these uncertain times.

3.1.4 Whilst a prudent stance has been taken in deriving the MTFS figures, it is entirely possible that a worse position may yet materialise. In addition to working to address the MTFS, the February Budget report also needs to address the issue of our reserves and how these which are severely depleted might be topped up; the allocation of any New Homes Bonus Scheme monies and the impact on the budget situation of our project work where these have revenue implications.

3.2 **Recommendation 2.2 – Recognising Risk**

3.2.1 Members should also be aware that the profile for 2021/22 in the MTFS presumes the use of a significant use of existing reserves (£3.1m) from the Business Rate Retention Volatility Reserve in order to dampen the impact and to give time to put in place the proposals which are referred to subsequently in this report for 2022/23 when it is estimated the peak of the deficit will occur. This is on top of the £3m use of reserves to maintain services in the current financial year 2020/21. Reserves being one off allocations are not a resolution to any underlying financial challenge but offer only a temporary respite time wise. Use of reserves in these circumstances does not however take away the risks the Council faces and indeed over reliance on the use of reserves to prop up the General Fund expenditure only serves in the longer term to increase the risks to the Council if the underlying problem is not tackled.

3.2.2 The risks which are highlighted above in para 3.1.2 need to be recognised as very significant and are of a scale and imminence that this Council has never experienced before. In response to these risks and recognising the need to continue to provide services and deliver its priorities the main mitigation the Council can make is to seek a greater level of savings or income than the MTFS states is needed. If the risk does not materialise then it means that resources can be redeployed back into services, reserves, and/or projects or back to the community in some way. If the situation proves to be worse, this approach provides the Council with a degree of cover. The other mitigation is the retention of enough reserves so that if the budget proposals are not sufficient or if the circumstances deteriorate further they can then be used as a backup when all else has not proved sufficient, hence the term "reserve". The most effective and less-riskier route is to agree that a clear plan of action for the next 3 years is initiated now as there will be little time to pull back the situation if matters are deferred.

3.3 **Recommendation 2.3 - Budget Proposals**

3.3.1 Officers have been working up the attached Budget Proposals (Appendix 2), with the aim of making revenue savings and generating revenue income for the General Fund to alleviate the budget shortfall ***but*** at the same time ensuring that the Council's strategic aim of maintaining or improving services and delivering its priorities can be continued. If all these savings materialise, the Council will be well positioned to meet the budgeted shortfall ***and*** will still be able to deliver its services, improvements and priorities. However, there will be risks that the savings do not materialise as planned, or that the revenue shortfall increases. The retention of reserves for this eventuality is therefore a prudent step, especially for 2022/23.

3.3.2 Some of the savings proposals will require further Business Cases to be brought to members. In addition, some may require upfront funding (revenue or capital). These costs will need to be reflected within the business cases.

3.3.3 Members are being asked to agree that these Budget proposals are progressed now to enable the relevant savings be made in line with the profile shown in the Appendix. These proposals as further refined will be included in the 2021/22 Budget due to be considered in February 2021. This may require further reports to the Council, Executive, Employment Committee and so on. Indeed, a special Council will be required in early January for one element of this report, another report on this same agenda and for an item from the October Executive.

3.4 **Recommendation 2.4 - Project Monitor costs**

3.4.1 The Council has now completed its purchase of land at Rouncil Lane and Leyes Lane enabling Kenilworth School to begin construction of its new school at South Crest Farm when a planning application for consent variation has been considered. When agreeing to support the School's ambition, Members required the Assets Manager to ensure that the cost of construction was robustly challenged to ensure that the Council's risks associated with financial support through a Forward Funding Agreement (FFA) were mitigated as much as possible. Work was commissioned from Atkins which has enabled officers to be satisfied that comprehensive design review and value engineering exercises have taken place.

3.4.2 The FFA requires the School to agree that the Council continues with its detailed oversight of the relocation through the appointment of a Project Monitor. Following negotiations between the School and the Council Leader, it was agreed that the Council would fund a Project Monitor role so that there is no conflict of interest concerns. The Assets Manager has therefore commissioned further work from Atkins to undertake the Project Monitor role and this is at a cost of £102,000 for 160 days' work covering the whole period of construction. £25,000 is to be funded from the Service

Transformation Reserve for 2020/21, with the remaining £77,000 for 2021/22 onwards to be determined as part of the February budget report.

3.5 **Recommendation 2.5 – Creation of a Climate Action Fund**

3.5.1 Another report on this agenda relates to the Climate Emergency Action Plan and its implementation. That report contains a reference and a recommendation to create a Climate Action Fund that the Council can use to fund the measures it will need to make itself Carbon Neutral by 2025. For the sake of completeness in the context of this report it is proposed that the report on the budget in February should seek to make provision for a Climate Action Fund of at least £500,000 per annum.

3.6 **Recommendation 2.6 - Commissioning of High Level Business Case**

3.6.1 The Council's joint work with SDC has progressed to the position it would benefit from a high level business case to look at options and at outcomes to assist both organisation's financial and service arrangements for the next few years. That work is to be procured by WDC, paid for jointly, and is to be considered by both of the Councils alongside their respective budget meetings in February 2021. This was agreed by the Chief Executive in consultation with the Group Leaders under the emergency powers delegation (CE(4)) as set out in the Council's constitution, at a cost of £22,500 to each Council.

4. Policy Framework

4.1 **Fit for the Future**

4.1.1 The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing the Council's services and key projects.

4.1.2 The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. Section 4.2 below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

4.2 FFF Strands

4.2.1 External impacts of proposal(s)

People - Health, Homes, Communities – The General Fund aims to support the provision of improved health and wellbeing within cohesive and active communities, housing needs being met for all and impressive cultural and sporting activities / events.

Services - Green, Clean, Safe – Whilst this report does not directly include proposals to address the climate emergency it is expected that the 2021/22 budget will factor in funding to enable progress towards the Council's ambitions of becoming a net-zero carbon organisation by 2025, and also supporting the District in achieving this target by 2030.

Money- Infrastructure, Enterprise, Employment – The budgets aim to support a dynamic and diverse local economy, with vibrant town centres, improved performance / productivity of the local economy and increase levels of employment and prosperity.

4.2.2 Internal impacts of the proposal(s)

People – Right People with Right Skills – ensuring that the organisation has a sustainable financial footing will enable the Council to retain and attract staff with the desired skills, knowledge, experience and behaviours. The proposals will involve though significant organisational change for which support in various ways will be required.

Services - Maintain or Improve Services - Generating income ensures services can invest in modern processes and equipment to meet customer needs and provide the service in an efficient and effective way.

Money - Firm Financial Footing over the Longer Term – The proposals in this report will help to ensure that the Council has firm plans for tackling the underlying financial deficit and creating a sustainable financial footing to maintain and improve services.

4.3 Supporting Strategies

4.3.1 The proposals within the report are key to supporting the FFF strategy. They ensure the cost of providing services is covered, ensuring full cost recovery where appropriate and allowing the Council to continue to deliver and invest in services going forward.

4.4 Changes to Existing Policies

4.4.1 There are no changes proposed to existing policies.

4.5 Impact Assessments

4.5.1 The savings proposals have been identified as part of ongoing work with service areas, following discussions held as part of the weekly Senior Management Team (SMT) meetings.

5. Budgetary Framework

5.1 Securing savings and balancing its Budget will enable the Council to deliver its aspirations and priorities as well as core services. The Financial Strategy underpins all of the Council’s other strategies.

5.2 The recommendations within this report, should they be approved, will be considered as part of the 2021/22 Budget, due to be reported to Executive in February.

5.3 An updated Medium Term Financial Strategy will also be included within the 2021/22 Budget report in February. This will detail the level of future years' savings to be found following the inclusion of this reports recommendations, and any further developments.

5.4 The current financial climate facing all local authorities presents many risks. These are discussed in Section 3.2 and Section 6 below. These risks have increased greatly as a result of the current pandemic, impacting on individual local authority's income and expenditure and the broader Public Sector Finances. In such uncertain times, the Council needs to consider more carefully than ever its financial decisions in respect of the current and next year's Budgets, but also their impact on the Medium Term Financial Strategy (MTFS) which enable sustainable budgets for the future.

5.5 The budget proposals within this report, and within Appendix 1, are intended to help support the Council's finances into the future whilst protecting services. However, even if all the proposals within Appendix are agreed and are progressed, there will invariably be differences in the levels and the timing of the savings proposed. It is quite possible that such differences may impact adversely on the MTFS.

5.6 This year and next the Council is already making extensive use of reserves (almost a third of its General Fund reserves) in order to mitigate the impact of the Pandemic; other cost pressures; and, to give time to put in place a range of proposals that will put the Council's financial standing on a sustainable basis whilst at the same time maintaining services and delivering its priorities. However, some reserves also need strengthening and given the extent of uncertainty the Council does need to retain reserves to remain an effective service delivery organisation.

6. Risks

6.1 The Council's Significant Business Risk Register contains several risks which are finance related. Shortage of finance will impact upon the Council's plans for the provision of services. Reduced income or increased expenditure will reduce the funding available.

6.2 The main sources of income which may be subject to reductions include:

- Government grant (e.g., Benefits Administration Grant);
- Business Rates Retention;
- Fees and charges from provision of services;
- Rent income;
- Investment interest.

6.3 Increased expenditure in service provision may be due to:

- Inflation and price increases for supplies and services;
- Increased demand for services increasing costs;
- Changes to taxation regimes;
- Unplanned expenditure;
- Assumed savings in budgets not materialising.

6.4 Triggers for increased costs or reduced income include:

- Economic cycle – impacting upon inflation, interest rates, unemployment, demand for services, Government funding available;
- Unplanned expenditure, e.g. costs from uninsured events, costs of planning appeals or other legal process;
- Project costs – whereby there are unforeseen costs, or the project is not properly costed, or the risks related to them are not properly managed.
- Changes to assumptions underpinning the Medium Term Financial Strategy – these assumptions are closely monitored.

6.5 Many controls and mitigations are in place to help manage these risks. These include:

- The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current and future years, along with any possible issues that may impact upon their budgets. As part of this process, regular Budget Review reports are issued to the Executive and Senior Management Team.
- Financial Planning with the Medium Term Financial Strategy / financial projections, bringing together all issues that will impact on the Council's finances in the medium term.
- Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).
- Project Management and associated controls.
- Trained staff and access to appropriate professional advice (e.g. WCC Legal Services, Local Government Futures for advice on local government funding).
- Risk Management process across the Council, including the on-going review and maintenance of risk registers. The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing risks within each Service Risk Register. Individual Service Area Risk Registers are brought to Finance and Audit Scrutiny Committee every two years.
- Scrutiny by Members of the Council's finances, including Budget Reports and the financial implications of all proposals brought to them for consideration.
- Within the 2020/21 budgets a Contingency Budget was included for any unplanned unavoidable expenditure. A similar budget will be included within the 2021/22 Budget when presented to members in February 2021.
- Reserves – whilst much of these Reserves have already been earmarked for specific projects, it is important that Reserves are held for any unforeseen demands.
- In addition to the Reserves, the Council holds the General Fund Balance of £1.5m. This is available to accommodate any unplanned expenditure or to make up any shortfall in income. However, the Council should seek to maintain the balance at this level.

7. Alternative Option Considered

7.1 The purpose of this report is to ensure that a sustainable ongoing financial position is achieved by the Council, in line with current Council policies and recognises the risks currently faced and those which are anticipated.

7.2 If members wish to change any of the proposals within the budget proposals, then they will also need to indicate clearly how they expect any change which results in a reduction of savings or of income to be made up. If further expenditure is proposed, then equally ways of funding it will need to also be proposed. Whilst reference has been made to the reserves, it is not considered prudent to make additional use of reserves as an alternative to dealing with the underlying deficit.

7.3 The Council could decide not to fund a Climate Action Fund but that would hamper the Council's key aim of making the Council carbon neutral by 2025 and the District by 2030. Likewise, in relation to Council Tax levels, not agreeing to a freeze would leave the issue of alignment hanging and so would subsequently have a more dramatic impact when reconciled. The high level business case is a required piece of evidence to be considered alongside the Council's budget and council tax setting decisions in February 2021.

7.4 The Council could decide not to agree to a Project Monitor for the Kenilworth School project but given the scale of investment tied up this would not help the Council to manage a sizeable risk.

8. Background

8.1 In February all the following information should be available:

- 2021/22 Base Budget
- 2021/22 Government Finance Settlement
- Updated Business Rates Retention projections
- 2021/22 New Homes Bonus.

8.2 If the main revenue sources above are below the projections within the medium term financial strategy, detailed consideration will be required as to the means of being able to set a balanced budget. This may include making further savings from services, generating additional income, or using the Council's limited reserves in the short term.

8.3 The Council will then be in a position to agree the 2021/22 Budget and the District Council element of the Council Tax. In addition, the total Council Tax for the District will be set, including the elements set by the County Council, the Police and Crime Commissioner and the Parish and Town Councils.

	C	D	E	F	G	H	I	J
48								
49							***£000***	
50	***Potential calls on Reserves included in "commitments not yet included" column***							
51								
52	***Capital Investment Reserve***							
53								
54								
55							*214.00*	
56								
57								
58	***Building Control Reserve***							
59								
60							*56.00*	
61								
62	***Planning Appeal Reserve***							
63							*38.00*	
64								
65	***Equipment Renewal Reserve***						*1,411.00*	
66								
67	***Tourism Reserve***						*2.00*	
68								
69	***Service Transformation Reserve:-***							
70							*0.10*	
71								
72	***Corporate Assets Reserve***						-	
73								
74	***Local Plan Delivery Reserve***						*5.00*	
75								
76	***ICT Reserve***						*220.00*	
77								
78	***Covent Garden Multi Storey Reserve***						*900.00*	
79								
80	***Homelessness Prevention Reserve***						*40.00*	
81								
82	***Community Projects Reserve***							
83								
84							*35.50*	
85								
86							*2,921.60*	
87							-	

Summary of Reserves and Balances

Name of Reserve & Purpose	
General Fund Reserves	
Capital Investment Reserve	To provide finance for the Council's General Fund capital programme not met by other resources such as capital receipts, RCCO, external contributions, other reserves. £1m balance on reserve to meet unplanned capital liabilities.
Corporate Assets Reserve	To provide finance for refurbishment of Council facilities following Stock Condition Surveys, in addition to existing Pre-Planned Maintenance Budget.
Equipment Renewal Reserve	To finance a rolling programme of equipment and property replacement and renewal.
Services Transformation Reserve	Reserve created to enable services to continue to be provided pending delivery of required savings and to finance “Fit For the Future” schemes so as to help the Council secure the savings needed in its Medium Term Financial Strategy. Reserve will fund the one-off pension and redundancy costs to the General Fund as a result of the early retirement or redundancies as a result of service re-structures etc.
ICT Replacement Reserve	To provide finance for the Council’s ICT Replacement programme
Planning Reserve	Originally created to provide finance to cover the costs incurred by the Council with regard to appeals against its planning decisions. The Reserve also now pays for issues relating to planning policy, for example the costs associated with the Local Plan, and associated research.
Public Amenity Reserve	To provide finance for play area and public open space improvements
Warwick District Climate (Fund) Reserve	To provide district-wide funds to met the Climate Emergency Declaration aims by 2025
Art Gallery Gift Reserve	To provide finance for major Art Gallery and Museum purchases linked to the specific conditions imposed by the original gift of the money to the Council.
Building Control Reserve	The fee earning part of the Building Control service should not make a loss over a rolling three year period. This reserve has been created to assist in this with annual surpluses being paid into it and any annual losses being funded from it. It also funds any improvements required in the service.
Business Rate Retention Volatility Reserve	Reserve established to provide finance for “smoothing out” future retained Business Rate revenues, and should balance be sufficient, provide specific funding to support the General Fund.
Earmarked Balances Reserve	Specific Budgets carried forward from last financial year for projects slipped to the subsequent year.
Grounds Maintenance and Other Commuted Sums Reserve	Commuted Sums are received from developers in respect of the adoption of public open space or other facilities to be maintained at the Council's expense. Funding credited to General Fund over time period of the original commuted sum.
Homelessness Prevention Reserve	From Government grants received in 18/19 and 19/20 towards Homelessness Prevention. Balance committed to Homeless Prevention and Rough Sleepers initiatives.
Planning Investment Reserve	Creation of a reserve into which the 20% uplift in planning fees will be allocated. Reserve committed o various initiatives and post related to improving the overall Planning service.
Public Open Spaces Planning Gain Reserve	Expenditure from this reserve will be charged to service accounts during the year. An appropriate amount is then transferred to the General Fund as part of the final accounts process for specific schemes carried out.
Rev Grants Rec'd in Advance	Ring-fenced grants received for specific purposes who's use is not in the current year, so funding needed to be carried forward.
Car Parks Repairs and Maintenance Reserve	Reserve created from car parks revenue repairs and maintenance budget in order to provide resources for future years.

Summary of Reserves and Balances

Name of Reserve & Purpose	
Cemetery Land Purchase Reserve	To purchase land for cemetery extensions
Covent Garden Multi Storey Reserve	To provide finance to cover lost income and first year's debt charges when the car park is redeveloped.
Election Expenses Reserve	To provide finance to fund the expense incurred in holding the District Council elections every four years.
Enterprise Projects Reserve	Reserve established from operational surpluses on enterprise projects funded by the former Advantage West Midlands, to be re-invested in similar initiatives.
Harbury Lane Reserve	To fund the lifting of restricted covenant of land on Harbury Lane.
Insurance Reserve	To provide finance to cover the Council's self insurance against potential claims and to pay for security improvements to the Council's General Fund properties. The reserve also holds sufficient funds to cover any potential claim with regard to the Municipal Mutual Insurance "clawback" re previous claims settled.
Investment Volatility Reserve	Set up to capture a portion of the gain on corporate equity funds to be used to smooth possible future fluctuations so as to avoid an additional cost to the General Fund.
Leisure Options Reserve	This reserve has been established to cover such items as the reduction in income whilst the Leisure Centre refurbishment programme is under way and also the first year and a half's debt charges arising from the prudential borrowing for this project.
Local Plan Delivery Reserve	The reserve is used for items of work required to help the implementation of the Local Plan. This would include detailed work on a specific proposal to help turn it from a proposal to reality.
Tourism Reserve	To provide finance for initiatives relating to the Council’s ongoing promotion of tourism
Car Parks Displacement Reserve	Substantial work is required to be carried out in respect of some of the Council’s car parks in forthcoming years. Reserve being used to support Commonwealth Games.
Commonwealth Games (Bowls) Reserve	To set aside funds towards funding the project in future years.
Community Forums Reserve	To provide finance for the annual programme of Community Forum Grants
Community Projects Reserve	Reserve created from 2017/18 New Homes Bonus to provide finance for various District wide community projects.
Digital By Default Reserve	To fund investment in services to make improvements in use of advancing ICT.
Hill Close Gardens Reserve	This reserve will be used to help fund maintenance of Hill Close Gardens.
Riverside House Maintenance Reserve	This reserve will be used to fund backlog maintenance on Riverside House.

Service	Service Area & Initiative	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
CE	Review member civic support arrangements.	50				
CE	Review Corporate Support Team arrangements.	30				
CE	Review Management Information collection and publication arrangements in context of closer working with SDC.		30			
HCP	Review Pest Control Service.	25	25			
HCP	Review Health & Community Protection team arrangements.	60				
HCP	Remove community forum grants	27				
FI	Review customer service frontline arrangements.	125				
FI	Remove procurement support from WCC	20				
CS	Review of Sports and Leisure team arrangements.	60				
CS	Explore options for commercial letting of sports pitches and track		15			
AS	Review Asset Team operational arrangements	40				
HS	Fund specific Housing posts from Flexible Homeless Support Grant	88	-88			
NS	Review Neighbourhood Services team structures	54				
NS	Review of Ranger service	27				
NS	Make payments at car parks cashless	30	25			
NS	Introduce charges for Newbold Comyn car park	25	25			
NS	Additional saving from Contract lots 2 and 3	300				
DS	Increase take from CIL Admin Fund	8				
DS	Host new commercial events on WDC land	30				
HCP	Civica APP replacement (part of digital transformation savings)	250	250			
HCP	Voluntary/Community Sector Commissioning cost paid differently	300				
FI	Pay for RUCIS differently	150				
MISC	WDC/SDC CMT/SMT Change and Amalgamation	250	110	275		
MISC	WDC/SDC Other service integration	140	420	280	280	280
MISC	In-year underspend	500				
MISC	Hotel lease at Europa Way		110			
MISC	HQ Saving		250	225		
MISC	Fees and Charges at circa 15%	503	245	262		
MISC	KLC borrowing cost funded in 21/22 and 22/23 from another source.	500		-250	-250	
MISC	Introduce Green Waste Charges		600	300		
	TOTAL	**3,592**	**2,017**	**1,092**	**30**	**280**
	Cumulative	**3,592**	**5,609**	**6,701**	**6,731**	**7,011**
	MTFS requirements	**3,190**	**6,139**	**5,701**	**5,355**	**5,306**
	After Savings Proposals	**-402**	**530**	**-1,000**	**-1,376**	**-1,705**

Item 5 – Formation of a Local Housing Company

The following pages 1 to 19 in this report have changed substantially, in line with the addendum. The appendices to this report remain the same.

Executive Committee
10 December 2020

Title: The formation of a Local Housing Company

Lead Officer: Lisa Barker
Portfolio Holder: Councillor Matecki
Public report: Appendices C and D to the Executive report and Appendices 1a, 1b, 1c and 2 within the Business Plan (Appendix D) are Confidential
Wards of the District directly affected: All

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: Yes
Included within the Forward Plan: Yes
Equality Impact Assessment Undertaken: No
Consultation & Community Engagement: No
Final Decision: Yes
Accessibility Checked: Yes

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	3.12.20	Bill Hunt
Head of Service	19.11.2020	Lisa Barker
CMT	4.12.20	Chris Elliot
Section 151 Officer	4.12.20	Mike Snow
Monitoring Officer	4.12.20	Andrew Jones
Finance	19.11.2020	Victoria Bamber
Warwickshire Legal Services	27.11.20	Kate Hillier
Portfolio Holder(s)	30.11.20	Councillor Matecki

1. Summary

1.1. This report sets out the business case, and seeks approval for the establishment of a Local Housing Company (LHC). The LHC would be a separate legal entity, wholly owned by the Council (100% through its share capital), and be operated to support the Council’s housing development plans and objectives and provide the Council with housing related income generating commercial opportunities.

2. Recommendations

2.1. That Executive note the Business Case for the establishment of a Local Housing Company (LHC), as set out at Appendix A.

2.2. That Executive approve:

2.2.1 The creation of a wholly owned LHC, to be limited by Shares, with the initial purpose of the delivery of intermediate and market housing.

2.2.2 The Articles of Association as set out at Appendix B

2.2.3 The Shareholders Agreement as set out at confidential Appendix C

2.2.4 The appointment of Directors to the LHC, as set out in section 3 of Appendix D

2.2.5 A loan facility of £56.825m to be made by the Council to the LHC and JV.

2.3. That, subject to approval of recommendation 2.2, Executive approve the Business Plan as set out at Appendix D.

2.4. That, subject to approval of recommendation 2.2, Executive note the proposed initial projects to be undertaken by the LHC, as set out within the Business Plan and the potential Joint Venture proposal set out in detail at confidential Appendix 2 of the Business Plan.

2.5. That, subject to approval of recommendation 2.2, Executive delegate authority to the Heads of Housing and Finance, in consultation with the Portfolio Holders for Finance and Housing & Property to:

2.5.1 Take the necessary legal and administrative actions to establish the LHC. A Memorandum of Association will also need to be signed by one of the Council's authorised signatories on behalf of the Council. This is a legal statement which agrees to form the Company.

2.5.2 Agree the name of the LHC

2.5.3 Agree such Operational Policies as would be required by the LHC.

2.6. That subject to approval of recommendation 2.3 that the Executive delegate authority to the Head of Finance and the Deputy Chief Executive (BH), following consultation with the Portfolio Holders for Housing and Property and Finance to consider and put in place:

2.6.1 A Loan Agreement for up to £200k to provide working capital and 100% Share issue to the Council.

2.6.2 A supply Agreement between the Council and the LHC, consistent with the approved business plans.

2.6.3 Remuneration levels for the Non-Executive Directors

2.7 That subject to the approval of recommendation 2.3, Executive recommend to Council that they

2.7.1 delegate authority to the Head of Finance and the Deputy Chief Executive (BH), following consultation with the Portfolio Holders for Housing and Property and Finance, to agree the terms of, and approve loans up to a value of £56.825m.

2.7.2 Agree that the capital programme will be adjusted to reflect the advances to the LHC and the loans to the joint venture funded by PWLB borrowing.

3. Reasons for the Recommendations

Recommendation 2.1

3.1. The Business Case sets out the rationale and basis for setting up the company and what it is intended to achieve. The Business Case has been prepared using the principles of HM Treasury Green Book Five Cases Model. These are that the business case in support of a new policy, strategy, programme or project must evidence:

- That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the Councils strategy – the "strategic case";
- That the intervention represents best public value – the "economic case";
- That the proposed Company is attractive to the market place, can be procured efficiently and is commercially viable – the "commercial case";
- That the proposed spend is affordable – the "financial case";
- That what is required from all parties is achievable – "the management case".

Recommendation 2.2

Recommendation 2.2.1

3.2. A report elsewhere on the agenda explains that the current planned activities of the Council's Housing Revenue Account (HRA) are set to utilise all the available resources within the HRA Business Plan. The ability to expand the provision of new homes within the HRA is therefore at its limit and, particularly for tenures other than social and affordable rent, the Council would need to utilise other delivery vehicles to deliver new homes. Legal and commercial advice is that models such as Joint Ventures and/or a wholly owned company which can access alternative funding sources and provide intermediate and market rented properties are viable options available to the Council.

3.3. Establishing a LHC would assist Warwick District Council to take a commercial approach to the delivery of new homes and offer a range of products to assist in the delivery of local housing needs. Furthermore, it can offer an alternative to traditional private rented options by offering a good quality product through a trusted organisation.

3.4. The LHC model has the aim of making significant contributions to the Council's income in the face of funding shortfalls, and by doing so, put services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes. At this stage, the initial business activities being worked on are set out in in Appendix D

3.5. The advice is that for a company to trade directly with the developer without carrying out a procurement exercise it must be a company to which the Public Contracts Regulations (PCR) 2015 do not apply ie be a 'non-teckal' company. This requires the Company to act commercially and at 'arm's length' from the Council however avoids the potentially expensive PCR 2015 compliant procurement procedures which may be disproportionate to its turnover and allows the company to take advantage of direct approaches from developers.

3.6. Being able to operate outside of the PCR 2015 does not mean that a company would not be obliged to secure value for money in accordance with good business practice; it should still seek quotes / conduct a tender process – but it would be free to do so flexibly rather than follow a specified procedure.

3.7. It is envisaged that the company would be incorporated in December 2020. It will function as an ethical landlord, providing rented homes of a good quality.

3.8. It should be noted that potential housing company developments will be individually assessed on their financial viability and suitability; and that the primary focus will remain on delivering affordable/social rented units through the Housing Revenue Account (HRA), which affords significant efficiencies.

3.9. Advice on the proposed structures has been received from Warwickshire Legal Services (WLS) and Trowers and Hamlins (legal) and the recommendations here have taken that advice into account. It is possible to structure the company in a number of ways each of which has benefits and limitations. The advice is that a single company structure will achieve the Councils objectives within the desired timeline. Advice on Treasury management has been received from Link and KPMG, and on Tax from KPMG and the recommendations within this report have taken that advice on board. Discussions have taken place with a number of Councils who operate a LHC model and the learning from those experiences is also reflected within the proposed approach.

Recommendation 2.2.2

3.10. The Articles of Association form part of the Companies constitutional documents and are a requirement. They set out the rules about running the company and are needed to set up the company.

3.11. Subject to the Articles, the Directors are responsible for the management of the Company's business and may exercise all the powers of the Company. The Council, as sole shareholder, may by special resolution, direct the directors to take or refrain from taking specified actions.

Recommendation 2.2.3

3.12. The shareholder's agreement sets out the role of the council as a sole shareholder and provides parameters for what the company can and cannot do. It details how the company will conduct its business and how it will report back to the council. A number of references are made to the business plan, which will require approval from the Executive annually.

Recommendation 2.2.4

3.13. It is proposed that initially there will be four Directors who will take decisions collectively. The Directors proposed are the Head of Housing and the Strategic Financial Manager as Council directors and two non-executive directors, one with experience in property development and one with experience in property sales and lettings. To support the Company being classed as a non-Teckal company, the two non-executive directors will be appointed by the Board. It is proposed that the Head of Housing will be the chair of the board.

3.14. The quorum for the transaction of the business will be two directors, one of which will be a Council Director. The Council will retain the power to appoint and remove Council directors under the shareholder's agreement and the company shall be permitted to appoint and remove the other two directors.

Recommendation 2.2.4

3.15. The budget is required to enable the Business Plan to be funded and its activities to be delivered. A budget up to the value of £56.825m has been identified as being required for the full range of activities set out for the company.

Recommendation 2.3

3.16. The Business Plan sets out the aspirations for the company and contains specific proposals for initial lending by the Council. In each subsequent year, the company will be required under the shareholder's agreement to bring their updated business plan to Executive for approval. The company will only be able to carry out business in accordance with its business plan.

3.17. The Business Plan proposes two areas of activity. The first activity focuses on the purchase up to 50 Market Rental Homes available on the open market, to be retained by the company for the life of the business plan and seek to continue to acquire further units beyond the life of this business plan as the market and financing allows. These homes will be purchased using a loan from the Council of c £12m to which commercial rates of interest will be charged generating an income for the Councils General Fund. Secondly, the

LHC also has the opportunity to create a 6-year Joint Venture with a national property developer which aims to build homes on a large development site in the district. Again, the plan is to finance this using a PWLB loan of up to which the Council on lends at a commercial rate. This in turn generates loan profit for the Council. There is also potential for a dividend payable to the Council's general fund upon completion of the development which is funded from the profit share split between the LHC and Developer. The deal includes for the Council to purchase the affordable properties and for the LHC to purchase some additional homes on the site both of which will be the subject of separate reports.

3.18. The Council will finance the loan with a prudential rate which is considerably lower than the rate to be charged for the on lending. The LHC/JV will make regular loan re-payments during each financial year during the term of the loan. As a consequence, the Council effectively attracts 'loan profit' over the course of the loan period. The Business Plan sets out that the Council will attract 'loan profit' from year one of operation. 'Profit' is also generated from selling professional services to the company. The Council may also, in future years benefit from receiving dividends from the Company.

3.19. The purchase of existing properties to rent out at market level rents is a relatively low risk form of investment. The rented property market is buoyant and a familiar entity to the Council.

3.20. The development activity has its risks mitigated by the loan from the Council being secured against the land (which is valued higher than the loan value). Furthermore, the Terms of the loan will require the Council to be a secured creditor and therefore have preference over other creditors.

3.21. The market rented activity has its risks mitigated by purchase of an asset which will be valued prior to purchase and insured following purchase.

3.22. The Company has no stated intention to dispose of its investments, but will have the option of disposing of assets in the future and realising a capital receipt, which can be returned to the Council if considered desirable or necessary.

3.23. As sole shareholder, the Council will exercise some degree of control over the company but the company must be allowed to operate at 'arm's length' to deliver its objectives independently of the Council.

Recommendation 2.4

3.24. As described above, the initial proposed business focus is in two parts, the first being acquisitions of existing housing to rent out at market level rents, and the second being a development opportunity by entering a joint venture with a national house builder.

3.25. To meet the Councils vision, aims and objectives for the provision of homes there is a real need to open up every opportunity and channel to provide the numbers and type of homes needed. A Local Housing Company can be a very impactful additional channel that can offer the Council a 'triple dividend':

- Much needed extra housing
- A greater stewardship role in place shaping and meeting climate change objectives.
- A financial return to the council

Both activities are geared to produce an income primarily for the General Fund but also for the Housing Revenue Account.

3.26. This Business Plan sets out sets out the activities for the first year and presents the latest projections for the Company for 2020/21 -2029/30 in detail. It includes an insight to objectives, priorities and financial projections for the entire 50-year business plan up to 2069/70.

3.27. Bids to purchase the land which would be the subject of the JV detail are, at the time of writing, being considered, with the land purchase due to take place in late January. There is a chance that the landowner does not accept our bid in which case, the deal would fall away. Nevertheless, there is a time pressure to establish the company and make the necessary approvals to enable the company and the Council to take advantage of this opportunity. Given that the land purchase could be lost, the report focuses on the other main area of business, namely market rented housing provision. The detail of the development opportunity is set out within the confidential appendices attached to the Business Plan at Appendix D.

Recommendation 2.5

Recommendation 2.5.1

3.28. Whilst every matter has been considered and is set out in this suite of documents, the unexpected may emerge. This recommendation would enable the timetable to be met.

3.29. A Memorandum of Association will also need to be signed by one of the Council's authorised signatories on behalf of the Council. This is a legal statement which agrees to form the company.

Recommendation 2.5.2

3.30. Whilst striving to adopt a name that is familiar to residents of Warwick District, it should not be exclusive of other communities should the Company develop or acquire properties outside of the district. Additionally, the name adopted cannot already be in use or registered with Companies House and therefore the choice of name will be subject to availability at the time of registration.

3.31. Note the intention to name the Company 'Spa Living/Milverton Homes/Leafy Lane Homes however, this will be subject to availability at the time of registration.

Recommendation 2.5.3

3.32. In advance of the first property purchase, the company will adopt a range of operational polices covering:

- Rent and lettings policy
- Sales policy
- Debt recovery policies
- Conflict of interest policy
- Planned / reactive maintenance provision policy.

Where properties are retained by the company they will be let on an Assured Short hold basis. It will be important that the Company adopts a fully commercial approach to both letting and debt recovery.

3.33. Given that two directors of the company will also be employees of the council a clear and unambiguous conflict of interest policy will be drawn up which makes clear the respective roles and responsibilities. Such a policy will also need to cover instances where other officers are providing services to the company. The articles of association also address directors' legal responsibilities regarding transactions that it has another interest in.

Recommendation 2.6

Recommendation 2.6.1

3.34. The LHC will require some start-up funds to enable it to bring to life the business plan. Costs include legal fees, insurances and company registration. The costs are calculated at £200K.

Recommendation 2.6.2

3.35. The company will, where it is getting market value, agree supply agreements with the Council. Having an agreement will formalise the approach for officer time invested in the company to be recharged appropriately. As a consequence, some of the costs for the company will appear as a receipt for the council.

It should be noted that the company will buy in external support including for company secretarial services and audit services under a separate agreement.

Recommendation 2.6.3

3.36. For the avoidance of doubt, the directors who are also Council employees will not receive remuneration but non-executive directors will receive a remuneration for undertaking the role of non-executive directors. The level of remuneration will be set by the Head of Finance

Recommendation 2.7

Recommendation 2.7.1

3.37. Full due diligence is still taking place in relation to the two areas of work planned for the Company:

- The establishment of an arm's length wholly owned housing company which will purchase accommodation in the district to let on a market rate for long term income generation.
- A proposed Joint Venture with a Developer to deliver homes

3.38. Expert financial and treasury advice is being provided by KPMG's regeneration and housing team, who are experienced in advising on Joint Venture and Local Housing Company implementations. This expert advice will allow the Council to ensure that the arrangements are structured in a way that mitigates risk for the Council, will provide commercial, tax and accounting input, and provides surety on lending as well as maximising the financial return for the Council. As described at para 3.27, there is a time limited opportunity for a JV to develop housing which will enable the Council to acquire much needed affordable housing and generate income for the General Fund thereby maintaining vital Council services. The time pressures prevent a further report being brought setting out the detail of the loan arrangements before the land purchase is due to take place. It is therefore necessary for the delegated authority to be established.

3.39. The loan agreement is a written agreement between the Council as lender and the company as borrower, which sets out the terms on which the Council will provide funding to the company in order to enable it to function and achieve its objectives. Any loans to the company will be on market terms in order to comply with state aid obligations.

Recommendation 2.7.2

3.40. A decision from full Council is needed to provide the authority to add the project to the Council's capital programme and make provision to subscribe for ordinary shares in the LHC and make provision to fund the loan facility that the Council would be required to make available to the LHC/JV. The provisions within this recommendation provide the necessary legal and financial approvals for this to take place.

4. Policy Framework

4.1. Fit for the Future (FFF)

4.1.1. "The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects."

4.1.2. "The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

4.2. **FFF Strands**

- **External impacts of proposal(s)**

People - Health, Homes, Communities - Increasing the supply of good quality housing for rent or sale will extend housing options for a range of income levels and enable more people to establish roots in their desired neighbourhoods. This should therefore make a positive contribution toward community cohesion.

Services - Green, Clean, Safe - Empty buildings and derelict building land can be targets for a range of anti-social behaviours and provide opportunities for criminal behaviours. Bringing property back into use and possibly redeveloping land can therefore make a positive contribution to community safety. The company will consider having a minimum standard for property purchase and development including that it achieves at least EPC of C. The company will aim to provide housing that uses sustainable forms of energy. These standards could underpin the CEAP by implementing alternative energy and high specified wall insulation to eliminate the need for use of fossil fuels, minimising the heat demand in housing.

Money- Infrastructure, Enterprise, Employment - The financial implications are set out in the body of the report and the attached business plan.

4.2.2. **Internal impacts of the proposal(s)**

People - **Effective Staff** – Key staff have been identified who will assist in the delivery of the objectives for the Company.

Services - Maintain or Improve Services - The model has the aim of making significant contributions to the Council's income in the face of funding shortfalls, and by doing so, put services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes.

Money - Firm Financial Footing over the Longer Term - The model has the aim of making significant contributions to the Council's income in the face of funding shortfalls, by achieving a good return on investment and making good use of assets. This directly maximises income earning opportunities as the Council will receive a return in three ways: loan interest; margin applied to professional services; dividend. By doing so, the initiative puts services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes.

4.3. **Supporting Strategies**

4.3.1. Each strand of the FFF strategy has a number of supporting Strategies. This report supports the Housing and Homelessness Strategy, specifically objective 2 'Meeting the Need across the District by addressing the need for new home provision'.

4.4. **Changes to Existing Policies**

4.4.1. No changes are proposed to any existing Policies however; activities of the company may be referenced within the Housing Revenue Account Business Plan and feature in the Councils balance sheet.

4.5. **Impact Assessments**

4.5.1. Increasing the supply of good quality housing for rent or sale will extend housing options for a range of income levels and enable more people to establish roots in their desired neighbourhoods. This should therefore make a positive contribution toward community cohesion.

5. Budgetary Framework

5.1. A 50-year Local Housing Company business plan has been drafted to ensure the model of the LHC remains financially robust. The detailed assumptions and forecasts contained within the business plan are being finalised at the time of writing this report with key assumptions likely to alter upon the receipt of further detailed expert financial advice from KPMG to quantify and advise on the technical accounting requirements. The business model is for the LHC to purchase accommodation in the district to let on a market rate for long term income generation alongside exploring the viability of a proposed Joint Venture with a national house builder to deliver new homes

5.2. The Council is seeking expert Treasury, Joint Venture and Local Housing Company financial advice from KPMG which is ongoing at the time of writing this report. A number of assumptions have been used to calculate the financial position examples noted in the budgetary framework points which are likely to change upon the final advice being received; at which point all financial assumptions and models will be revised.

5.3. It is important that a distinction is drawn between the operating profit/loss of the company and the returns available on the council's investment. In essence the company will be making a limited operational profit as, in common with all property investment companies the bulk of its assets are counted in the balance sheets for the company. This is standard practice for companies of this type. Many of the company's costs appear as receipts for the Council, e.g. the recharges for staff time. The company will, where it is getting market value, buy in professional services from the Council.

5.4. Although the company is likely to make a limited operating profit, utilising an annuity form of loan, it is over time reducing the debt held against its assets. This situation is reflected with the council's investment as, over time its debt to the PWLB is reduced. The council will need to extend initial working capital of £200,000 revenue funding either upon the receipt of a share issue from the company or in the form of a loan or equity as per the draft loan agreement.

5.5. The Council's return on investment is materially affected by the amount of reserves committed to financing the company. As per advice from KPMG the LHC will be almost 100% loan-financed through on-lending by the Council based on market level terms and rates in order for it to remain state aid compliant.

5.6. The starting position is that the company will borrow the entire amount from the Councils General Fund who will source financing from the Public Works Loan Board (PWLB). The Council will capitalise this investment to the Local Housing company through a mix of debt and equity with the Council purchasing a nominal amount in Share Capital from the Local Housing Company to become the 100% shareholder. The Start-up cost of the Local Housing company will be not impact general fund reserves negatively.

5.7. The debt/equity split will be in line with the nature of the development, and may be up to 80/20% for investments in completed rental assets and around 60/40% for development projects. Indicative rates of interest that the council may estimate charging will depend of the seniority of the loans made to developments. These may range between 3.75-6.00% for senior debt and be significantly higher for subordinated debt. Final gearing and % rates on loans will be advised in further detail as part of the due diligence being completed by KPMG.

5.8. The council will need to ensure that it complies with its Treasury Management Policy and make a Minimum Revenue Provision (MRP) for the loan/s that it takes from the PWLB if required. This financial detail will be calculated in line with the pending expert advice from KPMG and the Councils Treasury Management contract with LINK.

5.9. A headline summary of the council's investment position in relation to the market rental activity is seen in the table below. The Council will facilitate a loan to the Local Housing Company, to enable the purchase of Housing Stock over a 40-year loan term for the purposes of creating market rental activity as per the LHC Business Plan noted in Appendix D. A summary detailing the Council's investment position should the development opportunity progress can be found in confidential Appendix 2 within the Business Plan. All numbers are subject to verification and may change following the confirmation of borrowing rates and corresponding on lending to the LHC at market level interest rates to be agreed.

GF Revenue Income	Total 50 Year
	£
Revenue Income	
Staff Recharges via SLA	- 1,175,358
Total Market Rental Recharge Income	- 1,175,358
Net Investment Income - Market Rental Loan	
PWLB Market Rental Arm Loan - Capital	11,625,000
PWLB Market Rental Arm Loan - Interest	4,870,729
Market Rental Arm Loan repayment from Housing Company - Capital	- 11,625,000
Market Rental Arm Loan repayment from Housing Company - Interest	- 13,644,563
Net Income from Loan Facilitating the Market Rental Arm	- 8,773,834

GF Capital Outlay	Total 50 Year
	£
Local Housing Company 100% Share Purchase	200,000
PWLB Loan Received from PWLB	- 11,625,000
On-leanding of PWLB Loan to Local Housing Company	11,625,000
LHC Market Rental Arm	200,000
Net Impact	- 8,573,834

5.10 The full Financial Model for the LHC will be continually assessed for viability and profitability in future weeks upon the receipt of end point expert financial advice with viability assumptions be presented for consideration to the Head of Finance (Section 151 Officer).

6. Risks

6.1. The purpose in commissioning external legal and financial advice in respect of the options available to the council has been to assist in the early identification of the key risks.

6.2. The main risk is that relating to the repayment of loans to the company from the council. As a 100% council owned company, the council will be responsible for any shortfall and repayment of the loan where the income of the company is less than its outgoings. The council will carry the risk where all or some of the company's investments generate a loss rather than a surplus. However, each property purchase or project progressed will be subject to a strict financial viability assessment. In the event market conditions change radically the company model allows for the company to dispose of some, or all, of its housing assets to another provider or organisation at in the future, should it wish to exit from the initiative.

6.3. The Directors will expect to receive monthly financial reports.

6.4. All risks associated with the formation and operation of the company will be entered into the project or corporate risk registers, where appropriate.

6.5. It should be noted that the establishment of the company in itself does not create risks or commit the Council/LHC to undertake any development projects.

Risk	**Mitigation**	**Opportunities**
Property		
High and increasing development costs	Detailed financial modelling based on current building costs and stress-testing for price increases	Property values increase
Property values fall	The business plan recognises that short-term fluctuations in the market are inevitable but the outturn is positive over the length of the plan	Flexibility and control of the portfolio
Insufficient demand	Each development will be subject to its own business case which will identify a suitable mix of tenure reflecting current demands in the market	Evidence demonstrates that there is a consistent demand for market and sub-market rented housing
Community Support		Capacity to meet housing need that cannot be met by the HRA Raising standards in the private rented sector
Timescales Company not established in time to support specific initiatives	Resources are in place to ensure that the company can be incorporated in December 2020.	

Risk	Mitigation	Opportunities
Project capacity There is insufficient capacity to enable the project to be a success	Key officers have been identified and are deployed on the project.	
Financial / VfM The housing company is not profitable and is unable to pay dividends to the Council and/or defaults on loan interest and repayments, resulting in the Council's Investment not achieving the projected return. Tax rules/HMRC requirements impacting on viability Future Government restrictions on prudential borrowing rules to limit allowable public sector debt forces the housing company to borrow at higher interest rates Brexit - worst case scenario: shortage of labour and materials; house price downturn; rising demand for affordable housing as a result of rising unemployment; rising cost of loan finance	The Board will require detailed financial modelling, including sensitivity analysis, to ensure careful selection of investment options that excludes those that fall short of the necessary viability criteria. Additional tax advice to be acquired The housing company would need to consider commercial debt in order to continue its expansion taking into consideration any effect this may have on the viability of individual schemes Potential development is continually appraised before contracts are agreed and any loan finance is based on fixed rates Advice from KPMG is sought to ameliorate risk and the portfolio of work	Generation of profit on Disposal Maximise available tax relief where possible Potential receipt of dividends Potential reduction in borrowing costs for the General Fund if gilt yields, and therefore PWLB borrowing costs, fall leading to greater margin for the General Fund

Risk	Mitigation	Opportunities
Financial risk sits with the Council – could create constraints in early years if solely focused on development. State Aid rules breached	is balanced through acquisitions for market rent. Advice from Trowers and Hamlins and KPMG sought. The financial arrangement between the Council and the company will be on a commercial basis.	
Legal Council acting outside of relevant powers Personal risk arising from the duties and liabilities of company directors	External specialist legal advice on company governance obtained Appropriate insurance against claims for negligence, breach of trust etc. will be obtained	
Reputation Reputational impact of the company on the council Reputational damage in the event of the company's failure	A marketing and communications plan will be developed to ensure that the branding and image of the company contribute to a positive view of the Council's services Risks reviewed and evaluated on a regular basis as part of corporate risk management process	

7. Alternative Option(s) considered

7.1. The option of not setting up a LHC has been considered. Because this would not increase the flexibility with which the council can address current and future needs for housing, this option is not recommended.

7.2. Options other than a wholly-owned LHC have been considered (e.g., a partnership with a private sector organisation or with another LA), but since it would be unlikely that such partnerships would be able to be aligned wholly with the Council's objectives, are not recommended.

8. Background

8.1. LHCs are independent arms-length commercial organisations wholly or partly owned by councils. They can develop, buy and manage properties within and outside of a local authority area. The homes LHCs provide sit outside of the local government housing financing system (Housing Revenue Account) and are not subject to the Housing Act and most of the social/affordable housing regulations.

8.2. The Council can use the general power of competence in Section 1 of the Localism Act to incorporate corporate entities. If the Council uses this power for a commercial purpose, Section 4 provides this must be delivered through a company (although there is nothing to stop the Council acting through a company even if it is not acting for a commercial purpose). The Council can also operate affordable housing through a company, without having to use its more "natural" Section 9 Housing Act 1985 power, which would necessitate the properties being accounted for in the Council's Housing Revenue Account (HRA).

8.3. The number of companies has increased dramatically among councils across the whole of England. At the last count by CIPFA, around 750 were found. Studies of LHCs shows that the vast majority are engaged in the provision of affordable housing (but not social rented housing), as well as market housing for rent and sale.

8.4. Research undertaken by the Smith Institute found that many councils have long harboured the chance to play a more pro-active role in housing and place-shaping. The tight constraints on the HRA system and the Right to Buy (RTB) has made that extremely difficult for stock holding councils. Non-stock holding councils have meanwhile been largely side-lined by the government's strong support for private sector-led development.

8.5. Providing new homes "commercially" using council assets and public borrowing (with no capital grant) effectively frees the council from Whitehall control. It also gives councils a much-welcomed degree of flexibility to offer a mix of housing tenures, rather than just council housing, and exemption from the RTB and rent controls. Councillors often spoke passionately about this, arguing that their LHC gives them some "skin in the game".

8.6. In some places, the LHC is also seen as a viable alternative or complement to delivery by the private sector and housing associations. In others, the LHCs purpose is primarily to kick-start development or to change the tenure mix on existing estates. Several LHCs are also providing specialist housing for older people and students, as well as temporary accommodation. Some also offer self-build and eco-homes. Councils claim that LHCs are not just filling gaps in the local housing market and making budget savings, but also driving up standards in the PRS. In some instances, such as Newham in East London, the LHC aims to be the major market provider of PRS homes.

8.7. This "quiet revolution" in councils building again is adding to the diversity of supply of affordable homes. There are several main themes that the research revealed:

- LHCs provide a mix of housing tenures, with the focus on renting (at equivalent affordable rent and market rent levels) and to a lesser extent at social rented levels. Some LHCs provide homes for sale and to meet specialist housing needs (e.g. for temporary accommodation and homes for older people) and several are involved in estate renewal and regeneration schemes.
- The majority of LHCs are wholly owned by the council, which typically provides loan finance and land.
- A few LHCs are multi-council and some are subsidiaries of a council-owned regeneration or property company. Some of the larger LHCs have attracted private finance and established 'revolving investment' funds.
- Councils have been careful in setting up their LHC, taking outside legal and financial advice. With some exceptions, there appears to be little antipathy towards LHCs or evidence of "reckless" lending. There are some concerns over a council's multiple roles – as owner/co-owner, funder and planning authority.
- The ethos and social purposes of many LHCs are arguably similar to housing associations, operating where they can a cross subsidy model for funding sub-market housing. However, unlike most housing associations, the LHCs, by virtue of being new housing providers, have This "quiet revolution" in councils higher concentrations of market housing for rent and sale. As building again is adding to the mentioned, the proportion of housing at social rents for most diversity of supply of affordable LHCs is much lower.
- Most LHCs generate income directly from their market housing, as well as through on-lending and from other sources, like the New Homes Bonus. However, there is little evidence to suggest that the LHCs are making hefty profits or that they are diverting large surpluses into the council's General Fund, rather than re-investing them back into the LHC. However, as our survey showed the financial return is still a key motivation for establishing a LHC. There is a risk that government could intervene to change the way LHCs can generate surpluses. Equally government could seek to fund LHC directly via the HCA, although this may create regulatory problems. Overall on LHC finances, the report found that:
- Most councils expect their LHC to generate a profit, which can be re-invested into the housing company. Besides income from rents and sales, LHCs attract funds from the New Homes Bonus, additional council tax, and planning gain.
- Councils are also generating income from 'on-lending' to the LHC (borrowing long term at below market rates from the Public Works Loan Board and on-lending at a market-rate premium).

8.8. Councils claim that LHCs are there for the long term and are more resilient to market and financial risk than private developers and that the LHC can 'flip tenures' and defer dividend payments if needs be.

Addendum to Item 5

Executive Report
10 December 2020

Title: The formation of a Local Housing Company
Lead Officer: Lisa Barker
Portfolio Holder: Councillor Matecki
Public report: Appendices C and D to the Executive report and Appendices 1a, 1b, 1c and 2 within the Business Plan (Appendix D) are Confidential
Wards of the District directly affected: All

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: Yes
Included within the Forward Plan: Yes
Equality Impact Assessment Undertaken: No
Consultation & Community Engagement: No
Final Decision: Yes
Accessibility Checked: Yes

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	3.12.20	Bill Hunt
Head of Service	19.11.2020	Lisa Barker
CMT	4.12.20	Chris Elliot
Section 151 Officer	4.12.20	Mike Snow
Monitoring Officer	4.12.20	Andrew Jones
Finance	19.11.2020	Victoria Bamber
Warwickshire Legal Services	27.11.20	Kate Hillier
Portfolio Holder(s)	30.11.20	Councillor Matecki

The report has been amended to better reflect that the report is asking Executive to consider two separate but inter-related matters. Firstly, officers are recommending that the Council creates a Local Housing Company (LHC) which then becomes a separate legal entity. The proposed LHC has produced a business plan which has two strands: The purchase of homes that become available on the private market which will require a loan from this Council so that the LHC can purchase those homes. Secondly, the creation of a Joint Venture (JV) enterprise between the LHC and a national house builder which could enable the purchase of significant amounts of land for a large house building programme.

With regard to this second aspect, this is more problematic for members as not only has the LHC yet to be approved but assuming that members do agree to the LHC's creation, this new company will then seek to become a 50/50 partner in a JV.

Consequently, although the LHC will be a 50% partner in the JV this is not the same as the Council being a 50% partner, albeit it is a 100% shareholder of the LHC. Therefore, before the Council agrees to make any loan to the JV there are documents, information and evidence that officers and members will need to see before signing-off the loan.

Finally, the Council has received detailed legal advice from Trowers & Hamlins LLP, in respect of the creation of a JV. However, this does not cover the scenario of the LHC entering into a JV, albeit many of the issues highlighted will be the pertinent. Should members wish to pursue the proposals outlined in this report, further legal advice will be sought to ensure that the Council's interests are fully protected.

A revised Executive report is attached.

Title: The formation of a Local Housing Company

Lead Officer: Lisa Barker
Portfolio Holder: Councillor Matecki
Public report: Appendices C and D to the Executive report and Appendices 1a, 1b, 1c and 2 within the Business Plan (Appendix D) are Confidential
Wards of the District directly affected: All

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: Yes
Included within the Forward Plan: Yes
Equality Impact Assessment Undertaken: No
Consultation & Community Engagement: No
Final Decision: Yes
Accessibility Checked: Yes

Officer/Councillor Approval

Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	3.12.20	Bill Hunt
Head of Service	19.11.2020	Lisa Barker
CMT	4.12.20	Chris Elliot
Section 151 Officer	4.12.20	Mike Snow
Monitoring Officer	4.12.20	Andrew Jones
Finance	19.11.2020	Victoria Bamber
Warwickshire Legal Services	27.11.20	Kate Hillier
Portfolio Holder(s)	30.11.20	Councillor Matecki

1. Summary

1.1. This report sets out the business case, and seeks approval for the establishment of a Local Housing Company (LHC). The LHC would be a separate legal entity, wholly owned by the Council (100% through its share capital), and be operated to support the Council’s housing development plans and objectives and provide the Council with housing related income generating commercial opportunities.

2. Recommendations

2.1. That Executive notes the Business Case for the establishment of a Local Housing Company (LHC), as set out at Appendix A.

2.2. That Executive approves:

2.2.1 The creation of a wholly owned LHC, to be limited by Shares, with the initial purpose of the delivery of intermediate and market housing.

2.2.2 The Articles of Association as set out at Appendix B

2.2.3 The Shareholders Agreement as set out at confidential Appendix C

2.2.4 The appointment of Directors to the LHC, as set out in section 3 of Appendix D

2.2.5 A loan facility of £11.625m is made by the Council to the LHC.

2.3. That, subject to approval of recommendation 2.2, Executive recommends approval of the Business Plan as set out at Appendix D to the LHC's Board of Directors, noting the proposed initial projects to be undertaken by the LHC, including the potential Joint Venture proposal set out in detail at confidential Appendix 2 of the Business Plan.

2.4 That, subject to approval of recommendation 2.2, Executive delegates authority to the Heads of Housing and Finance, in consultation with the Portfolio Holders for Finance and Housing & Property to:

2.4.1 Take the necessary legal and administrative actions to establish the LHC. (A Memorandum of Association will also need to be signed by one of the Council's authorised signatories on behalf of the Council. This is a legal statement which agrees to form the Company.);

2.4.2 Agree the name of the LHC;

2.4.3 Agree such Operational Policies as would be required by the LHC.

2.5. That subject to approval of recommendation 2.3, Executive delegates authority to the Head of Finance and the Deputy Chief Executive (BH), following consultation with the Portfolio Holders for Housing and Property and Finance to consider and put in place:

2.5.1 A Loan Agreement for up to £200k to provide working capital and 100% share issue to the Council to be funded from either share capital issue or loan;

2.5.2 A supply Agreement between the Council and the LHC, consistent with the approved business plans;

2.5.3 Remuneration levels for the Non-Executive Directors.

2.6 That subject to the approval of recommendation 2.3, Executive agrees that it:

2.6.1 Delegates authority to the Head of Finance and the Deputy Chief Executive (BH), following consultation with the Portfolio Holders for Housing and Property and Finance, to agree the terms and conditions of, and approve loans up to a value of £56.835m.

2.6.2 Recommends to Council that the capital programme is adjusted to reflect the loan to the LHC funded by Public Works Loan Board (PWLB) borrowing subject to Council approving changes to the Prudential Indicators as detailed in a further report.

2.7 That subject to agreeing recommendations 2.2 and 2.3, Executive notes that the LHC will seek to establish a Joint Venture (JV) company with a national house builder and that the JV will be requesting a loan of £45.210m from this Council and consequently given the need to deal with matters at speed, the following is agreed:

2.7.1 That upon the JV's creation it writes to the Council to formally request a loan of £45.210m providing its:

a. Business plan;

b. Details of its corporate governance arrangements;

C. Resumes of the appointed directors;

d. Constitution;

e. Articles of Association;

f. Standing orders;

g. Schemes of delegation;

h. Financial and contract regulations;

i. Any other documents as considered necessary by the Head of Finance and/or Deputy Chief Executive & Monitoring Officer.

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

Addendum from the Council's Monitoring Officer

Members should note that the report is asking Executive to consider two separate but inter-related matters. Firstly, officers are recommending that the Council creates a Local Housing Company (LHC) which then becomes a separate legal entity. The proposed LHC has produced a business plan which has two strands: The purchase of homes that become available on the private market which will require a loan from this Council so that the LHC can purchase those homes. Secondly, the creation of a Joint Venture (JV) enterprise between the LHC and a national house builder which could enable the purchase of significant amounts of land for a large house building programme.

With regard to this second aspect, this is more problematic for members as not only has the LHC yet to be approved but assuming that members do agree to the LHC's creation, this new company will then seek to become a 50/50 partner in a JV.

Consequently, although the LHC will be a 50% partner in the JV this is not the same as the Council being a 50% partner, albeit it is a 100% shareholder of the LHC. Therefore, before the Council agrees to make any loan to the JV there are documents, information and evidence that officers and members will need to see before signing-off the loan.

Finally, the Council has received detailed legal advice from Trowers & Hamlins LLP, in respect of the creation of a JV. However, this does not cover the scenario of the LHC entering into a JV, albeit many of the issues highlighted will be the pertinent. Should members wish to pursue the proposals outlined in this report, further legal advice will be sought to ensure that the Council's interests are fully protected.

3. Reasons for the Recommendations

Recommendation 2.1

3.1. The Business Case sets out the rationale and basis for setting up the company and what it is intended to achieve. The Business Case has been prepared using the principles of HM Treasury Green Book Five Cases Model. These are that the business case in support of a new policy, strategy, programme or project must evidence:

- That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the Councils strategy – the "strategic case";
- That the intervention represents best public value – the "economic case";
- That the proposed Company is attractive to the market place, can be procured efficiently and is commercially viable – the "commercial case";
- That the proposed spend is affordable – the "financial case";
- That what is required from all parties is achievable – "the management case".

Recommendation 2.2

Recommendation 2.2.1

3.2. A report elsewhere on the agenda explains that the current planned activities of the Council's Housing Revenue Account (HRA) are set to utilise all the available resources within the HRA Business Plan. The ability to expand the provision of new homes within the HRA is therefore at its limit and, particularly for tenures other than social and affordable rent, the Council would need to utilise other delivery vehicles to deliver new homes. Legal and commercial advice is that models such as Joint Ventures and/or a wholly owned company which can access alternative funding sources and provide intermediate and market rented properties are viable options available to the Council.

3.3. Establishing a LHC would assist Warwick District Council to take a commercial approach to the delivery of new homes and offer a range of products to assist in the delivery of local housing needs. Furthermore, it can offer an alternative to traditional private rented options by offering a good quality product through a trusted organisation.

3.4. The LHC model has the aim of making significant contributions to the Council's income in the face of funding shortfalls, and by doing so, put services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes. At this stage, the initial business activities being worked on are set out in in Appendix D

3.5. The advice is that for a company to trade directly with the developer without carrying out a procurement exercise it must be a company to which the Public Contracts Regulations (PCR) 2015 do not apply ie be a 'non-teckal' company. This requires the Company to act commercially and at 'arm's length' from the Council however avoids the potentially expensive PCR 2015 compliant procurement procedures which may be disproportionate to its turnover and allows the company to take advantage of direct approaches from developers.

3.6. Being able to operate outside of the PCR 2015 does not mean that a company would not be obliged to secure value for money in accordance with good business practice; it should still seek quotes / conduct a tender process – but it would be free to do so flexibly rather than follow a specified procedure.

3.7. It is envisaged that the company would be incorporated in December 2020. It will function as an ethical landlord, providing rented homes of a good quality.

3.8. It should be noted that potential housing company developments will be individually assessed on their financial viability and suitability; and that the primary focus will remain on delivering affordable/social rented units through the Housing Revenue Account (HRA), which affords significant efficiencies.

3.9. Advice on the proposed structures has been received from Warwickshire Legal Services (WLS) and Trowers and Hamlins (legal) and the recommendations here have taken that advice into account. It is possible to structure the company in a number of ways each of which has benefits and limitations. The advice is that a single company structure will achieve the Councils objectives within the desired timeline. Advice on Treasury management has been received from Link and KPMG, and on Tax from KPMG and the recommendations within this report have taken that advice on board. Discussions have taken place with a number of Councils who operate a LHC model and the learning from those experiences is also reflected within the proposed approach.

Recommendation 2.2.2

3.10. The Articles of Association form part of the Companies constitutional documents and are a requirement. They set out the rules about running the company and are needed to set up the company.

3.11. Subject to the Articles, the Directors are responsible for the management of the Company's business and may exercise all the powers of the Company. The Council, as sole shareholder, may by special resolution, direct the directors to take or refrain from taking specified actions.

Recommendation 2.2.3

3.12. The shareholder's agreement sets out the role of the council as a sole shareholder and provides parameters for what the company can and cannot do. It details how the company will conduct its business and how it will report back to the council. A number of references are made to the business plan, which will require approval from the Executive annually.

Recommendation 2.2.4

3.13. It is proposed that initially there will be four Directors who will take decisions collectively. The Directors proposed are the Head of Housing and the Strategic Financial Manager as Council directors and two non-executive directors, one with experience in property development and one with experience in property sales and lettings. To support the Company being classed as a non-Teckal company, the two non-executive directors will be appointed by the Board. It is proposed that the Head of Housing will be the chair of the board.

3.14. The quorum for the transaction of the business will be two directors, one of which will be a Council Director. The Council will retain the power to appoint and remove Council directors under the shareholder's agreement and the company shall be permitted to appoint and remove the other two directors.

Recommendation 2.2.5

3.15. The budget is required to enable the Business Plan to be funded and its activities to be delivered. A budget up to the value of £56.825m has been identified as being required for the full range of activities set out for the company.

Recommendation 2.3

3.16. The Business Plan sets out the aspirations for the company and contains specific proposals for initial lending by the Council. In each subsequent year, the company will be required under the shareholder's agreement to bring their updated business plan to Executive for approval. The company will only be able to carry out business in accordance with its business plan.

3.17. The Business Plan proposes two areas of activity. The first activity focuses on the purchase up to 50 Market Rental Homes available on the open market, to be retained by the company for the life of the business plan and seek to continue to acquire further units beyond the life of this business plan as the market and financing allows. These homes will be purchased using a loan from the Council of c £12m to which commercial rates of interest will be charged generating an income for the Councils General Fund. Secondly, the LHC also has the opportunity to create a 6-year Joint Venture with a national property developer which aims to build homes on a large development site in the district. Again, the plan is to finance this using a PWLB loan of up to which the Council on lends at a commercial rate. This in turn generates loan profit for the Council. There is also potential for a dividend payable to the Council's general fund upon completion of the development which is funded from the profit share split between the LHC and Developer. The deal includes for the Council to purchase the affordable properties and for the LHC to purchase some additional homes on the site both of which will be the subject of separate reports.

3.18. The Council will finance the loan with a prudential rate which is considerably lower than the rate to be charged for the on lending. The LHC/JV will make regular loan re-payments during each financial year during the term of the loan. As a consequence, the Council effectively attracts 'loan profit' over the course of the loan period. The Business Plan sets out that the Council will attract 'loan profit' from year one of operation. 'Profit' is also generated from selling professional services to the company. The Council may also, in future years benefit from receiving dividends from the Company.

3.19. The purchase of existing properties to rent out at market level rents is a relatively low risk form of investment. The rented property market is buoyant and a familiar entity to the Council.

3.20. The development activity has its risks mitigated by the loan from the Council being secured against the land (which is valued higher than the loan value). Furthermore, the Terms of the loan will require the Council to be a secured creditor and therefore have preference over other creditors.

3.21. The market rented activity has its risks mitigated by purchase of an asset which will be valued prior to purchase and insured following purchase.

3.22. The Company has no stated intention to dispose of its investments, but will have the option of disposing of assets in the future and realising a capital receipt, which can be returned to the Council if considered desirable or necessary.

3.23. As sole shareholder, the Council will exercise some degree of control over the company but the company must be allowed to operate at 'arm's length' to deliver its objectives independently of the Council.

3.24. To meet the Councils vision, aims and objectives for the provision of homes there is a real need to open up every opportunity and channel to provide the numbers and type of homes needed. A Local Housing Company can be a very impactful additional channel that can offer the Council a 'triple dividend':

- Much needed extra housing
- A greater stewardship role in place shaping and meeting climate change objectives.
- A financial return to the council

Both activities are geared to produce an income primarily for the General Fund but also for the Housing Revenue Account.

3.25. This Business Plan sets out sets out the activities for the first year and presents the latest projections for the Company for 2020/21 -2029/30 in detail. It includes an insight to objectives, priorities and financial projections for the entire 50-year business plan up to 2069/70.

3.26. Bids to purchase the land which would be the subject of the JV detail are, at the time of writing, being considered, with the land purchase due to take place in late January. There is a chance that the landowner does not accept our bid in which case, the deal would fall away. Nevertheless, there is a time pressure to establish the company and make the necessary approvals to enable the company and the Council to take advantage of this opportunity. Given that the land purchase could be lost, the report focuses on the other main area of business, namely market rented housing provision. The detail of the development opportunity is set out within the confidential appendices attached to the Business Plan at Appendix D.

Recommendation 2.4

Recommendation 2.4.1

3.27. Whilst every matter has been considered and is set out in this suite of documents, the unexpected may emerge. This recommendation would enable the timetable to be met.

3.28. A Memorandum of Association will also need to be signed by one of the Council's authorised signatories on behalf of the Council. This is a legal statement which agrees to form the company.

Recommendation 2.4.2

3.29. Whilst striving to adopt a name that is familiar to residents of Warwick District, it should not be exclusive of other communities should the Company develop or acquire properties outside of the district. Additionally, the name adopted cannot already be in use or registered with Companies House and therefore the choice of name will be subject to availability at the time of registration.

3.30. Note the intention to name the Company 'Spa Living/Milverton Homes however, this will be subject to availability at the time of registration.

Recommendation 2.4.3

3.31. In advance of the first property purchase, the company will adopt a range of operational polices covering:

- Rent and lettings policy
- Sales policy
- Debt recovery policies
- Conflict of interest policy
- Planned / reactive maintenance provision policy.

Where properties are retained by the company they will be let on an Assured Short hold basis. It will be important that the Company adopts a fully commercial approach to both letting and debt recovery.

3.32. Given that two directors of the company will also be employees of the council a clear and unambiguous conflict of interest policy will be drawn up which makes clear the respective roles and responsibilities. Such a policy will also need to cover instances where other officers are providing services to the company. The articles of association also address directors' legal responsibilities regarding transactions that it has another interest in.

Recommendation 2.5

Recommendation 2.5.1

3.33. The LHC will require some start-up funds to enable it to bring to life the business plan. Costs include legal fees, insurances and company registration. The costs are calculated at £200K.

Recommendation 2.5.2

3.34. The company will, where it is getting market value, agree supply agreements with the Council. Having an agreement will formalise the approach for officer time invested in the company to be recharged appropriately. As a consequence, some of the costs for the company will appear as a receipt for the council.

It should be noted that the company will buy in external support including for company secretarial services and audit services under a separate agreement.

Recommendation 2.5.3

3.35. For the avoidance of doubt, the directors who are also Council employees will not receive remuneration but non-executive directors will receive a remuneration for undertaking the role of non-executive directors. The level of remuneration will be set by the Head of Finance

Recommendation 2.6

Recommendation 2.6.1

3.36. Full due diligence is still taking place in relation to the two areas of work planned for the Company:
   1.2.1 The establishment of an arm's length wholly owned housing company which will purchase accommodation in the district to let on a market rate for long term income generation.
   2.2.1 A proposed Joint Venture with a Developer to deliver homes

3.37. Expert financial and treasury advice is being provided by KPMG's regeneration and housing team, who are experienced in advising on Joint Venture and Local Housing Company implementations. This expert advice will allow the Council to ensure that the arrangements are structured in a way that mitigates risk for the Council, will provide commercial, tax and accounting input, and provides surety on lending as well as maximising the financial return for the Council. As described at para 3.27, there is a time limited opportunity for a JV to develop housing which will enable the Council to acquire much needed affordable housing and generate income for the General Fund thereby maintaining vital Council services. The time pressures prevent a further report being brought setting out the detail of the loan arrangements before the land purchase is due to take place. It is therefore necessary for the delegated authority to be established.

3.38. The loan agreement is a written agreement between the Council as lender and the company as borrower, which sets out the terms on which the Council will provide funding to the company in order to enable it to function and achieve its objectives. Any loans to the company will be on market terms in order to comply with state aid obligations.

Recommendation 2.6.2

3.39. A decision from full Council is needed to provide the authority to add the project to the Council's capital programme and make provision to subscribe for ordinary shares in the LHC and make provision to fund the loan facility that the Council would be required to make available to the LHC/JV. The provisions within this recommendation provide the necessary legal and financial approvals for this to take place.

Recommendation 2.7

Recommendation 2.7.1

3.40. The company will need to formally request the loan from Warwick District Council and provide key documents as part of this process.

Recommendation 2.8

3.41. Expert financial and treasury advice is being provided by KPMG's regeneration and housing team, who are experienced in advising on Joint Venture and Local Housing Company implementations. This expert advice will allow the Council to ensure that the arrangements are structured in a way that mitigates risk for the Council, will provide commercial, tax and accounting input, and provides surety on lending as well as maximising the financial return for the Council.

4. Policy Framework

4.1. Fit for the Future (FFF)

4.1.1. "The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects."

4.1.2. "The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

4.2. FFF Strands

4.2.1 External impacts of proposal(s)

People - Health, Homes, Communities - Increasing the supply of good quality housing for rent or sale will extend housing options for a range of income levels and enable more people to establish roots in their desired neighbourhoods. This should therefore make a positive contribution toward community cohesion.

Services - Green, Clean, Safe - Empty buildings and derelict building land can be targets for a range of anti-social behaviours and provide opportunities for criminal behaviours. Bringing property back into use and possibly redeveloping land can therefore make a positive contribution to community safety. The company will consider having a minimum standard for property purchase and development including that it achieves at least EPC of C. The company will aim to provide housing that uses sustainable forms of energy. These standards could underpin the CEAP by implementing alternative energy and high specified wall insulation to eliminate the need for use of fossil fuels, minimising the heat demand in housing.

Money- Infrastructure, Enterprise, Employment - The financial implications are set out in the body of the report and the attached business plan.

4.2.2. **Internal impacts of the proposal(s)**

People - **Effective Staff** – Key staff have been identified who will assist in the delivery of the objectives for the Company.

Services - Maintain or Improve Services - The model has the aim of making significant contributions to the Council’s income in the face of funding shortfalls, and by doing so, put services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes.

Money - Firm Financial Footing over the Longer Term - The model has the aim of making significant contributions to the Council’s income in the face of funding shortfalls, by achieving a good return on investment and making good use of assets. This directly maximises income earning opportunities as the Council will receive a return in three ways: loan interest; margin applied to professional services; dividend. By doing so, the initiative puts services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes.

4.3. **Supporting Strategies**

4.3.1. Each strand of the FFF strategy has a number of supporting Strategies. This report supports the Housing and Homelessness Strategy, specifically objective 2 ‘Meeting the Need across the District by addressing the need for new home provision’.

4.4. **Changes to Existing Policies**

4.4.1. No changes are proposed to any existing Policies however; activities of the company may be referenced within the Housing Revenue Account Business Plan and feature in the Councils balance sheet.

4.5. **Impact Assessments**

4.5.1. Increasing the supply of good quality housing for rent or sale will extend housing options for a range of income levels and enable more people to establish roots in their desired neighbourhoods. This should therefore make a positive contribution toward community cohesion.

5. Budgetary Framework

5.1. A 50-year Local Housing Company business plan has been drafted to ensure the model of the LHC remains financially robust. The detailed assumptions and forecasts contained within the business plan are being finalised at the time of writing this report with key assumptions likely to alter upon the receipt of further detailed expert financial advice from KPMG to quantify and advise on the technical accounting requirements. The business model is for the LHC to purchase accommodation in the district to let on a market rate for long term income generation alongside exploring the viability of a proposed Joint Venture with a national house builder to deliver new homes

5.2. The Council is seeking expert Treasury, Joint Venture and Local Housing Company financial advice from KPMG which is ongoing at the time of writing this report. A number of assumptions have been used to calculate the financial position examples noted in the budgetary framework points which are likely to change upon the final advice being received; at which point all financial assumptions and models will be revised.

5.3. It is important that a distinction is drawn between the operating profit/loss of the company and the returns available on the council's investment. In essence the company will be making a limited operational profit as, in common with all property investment companies the bulk of its assets are counted in the balance sheets for the company. This is standard practice for companies of this type. Many of the company's costs appear as receipts for the Council, e.g. the recharges for staff time. The company will, where it is getting market value, buy in professional services from the Council.

5.4. Although the company is likely to make a limited operating profit, utilising an annuity form of loan, it is over time reducing the debt held against its assets. This situation is reflected with the council's investment as, over time its debt to the PWLB is reduced. The council will need to extend initial working capital of £200,000 revenue funding either upon the receipt of a share issue from the company or in the form of a loan or equity as per the draft loan agreement.

5.5. The Council's return on investment is materially affected by the amount of reserves committed to financing the company. As per advice from KPMG the LHC will be almost 100% loan-financed through on-lending by the Council based on market level terms and rates in order for it to remain state aid compliant.

5.6. The starting position is that the company will borrow the entire amount from the Councils General Fund who will source financing from the Public Works Loan Board (PWLB). The Council will capitalise this investment to the Local Housing company through a mix of debt and equity with the Council purchasing a nominal amount in Share Capital from the Local Housing Company to become the 100% shareholder. The Start-up cost of the Local Housing company will be not impact general fund reserves negatively.

5.7. The debt/equity split will be in line with the nature of the development, and may be up to 80/20% for investments in completed rental assets and around 60/40% for development projects. Indicative rates of interest that the council may estimate charging will depend of the seniority of the loans made to developments. These may range between 3.75-6.00% for senior debt and be significantly higher for subordinated debt. Final gearing and % rates on loans will be advised in further detail as part of the due diligence being completed by KPMG.

5.8. The council will need to ensure that it complies with its Treasury Management Policy and make a Minimum Revenue Provision (MRP) for the loan/s that it takes from the PWLB if required. This financial detail will be calculated in line with the pending expert advice from KPMG and the Councils Treasury Management contract with LINK.

5.9. A headline summary of the council's investment position in relation to the market rental activity is seen in the table below. The Council will facilitate a loan to the Local Housing Company, to enable the purchase of Housing Stock over a 40-year loan term for the purposes of creating market rental activity as per the LHC Business Plan noted in Appendix D. A summary detailing the Council's investment position should the development opportunity progress can be found in confidential Appendix 2 within the Business Plan. All numbers are subject to verification and may change following the confirmation of borrowing rates and corresponding on lending to the LHC at market level interest rates to be agreed.

GF Revenue Income	Total 50 Year
	£
Revenue Income	
Staff Recharges via SLA	- **1,175,358**
Total Market Rental Recharge Income	- **1,175,358**
Net Investment Income - Market Rental Loan	
PWLB Market Rental Arm Loan - Capital	**11,625,000**
PWLB Market Rental Arm Loan - Interest	**4,870,729**
Market Rental Arm Loan repayment from Housing Company - Capital	- **11,625,000**
Market Rental Arm Loan repayment from Housing Company - Interest	- **13,644,563**
Net Income from Loan Facilitating the Market Rental Arm	- **8,773,834**

GF Capital Outlay	Total 50 Year
	£
Local Housing Company 100% Share Purchase	**200,000**
PWLB Loan Received from PWLB	- **11,625,000**
On-leanding of PWLB Loan to Local Housing Company	**11,625,000**
LHC Market Rental Arm	**200,000**
Net Impact	- **8,573,834**

5.10 The full Financial Model for the LHC will be continually assessed for viability and profitability in future weeks upon the receipt of end point expert financial advice with viability assumptions be presented for consideration to the Head of Finance (Section 151 Officer).

6. Risks

6.1. The purpose in commissioning external legal and financial advice in respect of the options available to the council has been to assist in the early identification of the key risks.

6.2. The main risk is that relating to the repayment of loans to the company from the council. As a 100% council owned company, the council will be responsible for any shortfall and repayment of the loan where the income of the company is less than its outgoings. The council will carry the risk where all or some of the company's investments generate a loss rather than a surplus. However, each property purchase or project progressed will be subject to a strict financial viability assessment. In the event market conditions change radically the company model allows for the company to dispose of some, or all, of its housing assets to another provider or organisation at in the future, should it wish to exit from the initiative.

6.3. The Directors will expect to receive monthly financial reports.

6.4. All risks associated with the formation and operation of the company will be entered into the project or corporate risk registers, where appropriate.

6.5. It should be noted that the establishment of the company in itself does not create risks or commit the Council/LHC to undertake any development projects.

Risk	**Mitigation**	**Opportunities**
Property		
High and increasing development costs	Detailed financial modelling based on current building costs and stress-testing for price increases	Property values increase
Property values fall	The business plan recognises that short-term fluctuations in the market are inevitable but the outturn is positive over the length of the plan	Flexibility and control of the portfolio
Insufficient demand	Each development will be subject to its own business case which will identify a suitable mix of tenure reflecting current demands in the market	Evidence demonstrates that there is a consistent demand for market and sub-market rented housing

Risk	Mitigation	Opportunities
Community Support		Capacity to meet housing need that cannot be met by the HRA Raising standards in the private rented sector
Timescales Company not established in time to support specific initiatives	Resources are in place to ensure that the company can be incorporated in December 2020.	
Project capacity There is insufficient capacity to enable the project to be a success	Key officers have been identified and are deployed on the project.	
Financial / VfM The housing company is not profitable and is unable to pay dividends to the Council and/or defaults on loan interest and repayments, resulting in the Council's Investment not achieving the projected return. Tax rules/HMRC requirements impacting on viability Future Government restrictions on prudential borrowing rules to limit allowable public sector debt forces the housing company to borrow at higher interest rates	The Board will require detailed financial modelling, including sensitivity analysis, to ensure careful selection of investment options that excludes those that fall short of the necessary viability criteria. Additional tax advice to be acquired The housing company would need to consider commercial debt in order to continue its expansion taking into consideration any effect this may have on the viability of individual schemes	Generation of profit on Disposal Maximise available tax relief where possible Potential receipt of dividends

Risk	Mitigation	Opportunities
Brexit - worst case scenario: shortage of labour and materials; house price downturn; rising demand for affordable housing as a result of rising unemployment; rising cost of loan finance	Potential development is continually appraised before contracts are agreed and any loan finance is based on fixed rates	Potential reduction in borrowing costs for the General Fund if gilt yields, and therefore PWLB borrowing costs, fall leading to greater margin for the General Fund
Financial risk sits with the Council – could create constraints in early years if solely focused on development.	Advice from KPMG is sought to ameliorate risk and the portfolio of work is balanced through acquisitions for market rent.	
State Aid rules breached	Advice from Trowers and Hamlins and KPMG sought. The financial arrangement between the Council and the company will be on a commercial basis.	
Legal		
Council acting outside of relevant powers	External specialist legal advice on company governance obtained	
Personal risk arising from the duties and liabilities of company directors	Appropriate insurance against claims for negligence, breach of trust etc. will be obtained	
Reputation		
Reputational impact of the company on the council	A marketing and communications plan will be developed to ensure that the branding and image of the company contribute to a positive view of the Council's services	

Risk	Mitigation	Opportunities
Reputational damage in the event of the company's failure	Risks reviewed and evaluated on a regular basis as part of corporate risk management process	

7. Alternative Option(s) considered

7.1. The option of not setting up a LHC has been considered. Because this would not increase the flexibility with which the council can address current and future needs for housing, this option is not recommended.

7.2. Options other than a wholly-owned LHC have been considered (e.g., a partnership with a private sector organisation or with another LA), but since it would be unlikely that such partnerships would be able to be aligned wholly with the Council’s objectives, are not recommended.

8. Background

8.1. LHCs are independent arms-length commercial organisations wholly or partly owned by councils. They can develop, buy and manage properties within and outside of a local authority area. The homes LHCs provide sit outside of the local government housing financing system (Housing Revenue Account) and are not subject to the Housing Act and most of the social/affordable housing regulations.

8.2. The Council can use the general power of competence in Section 1 of the Localism Act to incorporate corporate entities. If the Council uses this power for a commercial purpose, Section 4 provides this must be delivered through a company (although there is nothing to stop the Council acting through a company even if it is not acting for a commercial purpose). The Council can also operate affordable housing through a company, without having to use its more "natural" Section 9 Housing Act 1985 power, which would necessitate the properties being accounted for in the Council's Housing Revenue Account (HRA).

8.3. The number of companies has increased dramatically among councils across the whole of England. At the last count by CIPFA, around 750 were found. Studies of LHCs shows that the vast majority are engaged in the provision of affordable housing (but not social rented housing), as well as market housing for rent and sale.

8.4. Research undertaken by the Smith Institute found that many councils have long harboured the chance to play a more pro-active role in housing and place-shaping. The tight constraints on the HRA system and the Right to Buy (RTB) has made that extremely difficult for stock holding councils. Non-stock holding councils have meanwhile been largely side-lined by the government's strong support for private sector-led development.

8.5. Providing new homes "commercially" using council assets and public borrowing (with no capital grant) effectively frees the council from Whitehall control. It also gives councils a much-welcomed degree of flexibility to offer a mix of housing tenures, rather than just council housing, and exemption from the RTB and rent controls. Councillors often spoke passionately about this, arguing that their LHC gives them some "skin in the game".

8.6. In some places, the LHC is also seen as a viable alternative or complement to delivery by the private sector and housing associations. In others, the LHCs purpose is primarily to kick-start development or to change the tenure mix on existing estates. Several LHCs are also providing specialist housing for older people and students, as well as temporary accommodation. Some also offer self-build and eco-homes. Councils claim that LHCs are not just filling gaps in the local housing market and making budget savings, but also driving up standards in the PRS. In some instances, such as Newham in East London, the LHC aims to be the major market provider of PRS homes.

8.7. This "quiet revolution" in councils building again is adding to the diversity of supply of affordable homes. There are several main themes that the research revealed:

- LHCs provide a mix of housing tenures, with the focus on renting (at equivalent affordable rent and market rent levels) and to a lesser extent at social rented levels. Some LHCs provide homes for sale and to meet specialist housing needs (e.g. for temporary accommodation and homes for older people) and several are involved in estate renewal and regeneration schemes.
- The majority of LHCs are wholly owned by the council, which typically provides loan finance and land.
- A few LHCs are multi-council and some are subsidiaries of a council-owned regeneration or property company. Some of the larger LHCs have attracted private finance and established 'revolving investment' funds.
- Councils have been careful in setting up their LHC, taking outside legal and financial advice. With some exceptions, there appears to be little antipathy towards LHCs or evidence of "reckless" lending. There are some concerns over a council's multiple roles – as owner/co-owner, funder and planning authority.
- The ethos and social purposes of many LHCs are arguably similar to housing associations, operating where they can a cross subsidy model for funding sub-market housing. However, unlike most housing associations, the LHCs, by virtue of being new housing providers, have This "quiet revolution" in councils higher concentrations of market housing for rent and sale. As building again is adding to the mentioned, the proportion of housing at social rents for most diversity of supply of affordable LHCs is much lower.
- Most LHCs generate income directly from their market housing, as well as through on-lending and from other sources, like the New Homes Bonus. However, there is little evidence to suggest that the LHCs are making

hefty profits or that they are diverting large surpluses into the council's General Fund, rather than re-investing them back into the LHC. However, as our survey showed the financial return is still a key motivation for establishing a LHC. There is a risk that government could intervene to change the way LHCs can generate surpluses. Equally government could seek to fund LHC directly via the HCA, although this may create regulatory problems. Overall on LHC finances, the report found that:

- Most councils expect their LHC to generate a profit, which can be re-invested into the housing company. Besides income from rents and sales, LHCs attract funds from the New Homes Bonus, additional council tax, and planning gain.
- Councils are also generating income from 'on-lending' to the LHC (borrowing long term at below market rates from the Public Works Loan Board and on-lending at a market-rate premium).

8.8. Councils claim that LHCs are there for the long term and are more resilient to market and financial risk than private developers and that the LHC can 'flip tenures' and defer dividend payments if needs be.

Appendix A
Local Housing Company

Report date: November 2020

Contents

1. Introduction

The Business Case (BC) has been prepared in relation to proposals to create a Local Housing Company (LHC) to help deliver Warwick District Council's (WDC) housing and development needs; to provide a wider mix of tenures and to make sales; and to return an income to the General Fund and/or Housing Revenue Account.

The BC has been prepared using the principles of HM Treasury Green Book Five Cases Model. These are that the business case in support of a new policy, strategy, programme or project must evidence:

- That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the Councils strategy – the "strategic case";
- That the intervention represents best public value – the "economic case";
- That the proposed Company is attractive to the market place, can be procured efficiently and is commercially viable – the "commercial case";
- That the proposed spend is affordable – the "financial case";
- That what is required from all parties is achievable – "the management case".

As a part of the BC, the options for alternative ways of addressing the needs have been examined, including the delivery of housing by the Council itself. The BC has taken account of advice from Warwickshire County Council Legal Services, independent specialist legal advice from Trowers & Hamlins LLP, treasury advice from LINK and tax and Treasury advice from KPMG.

2. Background

The five key objectives for the Company are to:

- Be Profitable
- Enable the Council to meet the housing needs of a wider range of customer groups than solely through the HRA
- Provide good quality rented homes at market or sub-market levels
- Provide a return to the Council.
- Deliver housing needed within the District on either council-owned sites or other sites within the area

It is intended that the Company will primarily develop properties for market sale and market rent. Any affordable housing developed by the Company will be delivered in accordance with s106 requirements and sold to the Council for use as general needs social housing, accounted for in the Council's Housing Revenue Account (HRA). It may be that some affordable (but not social) housing (where developed in accordance with planning requirements) will be retained by the Company and let at an affordable rent, with the Council having nomination rights in perpetuity. The Company will also acquire properties on the open market for market rent or to otherwise generate profit. The Company may seek development opportunities outside of the local authority's administrative boundary.

It is generally accepted that the most suitable corporate form for the Company is a company limited by shares (CLS). The company is structured to be wholly owned by the Council with Executive taking the Shareholder Role. The company will be managed by a Board of Directors (BoD).

For the Company to take advantage of development opportunities presented by developers or landowners, it is important for it to be able to respond quickly and not to be encumbered by the often expensive and time consuming Procurement legislation. For these reasons, the Company is structured in order that it is not a 'teckal' Company and therefore it will not be a 'Contracting Authority' and the Public Contracts Regulations 2015 will not apply.

3. STRATEGIC CASE

3.1. Background

The Council has committed to the delivery of new housing, thereby accelerating housing delivery in the district, providing much needed affordable housing, ensuring the delivery of income whilst also contributing towards delivery of the objectives of the climate emergency declared by the council. The overall vision is to create healthy and sustainable developments, neighbourhoods that are inclusive, improve the lives of both new and existing residents and that will stand the test of time. The new homes are being built to high environmental standards and thus respond to the climate emergency declared by the council.

In delivering new homes the Council is using a combination of:

- Council owned land
- Land purchase
- Securing investment from the HRA and the use of prudential borrowing where appropriate
- Securing investment through a partnership with Homes England

The Council's current focus is on the delivery or acquisition of good quality affordable housing to meet local housing needs and support the delivery of the Local Plan.

The form of delivery adopted to date means that properties are statutorily required to be contained within the HRA. The HRA and its associated activities (such as rent setting, major works, tenancy type, disposals) are heavily regulated and directed by central government. Access to these properties is also legislatively directed with housing needs being the key driver. As a consequence, the Council is unable through the HRA to offer a wider range of products that would meet the needs of alternative customer segments and particularly those who would not normally qualify for Council accommodation including the 'squeezed middle' or high income earners. There is a vibrant market rental market in the district with which the Council is unable to compete with without doing so through a LHC.

3.2. Fit with other Council objectives and priorities

The Council's Fit for the Future (FFF) Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects.

The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website.

3.3. FFF Strands

People - Health, Homes, Communities - Increasing the supply of good quality housing for rent or sale will extend housing options for a range of income levels and enable more people to establish roots in their desired neighbourhoods. This should therefore make a positive contribution toward community cohesion.

Services - Green, Clean, Safe - Empty buildings and derelict building land can be targets for a range of anti-social behaviours and provide opportunities for criminal behaviours. Bringing property back into use and possibly redeveloping land can therefore make a positive contribution to community safety.

Money- Infrastructure, Enterprise, Employment - The financial implications are set out in the body of the report and the attached business plan.

Services - Maintain or Improve Services - The model has the aim of making significant contributions to the Council's income in the face of funding shortfalls, and by doing so, put services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes.

Money - Firm Financial Footing over the Longer Term - The model has the aim of making significant contributions to the Council's income in the face of funding shortfalls, by getting a good return on investment and making good use of assets. This directly maximises our income earning opportunities as the Council will receive a return in three ways: loan interest; margin applied to professional services; dividend. By doing so, the initiative puts services on a more sustainable footing to support local people as well as raising money to invest in our priority outcomes.

3.4. Housing Supply and Demand

Across the whole of Coventry and Warwickshire there is an objectively assessed need for 4,272 new homes per annum from 2011 to 2031. Of this total Warwick District's objectively assessed housing need is 600 new homes per year. In addition to meeting its own housing need, Warwick District's Draft Local Plan is accommodating 332 new homes per year to address unmet need from Coventry. This means the total annual housing provision in Warwick District will be 932 homes per year. Based upon the definition of affordable housing set out in the National Planning Policy Framework (NPPF) 2012 (i.e. not including starter homes) the annual affordable housing need is 1,462 new homes across Coventry and Warwickshire and 280 in Warwick District. As Warwick is accommodating a proportion of Coventry's overall housing need, it follows that it should, as part of the overall need, also accommodate some of the City's affordable need. The Council has therefore reached an agreement with Coventry City Council to accommodate 94

affordable dwellings per annum from Coventry. This makes a total affordable housing requirement for Warwick District of 374 dwellings per annum (280 + 94), equivalent to 40% of the District's overall housing requirement of 932 new homes per year. Council Tax band data shows Warwick to have 61,386 properties on the Valuation List as at 2015, an increase of almost 1,000 properties (1.6%) since the census in 2011. The census in 2011 found that there were 60,427 dwellings in the district. 18.5% of the stock is flats or maisonettes and a further 4.6% is flats in converted or shared houses, easily the highest in the county on both indicators: the overall figures for Warwickshire are 12.5% and 2.2% respectively. Data from recent stock condition surveys shows that the housing stock is mainly post-war with 73% of private housing and 85% of council housing having been built since 1945, compared to 59% and 81% respectively nationwide. In relative terms this is quite a "young" profile but it is worth noting that many of these post-war dwellings are now over 50 years old.

There are estimated to be around 42,500 homes in the owner-occupied sector in the district (67%) and the "for sale" market is very strong, characterised by high and rising prices for all property types. Data from Hometrack showed that the average price for a home in the district was £338,600 compared to a regional average of £205,200. Prices had risen by 12.3% over the 12 months to November 2015, properties were taking just 2.3 weeks to sell and the selling prices obtained were 99.3% of the asking price. The ratio of house prices to average earnings in the District was 9:1.

Extra Care Housing (ECH) is now available in all five Boroughs and Districts, with 9 schemes for those aged 55+ now in operation across Warwickshire, yielding a total of 631 units of which 442 are rental units. The overall objective of developing ECH in Warwickshire is to modernise housing with care and support services by offering older people a very real alternative to a residential care home – a 'home for life' – as well as responding to current demographic pressures and changes. (Extra Care Housing in Warwickshire, October 2016, Warwickshire County Council).

The Councils Housing and Homelessness Strategy states:

Meeting the need for housing across the District by addressing the need for new home provision. Achieving this outcome, will ensure WDC is a great place to live, work and visit by:

- Promoting a range of new housing opportunities which meet the affordable housing needs of our district.
- Supporting the sustainability and improvement of our local communities
- Managing the continued economic and population expansion of the district.

3.5. Why is this important?

As a local authority we recognise that unaffordable housing affects household budgets, health and education and the ability to gain and sustain employment. A balanced approach to developing housing that will maximise productivity, mobility and choice involves giving attention to the contributions of both new and existing housing.

The quality of housing greatly affects the health and wellbeing of residents. Inadequate housing can cause many preventable diseases and injuries, including respiratory diseases such as asthma and bronchitis, nervous system and cardiovascular diseases and cancer.

To meet the Councils vision, aims and objectives for the provision of homes there is a real need to open up every opportunity and channel to provide the numbers and type of homes needed. A Local Housing Company can be a very impactful additional channel that can offer the Council a 'triple dividend':

- Much needed extra housing
- A greater stewardship role in place shaping and meeting climate change objectives.

- A financial return to the council

Providing new homes 'commercially' using council assets and public borrowing (with no capital grant) effectively frees the council from the limiting controls that govern the HRA. It also gives councils a much-welcomed degree of flexibility to offer a mix of housing tenures, rather than just council housing.

The combination of the challenges faced in the housing crisis, coupled with the Council's ambition and the constraints of the current system create a compelling case for change. A new housing delivery vehicle is an option that will enhance the Council's ability to respond to the challenges faced. Providing capacity and capability to move beyond the current constraints is especially important for the development programme.

4. ECONOMIC CASE

Currently the Council can influence housing development however there are considerable constraints:

- Rent control, security of tenure and Right to Buy within the HRA
- Constrained human and financial resources including significant immediate revenue pressures
- Disposal of sites provides for limited Council control over development delivery outputs
- An inability to hold residential assets within the General Fund for income producing purposes.

HRA activity is set to use the available resources of the HRA. Expanding provision in the HRA is therefore at its limit and, particularly for tenures other than social and affordable rent, the Council must look to using other delivery vehicles. Legal advice is that models such as Joint Ventures and a wholly owned company which can access alternative funding sources and provide intermediate and market rented properties are options.

Establishing a local housing company would assist Warwick District Council to take the commercial approach available to it through trading as a company whilst offering a range of products which can meet local housing needs. Furthermore, it can offer an alternative to traditional private rented options by offering a good quality product by an organisation that is trusted and familiar.

The model has the aim of making significant contributions to the Council's income in the face of funding shortfalls, and by doing so, put services on a more sustainable footing to support local people as well as raising money to invest in the Councils priority outcomes. At this stage, the priority outcomes being worked on are forecast to deliver significant financial benefits to the Council.

The LHC is not limited by the constraints of the HRA and can access finance by the Council borrowing through PWLB and on lending to the LHC. The LHC can also access s106 commuted sums for housing, council land and voids, equity investment through the Council purchasing shares, or third party investment. The LHC can purchase services from third parties and the Council.

Best consideration requirement still exists for transfer of assets from the Council to the LHC subject to affordable housing and State Aid considerations.

Main advantages –

- Can hold residential assets outside the HRA
- Can engage in development and access development surpluses otherwise flowing to the private sector
- Can retain control over development outputs including timing and mix of housing developed
- Risk and reward has the potential to be flexed through delivery route
- Financial flexibility to raise debt and equity from a variety of Council and private sources
- Provides an opportunity for the Council to access returns from development outside of the constraints of the HRA
- Retention of ownership and ability to access long term value from housing price inflation and improvement in areas
- Retain control and flexibility for future changes to respond to changing housing needs and changing Council policy objectives
- Can generate revenue returns to the Council through dividend structure and loan repayments, supporting the Council's General Fund revenue budget
- No OJEU procurement is required to set up the vehicle. The vehicle itself is structured to be outside the ambit of the Public Contract Regulations (PCR) depending on the activities it undertakes.
- Management and support can be provided from within the Council for a fee.

Main disadvantages –

- Requires human resource through a combination of employees and external support – this may mean external consultancy support and partnering with the private sector given pressures on existing Council resources and required competency.
- Financial risk sits with the Council – could create constraints in early years if solely focused on development.

Therefore, the establishing a Local Housing Company represents best public value when considering the traditional alternatives.

In conclusion, there is a strong economic case to establish a Local Housing Company to deliver the Councils development objectives and to provide an income stream to the General Fund.

5. COMMERCIAL CASE

It should be noted that potential housing company developments will be individually assessed on their financial viability and suitability; and that the primary focus will remain on delivering affordable/social rented units through the Housing Revenue Account (HRA), which affords significant efficiencies.

5.1. Housing Companies are attractive to the market place

The notion of Councils setting up trading companies is nothing new. Local authorities have a long history of commercial activity. More recently the Local Government Act (2003) and the Localism Act (2011) allow councils to establish trading companies (or subsidiaries), into which a council can transfer businesses and assets and return a profit. These companies often form part of council owned holding companies, which may lead on joint ventures, land deals, development agreements etc. Some take the form of special purpose local delivery vehicles, usually involving the private sector.

Councils have in fact been setting up trading companies across a range of business sectors, from airports and energy supply companies to conference centers and care homes. Some of these companies are holding companies with subsidiaries in housing related areas. A recent count (CIPFA) reported 750 Local Authority trading companies.

Local Housing companies have been seen to be commercially viable for some time particularly amongst stock-owning councils restrained by borrowing limits on their Housing Revenue Accounts (HRAs) who have established new housing development vehicles that are wholly owned by the council.

In 2011, Wokingham became one of the first councils to adopt the wholly owned housing company model. Funded entirely through commuted sums received from developer contributions in Section 106 planning agreements, the company builds on land transferred from the council, with a proportion of profits returned to the council to help fund services.

Councils are using their housing companies to provide a wide range of housing types – but very few, if any, are exclusively producing the social rented homes that have historically been provided within HRAs as this is viewed by Government as being the role of Local Government and not Local Housing Companies.

Cross-subsidy is commonplace, with many councils using their housing companies to produce profits from homes for sale or at market rents to enable a proportion of affordable homes to be delivered for a lesser cost. Salford City Council's housing company, provides as much stock as they can for social housing – so they use money raised by the company through higher affordable rents to help pay for it.

However, local authorities often use their housing companies to address specific needs – outside the social housing realm – which private developers are failing to meet.

Many councils have created more than one housing company, each targeted at tackling a different sector or need. Some councils develop for-profit homes through one company and set up a separate company as a registered provider that can benefit from government grants to provide affordable homes.

In most if not all cases, a major driver for setting up housing companies has been to earn income for councils' general funds.

5.2. Commercial spirit

Most housing companies receive all, or a large proportion, of their development cash from their parent councils. Local authorities can borrow at cheap rates from the government's Public Works Loan Board and on-lend it to the companies. State aid law requires the councils to charge a commercial rate, creating further profits that the council can put towards services.

In addition, the strategy of using housing companies to return profits in the form of dividends to parent councils holding 100 per cent of the shares is now very prevalent.

The revenue-raising motive for many housing companies, and the related focus on markets that are not in direct competition with the HRA's social housing product, means that most councils are unlikely to abandon their housing companies.

Key commercial considerations

The following summarises the key commercial arrangements for the Local Housing Company:

- A LHC is proposed in line with the Companies Act 2006 with the Council owning 100% of the shares
- The Board of the company will manage the Company on a day to day basis.
- Memorandum and Articles of Association and any other relevant documents are drafted for approval.
- Governance arrangements are proposed to ensure the directors of the company act in accordance with their fiduciary duty. Governance arrangements will ensure accountability whilst providing flexibility for day to day operations
- The Shareholders Agreement sets out the parameters the company must operate within and the overarching framework for operational documents. This is the mechanism through which the Council will provide control over the company.
- Resourcing arrangements are proposed to deliver the Business Plan for the LHC using a combination of services provided by the Council (which could include housing management, maintenance, technical support, project management, development management, planning and accounting services) and those provided by the private sector (which could include lettings, development consultancy, design and viability).
- All commercial arrangements between the Council and the LHC have to be on market terms (to mitigate risk of unlawful State aid).
- Other key documents being put in place are:
    - Business Plan and financial model
    - Company objectives (as established in the Shareholder Agreement)
    - Governance arrangements
    - Operational plans
    - Letting and tenure strategy / policy including rent setting (i.e. market or sub-market).
    - Acquisition and disposal policy
    - Property management and maintenance regime.

- The LHC could act as a developer in its own right with funding from the Council or in a JV with a Private Sector Partner which enables expertise and experience to be brought to the activity.
    - Where the LHC engages in pre-development activities it will appoint appropriate technical, commercial, legal, financial and agency advice
    - Where the LHC develops sites it will, where not in a JV, appoint contractors.

- Where the LHC enters into Joint Ventures it can appoint relevant support services and enter into a range of Development, Funding, Members and Land Transfer Agreements as well as leases and licenses.
- Where the LHC disposes of sites it will appoint relevant support services and seek best value and market prices.
- Where the LHC holds residential assets it will enter into Assured Shorthold Tenancies (ASTs), Assured Tenancies or Leasehold Tenancies with its occupiers as well as appropriate management and lettings arrangements.

The LHC could acquire completed units developed directly by the Council or third party sites/ properties and these may be acquired on a freehold or leasehold basis.

Conclusions

Local Housing Companies are tried and tested development vehicles, which are attractive to the market place as they can deliver much needed homes, can access competitive rates of borrowing and can provide valuable income to the Councils general fund. They can also be procured and set up efficiently to ensure there is sufficient control and governance to ensure they remain commercially viable.

6. FINANCIAL CASE

This BC has been prepared to consider the establishment of a LHC to help generate income for the general fund and meet the stated objectives of the Company.

The business case is based upon detailed assumptions of creating two priority areas of activity within the LHC. These are summarised below and detailed in the paragraphs which follow:

- the first activity has its focus on a Joint Venture with a Developer to deliver housing on a large site within the district and generate a return for the general fund by the Council on lending to enable the homes to be built. The rate differential between the rate that the Council is able to borrow at and the commercial rate that the Council is obliged to charge the Company effectively creates 'profit which ultimately generates an income for the general fund. The opportunity will allow the Company some influence in place shaping and achieving carbon reductions.
- the second activity involves the purchase of 50 units of existing homes to be provided at a market rent. It is proposed that these are managed by the LHC on an ongoing basis. This activity can be financed using a loan from the general fund to the LHC. In this way, a second stream of interest profit is generated, further supporting the general fund and helping to finance the continuation of vital Council services to the people living in the district.

The intention is, over time, for the LHC to undertake a number of housing development projects.

It is important to note that the balance of affordable housing to market housing built will affect potential income generation, as will the scale of any building programme on revenue costs for staffing and support services. However, these should be considered alongside the wider benefits.

Joint Venture

A Joint Venture is proposed with a view of the LHC borrowing from the General Fund via a PWLB Maturity Loan with this being used to fund construction on the site with a mix of Market Sale, Affordable and Social Housing as per local planning regulations. The developer will offer the Land purchase/parent company guarantee as security. Outside of this agreement there will be an opportunity for the HRA to purchase affordable housing units. Negotiations are underway with the developer for the LHC to purchase an additional 62 homes on the site to offer at Market rents. Alternatively, the homes could be made available to the HRA to acquire these additional properties.

At the end of the development the construction loan will be repaid to the general fund by way of sale profits. A further profit split is expected which will be retained in the LHC reserves and could be used to fund growth.

It is forecast that the General Fund will receive investment income from facilitating the loan over the 6-year period. The Loan will be secured on the land Title.

Market Rental

The LHC will purchase 50 units of existing homes which would be funded by borrowing from the General fund on a 40 year PWLB Annuity Loan of which the capital and interest repayments are fixed of a 40-year term and are met solely by rents received.

It is anticipated that this initiative could achieve £195k income per year for the General fund over the lifetime of the loan which is expected to be repaid in full by 2060/61.

Financial Summary

A 50-year Local Housing Company business plan has been drafted to ensure the model of the Local Housing Company remains financially robust. This document provides the full financial position.

The Council is seeking Expert Treasury, Joint Venture and Local Housing Company Financial Advice from KPMG which is ongoing at the time of writing this Business Case. A number of assumptions have been used to calculate the financial position which are likely to change upon the final advice being received; at which point all financial assumptions and models will be revised.

The combined effect of the Market Rental and Joint Venture over the 7-year period, it is forecast that the General Fund will receive approximately £8.5m in investment income and after this period it will continue to receive approximately £220K per year in investment income and staff time recharges.

It has been estimated that the HRA could receive approximately £63K over the period from recharging staff time to the LHC.

The LHC will generate c£10K from its share issue in Year 4 and then will continue to generate income from surplus rents up to £18.5k per year until the £7m profit share from the developer Joint venture is received in 2026/27. After this time, the reserve balance for the LHC is forecast at c£5.67m.

Future opportunities will be appraised on housing numbers, percentage of affordable housing, number of properties retained for open market rent, and numbers of sales. The financial modelling will also take into consideration land values, construction costs, potential rents and house sales.

Strategic aims, revenue forecasts, savings, cashflow and portfolio growth estimations will all be used to assess how best to viably meet the County's needs.

Indirect revenue returns

Additional financial returns which may arise to the Council, from new opportunities, other recharges to/from the LHC from the HRA or GF or savings in its existing budgets will be assessed each year during the council's budget setting process and will be revised in the LHC Business Plan.

LHC funding arrangements

Whilst it may be possible to source funding for the LHC from third party providers, the working assumption is that the Council provides funding for the LHC. This is the option which is being pursued by almost all local authorities setting up new housing companies, largely based on simplicity and value for money, and the flexibility it provides to return surpluses to the Council as revenue.

Funding Structure and Costs

The overriding principle which will underpin decisions on development and investment projects carried out by the LHC is that they need to be viable and generate a return in the context of the Council's cost of funding. Within this, it needs to be recognised that:

- The LHC is a separate legal entity which needs to operate with a financially viable business plan
- The Council will need to have a sound business case for investing in and lending to the LHC and, at worst, cover its revenue costs of funding
- The funding arrangements between the Council and LHC will be set up so that they satisfy HMRC and state aid concerns (see below).

The funding arrangements will need to take account of each of these issues.

State aid and HMRC

As a lender, the Council can properly charge interest on its loan funding to the LHC, in accordance with the terms of its funding agreement. This provides a convenient and tax efficient way of generating a revenue return for the Council. However, there are two main constraints on the nature and terms of the funding arrangement, and underlying interest payments:

- **State aid –** If it is considered that the Council is providing funding on terms which are considered to give it an unfair advantage over competition (for example if interest charges are unduly low), then a state aid challenge is possible.
- **HMRC –** Interest payments made by the LHC are likely to be tax deductible in the LHC, and not taxable in the Council. However, as the LHC is controlled by the Council, then the terms of its funding will need to satisfy HMRC that the interest charges are not unduly high.

To address both state aid and HMRC issues, the way in which the LHC is funded by the Council will need to reflect a normal commercial arrangement, with the Council acting in a way in which a private lender and / or investor would in similar circumstances in a market economy.

Under the market economy investor (or lender) principle, if the Council is acting in a way that a private lender and / or investor would in similar circumstances in a market economy then the Council's investment is considered a market activity and not state aid. For example, if the Council provided a loan on commercial terms and at a commercial interest rate, properly taking into account risks and / or made an equity investment on terms and for the return which a private investor would do, then such activity would not constitute unlawful state aid. Similarly, funding arrangements which reflect those of a normal commercial arrangement are likely to provide protection from any HMRC challenge.

Whilst there are a number of variations, in most cases the simplest way to address this issue is for funding to be provided from the Council to the LHC as a combination of equity and debt:

Equity – investment (by shareholders) in the share capital of the LHC. There is no automatic right to any interest or financial return. In the event that the LHC has sufficient profits, the payment of a dividend to the shareholders could be made.

Debt – loans to the LHC, on which interest would be paid under the terms of the loan agreement.

Whilst the reality is that the Council is borrowing to lend to the LHC (and receiving a margin on its lending), for state aid and HMRC reasons the funding would be classed as a mix of equity and debt. There are now a number of reasonably well-established principles, and examples at other local authorities of such state aid compliant funding arrangements.

Conclusions

Local Housing Companies are tried and tested development vehicles, which can provide valuable income to the Councils general fund. They can also be procured and set up efficiently to ensure there is sufficient control and governance to ensure they remain commercially viable.

7. MANAGEMENT CASE

The research undertaken both desktop and meeting with directors from existing local Housing Companies and the legal advice received have been taken into consideration in putting in place the arrangements for the LHC to work effectively.

A board of directors will be established to provide strategic direction and oversee performance. The directors hold the responsibility for making decisions, providing leadership and monitoring the performance of the company. The directors are responsible for obtaining appropriate legal, financial and tax advice to enable them to make informed decisions about the running of the company. the directors are also responsible for maintaining and regularly reviewing a robust risk management framework. The board will meet on a monthly basis and are bound by the articles of association and Shareholders Agreement.

The LHC will access professional services from the council through a Service level agreement. The operational requirements through service level agreements have been identified including the job titles of those posts which have been costed and included in the LHC Business plan

The shape for governance and operation of the company is set out in the Shareholders Agreement and Articles of Association. They can be summarised as:

- Board of Directors formed of: Head of Housing (Local Housing Company Board experience), Strategic Finance Manager (Role and financial expertise), Non-Executive members x2 (Development and Estate Agency Expertise).
- Monthly Board meetings to be held
- Executive to take the shareholder role: and the detail of the governance role is set out in the Shareholders Agreement.
- Executive/Scrutiny: Scrutinise and Approve an Annual business plan
- Small support team for the company and Board (officers from Internal Audit, Finance, Housing Development etc.) with costs paid by the company.
- The day to day running of the Company will be undertaken by officers of the Council with costs being recharged.
- S151 officer acts as the Shareholder Representative on behalf of the Council – approves loans/staff and service recharges
- Company sits on the balance sheet of the Council
- Separate Accountancy/Audit accounts company to be appointed.

.

The LHC will produce an annual Business Plan to be approved by the Council's Executive Committee.

Day to Day Management and Operation

The Executive Directors will ensure the day to day running of the Company purchasing support to do so from officers of the Council (with costs being recharged) and some external companies/organisations.

Most professional services will be provided by the Council and include the following:

Teams	Work type	Description
Landlord Services	Housing Management	manage & sustain tenancies
Compliance	Property Maintenance	Repairs & maintenance, compliance and surveying
Business Admin	Accounting and Rents	Rent amendments, reconciling rents, Direct Debits
Business Development	Performance management & supporting the board	Producing data, reports, analysing performance, research
Strategy & Development	Development & Acquisitions	Managing acquisitions, analysis, development schemes
Media	Press and Social Media	Articles, maintaining website, branding of company
HR	Human Resources policy and procedures	Advice, guidance and monitoring of HR aspects of the company
Finance	Financial management and systems	Book keeping and preparing paperwork for the auditors
Insurances	Manage insurances that will protect the company's assets	Risk reviews and management
Information Governance	Advice and compliance of GDPR	Monitoring and management of data
Health and Safety	Advice and compliance of Health and Safety	Monitoring and development of risk assessments and production of procedures
Asset Management	Asset consultancy, compliance and support	Activities to facilitate assets that are provided, maintained and utilised to meet the current and future needs of the company.
Marketing	Marketing the company and activities	The Company will develop a marketing strategy in line with its strategic aims in order to achieve its stated outcomes.

Teams	Work type	Description
Performance Management	Monitoring and reporting on performance	The Company will establish and maintain an effective service and financial performance management reporting system which will include reports to the Board in accordance with a pre-determined timetable. Performance of the Company will be reported to the Board of Directors and to the Shareholder representative periodically.

Properties will be logged on the Councils property management system which will assist to ensure compliance with regulatory requirements and good practice. The systems cover matters such as rent accounting, tenant profiles and asset based information such as around gas safety.

It is likely that there will be some external support and services bought in by the Company, including but not limited to:

- **Company secretary** – Warwickshire Legal Services

- **Auditors** – To be appointed by the Board to audit the financial position and to prepare the annual Company Accounts.

- **Lettings** – Agent to be appointed by the Board

Policies & Procedures

The Company will seek to introduce its own operating principals, policies and procedures as appropriate, following Board approval.

Information Sharing

An information sharing protocol will be developed prior to the Company letting its first home.

Data Protection

The Company will comply with all relevant legislation and guidance concerning Data Protection, including adopting suitable policies and procedures to ensure data is adequately safeguarded.

Freedom of Information

The Company may be subject to requests for the disclosure of information under the Freedom of Information Act 2000 (FOI). Accordingly, it will maintain a record management system that complies with the relevant guidance concerning the maintenance and management of records.

The Company will liaise with the Council as appropriate to ensure consistency in answering FOI requests and provide such information, where appropriate to do so, to the Council to respond to requests it has received. In some cases, it may not be appropriate to respond to FOI requests where it compromises commercial ability. In such cases, the Company will work closely with the Council to ensure that it complies with the requirements of the Freedom of Information Act and seeks clarity from the Information Commissioner when the matter is not clear.

The Shareholders Agreement sets out the process for how requests for information will be treated.

Risk Management

External legal and financial advice in respect of the options available to the council has been received in order to identify and have measures in place to mitigate their consequences.

All risks associated with the formation and operation of the company will be entered into the project or corporate risk registers, where appropriate.

It should be noted that the establishment of the company in itself does not create risks or commit the Council/LHC to undertake any development projects.

The key risks, mitigations and opportunities are set out in the table below:

Risk	**Mitigation**	**Opportunities**
Property		
High and increasing development costs	Detailed financial modelling based on current building costs and stress-testing for price increases	Property values increase
Property values fall	The business plan recognises that short-term fluctuations in the market are inevitable but the outturn is positive over the length of the plan	Flexibility and control of the portfolio
Insufficient demand	Each development will be subject to its own business case which will identify a suitable mix of	Evidence demonstrates that there is a consistent demand for market and

Risk	Mitigation	Opportunities
	tenure reflecting current demands in the market	sub-market rented housing
Community Support		Capacity to meet housing need that cannot be met by the HRA Raising standards in the private rented sector
Timescales Company not established in time to support specific initiatives	Resources are in place to ensure that the company is incorporated in December 2020.	
Project capacity There is insufficient capacity to enable the project to be a success	Key officers have been identified and are deployed on the project.	
Financial / VfM The housing company is not profitable and is unable to pay dividends to the Council and/or defaults on loan interest	The Board will require detailed financial modelling, including sensitivity analysis, to ensure careful selection of	Generation of profit on Disposal

Risk	**Mitigation**	**Opportunities**
and repayments, resulting in the Council's Investment not achieving the projected return.	investment options that excludes those that fall short of the necessary viability criteria.	
Tax rules/HMRC requirements impacting on viability	Additional tax advice to be acquired	Maximise available tax relief where possible
Future Government restrictions on prudential borrowing rules to limit allowable public sector debt forces the housing company to borrow at higher interest rates	The housing company would need to consider commercial debt in order to continue its expansion taking into consideration any effect this may have on the viability of individual schemes	Potential receipt of dividends
Brexit - worst case scenario: shortage of labour and materials; house price downturn; rising demand for affordable housing as a result of rising unemployment; rising cost of loan finance	Potential development is continually appraised before contracts are agreed and any loan finance is based on fixed rates	Potential reduction in borrowing costs for the General Fund if gilt yields, and therefore PWLB borrowing costs, fall leading to greater margin for the General Fund
Financial risk sits with the Council – could create constraints in early years if solely focused on development.	Advice from KPMG is sought to ameliorate risk and the portfolio of work is balanced through acquisitions for market rent.	
State Aid rules breached	Advice from Trowers and Hamlins and KPMG sought. The financial arrangement between the Council and the company will be on a commercial basis.	

Risk	Mitigation	Opportunities
Legal Council acting outside of relevant powers Personal risk arising from the duties and liabilities of company directors	External specialist legal advice on company governance obtained Appropriate insurance against claims for negligence, breach of trust etc. will be obtained	
Reputation Reputational impact of the company on the council Reputational damage in the event of the company's failure	A marketing and communications plan will be developed to ensure that the branding and image of the company contribute to a positive view of the Council's services Risks reviewed and evaluated on a regular basis as part of corporate risk management process	

Conclusion

The proposed governance and operational management arrangements have been well thought through and based on what works and what is required from a legal perspective and will therefore ensure the LHC can be managed effectively.

Appendix B

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

[LOCAL HOUSING COMPANY] LIMITED

Company No [NUMBER]

CONTENTS

CLAUSE

Company number [NUMBER]

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

[FULL NAME OF COMPANY] LIMITED

(Adopted by special resolution passed on [DATE])

Introduction

1. Interpretation

1.1 The following definitions and rules of interpretation apply in these Articles:

Act: means the Companies Act 2006.

Appointor: has the meaning given in Article 13.1.

Articles: means the Company's articles of association for the time being in force.

Business Day: means any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.

Chair: has the meaning given in Article 6.1.

Company: means the company governed by the Articles.

Conflict: has the meaning given in Article 8.1.

Council: means Warwick District Council of Riverside House, Milverton Hill, Leamington Spa CV32 7HZ and any statutory successor

Council Director: means a Director of the Company appointed pursuant to Article 11.4 who is an officer, elected member or employee of the Council

Director: means a director of the Company, and includes any person occupying the position of director, by whatever name called.

Eligible Director: means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter).

Interested Director: has the meaning given in Article 8.1.

Independent Director: means a Director of the Company appointed pursuant to Article 11.5 who is not an elected member, officer or employee of the Council or appointed pursuant to Article 11.4

Model Articles: means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.

1.5 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.

1.6 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.7 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

1.9 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.

1.10 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 52 and 53 of the Model Articles shall not apply to the Company.

1.11 Article 7 of the Model Articles shall be amended by:

(a) the insertion of the words "for the time being" at the end of article 7(2)(a); and

(b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".

1.12 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".

1.13 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".

1.14 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".

1.15 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".

1.16 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"

Directors

2. **Directors to take decisions collectively**

2.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 3.

2.2 If only one Director is eligible to vote on any authorisation required under Article 8, the general rule does not apply and the Eligible Director may take decisions in relation to the relevant matter without regard to any of the provisions in the Articles relating to Directors' decision-making.

2.3 Each Director shall be entitled to cast one vote on any resolution put to the Directors.

3. Unanimous decisions

3.1 A decision of the Directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

3.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.

3.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

4. Calling a directors' meeting

4.1 Any Director may call a Directors' meeting by giving not less than [five] Business Days' notice of the meeting (or such lesser notice as all the Directors may agree) to the Directors or by authorising the company secretary (if any) to give such notice.

4.2 Notice of a Directors' meeting shall be given to each Director in writing.

5. Quorum for directors' meetings

5.1 Subject to article 4.2, the quorum for the transaction of business at a meeting of Directors is any [two] Eligible Directors [including a Council Director].

5.2 If the total number of Directors in office for the time being is less than the quorum required, the Directors must not take any decision other than a decision:

(a) to appoint further Directors; or

(b) to call a general meeting so as to enable the shareholders to appoint further Directors.

6. Casting vote

6.1 The Council shall appoint a person to chair meetings of Directors who shall be known as the Chair and appointed in accordance with Article 11.2.

6.2 If the numbers of votes for and against a proposal at a meeting of Directors are equal, the Chair or other Director chairing the meeting has a casting vote.

6.3 Article 6.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other Director is not an Eligible Director for the purposes of that meeting (or part of a meeting).

7. Transactions or other arrangements with the company

7.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

(a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

(b) shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;

(c) shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;

(d) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

(e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and

(f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

7.2 For the purposes of this Article 7.2:

(a) a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being an elected member, Director, officer or employee of the Council or any Group Company of the Company; and

(b) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract of the nature and extent so specified.

7.3 Where a Director is an elected member, director, officer, or employee of the Council or a Group Company of the Company, he:

(a) may in exercising his independent judgment take into account the success of the Council or Group Company as well as the success of the Company; and

(b) shall in the exercise of his duties have a duty of confidentiality to the Council or Group Company in relation to confidential information of that Shareholder or Group Company, but he shall not be restricted by any duty of confidentiality to the Company from providing information to the Council or Group Company except as may be imposed under Article 8.3.

8. Directors' conflicts of interest

8.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).

8.2 Any authorisation under this article 8 will be effective only if:

(a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;

(b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and

(c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.

8.3 Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently):

(a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

(b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;

(c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;

(d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;

(e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

(f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

8.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

8.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.

8.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

8.7 A Conflict in relation to a Director arising solely as a result of him being an elected member, director, officer or employee of the Council or any group company of the Company shall be deemed to have been authorised for the purposes of this Article 8 and section 175 of the Companies Act 2006.

9. Records of decisions to be kept

9.1 The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

10. Number of directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than [four].

11. Appointment of directors

11.1 The board of Directors shall be appointed by the Council in accordance with Article 11.4 and shall include:

(a) two Council Directors; and

(b) two Independent Directors.

11.2 The Council shall appoint the Chair who shall be one of the Council Directors.

11.3 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed as a Director in accordance with these Articles.

11.4 The Council may at any time appoint any person to be a Council Director, whether as an additional Council Director or to fill a vacancy, and may remove from office any Council Director howsoever appointed and any alternate Council Director. Any such appointment or removal shall be effected by an ordinary resolution or otherwise by notice in writing to the Company by the Council. Any such appointment or removal shall take effect, when written notice is delivered to the registered office of the

Company or, if it is produced at a meeting of the Directors, when it is so produced or, if sent by electronic means to an address generally used by the Company, when it is sent or on any such later date specified in the notice.

11.5 The Company may at any time appoint any person to be an Independent Director, whether as an additional Independent Director or to fill a vacancy, and may remove from office any Independent Director howsoever appointed and any alternate Independent Director. Any such appointment or removal shall be effected by an ordinary resolution or otherwise by notice in writing to the Council by the Company. Any such appointment or removal shall take effect when written notice is delivered to the Council or on any such later date specified in the notice.

11.6 Any removal pursuant to this Article 11 shall be without prejudice to any claim that a Director may have under any contract between him and the Company.

12. Directors' remuneration and expenses

12.1 Any remuneration of the Directors shall require the prior approval of the Council.

12.2 The Council's expenses policies from time to time shall apply to any expenses of Directors (and alternate Directors).

13. Appointment and removal of alternate directors

13.1 Any director (**Appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

(a) exercise that director's powers; and

(b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor, provided that a Council Director must first obtain approval from the Council.

13.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.

13.3 The notice must:

(a) identify the proposed alternate; and

(b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

14. Rights and responsibilities of alternate directors

14.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's Appointor.

14.2 Except as the Articles specify otherwise, alternate directors:

(a) are deemed for all purposes to be directors;

(b) are liable for their own acts and omissions;

(c) are subject to the same restrictions as their Appointors; and

(d) are not deemed to be agents of or for their Appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

14.3 A person who is an alternate director but not a Director:

(a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);

(b) may participate in a unanimous decision of the Directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate); and

(c) shall not be counted as more than one Director for the purposes of article 14.3(a) and article 14.3(b).

14.4 A director who is also an alternate director is entitled, in the absence of his Appointor, to a separate vote on behalf of his Appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

14.5 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as his Appointor but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's Appointor's remuneration as the Appointor may direct by notice in writing made to the Company.

15. Termination of alternate directorship

An alternate director's appointment as an alternate terminates:

(a) when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

(b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director;

(c) on the death of the alternate's Appointor; or

(d) when the alternate's appointor’s appointment as a director terminates.

16. Secretary

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors.

Decision making by shareholders

17. Poll votes

17.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

17.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

18. Proxies

18.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".

18.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid ,unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

Administrative arrangements

19. Means of communication to be used

19.1 Subject to Article 19.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

(a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or

(b) if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or

(c) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or

(d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and

(e) if deemed receipt under the previous paragraphs of this article 19.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this Article, all references to time are to local time in the place of deemed receipt.

19.2 To prove service, it is sufficient to prove that:

(a) if delivered by hand, the notice was delivered to the correct address; or

(b) if sent by post, the envelope containing the notice was properly addressed, paid for and posted; or

(c) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

20. Indemnity

20.1 Subject to Article 20.2, but without prejudice to any indemnity to which a Relevant Director is otherwise entitled:

(a) each Relevant Director shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Director:

(i) in the actual or purported execution and/or discharge of his duties, or in relation to them; and

(ii) in relation to the Company's (or any associated Company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a Relevant Director, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated Company's) affairs; and

(b) the Company may provide any Relevant Director with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 20.1(a) and otherwise may take any action to enable any such Relevant Director to avoid incurring such expenditure.

20.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

20.3 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) a "Relevant Director" means any Director or former Director of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act).

21. Insurance

21.1 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Director in respect of any relevant loss.

21.2 In this Article:

(a) a " Relevant Director " means any director or former director of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act);

(b) a "relevant loss" means any loss or liability which has been or may be incurred by a Relevant Director in connection with that Relevant Director's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and

(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

Agenda Item 6

Executive
10 December 2020

Title: Housing Revenue Account Business Plan Review 2020
Lead Officer: Lisa Barker/ Victoria Bamber
Portfolio Holder: Cllr Jan Matecki
Public report
Wards of the District directly affected: All

Contrary to the policy framework:	N/A
Contrary to the budgetary framework:	N/A
Key Decision:	Yes
Included within the Forward Plan:	Yes ref 927
Equality Impact Assessment Undertaken:	N/A
Consultation & Community Engagement:	N/A
Final Decision:	Yes
Accessibility checked:	Yes

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	24/11/2020	Bill Hunt
Head of Service	10/11/2020	Lisa Barker (Head of Housing Services) & Mike Snow (Finance)
CMT	17/11/2020	
Section 151 Officer	10/11/2020	Mike Snow
Monitoring Officer	17/11/2020	Andy Jones
Finance	10/11/2020	Andrew Rollins
Portfolio Holder(s)	16/11/2020	Cllr Jan Matecki

1. Summary

1.1. The Housing Revenue Account Business Plan (HRA BP) has been reviewed and updated to reflect changes in legislation, the housing market and business assumptions. Housing has moved up the political agenda over the last decade. Issues around the affordability of home ownership, high costs of private renting and availability of genuinely affordable homes have driven this. Increases in homelessness including the most visible form, rough sleeping, the tragedy surrounding the Grenfell Tower fire, ambitions to deliver new Council homes and the Climate Emergency being declared by the Council have shaped the debate more recently alongside the uncertain impact of Covid-19.

1.2. The 50 year HRA BP must remain viable, allowing the Council to manage and maintain its housing stock, to proceed with the projects already approved by Executive, to service the debt created by the HRA becoming self-financing, to service the debt from new borrowing and provide a financial surplus. Without the proposals contained within the report the viability of the BP is at risk and will result in the Council needing to curtail its ambitions. The proposals in this BP will allow for future policy changes, and their financial implications, to be managed within the existing plan, and for investment decisions to be made regarding the existing housing stock and future construction, acquisition and service projects.

1.3 The HRA BP will continue to be reviewed on a regular basis as the underpinning assumptions will require further revisions

2. Recommendation

2.1 That the Executive approves the revised Housing Revenue Account Business Plan (HRA BP) assumptions, as set out at Appendix 1, and the revised HRA BP for the 50-year period 2020/21 to 2069/70, as set out at Appendix 2.

2.2 That the Executive notes that, on current projections, the HRA BP will NOT allow the self-financing debt repayments to commence from 2052/53 to 2 061/62, the existing plan is for the £136.2m debt to have been cleared over this period. Instead it is recommended that the £136.2M debt is refinanced, the 50 Year Maturity Loan Interest payment will continue to be facilitated until 2051/52 with a view to the Capital Repayments being re-financed in line with specialist Treasury Advice.

2.3 That the executive note that with the removal of the HRA Borrowing Cap on 30th October 2018 the Council is able to borrow monies (In full or part) to purchase and/or develop housing alongside utilising balances.

2.3.1 That the Executive notes that this refreshed HRA BP has factored in a number of recently approved developments within the service area, including the recent Housing Service Review (approved in December 2019 Employment Committee), Capital projects for the construction and acquisition of new Council Housing, Funding to make our homes warmer and achieve a greater EPC standard and a number of major contracts currently in the process of renewal.

2.3.2 That the Executive Note Appendix 4 HRA Business Priorities summarises a background of policies, future projects and priorities that are identified in the next phases of the Business Plan for information.

2.4 That the Executive note that in line with the Councils announcement of the Climate Emergency the Housing Improvement Plan has been extended from 5 years to 10 years to enable the BP to fund the increased costs associated with these works. Increased cost of Fire Safety Works resulting from the Fire Safety Risk Assessments completed on the HRA Stock have also been factored into the new 10-year Housing Investment Plan.

2.5 The Executive notes that development and Land purchase schemes approved in separate Executive and Council meetings since the BP was last presented have been incorporated into the overall financial assumptions

2.6 That the Executive note that the Council has recently achieved Affordable Housing Investment Partner Status with Homes England and where available

Grant will be actively sought out to support currently approved and future housing schemes to lessen the financial impact on the HRA Business Plan.

2.7 That the Executive note the negative impact assumptions in Appendix 1 relating to Covid-19 in regard to rent increases, bad debt levels and reduced RTB sales for a 3-5-year period alongside increase levels or arrears.

3. Reasons for the Recommendation

3.1 April 2012 the national Housing Revenue Account Subsidy System (HRASS) was replaced and Council's operating a HRA were required to do so on a 'self-financing' basis. This required each such council to make a payment (and a few to receive a payment) to Government to secure release from the HRASS, each individually calculated and based on an assessment of the assumed payments that would otherwise have been made into the HRASS had it continued to operate for a further 30 years. In WDC's case this required a one-off payment of £136.2m which was loan financed. On 6th March 2012 Executive approved a HRA BP for the period 2012/13 – 2061/62 which, based on the assumptions made at the time, ensured the Council would have a viable Plan that provided for the loan to be repaid under the terms arranged, for the investment and management needs of the housing stock to be met and which provided financial headroom, through the accumulation of revenue surpluses that could be used to secure additional HRA homes. As part of the careful management and monitoring of the HRA BP, an annual review of the underpinning assumptions will be undertaken and any changes required to the Plan as a result, along with any divergences in income or expenditure, will be reported to Executive annually as well as part of the Councils overall annual budget setting process.

3.2 The HRA BP is under material levels of strain, to ensure that the HRA BP remains robust, resilient and viable the re-financing of the £136.2m self-financing loan is imperative over a phased period of 2051/52-2061/62 resulting in the £136.2m Self Financing loan capital repayment fully or partially being profiled over a further period of time with a view to the debt being repaid at a later date.
The added strain placed on the BP results in the main from the expenditure in the Housing Investment Plan (HIP) due to extra demands being placed on it from Housing Development schemes, Climate Emergency and Fire Safety Works. In recent iterations of the HRA BP only a 5-year HIP was required but is no longer viable. The revised HRA BP provides for a minimum balance of £1.4m, increased annually for inflation, to be maintained on the HRA and for a revenue surplus to be achieved annually for transfer to the Capital Investment Reserve (CIR). As shown in Appendix Two, the balance of the CIR at the end of the current financial year is expected to be £24.9m and, based on current projections, will reduce annually until 2025/26 when it will start to increase again. A CIR balance of £72.65m is projected at 2061/62 and a MRR Balance of £40.26m totalling £112.91m available to pay back the self-financing debt of £162.3m which is a shortfall of £23.2m.

The original self-financing plan was to service the PWLB Maturity Loan interest cost for 40 years and then begin paying the debt capital back in intervals of £13m-£19m over a 10 year period from 2051/52-2061/62, in prior versions of the HRA BP there were sufficient balances within the CIR and MRR to facilitate the repayment of this debt but this is no longer possible due to the strain on the model caused by the additional climate change and fire safety works alongside increase development and rent increases being reduced due to the impact of Covid-19.

3.2.1 In 2061/62 there is however capacity to pay £112m of the debt so the HRA has the option to refinance the loan repayments from 2051/52-2061/62 by either choosing to repay some of the debt and then refinance the remaining balance over a long period. Specialist Treasury Management advice has been sought from Link Treasury Management with the advice that there is no legal requirement to repay the debt within the original timeframe linked with the Governments Original Self Financing legislation. It was advised that a number of other Local Authorities have taken the decision to refinance their self-financing debt to enable them to focus on house building and other priorities in the short term. Indeed, this is the financial model adopted by many housing associations. Link Treasury Management advised that a similar level of interest repayment should be assumed in the HRA BP for an indefinite period if the decision to refinance the repayment of Debt Capital is made. The HRA Business Plan remains viable when continuing to fund £4.765m in self-financing interest payments for the 50-year plan and it is recommended that this course of action is taken.

3.2.2 Adopting this course of action ensures the HRA BP will be able to maintain existing service provision, fully meet the responsive and cyclical repair needs of the HRA stock and continue to invest in refurbishment and improvement work to maintain the Decent Homes Standard through the Housing investment Programme (HIP). Over Future years, it will be necessary to keep under review the optimum time for the BP to re-finance the existing debt, and the period of new borrowing.

3.3 The removal of the HRA Borrowing cap on the 30th October 2018 by the Ministry of Housing Communities & Local Government (MCHLG) was implemented to enable Councils to build more homes. During MHCLG's consultation on the matter the borrowing cap was stated to be the biggest barrier to Councils building new homes and as such the cap was removed to "reaffirm the appetite to deliver a new generation of council homes".
A Further Central Government Policy Borrowing Change on 12 March 2020 which advised that the HRA is to be given favourable rates of financing to borrow for acquisitions or construction of Social and Affordable Housing resulting in a reduction in interest rates of -1% from 1.86% to 0.86% where the purpose is for housing related expenditure. Details of all currently approved borrowing for such schemes and the subsequent timing of repayment of this debt are noted on Appendix 2

3.3.1 The underpinning HRA BP assumptions are set out in Appendix One, with exploratory notes documenting all changes from the previous iteration of the HRA BP. These changes have then applied to the HRA BP which has been revised, taking the closing 2019/20 financial position as the baseline through to 2069/70. The revised Plan is set out in Appendix Two. A summary of the changes between the previously approved 2017/18 iteration of the HRA BP and the revised Plan are set out in Appendix Three

3.3.2 Appendix Four has been provided to accompany the business plan to provide members with further detailed information in relation to the Housing Revenue Account. The appendix details how the Council manage housing and resources to meet demand, invest in new houses and maintain existing housing stock to a high standard. Current and historic government policies which have impacted decision making and the business plan in recent years are also included alongside the aspirations and priorities of the Housing Revenue Account over the period of the business plan.

3.4 A new 10-year Housing Investment Plan has been adopted to enable the Climate Emergency and Fire Safety Works to be completed and enables the HRA BP to remain financially viable as a result of phasing the expenditure across a longer period. The new HIP is noted in Appendix 5 and contains the following costs over a 10-year period:

- £23.6m Climate Emergency Works associated with the Council declaring a Climate Emergency
- £30m required for Fire Safety works in line with Fire Risk Assessments resulting from the Grenfell Tragedy.
- £36.8m Stock Condition Survey works

In conjunction with the utilisation of borrowing the development projects in the HIP are generally funded from the HRA Capital Investment Reserve, right to Buy (RTB) receipts from the sale of council houses and Grant, whereas the Major Repairs and Capital Works are funded via the Major Repairs Reserve (MRR), a ring-fenced account for the purpose of maintaining and improving existing housing stock.

3.4.1 Separate stock condition surveys were completed with a specialist housing consultancy, Michael Dyson Associates Ltd. To provide information of the main elements, known as stock attributes, of every HRA home. This survey information, complementing information from our in-house team of surveyors, has enabled us to build up a comprehensive picture of the current state of, and consequently the future investment needs, of a range of stock attributes such as kitchens, bathrooms, roof coverings, windows, doors, rainwater goods.

3.4.2 The surveys undertaken to date allow us to fix a baseline position for the entire HRA stock which, in turn, allows for the maintenance needs to be costed for the lifetime of the revised HRA BP. This baseline will continue to be refined in future years through a combination of in-house surveying and data analysis and has been updated to factor in the Climate Change and Fire Safety Works. The exiting 2020/21 HIP budget allocation will be directed to meet the most pressing needs, with a full revision of the profile of the future Housing Investment Programme (HIP) to take place going forward, to ensure that all the poor condition attributes are remedied as quickly as possible and a tailored investment programme is put in place to replace items on a timely basis.

3.4.3 This long term maintenance programme is funded by the Major Repairs Reserve (MRR), which is forecast to have a closing balance of £2.3m at the end of the current financial year. The balance of the MRR is increased annually by the amount of the annual depreciation charge to the HRA stock, which for 2020/21 is an estimated £6.2m. Based on current projections and the large financial strain on the HRA BP to deliver stock condition works, climate change works and fire safety works. As Noted in Appendix 2 the MRR the balance is expected to drop as low as £1.023m by 2021/22 however will remain sufficient to fund the required level of improvements necessary with the balance beginning to increase after this point and by 2029/30 when the HRA should have completed the Climate Change and Fire Safety works the balance returns to prior year levels of £11.3m.

3.4.4 The stock itself is re-valued annually and further confidence in the viability of the HRA BP can be derived from the current valuation (£402.2m based on the Existing Use Valuation methodology for social housing or £996.1m based on an unrestricted use valuation as at 31 March 2020) being significantly higher than the outstanding self-financing debt.

3.5 A number of housing acquisitions, development schemes and land acquisitions have been approved as noted in the HIP on Appendix 5, a number of which will be funded using borrowing from the Public Loans Works Board (PWLB) to ensure that sufficient balances remain in the MRR and CIR. There are two material Land Purchases contained within the HIP which are yet to have the development plan approved. It is expected that these sites will warrant separate Executive Approval with the Housing Strategy and Development Team working on the optimum development plan to ensure that these schemes are financially beneficial to the HRA. The cost of carrying these land acquisitions is one of the negative contributing factors the HRA BP's reducing CIR and MRR balances up to 2025/26. It is expected that once the sites have been developed the rental income will improve the long term projections for the HRA BP and is likely to improve the capability to repay more of the Self Financing Debts. Nevertheless, the short term negative financial impact on the HRA is material and must be noted where large parcels of Land are purchased especially when there is a significant time lag between purchase and sales or occupation of homes taking place to generate rental income. Alternative delivery models are also being explored that may enable the land to be developed outside the limited capacity of the HRA BP.

3.5.1 The ongoing construction and acquisition projects for new homes would still be insufficient to offset the projected reduction in the HRA stock resulting from continuation of Right to Buy sales at current levels, as shown in the table below:

New Build potential			
	New Build Homes	Right to Buy Sales	Net HRA stock reduction
2020/21 to 2069/70	298*	1,715	1417

* Assumes all ongoing and previously approved plans are maintained.

3.5.2 The RTB 1-4-1 capital receipts are time-limited to 3 years from collection and need to be spent or have to be returned to Central Government. The Councils Policy is for the General Fund to retain and spend the Any Purpose Element of the Capital Receipts with the HRA retaining the 1-4-1 replacement receipts. The HRA gathers a balance of approximately £3.5m every 3 years so it has been assumed in Appendix 5 that the balance of any remaining receipts in the 3-year cycle will be used to support housing construction/acquisitions within the plan.

3.5.3 A number of options will continue to be considered in order to mitigate the reduction in HRA stock. These include:

- Acquisition of existing homes
- Acquisition of s106 affordable homes
- Redevelopment of existing HRA homes
- New build on Council owned land, including garage sites
- New build on acquired land
- Joint venture options
- Buy Back of Social Housing

3.6 The Council has now officially been awarded "Affordable Housing Investment Partner" status from Homes England which enables the Council to apply for grant funding. Where available, Grant will be sought to support currently approved and potential new housing schemes to lessen the impact on the HRA Business Plan. Due to this new agreement with Homes England and to ensure that all future acquisitions remain viable, all future Affordable Housing Acquisitions linked with Homes England will need to have rents set at the national standard of Affordable rents which are 80% of local market rents. Existing Affordable Housing tenants housed in the HRA's current affordable schemes will continue to pay "Warwick Affordable" rents for the remainder of their tenancy which are charged at a mid-point between Local Market Rent and Social Rent to buffer the impact of this change. This policy change will be requested in the HRA Rent Setting report in February 2021 but has been assumed in the HRA BP projections.

3.7 The uncertain impact of Covid-19 on rents, bad debt, arrears and reduced RTB Sales has been factored into the HRA BP and assumptions are noted on Appendix 1. The reduction in rental inflation linked to RPI and CPI will mean the HRA will not be able to increase rents to the previous levels expected. Industry Experts Saville's have advised the negative impact of this will be felt for 3-5 years and this reduction in rental inflation will inevitably increase payback period of new housing developments appraisals. The viability of the payback is currently assessed on 30-35 years but this is likely to increase the payback period up to 40-45 years where Homes England Grant cannot be attained to support the scheme. The HRA BP will continue to be carefully monitored, the stock condition information maintained and improved and an annual review of the underpinning assumptions undertaken to allow any further revisions to be reported to Executive as part of the HRA budget setting process. However, members will note that there is still a considerable level of uncertainty in respect of the financial impact of Covid-19, prudent assumptions have been factored into this model as noted in Appendix 1 but if the economy does not return to pre-pandemic conditions in the next 3-5 years this will impact the business plan further and will impact the HRA's ability to provide the same level of Climate Change and Stock Condition works.

4 Policy Framework

4.1 Fit for the Future (FFF)

4.1.1. "The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

4.1.2. "The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

4.2 FFF Strands

4.2.1 **External impacts of proposal(s)**

People - Health, Homes, Communities - Ensure housing and services are suitable for occupiers, meeting their needs and contributing to their health and well-being.
Services - Green, Clean, Safe – The HRA Housing Investment Plan has been revised and now includes budgets to enable climate friendly works to contribute to the Council becoming a net-zero carbon organisation by 2025; All new Housing stock acquisitions will be acquired to strict new standards to contribute to the total carbon emissions within Warwick District being as close to zero as possible by 2030. HRA budgets contribute to communities having access to decent open space; Improved air quality; Low levels of crime and ASB.

Money- Infrastructure, Enterprise, Employment – Income from Rents is agreed, Housing stock voids are minimised and best value for money and financial performance achieved across the life of the 50 year HRA Business Plan.

3.1.2. **Internal impacts of the proposal(s)**

People - **Effective Staff** – In line with the recent Housing restructure all staff are properly trained, all staff have the appropriate tools. All staff are engaged, empowered and supported. The right people are in the right job with the right skills and right behaviors.

Services - Maintain or Improve Services – The HRA Business plan ensure the model is able to focusing on our customers' needs, continuously improve our processes Increase the digital provision of services

Money - Firm Financial Footing over the Longer Term -Better return/ use of our assets. Full Cost accounting, continued cost management. Maximized income earning opportunities. Seek best value for money.

4.3 Supporting Strategies*:*

4.3.1. "Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are:

4.3.2. That the HRA budgets provide the necessary resources to achieve these outcomes which Enable tenants' needs to be met and support improvement of services relating to Council Housing Stock. Setting sufficient budgets and planning for the future ensures the business plan remains viable to meet service provision

4.3.3. A key element of Fit for the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. The Housing Revenue Account is subject to the same regime to ensure efficiency within the service.

5 Budgetary Framework

5.1 Effective monitoring and forecasting of expenditure and income is a fundamental part of the proper financial management of the Council, enshrined within the Code of Financial Practice and the monthly Budget Review process.

5.2 Under the 'Self Financing' regime the Council took on £136.2m of debt in return for the ability to locally determine decisions on future investment in the housing stock, management services and building the financial capacity to provide new homes. It is essential to project income and expenditure over the full 50-year plan rather than the 5-year period used for the Medium Term Financial Strategy, although actual investment programmes will continue to be managed and monitored on shorter 5 year periods.

5.3 A series of informed assumptions underpin the income and expenditure projections and changes to these provide the basis for revisions to the HRA BP. For example, the Council currently owns approximately 5,402 socially rented homes, 98 Affordable Rent Homes and 25 shared ownership properties. Sale of properties impacts on both income and expenditure – there is a marginal reduction in maintenance and improvement costs, which fluctuate through the plan period, and a more significant one in terms of lost rental income which is fixed throughout the plan period and projected to increase annually. It has been assumed that the number of Right to Buy (RTB) sales will be impacted by Covid-19 and will reduce to 28 units for the next 3-5 years but will then continue as per current levels at approximately 35 units per year. Sale levels are influenced by the discounts available to tenants, the availability of mortgage finance and the prevailing market prices of homes in the district. The maximum RTB discount that can be offered is currently increased by the CPI level from the previous September. In September 2020 this was 0.7%, therefore the maximum discount that can be given from 6th April 2020/21 is £84,790. The level of discount is typically in line with expected increases in market prices of homes in the District. If any of these factors change the assumption will require further review, hence the need for careful and continual monitoring of the HRA BP's underpinning assumptions.

5.4 The revised HRA BP set out at Appendix Two shows that over the 50-year business plan the Council will suffer a net loss of properties through RTB even if the potential new build numbers, referred to in paragraphs 3.17 and themselves dependent on a range of financial viability considerations and the availability of suitable development sites, are achieved. However, the viability of the HRA BP is not compromised by this potential net reduction in stock levels and, as options to replace the RTB losses are worked up, there will be a further revision to the BP.

5.5 The Major Repairs Reserve (MRR) is used to fund capital repairs of the HRA stock. The contributions to the reserve are based on depreciation calculations.

5.6 The HRA Business Plan presents the financial position as at the date reported to Executive. The Business Plan includes all pre-approved housing acquisitions and development schemes to date. Reports being presented to February Executive in relation to new development schemes and the climate change emergency action plan have been excluded as awaiting approval at the time of writing this report.

6 Risks

6.1 The HRA BP will continue to be regularly monitored and an annual update provided to Executive to ensure the financial model remains robust.

6.3 The external fact that presents a potential significant risk to the HRA BP is around the continuing changes to the supported housing framework. From 2019, a new funding model has been proposed, with core rent and service charges to be funded by Universal Credit which continues to have a gradual impact as full implementation has not been achieved to date due to central Government delays. The initial deadline for implementation was Autumn 2018. Current feedback from the introduction of Universal Credit nationwide has indicted that the number of council tenants in arrears has increased, as well as the average level of arrears, in comparison to tenants who do not receive Universal Credit. The Governments previous intention to further limit the Housing Benefit payable to those aged 35 or under, whether in work or not, by linking their LHA threshold to a rate equivalent to the cost of a shared room in a single household rather than the actual cost of their tenancy, has been dropped.

6.4 The bad debt provision within the HR BP had been increased to 2% from 2018/19, as set out in Appendix One but then this was planned to be revised to 1.6% from April 2020/21 however after considering the impact of Covid-19 and local conditions this will remain at 2%. This will be assessed regularity and monitored as more of the Councils tenant's transition from Housing Benefit to Universal Credit and we progress through the pandemic.

6.5 In respect to future borrowing to facilitate house building as per the October 2018 removal of the HRA Borrowing Cap another risk arose relating to the rate at which the Council is able to borrow and the impact to the associated interest that must be paid alongside the repayment of the loan principal. Traditionally the Public Works Loan Board has been the preferred supplier of HRA loans to Councils. In October 2019 the PWLB increased its interest rate by 1% from 1.8% to 2.8% which was a very large and unexpected increase. This would have resulted in increased borrowing costs. As an example, a £12m PWLB loan taken at 1.8% over 40 years would have cost £220,800 a year in interest; the 1% increase added a further £120,000 a year. Over the 40 years of the loan that would be an additional £4.8m. As a rule, each £1m borrowed would have cost an extra £10,000 p.a. in interest. However, the PWLB backtracked on this decision and in March 2020 a -1% reduction to this rate was offered exclusively for HRA borrowing. In light of this quick change of policy there is a risk that this could be changed again in light of the current economic climate so will need to be monitored closely.
The interest rate charged by the PWLB fluctuates on a daily basis. If borrowing is assessed as the preferred method of funding each scheme will be evaluated on viability including the cost of borrowing and if PWLB rates are deemed to be too high alternative sources of borrowing from other reputable organisations will need to be considered.

6.6 The impact of the Covid-19 Pandemic and the impact on Central and Local Government finances is expected to impact the Economy for the next 3-5 years. There are several potential risks for instance in regard to the Government's ability to continue to support housing development with grants from Home England and the ability to continue to fund Homelessness initiatives. Central Government's stance on these matters will have to be monitored closely as changes to current arrangements will impact this model negatively.

6.7 The UK leave the European Union on the 31st January 2021, although Brexit is not expected to immediately impact the Housing business plan there could be impacting circumstances that could affect the UK construction industry such as delays on imported construction supplies being received and European labour losses may result in higher construction labour costs. As these outcomes are very uncertain all housing development schemes will be re-appraised and checked for viability regularly.

6.9 There are still significant, but at this stage unquantifiable risks associated with the full implementation of the provisions within the Housing and Planning Act 2016:

- The Right-to-Buy (RTB) was extended to tenants of housing associations, initially it was advising that the cost of funding the discounts given to the associations' tenants to be covered by local housing authorities, potentially requiring payments to be made from the HRA. To fund this, it was a possibility that Local authorities would have had a duty to consider (but not an obligation to proceed with) the sale of 'high value' properties as a way of helping them to find the necessary funds to make these payments. However, the Government has since advised that it will compensate Housing Associations directly in regard to tenants RTB Discounts. The Government also indicated within the Green Paper "A New Deal for Social Housing", published on 14 August 2018 that provisions within the Housing and Planning Act 2016 with regard to the enforced sale of higher-value void properties in order to finance the introduction of the right to buy in the RSL sector were to be repealed.

- The proposed introduction of short term tenancies of between two and five years does, however, remain as an unimplemented provision of the Act. Currently the Council offers unrestricted secure tenancies to support commitment and investment by residents in their homes and their community. The future introduction of short term fixed tenancies for new tenants would increase management costs within the HRA BP as a regular review of a household's income would be required, this being the proposed determinant as to whether the fixed term tenancy should be extended. There would also be costs associated with devising a suitable Tenancy Agreement and, potentially an increase in legal fees were the Council to have to evict anyone no longer meeting the Government's criteria. A prudent estimate is for an annual cost of not less than £85,000 if this provision is implemented in 2021/22 as currently envisaged. Again this will be kept under careful review and any changes to the current position reported to members.

4. Alternative Option(s) considered

7.1 The assumptions underpinning the HRA BP could be left unchanged from those that underpinned the version approved by Executive in 2017. This has been rejected as it would result in the BP not reflecting the most up to date policies, strategies and research on the conditions of the local housing and land markets. Changes to the forecast number of RTB's, and the 1% rent reduction for Designated, Sheltered and Very Sheltered dwellings are significant changes and should be reflected within the HRA BP. The plan would therefore not be able to deliver services in a way that is viable, maintain services and service the debts taken on by the Council.

7.2 Members could choose to vary the assumptions within the HRA BP or agree alternative policies, service standards and investment options. If these alternative options were financially viable and deliverable, the HRA BP could be amended. However, officers consider that, given the uncertainties around what will ultimately emerge into legislation from the Housing and Planning Act, it would be prudent to retain the current assumptions and policy positions that underpin the HRA BP at this stage.

Addendum to Item 6

10 December Executive

Title: Addendum to Housing Revenue Account Business Plan Review 2020
Lead Officer: **Lisa Barker/ Victoria Bamber**
Portfolio Holder: **Cllr Jan Matecki**
Public report
Wards of the District directly affected: All

Contrary to the policy framework:	N/A
Contrary to the budgetary framework:	N/A
Key Decision:	Yes
Included within the Forward Plan:	Yes ref 927
Equality Impact Assessment Undertaken:	N/A
Consultation & Community Engagement:	N/A
Final Decision:	Yes
Accessibility checked:	Yes

Officer/Councillor Approval

Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	24/11/2020	Bill Hunt
Head of Service	10/11/2020	Lisa Barker (Head of Housing Services) & Mike Snow (Finance)
CMT	17/11/2020	
Section 151 Officer	10/11/2020	Mike Snow
Monitoring Officer	17/11/2020	Andy Jones
Finance	10/11/2020	Andrew Rollins
Portfolio Holder(s)	16/11/2020	Cllr Jan Matecki

1. Addendum

1.1. Paragraph 6.7 in the 2020/21 HRA Business Plan Executive report contained an incorrect date in relation to the UK Leaving the European Union being stated as the 31st January 2021

1.2. The Paragraph is to be revised to read as follows:

"6.7 The UK left the European Union on the 31st January 2020 resulting in a subsequent transition period up to the 31st December 2020, although Brexit is not expected to immediately impact the Housing business plan there could be impacting circumstances that could affect the UK construction industry such as delays on imported construction supplies being received and European labour losses may result in higher construction labour costs. As these outcomes are very uncertain all housing development schemes will be re-appraised and checked for viability regularly."

Appendix One: Housing Revenue Account Business Plan (2019/20 to 2061/62) Assumptions

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
2012 Self Financing Borrowing	A 50 Year Maturity Loan from the PWLB resulting in the £163m loan being settled in full by 2061/62	The 50 Year Maturity Loan Interest payment will continue to be facilitated until 2051/52 with a view to the Capital Repayment being re-financed in line with specialist Treasury Advice over a phased period of 2051/52-2061/62 resulting in the £136.2m Self Financing loan capital repayment fully or partially being profiled over a further Period with a view to the debt being fully repaid at a later date. This will be considered and reviewed in the next 30 years	The debt profiling of the current PWLB maturity loan capital repayments in 2051/52-2061/62 are causing severe restrictions on the HRA Business Plan. Specialist Treasury Management Advice has been sought in relation to refinancing this debt to enable more flexibility in the Business Plan and to enable a further level of flexibility in relation to dealing with the unknown financial impacts of Covid-19 and the ability to continue to deliver the construction and purchase of Social and Affordable housing to meet local housing need during this period.
Warwick Affordable Rents	Affordable rents are set at a Special "Warwick Affordable Rent" which is calculated at a lower rate of affordable rent which is effectively the mid-point between affordable and social rent.	All new Affordable rents to be set at the National Rent Policy Levels of 80% of Market Rents. Existing tenants will not be affected by this change and will continue to pay rents calculated using the "Warwick Affordable Rents" Calculation.	The National Rent Policy States Affordable Rents are to be set at 80% of market rents in line with being granted permission from Homes England Warwick Affordable Rents were historically set at a point where only relatively small levels of stock were given permission from Homes England to charge affordable rents, now that the council has achieved Homes England Investment Partner Status this policy is not deemed effective and reduces the viability of housing construction and acquisition schemes moving forwards. As this is a change to Rent policy this request will be included for authorisation in the HRA Rent Setting Report in February 2021 with Existing Tenants paying rents using the Warwick Affordable calculation

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
			being able to continue until their tenancy ceases in applicable housing stock.
General Inflation	Inflation estimated over the remaining life of the plan to be CPI + 1% = 2% p.a.	Inflation for the next year to be set at September 2020 CPI+1% = 1.7% Inflation for the following 4 years to be forecast at reduced estimate of September CPI + 1% = 1.8% Inflation estimated over the remaining plan on average to be CPI + 1% = 2% p.a.	The economic impact of Covid-19 has reduced CPI from 1.7% in 2019 September to 0.3% in September 2020 this reduction will negatively impact planned rent increases in line with National Rent Policy. Housing Industry assumptions suggest the negative economic impact with be felt for 5 financial years with inflation remaining at a very low levels and the fundamentals that influence the level of inflation such as fuel and energy prices are expected to put a downward pressure on inflation. After this 5-year period the economy is expected to recover and return to similar levels of inflation prior to Covid-19.
Homes England Grant	In Prior Business Plans only small or limited schemes have incorporated Homes England Grant subsidy.	The Council is now been awarded Home's England Investment Partner status and is able to bid for Affordable Homes Grant when considering the viability of housing construction and purchase schemes, where deemed viable Homes England Grant will be sought as a preferential means of financing schemes in line with applicable conditions attached.	Homes England are able to now award the Council grant subsidy in the HRA in the form of a recyclable conditional grant which contributes to the cost of construction of Social, Affordable and Shared Ownership Housing which ensures the deliverability of much needed housing in the district and increases the viability of the HRA Business Model

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
Dwelling Rents	Reduction of 1% over 3 years from 2017-18 in line with Government proposals. This now includes Very Sheltered, Sheltered and designated following a 1 year deferral CPI + 1% assumed over the life of the remainder of the business plan i.e. from 2020/21 onwards. September CPI is 1%. In line with this, it is estimated that CPI will be on be on average about 1% from 2020/21 onwards. Move void properties to target social rent.	CPI + 1% from 2020/21 onwards. For 2021/22 CPI+1 = 1.7%, based on September 2019 CPI being 0.7% In line with Covid-19 economic conditions, it is estimated that CPI will be an average of about 1% p.a. for a further year following the initial 2021/22 Covid-19 period. From year three onwards it is assumed CPI will then increase to 2% returning to Pre-Covid levels and continue at that level for the remainder of the business plan. All void properties rents will be revised to target social rent.	From April 2020 the Government advised a new rents policy stating rents charged are to increase by CPI + 1% per year based on September CPI for a five-year period. For void properties, the Council is able to set the base rent as the Target Social Rent (also known as Formula Rent). The economic impact of Covid-19 has reduced CPI from 1.7% in 2019 September to 0.7% in September 2020 this reduction will negatively impact planned rent increases in line with National Rent Policy. Housing Industry assumptions suggest the negative economic impact with be felt for 3-5 financial years with inflation remaining at a very low levels and the fundamentals that influence the level of inflation such as fuel and energy prices are expected to put a downward pressure on inflation. After this 5-year period the economy is expected to recover and return to similar levels of inflation prior to Covid-19. The Previous Rent Policy implemented a 1% rent reduction per year, for four years which commenced in April 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 + 1% rent increase in 2016/17. From 2017/18, the rent reduction then applied, with these rents decreasing by 1% a year for 3 years, up to

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
			and including 2019/20.
Garage Rents	Average £4 per garage increase in 2017-18. Increase of 5% per year for the remainder of the business plan from 2018-19.	Increase of 10% per year for 5 years from 2020/21. CPI + 1% for the remainder of the business plan following this 5 year period.	Garage rent increases are not governed by national guidance. Any increase that reflects costs of the service, demand, market conditions and the potential for income generation can be considered.
Rents Other	Increase by CPI (September CPI was 1%) per year for the remainder of the business plan.	Increase by assumed long term CPI of 2% per year for the remainder of the business plan.	Within the Housing Revenue Account the Council has a number of shops etc. which whilst still forming part of its Operational non-current assets are leased out on a commercial basis in order to derive rental income.
Bad Debts as a % of Gross Rents	Bad debt Provision reduced to 1.5% in 2017/18 following review of arrears. It is necessary to maintain provision at this level to ensure the HRA is insulated from shocks that can substantially increase the level of arrears or write offs. From 2018/19, it is increased to 2% to coincide with Universal credit being widely introduced in Summer 2018. To be reviewed again once the impact of the	In 2020/21 Bad debt provision set at 2% 2021/22-2025/26 will reduce slightly at 1.8% as the economy starts to recover from Covid-19 The remainder of the business plan will reduce to 1.6% in line with pre-Covid-19 economic conditions. The phased introduction of Universal Credit to only new Claimants has not impacted the Bad Debt % as	In light of Covid-19 Housing Industry Experts are expecting Bad debts to Increase initially in year 1 and then return to pre-covid-19 levels over a 3-5-year economic period. Prior to Covid-19 the Government began to introduce Universal Credit across the county in 2015 with huge delays of roll out to all claimant-types, further delays are expected with full roll out not being compete until at least 2023/24. This Central Government Policy Change was implemented with a view to a culture

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
	change is known.	negatively as first anticipated in 2018/19 with a view to assumptions of the continued phasing of the rollout being incorporated in the above assumed percentages	change with all tenants taking responsibility for managing budgets and making rent payments. The ideology was that tenants on housing benefit would transfer directly onto Universal Credit being paid directly to the tenant rather than the landlord, Landlords were expected to support tenants to manage the change, however a number of tenant groups are not able to be paid Universal Credit due to Central Government Technology limitations and remain on Housing Benefits. Initially it was expected that this change to Universal Credit would increase the level of bad debts significantly but the phasing of this roll out seems to have negated this assumption.
Void Rent Loss as a % of Gross Rents	0.7%.	0.7%. for housing rents. 15% for garage rents.	Housing voids of 0.7% are driven by the need to repair and maintain stock in between tenancies, and an increased focus on ensuring tenants are in the most suitable housing stock. On average approximately 15% of garage stock has been vacant per year. Housing Voids have not been negatively affected by the impact of Covid-19 as at September 2020 so this assumption will not change
No. of Garages Demolished	It is assumed no garages will be demolished, pending updates on	42 Garages were demolished in 2017/18. It is currently assumed no	Garage sites are regularly reviewed to assess, where appropriate, sites to be

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
	Housing Strategy.	further garages will be demolished in the Business Plan.	considered for future redevelopment and parking needs
Management Costs	No changes to overall structure agreed at Budget Setting. Costs to increase by RPI from 2018/19. When homes sold, assume no saving in management costs.	No changes to overall structure agreed at Budget Setting. Costs to increase by CPI +1%. When homes sold, assume no saving in management costs.	Staffing costs for future years will be updated on an annual basis as changes become apparent.
Revenue Repairs & Maintenance Costs	Annual costs increase of RPI assumed + additional 0.5% to take account of changes in building materials cost. When homes sold, save 100% of average unit repairs cost.	Annual costs increase of CPI + 1% assumed + additional 0.5% to take account of changes in building materials cost. When homes sold, save 100% of average unit repairs cost.	Moving to Schedule of Rates and prices will increase in line with RPI plus a percentage to reflect the increase in the costs of building materials.
Capital Maintenance Costs	In line with previous business plan and annual costs increases assumed at RPI	In line with previous business plan and annual costs increases assumed at CPI + 1%.	This is based on previous business plan with significant changes to costings expected on conclusion of the stock condition survey. Specialist Capital works such at Fire Safety and Climate Change works are accounted for separately in the business plan.
No. of Right-To-Buy Sales	1,505, over remaining 45 years. No account is taking of the potential need to sell high value properties to pay the proposed Government levies as details not known.	1,400, over remaining 41 years. No account is taking of the potential need to sell high value properties to pay the proposed Government levies as this legislation is no longer applicable.	Right to Buy sales have reduced in the Covid-19 economic period with only 26 units being sold in 2019/20 and 11 at Q2 in 2020/21 A reduction to 28 units will be assumed in the next 5 years returning to pre-Covid levels of 35 sales per year after this for the remainder of the business plan. In the last business plan review an average of 35 being sold in 2017/18 and 25 in 2018/19 with A prudent estimate of 1459

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
			being sold over the life of the business plan has been based on current percentage of sales (0.8% x 90%) to account for reduced pool of housing stock suitable for RTB which averages at approximately 35 properties per year.
Income from RTB sales reserved for new build only	£1.8m in 17-18 RTB receipts.	£1.4m in 20-21 RTB receipts.	Current and projected sales remain close to threshold for retaining sales receipts to support 1-4-1 replacement of sold homes. This will be available to fund additional homes over that projected to be funded from use of reserves. RTB receipts value based on average historical sales and so dependent on future sales housing mix.
Income from RTB sales available for any purpose	£0	£0	Assume council continues current policy of using such receipts to support General Fund Capital Financing in line with the Right to Buy Receipts Pool Legislation
New Homes - Rents	Social, except specific schemes underway where different.	A mix of Warwick Affordable, Social Rent, Shared Ownership.	New properties will be let as specified in the mix at the time of acquisition or as per the Section 106 specification. A mix of Social Rent, Shared Ownership Rents and Warwick Affordable Rent will be applicable. Warwick affordable rents are set mid-way between Target Rent and National Affordable rent (80% of market rent) however National levels of Affordable Rents will be adopted on new Affordable Housing Stock from 2020 onwards.
Interest Rate on HRA Balances	0.7% over the life of the BP.	0.7% over the life of the BP. This is the current forecast for 2020/21 so therefore used as an average over the remaining years of the BP.	Income from Interest generated from HRA Balances

Assumption	March 2018 Business Plan	2020 Business Plan	Explanatory Notes
Interest Rate on HRA Debt	Actual rates for current debt (average 3.5%)	Actual rates for current debt (average 3.5%)	This is a fixed rate of interest on the HRA Self Financing debt over the life of the loan and is due to be repaid annually from 2051/52 to 2061/62.
PWLB Borrowing Rates	Average of 1.8%	Average of 1.8%	In October 2019 the Public Works Loan Board increased its interest rate by 1% which was a very large and unexpected increase but shortly after this a U Turn to this policy was adopted where the borrowing was linked with Housing related operations. The impact of this increase would have resulted in increased borrowing costs. But the U-turn has returned the borrowing rate to an average of approximately 1.8%
Depreciation	50 Years	75 Years	The depreciation policy for the life of the Housing Stock will be changed from 50 years to 75 years as per consultation from property valuation experts Carter Jonas.

Appendix Two : HRA Business Plan Projections 2020/21-2069/70 (£m)

Year	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.3	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.4
Projected Net Revenue Expenditure																				
Housing Rent	-25.0	-26.6	-27.4	-27.8	-28.2	-28.6	-29.1	-29.5	-29.9	-30.3	-30.7	-31.2	-31.6	-32.1	-32.5	-33.0	-33.4	-33.9	-34.4	-34.8
Void Losses	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Service Charges	-0.5	-0.7	-0.8	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.2	-1.2	-1.2
Non-Dwelling Income	-1.0	-1.2	-1.3	-1.4	-1.5	-1.5	-1.5	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-1.7	-1.8	-1.8	-1.8	-1.9	-1.9	-1.9
Grants & Other Income	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Total Income	**-26.4**	**-28.3**	**-29.3**	**-29.9**	**-30.5**	**-30.9**	**-31.4**	**-31.9**	**-32.3**	**-32.8**	**-33.3**	**-33.8**	**-34.2**	**-34.7**	**-35.2**	**-35.7**	**-36.2**	**-36.7**	**-37.3**	**-37.8**
Premises	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6
Supplies and Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Third Party Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services (Staffing)	5.8	6.4	6.6	6.6	6.7	6.9	7.0	7.1	7.3	7.4	7.6	7.7	7.9	8.0	8.2	8.4	8.5	8.7	8.9	9.1
Capital Charges	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Depreciation	6.2	6.3	6.5	6.6	6.7	6.9	7.0	7.1	7.3	7.4	7.6	7.7	7.9	8.0	8.2	8.4	8.5	8.7	8.9	9.0
Bad Debt Provision	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Responsive & Cyclical Repairs	6.4	6.4	5.7	5.8	5.9	6.1	6.2	6.4	6.6	6.7	6.9	7.1	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.6
Total Revenue Expenditure	**20.4**	**21.1**	**20.6**	**21.0**	**21.4**	**21.9**	**22.4**	**22.8**	**23.3**	**23.8**	**24.3**	**24.8**	**25.4**	**25.9**	**26.4**	**27.0**	**27.6**	**28.2**	**28.8**	**29.4**
Finance Administration	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Borrowing Interest Paid	0.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Interest Received	-0.3	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4
Other Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating Income	**-5.7**	**-6.0**	**-7.3**	**-7.5**	**-7.6**	**-7.6**	**-7.6**	**-7.6**	**-7.6**	**-7.5**	**-7.5**	**-7.5**	**-7.5**	**-7.5**	**-7.5**	**-7.5**	**-7.4**	**-7.4**	**-7.4**	**-7.3**
IAS 19 /Other HRA Reserve Adj	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5
Self Financing Debt Interest Paid	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Other Appropriations	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution to / from reserves	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Contribution to Capital Outlay	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution to HRA CIR	1.5	1.5	2.8	3.0	3.1	3.1	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.0	3.0	2.9
Total Appropriations	**5.7**	**6.0**	**7.3**	**7.5**	**7.5**	**7.6**	**7.6**	**7.6**	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**	**7.5**	**7.4**	**7.4**	**7.4**	**7.3**	**7.3**
Net Revenue Exp/(Income)	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**
HRA Balances & Reserves																				
HRA Closing Balance	**1.4**	**1.4**	**1.4**	**1.4**	**1.5**	**1.5**	**1.5**	**1.6**	**1.6**	**1.6**	**1.7**	**1.7**	**1.7**	**1.8**	**1.8**	**1.8**	**1.9**	**1.9**	**1.9**	**2.0**
CIR Closing Balance	**24.9**	**12.9**	**6.1**	**5.6**	**6.8**	**7.9**	**7.1**	**6.2**	**5.4**	**6.5**	**9.6**	**12.7**	**15.8**	**18.9**	**22.0**	**25.1**	**28.2**	**31.2**	**34.2**	**37.1**
MRR Closing Balance	**2.3**	**1.0**	**1.8**	**3.2**	**3.2**	**3.4**	**5.7**	**8.1**	**10.6**	**11.3**	**12.0**	**12.7**	**13.4**	**14.1**	**14.9**	**15.6**	**16.4**	**17.2**	**17.9**	**18.7**
RTB 1-4-1 Closing Balance	**1.1**	**2.3**	**3.4**	**-0.0**	**1.1**	**2.3**	**3.4**	**-0.0**	**1.1**	**1.2**	**1.3**	**1.3**	**1.4**	**1.4**	**1.5**	**1.5**	**1.6**	**1.6**	**1.7**	**1.7**
Total HRA Balances & Reserves	**29.7**	**17.6**	**12.8**	**10.3**	**12.6**	**15.1**	**17.7**	**15.9**	**18.8**	**20.6**	**24.5**	**28.4**	**32.3**	**36.2**	**40.2**	**44.1**	**48.0**	**51.9**	**55.7**	**59.6**
Above Reserves available for Repayment of Self Financing Debt	**27.2**	**13.9**	**7.9**	**8.8**	**10.0**	**11.3**	**12.7**	**14.3**	**16.0**	**17.8**	**21.6**	**25.4**	**29.2**	**33.1**	**36.9**	**40.7**	**44.5**	**48.4**	**52.1**	**55.9**
Projected Capital Expenditure																				
Construction/Acquisition of Homes	26.8	35.9	6.9	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Maintenance & Improvement	10.5	9.3	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	7.0	7.1	7.3	7.4	7.6	7.7	7.9	8.0	8.2	8.4
Total Capital Expenditure	**37.3**	**45.3**	**15.7**	**9.1**	**9.1**	**9.1**	**9.1**	**9.1**	**9.1**	**9.1**	**7.0**	**7.1**	**7.3**	**7.4**	**7.6**	**7.7**	**7.9**	**8.0**	**8.2**	**8.4**
Projected Borrowing																				
Borrowing b/f	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
Self Financing Loans Repaid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self Financing Borrowing c/f	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**
New Borrowing	22.8	43.6	42.8	42.0	41.1	40.3	39.4	38.5	37.6	36.7	35.8	34.9	33.9	33.0	32.0	31.0	30.0	28.9	27.9	26.8
New Borrowing Fully Repaid 2059/60	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.1	-1.1
New Borrowing c/f	**22.0**	**42.8**	**42.0**	**41.1**	**40.3**	**39.4**	**38.5**	**37.6**	**36.7**	**35.8**	**34.9**	**33.9**	**33.0**	**32.0**	**31.0**	**30.0**	**28.9**	**27.9**	**26.8**	**25.8**
Total Borrowing c/f	**158.2**	**179.0**	**178.2**	**177.3**	**176.5**	**175.6**	**174.7**	**173.8**	**172.9**	**172.0**	**171.1**	**170.1**	**169.2**	**168.2**	**167.2**	**166.2**	**165.1**	**164.1**	**163.0**	**162.0**

2040.41	2041.42	2042.43	2043.44	2044.45	2045.46	2046.47	2047.48	2048.49	2049.5	2050.51	2051.52	2052.53	2053.54	2054.55	2055.56	2056.57	2057.58	2058.59	2059.60	2060.61	2061.62	2062.63	2063.64
-35.3	-35.8	-36.3	-36.8	-37.3	-37.8	-38.3	-38.8	-39.3	-39.9	-40.4	-40.9	-41.5	-42.0	-42.6	-43.1	-43.7	-44.3	-44.8	-45.4	-46.0	-46.6	-47.2	-47.8
0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
-1.2	-1.2	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-1.7
-2.0	-2.0	-2.0	-2.1	-2.1	-2.1	-2.2	-2.2	-2.3	-2.3	-2.3	-2.4	-2.4	-2.5	-2.5	-2.6	-2.6	-2.7	-2.7	-2.8	-2.8	-2.9	-2.9	-3.0
-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
-38.3	**-38.9**	**-39.4**	**-39.9**	**-40.5**	**-41.1**	**-41.6**	**-42.2**	**-42.8**	**-43.4**	**-44.0**	**-44.5**	**-45.2**	**-45.8**	**-46.4**	**-47.0**	**-47.6**	**-48.3**	**-48.9**	**-49.5**	**-50.2**	**-50.9**	**-51.5**	**-52.2**
1.7	1.7	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.2	9.4	9.6	9.8	10.0	10.2	10.4	10.6	10.8	11.0	11.3	11.5	11.7	11.9	12.2	12.4	12.7	12.9	13.2	13.5	13.7	14.0	14.3	14.6
0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
9.2	9.4	9.6	9.8	10.0	10.2	10.4	10.6	10.8	11.0	11.2	11.5	11.7	11.9	12.2	12.4	12.7	12.9	13.2	13.4	13.7	14.0	14.3	14.5
0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
8.8	9.0	9.3	9.5	9.7	10.0	10.2	10.5	10.7	11.0	11.3	11.6	11.9	12.2	12.5	12.8	13.1	13.4	13.8	14.1	14.5	14.8	15.2	15.6
30.0	**30.6**	**31.3**	**32.0**	**32.6**	**33.3**	**34.0**	**34.8**	**35.5**	**36.3**	**37.0**	**37.8**	**38.6**	**39.5**	**40.3**	**41.2**	**42.0**	**42.9**	**43.9**	**44.8**	**45.7**	**46.7**	**47.7**	**48.7**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.7	0.0	0.0
-0.4	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-7.2	**-7.2**	**-7.1**	**-7.0**	**-6.9**	**-6.8**	**-6.7**	**-6.6**	**-6.5**	**-6.3**	**-6.1**	**-6.0**	**-5.8**	**-5.6**	**-5.4**	**-5.2**	**-4.9**	**-4.7**	**-4.4**	**-4.1**	**-3.8**	**-4.3**	**-4.7**	**-4.3**
-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.9	2.8	2.8	2.7	2.6	2.5	2.4	2.3	2.2	2.0	1.9	1.7	1.6	1.4	1.2	1.0	0.7	0.5	0.2	-0.0	-0.3	0.1	0.6	0.2
7.2	**7.1**	**7.1**	**7.0**	**6.9**	**6.8**	**6.7**	**6.5**	**6.4**	**6.3**	**6.1**	**5.9**	**5.7**	**5.5**	**5.3**	**5.1**	**4.9**	**4.6**	**4.3**	**4.1**	**3.8**	**4.2**	**4.6**	**4.3**
-0.0	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**
2.0	**2.1**	**2.1**	**2.1**	**2.2**	**2.2**	**2.3**	**2.3**	**2.4**	**2.4**	**2.5**	**2.5**	**2.6**	**2.6**	**2.7**	**2.7**	**2.8**	**2.8**	**2.9**	**2.9**	**3.0**	**3.0**	**3.1**	**3.2**
40.0	**42.9**	**45.6**	**48.3**	**51.0**	**53.5**	**55.9**	**58.2**	**60.4**	**62.4**	**64.3**	**66.0**	**67.6**	**69.0**	**70.2**	**71.1**	**71.9**	**72.4**	**72.6**	**72.6**	**72.3**	**72.4**	**73.0**	**73.2**
19.6	**20.4**	**21.2**	**22.1**	**22.9**	**23.8**	**24.7**	**25.6**	**26.6**	**27.5**	**28.5**	**29.5**	**30.5**	**31.5**	**32.5**	**33.6**	**34.6**	**35.7**	**36.8**	**37.9**	**39.1**	**40.3**	**41.5**	**42.7**
1.8	**1.9**	**1.9**	**2.0**	**2.0**	**2.1**	**2.2**	**2.2**	**2.3**	**2.3**	**2.4**	**2.5**	**2.5**	**2.6**	**2.7**	**2.7**	**2.8**	**2.9**	**2.9**	**3.0**	**3.1**	**3.1**	**3.2**	**3.3**
63.4	**67.2**	**70.9**	**74.5**	**78.1**	**81.6**	**85.0**	**88.4**	**91.6**	**94.7**	**97.6**	**100.5**	**103.1**	**105.7**	**108.0**	**110.1**	**112.1**	**113.8**	**115.2**	**116.5**	**117.4**	**118.9**	**120.7**	**122.3**
59.6	**63.3**	**66.9**	**70.4**	**73.9**	**77.3**	**80.6**	**83.8**	**86.9**	**89.9**	**92.8**	**95.5**	**98.1**	**100.5**	**102.7**	**104.7**	**106.5**	**108.1**	**109.4**	**110.5**	**111.4**	**112.7**	**114.4**	**115.9**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.5	8.7	8.9	9.1	9.2	9.4	9.6	9.8	10.0	10.2	10.4	10.6	10.8	11.0	11.3	11.5	11.7	11.9	12.2	12.4	12.7	12.9	13.2	13.5
8.5	**8.7**	**8.9**	**9.1**	**9.2**	**9.4**	**9.6**	**9.8**	**10.0**	**10.2**	**10.4**	**10.6**	**10.8**	**11.0**	**11.3**	**11.5**	**11.7**	**11.9**	**12.2**	**12.4**	**12.7**	**12.9**	**13.2**	**13.5**
136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
136.2	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**
25.8	24.7	23.5	22.4	21.2	20.1	18.9	17.7	16.4	15.2	13.9	12.6	11.3	10.0	8.6	7.2	5.8	4.4	3.0	1.5	-0.0	-0.0	-0.0	-0.0
-1.1	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-1.2	-1.3	-1.3	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4	-1.4	-1.4	-1.5	-1.5	0.0	0.0	0.0	0.0
24.7	**23.5**	**22.4**	**21.2**	**20.1**	**18.9**	**17.7**	**16.4**	**15.2**	**13.9**	**12.6**	**11.3**	**10.0**	**8.6**	**7.2**	**5.8**	**4.4**	**3.0**	**1.5**	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**
160.9	**159.7**	**158.6**	**157.4**	**156.3**	**155.1**	**153.9**	**152.6**	**151.4**	**150.1**	**148.8**	**147.5**	**146.2**	**144.8**	**143.4**	**142.0**	**140.6**	**139.2**	**137.7**	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**

2064.65	2065.66	2066.67	2067.68	2068.69	2069.70
-48.4	-49.0	-49.6	-50.2	-50.8	-51.4
0.3	0.3	0.3	0.3	0.3	0.4
-1.7	-1.8	-1.8	-1.8	-1.8	-1.9
-3.0	-3.1	-3.1	-3.2	-3.2	-3.3
-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
-52.9	**-53.5**	**-54.2**	**-54.9**	**-55.6**	**-56.3**
2.7	2.7	2.8	2.9	2.9	3.0
0.1	0.1	0.1	0.1	0.1	0.1
0.0	0.0	0.0	0.0	0.0	0.0
14.9	15.2	15.5	15.8	16.1	16.4
0.5	0.5	0.5	0.6	0.6	0.6
14.8	15.1	15.4	15.7	16.1	16.4
0.8	0.9	0.9	0.9	0.9	0.9
16.0	16.4	16.8	17.2	17.6	18.1
49.8	**50.8**	**51.9**	**53.0**	**54.2**	**55.3**
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
-0.9	-0.9	-0.9	-0.9	-0.8	-0.8
0.0	0.0	0.0	0.0	0.0	0.0
-4.0	**-3.6**	**-3.2**	**-2.7**	**-2.3**	**-1.8**
-0.7	-0.8	-0.8	-0.8	-0.8	-0.8
4.8	4.8	4.8	4.8	4.8	4.8
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
-0.1	-0.5	-0.9	-1.3	-1.7	-2.2
3.9	**3.5**	**3.1**	**2.7**	**2.2**	**1.8**
-0.0	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**
3.2	**3.3**	**3.4**	**3.4**	**3.5**	**3.6**
73.1	**72.6**	**71.7**	**70.5**	**68.7**	**66.6**
43.9	**45.1**	**46.4**	**47.7**	**49.0**	**50.4**
3.3	**3.4**	**3.5**	**3.6**	**3.6**	**3.7**
123.6	**124.5**	**125.0**	**125.2**	**124.9**	**124.2**
117.0	**117.8**	**118.2**	**118.2**	**117.8**	**116.9**
0.0	0.0	0.0	0.0	0.0	0.0
13.7	14.0	14.3	14.6	14.9	15.2
13.7	**14.0**	**14.3**	**14.6**	**14.9**	**15.2**
136.2	136.2	136.2	136.2	136.2	136.2
0.0	0.0	0.0	0.0	0.0	0.0
136.2	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**
-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
0.0	0.0	0.0	0.0	0.0	0.0
-0.0	**-0.0**	**-0.0**	**-0.0**	**-0.0**	**-0.0**
136.2	**136.2**	**136.2**	**136.2**	**136.2**	**136.2**

Appendix Three : HRA Business Plan Projections 2020/21 (£m)

Projected Net Revenue Expenditure

Year	2017/18 £m	2020/21 £m	Variance £m	Comments for Variances of Interest and of +/- £0.5m
Housing Rent	-25.40	-25.03	-0.37	2019/20 was the final year of the four year legislative 1% Rent Reduction
Void Losses	0.18	0.17	0.00	
Service Charges	-0.41	-0.49	0.08	
Non-Dwelling Income	-0.94	-1.05	0.11	
Grants & Other Income	-0.40	-0.05	-0.35	
Total Income	**-26.97**	**-26.44**		
Premises	1.05	1.13	-0.08	
Supplies and Services	0.13	0.03	0.11	
Third Party Payments	0.01	0.00	0.01	
Support Services (Staffing)	4.55	5.85	-1.30	Staff Restructure and Salary Inflation
Capital Charges	0.00	0.29	-0.29	
Depreciation	6.36	6.21	0.15	
Bad Debt Provision	0.40	0.44	-0.04	
Responsive & Cyclical Repairs	5.27	6.44	-1.17	Extra Fire Safety Works ffor 2020/21 & 2021/22 and Contract Inflation
Total Revenue Expenditure	**17.76**	**20.38**		
Finance Administration	0.00	-0.10	0.10	
New Borrowing Interest Paid	0.00	0.78	-0.78	New Development Loan Interest Paid
Interest Received	-0.30	-0.30	0.00	
Other Appropriations	0.00	0.00	0.00	
Net Operating Income	**-9.51**	**-5.69**		
IAS 19 /Other HRA Reserve Adj	-0.09	-0.31	0.23	
Self Financing Debt Interest Paid	4.77	4.77	0.00	
Other Appropriations	0.00	-0.29	0.29	
Contribution to / from reserves	0.02	-0.09	0.11	
Revenue Contribution to Capital Outlay	0.00	0.12	-0.12	
Contribution to HRA CIR	4.48	1.47	3.01	Increased Revenue Expenditure reduces contribution to HRA CIR
Total Appropriations	**9.18**	**5.66**		
Net Revenue Exp/(Income)	**-0.33**	**-0.03**	-0.30	

HRA Balance & Reserves

HRA Closing Balance	**1.43**	**1.35**	0.07	
CIR Closing Balance	**29.09**	**24.94**	4.15	Balance Reduced as CIR is utilised to fund Construction and Acquisition and cross fund MRR due to Fire Safety and Climate Change Works
MRR Closing Balance	**9.24**	**2.29**	6.95	Increased Climate Change and Fire Safety Works Have reduced balance
RTB UCR Closing Balance	**6.80**	**7.28**	-0.48	
RTB 1-4-1 Closing Balance	**1.35**	**1.15**	0.20	Time Limited Receipts have been used in full in 2019/20 as planned

Projected Capital Expenditure

Construction/Acquisition of Homes	0.20	26.77	-26.57	Increased Construction and Acquisition of Housing and cross funding MRR
Capital Maintenance & Improvement	5.29	10.51	-5.22	Increased Planned Maintenance as per the HIP including Fire Prevention Works
Total Capital Expenditure	**5.49**	**40.25**	-34.76	

Projected Borrowing

Borrowing b/f	136.20	136.20	0.00	
Self Financing Loans Repaid	0.00	0.00	0.00	
Self Financing Borrowing c/f	**136.20**	**136.20**	0.00	
New Borrowing	0.00	22.8	-22.79	New borrowing for construction and acquisition of Land and Housing
New Borrowing Loans Repaid	0.00	-0.8	0.80	
New Borrowing c/f	**0.00**	**22.00**	-22.00	
Total Borrowing c/f	**136.20**	**158.20**	-22.00	

Appendix 4 – HRA Business Plan Summary of Priorities

Housing Revenue Account Business Plan 2020/21 – Update Summary

Setting the scene

The Housing Revenue Account (HRA) Business Plan sets out the way we manage housing and resources to meet demand, invest in new houses and maintain our existing housing stock to a high standard

The HRA Business Plan is the main tool to manage the housing landlord business, setting the priorities for spending and the plans and actions for the Council housing over the next 30 years.

Why have a business plan?

Warwick District Council owns approximately 5,450 homes.

The HRA Business Plan provides the strategic direction for landlord services; enabling it to deliver improvements to homes and services in accordance with the priorities of tenants and the Council.

The HRA's income comes from rent and service charges paid by tenants and leaseholders. The income received into the HRA must be managed to ensure the Council can provide tenants with well-maintained and managed homes now and into the future.

The Business Plan demonstrates that we can maintain our existing housing assets, build new homes and meet tenants expectations in providing quality services.

In April 2012 the Government ended the Housing Revenue Account subsidy system. This means that the Council can now keep rental income and use it to fund housing stock (called 'self-financing'). The HRA Business Plan ensures that priorities for self-financing are affordable and deliverable.

What are the priorities for the HRA Business Plan?

The priorities that are particularly identified for projects in the next phases of the Business Plan form part of the longer term priorities and will be supported by the identification of specific projects over the short term. These are identified as:

- Delivery of an ambitious programme of housing development including new build, regeneration of HRA land, re-modelling & acquisition of land and homes;
- Continue to ensure that all council owned homes meet the Decent Housing Standard.
- Fire safety continues to be taken seriously and we will ensure that current and future regulations are met.
- The Council has declared a Climate Emergency. Energy efficiency in properties is an important factor as whilst helping to save the planet, it can help our more vulnerable tenants keep warm at an affordable cost.
- Ensuring and increasing the resilience of the HRA by investing to reduce costs or increase income;

- Maintaining an equity of approach in terms of adaptations – these being available to council tenants on the same basis as they are in the private sector through Disabled Facilities Grant;
- Delivering housing solutions for older people and people of all ages with a disability enabling them to maintain independence; those who are homeless and/or who have complex support needs.
- Mitigate some of the specific risks associated with Welfare Reform and the impact on income collection into the HRA;
- Environmental improvements in local neighborhoods to HRA owned areas; and
- Specific pressure points that arise and are unforeseen.

Full documents can be downloaded as follows: [Add hyperlinks]
- HRA Business Plan
- HRA Capital Expenditure and Funding Summary
- Consolidated HRA Financial Statement
- Asset Management Strategy

Our development aspirations

Our social housing provides a lifeline for many households who cannot afford to rent or buy a home on the open market, and need outstrips supply. The Right to Buy (RTB) scheme has reduced the stock considerably since its introduction in 1980 and there are now around 40 Right to Buy sales per year. The increase in the maximum discount to £80,900 (2018-19) combined with the availability of finance and low interest rates is leading to continuing sales. Right to Buy sales remain a risk to the business plan, but not in the short term based on current activity levels.

Local Housing Authorities (LHA) became self-financing for HRA purposes following the successful exit from the Housing Revenue Account Subsidy (HRAS) system in 2011. HM Treasury required each LHA to buy themselves out of the HRAS and fund the settlement from loans taken form the Public Works Loans Board, and also required a housing related borrowing cap to be put in place for each LHA. This limited the amount of financing that could be borrowed to build new or improve existing homes.

The UK Government announced plans to lift the HRA Borrowing Cap at the Autumn Budget on 29 October 2018. The lifting of the cap is allowing LHAs to revisit their HRA business plans to establish opportunities for growth. However, the overall consideration for LHAs is that they may borrow (unsupported) within guidelines set by government.

Long term, we strive to increase our housing portfolio, however, more immediately we have undertaken work to counteract the long-established decline in council housing caused by RTB and maintain our housing numbers at current level. We aim to create good quality, sustainable homes in neighbourhoods that are well looked after, without undermining the financial sustainability of the HRA or of the General Fund.

Restarting a development programme after many years of inactivity is challenging notably as the capacity and expertise is no longer available in-house and is having to be re-established. Initially, the quickest and easiest way to increase our stock was to buy back former council properties. In three years from 2015/16 to 2017/18, we bought 92 properties.

New Council Homes

We are creating an ambitious programme of housing delivery to counterbalance the properties we are obliged to sell under RTB by a mixture of new build, acquisition or repurposing existing assets. In recent years we have committed an initial investment of approximately £36.4million to facilitate the development of around 225 homes.

Buy Back of Former Local Authority Properties

Rules governing the Buying Back of former local authority properties under Right to Buy Regulations apply to properties purchased from the Council within the last 10 years.

Since 2018/19, Warwick District Council has completed the purchase of 5 former local authority properties with a further 2 in the pipeline.

Acquisitions

Since the lifting of the borrowing cap, the Council has been successful in bidding for properties under section 106 agreements with developers where sites are greater than 10 properties.

As of December 2019 just over £8m has been committed to schemes in Leamington, Barford and Radford Semele which will provide 56 new Council homes. Bids have been made for a further 92 homes and we await to hear if we have been successful.

Maintaining the Council's Housing Stock

During 2019, Landlord Services received in excess of 25,500 requests for a repair to be undertaken. These are largely carried out by our three primary contractors for general repairs and maintenance, electrical repairs and gas/heating repairs.

The Lettings Standard describes the standards in which we let our homes, detailing the works that will always be carried out before a tenant moves in and those which will be undertaken, but once the tenant is in residence. Works prior to a tenant moving in will include any works to remove hazards and bring the home to a satisfactory state of repair with functional facilities. Thereafter improvement or investment including kitchen, bathrooms, thermal efficiency and external envelope will be carried out as part of the Housing Improvement Programme.

Works are delivered through a framework of external Contractors. Our aim is to do it once, do it right" in order to avoid repeat or numerous visits reducing future maintenance demands.

In regard to the quality properties let, the feedback from new tenants has been very positive. The outcome of the Lettings Standard will continue to be monitored and it is expected to deliver improved tenant satisfaction with the quality of the accommodation.

Climate Change

The Council has declared a Climate Emergency and all sectors need to play their part in what is required for the district to become carbon neutral. It is assessed that housing contributes 65.9m tonnes of CO_2 per year which is 18% of total UK emissions.

Current building methods are very carbon intensive. Each new home 'costs' more than 50 tonnes of carbon to build. Steel is the worst culprit but bricks and concrete are major contributors. We are working with a number of developers to pilot sites which use different construction methods, including modern methods of construction and those which use sustainable solutions, and are looking to better understand the in-use performance of those dwellings to understand how these houses function in practice to inform future development.

We are working with manufacturers to agree a specification based on a fabric-first approach, with a particular emphasis on air-tightness. This is part of ongoing work to be finalised prior to construction, to provide some assurance, it is likely that they would exceed that of building regulations consultation benchmarks.

We also face a considerable challenge to improve the energy efficiency of our buildings and retrofit our existing stock. We have been working to ensure that all Council homes wherever possible, achieve an Energy Performance rating of D. Key to this is having up to date Energy Performance Certificates (EPC) for all properties. During 2018/2019 we have accelerated the number of properties with an EPC rating and as of 21st January 2020 we hold valid EPC ratings for 51% (2,780) of our properties, adding approximately a further 400 each year through voids. We are also commissioning specialists who can provide advice on improving the energy efficiency of our homes including those in conservation areas or which are listed properties.

How the Capital Investment Programme is Identified and Prioritised?

Stock condition surveys undertaken at all properties are the main tool that we use to understand the works that need to be undertaken to maintain our homes to a decent standard.

The data has been sourced via stock condition surveys carried out both internally and by external consultants and updated with survey updates being undertaken once completion of the various work elements has occurred.

The known life cycles for each property attribute are set out in the Decent Homes Standard and used to calculate future replacement times and associated costs. These have been included in our 30-year plan. The cost for each element is based on actual costs incurred; these costs are monitored and updated annually.

Other surveys are undertaken on assets or attributes that are not captured through the stock condition surveys such as surveys of our lifts and Fire Risk Assessments.

All of the surveys identify the works required and indicate how urgent the works are required with the information generating programmes of work and produce forecasting reports required for the 30-year Business Plan.

The programme for 2020/21 will continue to focus on:

- 650 new doors / windows replacements
- Around 75 replacement roofs
- Around 130 combined kitchen and bathroom replacements

Fire Safety

We are completing the programme of improvement works to the communal areas in all nine high rise living blocks owned by Warwick District Council (seven multi-storey blocks above 18 meters in height, with two further six-storey blocks).

The work has been undertaken in collaboration with Warwickshire Fire and Rescue Service and WDC Building Control under the Council's Fire Safety Group, providing an opportunity for WDC to undertake a comprehensive review of communal area fire safety and bringing together a programme of works informed by recommendations and 'Goodwill Advice' alongside works scheduled in the Housing Investment Plan. This has enabled us to deliver a comprehensive approach to upgrading the compartmentation, fire detection and fire safety communication. The work has also been designed to update and improve the look and feel of the communal areas with the view that by making these blocks a better place to live, a more effective approach to managing compliance and the culture of high-rise living for residents can be established.

Work undertaken differs, though all has been implemented by a specialist third-party accredited fire-safety framework contractor to ensure a fully compliant programme of improvements including:

- The installation of new 60-minute fire resistant flat entrance door assemblies
- The installation of new 60-minute fire resistant door assemblies to communal areas (including lift, flat, stairwell lobbies), riser cupboards and bin chute lobbies
- The rewire of communal areas to include smart emergency lighting and new steel containment to encompass all other communal area cabling (electrical, TV, BT, fire alarm, CCTV) and future-proof further installations
- The installation of new sub-mains to flats, including new consumer units within flats where necessary
- The installation of new door entry concierge systems and CCTV systems
- The installation of updated BT, HD terrestrial, SKY and where available, Virgin TV aerial systems fully contained and future-proofed to avoid retro-installations
- The upgrade or replacement of fire detection systems within communal areas to fully addressable systems
- The upgrade or replacement of fire detection systems in flats with hard-wired interlinked detectors
- The comprehensive upgrade or replacement of fire-sealing to service penetrations or areas of poor compartmentation, recorded on a fire-seal register and to a FIREAS standard
- The installation of new fire resistant bin chute hoppers, dampers and drench systems within bin storage areas
- The installation of new dry risers where required
- The installation of automatic opening smoke ventilation systems to stairwells and communal area flat corridors
- The provision of new statutory signage and specially designed fire action notices and way finding signage
- The complete redecoration of all communal areas to a Class-0 standard
- The renewal of all communal area flooring
- Completing daily inspections of every communal area and also increasing our checks of the fire alarms and other safety equipment

Much of the improvement work has been financed through the Housing Improvement Programme with an additional £2.5m aligned to specialist fire improvement work.

The Regulatory Reform (Fire Safety) Order 2005 requires authorities to undertake fire risk assessments to all buildings that contain communal areas and to carry out any remedial works identified. Risk assessments to assess sheltered housing schemes and temporary accommodation units have been completed and risk assessments for the other 270 low rise blocks are concluding. Any resulting works will be prioritised and acted upon according to the risk identified.

Garages

The HRA has a portfolio of 1846 garages across 146 sites of varying age and quality but the majority being of brick construction or having a concrete wall finish. Stock condition surveys have been undertaken on the garage blocks to determine the condition and repairs needed. Some garage blocks are of particularly poor quality or have the potential to offer development and other opportunities for Housing Services to consider. The average net weekly rent per garage in 2019/20 was £8.46. In January 2020 1499 were occupied, generating an estimated income of approximately £659,440 per year.

Environmental Standard

The quality of the external environment areas of the Councils housing contribute to how tenants view their neighbourhood. A detailed specification has been produced scoping out the standards that are desirable in contemporary living environments and, starting with our high rise living accommodation, we are commissioning surveys to determine the requirements for external works that are required.

Work includes:

- fence/wall repairs/replacements;
- path repair/replacements within the curtilage;
- communal area repair/refurbishment and storage provision if appropriate.

In addition, an Environmental Improvement budget has allowed for positive efforts to be made to improve the environment and appearance of housing estates and will also be used to provide greener spaces for our residents at the high rise blocks, we are assessing the possibility of the installation of facilities to improve the health and wellbeing of our residents, such as outdoor gyms, community gardens, in consultation with our local residents. We have carried out works at schemes where we have improved parking and lighting. In consultation with residents new planting has taken place, alongside community noticeboards.

Communication & Tenant Involvement

We are committed to working with, engaging and supporting tenants in their involvement with housing matters. We recognise that effective tenant participation is key to improving our customer focus and driving service improvements. We aim to deliver a wide range of opportunities for all tenants to engage with us by their preferred method. This enables tenants to become better informed and experienced, which in turn will help us deliver a better housing service that meets the needs of our tenants, residents, leaseholders and local communities.

The Department employs dedicated Tenant Engagement Officers who work closely with tenants and promotes opportunities for tenant engagement and involvement through a number of methods. For many years, the Council has had good links with its tenants working with them through a variety of forums.

Implications of Universal Credit

In order to mitigate and minimise some of the effects of Welfare Reform, the Council has undertaking a range of activities including regular training for Housing Staff to ensure that they are better equipped to help tenants deal with the changes and complexities of a new benefit system. Universal Credit full service has been running in the area covered by Warwick District Council from the 17 October 2018. The experience so far of Universal Credit has highlighted that more tenants are falling into an arrears position. The Department has been working closely with housing applicants and tenants as benefit claimants continue to be migrated onto Universal Credit. New tenants are being supported to manage their personal finances with everyone having a “financial check” which may prompt a referral to the in-house money advice officers.

The Department’s rent recovery procedure has been reviewed and continues to be monitored. The focus is on early intervention and checks have been put in place to ensure that tenants falling into arrears are fully aware of, and are encouraged to take support from, all avenues of assistance prior to the commencement of any formal possession procedures.

As at 21 January 2020, 786 of our own tenants in Warwick District Council are claiming Universal Credit and 555 are in arrears, of these tenants in receipt of Universal Credit, we receive direct payment of the housing element for 94 cases. There has been an increase in the level of rent arrears which has been exacerbated by the introduction of Universal Credit. The provision for bad debt for 2020/21 needs to remain at the level for the previous year.

Older Persons Housing

The Council’s sheltered housing service has, for many years, provided a service that is both popular and makes a significant difference to the quality of life of many older people; both in providing companionship and social contact and in providing safety and security. There is still a need and a demand for this type of model of accommodation. Service improvements have been agreed for our dispersed schemes and a stock option appraisal has been completed on the sheltered housing schemes. The Communal areas in our sheltered schemes are being refreshed and updated with fire safety works planned for each of the schemes, also the community centres associated with our dispersed active elderly stock are also being refurbished and updated in accordance with the fire safety works.

Disabled adaptations

£647,000 per annum has been allocated for the ongoing programme of adaptation work which benefits tenants who are in need of adaptations to their home to enable them to remain in their own home for as long as possible and promote independence. Whilst the majority of adaptations remain small scale such as ramps, handrails, etc., there is an increasing number of larger adaptations such as level access shower facilities and extensions being requested.

During 2019/20 we have fitted 40 Level Access Showers, 12 stairlifts and numerous ramps or grab rails fitted to assist tenants to live independently.

Staffing

Government policy is a major driver of the way in which local government works, and changes in policy or to legislation inevitably impact on services and the way that services are arranged. In addition, major events such as the tragic incident at Grenfell have caused landlords up and down the country to reflect not just on the physical characteristics of their high rise stock but also how those buildings and the immediate environment is managed. Other external factors such as a growing older population, changing household formations, Universal Credit and changing customer expectations all impact on the way that we shape and deliver our services.

We have also seen the number of homeless people on our streets growing to levels not experienced in the district in living memory and have adopted new approaches through our rough sleeper initiative to tackle this problem head on and to broker in support from a range of agencies.

In response to these challenges, staffing reviews of Housing Services have prompted restructuring the housing service functions. The restructure has provided an opportunity to modernise and professionalise the operation to create a range of housing services which are 'fit for the future' and has been designed to reflect current thinking in the field and upon a set of principles which encompass best practices. We are therefore introducing in 2020, new ways of working across the housing service enabling it to establish a new relationship with its customers.

The proposals are for change to the shape of current services, bringing benefits to the Council, its customers and its staff. In order to do this, there will be changes to staff structures, job descriptions and reporting lines; operational practice; and, policy change.

Rent Setting Policy

Local authorities and housing associations are responsible for setting the rents for social housing properties as laid out in the Rent Standard 2020, which has been established by the Regulator of Social Housing, which we as a Local Authority now applies to all Local Authorities. The standard set out the government's rent policy for social housing for the next five years and covers all areas of rent setting as well as the requirement for RSH to undertake the regulation of local authority rents for the first time. The RSH have stated that social rents can, until 2025, be increased by up to CPI +1%

As part of the stress testing of the Business Plan, the Council has modelled a range of possible scenarios, specifically in relation to the annual rental uplift mechanism in order to assess the cumulative impact on its Rental Income over the 30-year period.

The HRA Housing Capital Investment Programme

The proposed HRA Capital Investment Programme has been revised from a 5 year to a new 10-year scheme to ensure sufficient budget is in place to complete the require Fire Safety and Climate Emergency works and is detailed in Appendix 5 accompanying the Housing BP

Housing Investment Programme (HIP) 2020/21 to 2029/30

Construction / Acquisition of Housing:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's	Total £'000's
Repurchase of Ex-Council Housing	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	**3,000.0**
Purchase of Property	564.7										**564.7**
Purchase of property		12,576.1									**12,576.1**
Purchase of property	4,325.3										**4,325.3**
Refurbishment	1,200.0										**1,200.0**
Purchase of land	9,490.0										**9,490.0**
Development	4,187.4	4,702.5									**8,889.9**
Purchase of Land	449.5										**449.5**
Purchase of property			6,576.2								**6,576.2**
Purchase of Land	6,250.0	18,350.0		0.0							**24,600.0**
Total Construction / Acquisition of Housing	**26,766.9**	**35,928.6**	**6,876.2**	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**	**300.0**	**71,671.6**

Improvement / Renewal Works:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's	Total £'000's
Stock Condition Survey Works:											
Aids & Adaptations	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	**6,471.0**
Roof Coverings	890.0										**890.0**
Defective Flooring	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	**593.0**
Door Entry/Security/Safety Systems	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	**1,500.0**
Window/Door Replacement	500.0										**500.0**
Kitchen & Bathroom Fittings / Sanitaryware Replacement	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	1,225.0	**12,250.0**
Electrical Fitments / Rewiring	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	**6,124.0**
Central Heating Replacement	1,204.8										**1,204.8**
Water Services	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	**91.0**
Structural Improvements	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	**197.0**
Improved Ventilation	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	**47.0**
Thermal Improvement Works	106.3										**106.3**
Major Garage Works	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	**246.0**
Codependant Asbestos Removal	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	**2,000.0**
Special capital works	1,318.3	150.0									**1,468.3**
Capital Salaries for Improvement / Renewal Works	286.1	291.8	297.7	303.6	309.7	315.9	322.2	328.6	335.2	341.9	**3,132.7**
Total Stock Condition Survey Works	**7,257.4**	**3,393.7**	**3,249.6**	**3,255.5**	**3,261.6**	**3,267.8**	**3,274.1**	**3,280.5**	**3,287.1**	**3,293.8**	**36,821.1**
Climate Change Works:											
Environmental - Roof Coverings	35.0	925.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	**5,160.0**
Environmental - Window/Door Replacement	35.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	**4,850.0**
Environmental Central Heating Replacement	35.0	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	**11,193.2**
Thermal Improvement Works	35.0	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	**1,306.7**
Environmental Works	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	**750.0**
Environmental Works: Tenant Participation Projects	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	**377.0**
Total Claimate Change Works	**252.7**	**2,953.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**2,553.8**	**23,636.9**
Fire Safety Works:											
Fire safety in High-rise / Sheltered/ General Needs	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	**30,000.0**
Total Fire Safety Works	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**30,000.0**
Total Improvement/Renewal Works	**10,510.1**	**9,347.5**	**8,803.4**	**8,809.3**	**8,815.4**	**8,821.6**	**8,827.9**	**8,834.3**	**8,840.9**	**8,847.6**	**90,458.0**
Total Housing Investment Programme Expenditure	**37,277.0**	**45,276.1**	**15,679.5**	**9,109.3**	**9,115.4**	**9,121.6**	**9,127.9**	**9,134.3**	**9,140.9**	**9,147.6**	**162,129.7**

Housing Investment Programme (HIP) Financing:	2020/21 £'000's	2021/22 £'000's	2022/23 £'000's	2023/24 £'000's	2024/25 £'000's	2025/26 £'000's	2026/27 £'000's	2027/28 £'000's	2028/29 £'000's	2029/30 £'000's	Total £'000's
Capital receipts: UCR	50.0	50.0	50.0	50	50	50.0	50.0	50.0	50.0	50.0	**500.0**
Capital Receipts: One for One replacement	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	**2,500.0**
HRA Capital Investment Reserve	1,704.2	13,576.1	9,576.2	3,500.0	2,000.0	2,000.0	4,000.0	4,000.0	4,000.0	2,000.0	**46,356.5**
Major Repairs Reserve	9,762.6	7,600.0	5,680.9	5,186.8	6,692.9	6,699.1	4,705.4	4,711.8	4,718.4	6,725.1	**62,483.0**
Housing Revenue Account (RCCO)	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	**1,225.0**
BEIS Decarbonisation & Homes England Grant	2,593.2	2,083.2									**4,676.4**
HRA Additional Borrowing	22,794.7	21,594.3									**44,389.0**
Housing Revenue Account Related HIP Financing	**37,277.2**	**45,276.1**	**15,679.6**	**9,109.3**	**9,115.4**	**9,121.6**	**9,127.9**	**9,134.3**	**9,140.9**	**9,147.6**	**162,129.9**

Estimated Housing Investment Programme Resources at:-	31/3/2020 £'000's	31/3/2021 £'000's	31/3/2022 £'000's	31/3/2023 £'000's	31/3/2024 £'000's	31/3/2025 £'000's	31/3/2026 £'000's	31/3/2027 £'000's	31/3/2028 £'000's	31/3/2029 £'000's
Capital Receipts: One for One replacement	0.0	1,150.0	2,300.0	3,450.0	0.0	1,150.0	2,300.0	3,450.0	0.0	1,150.0
HRA Capital Investment Reserve	25,621.1	27,050.9	16,608.8	10,166.6	9,800.6	10,934.6	12,068.6	11,202.6	10,336.6	9,470.6
Major Repairs Reserve	5,849.0	2,703.1	1,719.8	2,655.7	4,085.5	4,009.4	3,927.0	5,838.3	7,743.1	9,641.4
HRA Shared Ownership Capital Receipts	191.0	191.0	191.0	191.0	191.0	191.0	191.0	191.0	191.0	191.0
S 106 Affordable Housing Contributions	405.0	405.0	405.0	405.0	405.0	405.0	405.0	405.0	405.0	405.0
Decent Homes Grant	361.6	361.6	361.6	361.6	361.6	361.6	361.6	361.6	361.6	361.6
Total Housing Investment Programme Resources	**32,427.7**	**31,861.6**	**21,586.2**	**17,229.8**	**14,843.7**	**17,051.5**	**19,253.1**	**21,448.4**	**19,037.3**	**21,219.6**

WARWICK DISTRICT COUNCIL

Agenda Item 7

Executive
10th December 2020

Title: Climate Emergency Action Programme
Lead Officer: Dave Barber, Programme Director for Climate Change
Portfolio Holder: Alan Rhead, Environment Portfolio
Public report
Wards of the District directly affected: All

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: Yes
Included within the Forward Plan: Yes
Equality Impact Assessment Undertaken: No
Consultation & Community Engagement: None
Final Decision: Yes
Accessibility checked: Yes

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	17/11/20	Chris Elliott
Head of Service	N/A	N/A
CMT	17/11/20	Andrew Jones, Chris Elliott
Section 151 Officer	17/11/20	Mike Snow
Monitoring Officer	17/11/20	Andrew Jones, Graham Leach
Finance	17/11/20	Mike Snow
Portfolio Holder(s)	18/11/20	Alan Rhead

1. Summary

1.1. In light of fact that circumstances prevented the Council Tax referendum taking place in May 2020, this report reviews the Climate Emergency Action Programme (CEAP) and specifically establishes the short term priorities for the Council in response to the Climate Emergency. It also sets out the process for establishing the pathway to achieve a carbon neutral District by 2030. Linked to the CEAP, the report also seeks agreement for the principle of working jointly with Stratford District Council on the response to the Climate Emergency. Finally, it seeks approval for some amendments to the Procurement Strategy and Code of Practice and agreement to support the ADEPT blueprint.

2. Recommendation

2.1. That the action plan set out in Appendix 1 be agreed as the Climate Emergency Action Programme priorities for the period until June 2021 or until such time a full CEAP refresh has been agreed.

2.2. That £60,000 be agreed from the contingency reserve to support the CEAP priorities as detailed in Appendix 1 and in para 3.2 below.

2.3. That a further report be considered by the Executive in the first quarter of 2021/22 setting out the pathway towards a carbon neutral District by 2030 and a carbon neutral organisation by 2025, along with a resourced action plan for the period 2021 to 2025.

2.4. That the Executive agree in principle to work jointly with Stratford District Council on a programme of work to address the climate emergency across the whole of south Warwickshire, including sharing the post of Programme Director for Climate Change. Further, that joint structures to bring forward the shared programme of work are put in place alongside the practical, HR and financial arrangements required, and that this is delegated to the Chief Executive in consultation with the Leader of the Council and Head of Finance.

2.5. That the Procurement Strategy, as shown in Appendix 2, and the Code of Procurement Practice, as shown in Appendix 3, be amended to reflect the Council's Climate Emergency Declaration.

2.6. That proposals to create a Climate Action Fund (CAF), are included within the February 2021 Budget report, when there will be more clarity over the Council's overall funding and priorities to be met from the 2021/22 Budget.

2.7. That the Council formally supports the 5 priority recommendations calling for powers and resources to enable local authorities to address the Climate Emergency, as proposed in the ADEPT blueprint as set out in paragraph 3.8 below.

3. Reasons for the Recommendation

3.1. Recommendation 2.1: Following the Declaration of a Climate Emergency in 2019, the Council considered and, subject to a successful Council Tax referendum, unanimously supported a Climate Emergency Action Programme (CEAP) in February 2020. As the Council Tax referendum did not take place in May 2020, it is necessary to review the CEAP proposals. Appendix 1 sets out proposals for the priority actions through until June 2021. This ensures momentum continues with regard to the Council's climate change ambitions and in particular includes the programme of work that is required to establish the Council's and District's carbon reduction pathway and the detailed Climate Change Programme for the period 2021 to 2025.

3.2. Recommendation 2.2: As part of the priority actions set out in Appendix 1 there a number of proposals that could require funding during the current financial year. This recommendation seeks agreement to utilise up to £60,000 from the contingency reserve to support that work. The focus of this funding is for two proposals:

3.2.1 Appointing consultants to utilise the SCATTER carbon emissions tool to undertake an analysis of the District's carbon emissions to develop a detailed carbon reduction "pathway" to help the Council to identify which interventions have the greatest potential to reduce carbon emissions by 2030 in line with the Council's ambition for the District to be "as close as possible to carbon neutral by 2030". It is anticipated that this will cost up to approximately £20,000. Subject to Stratford District Council's agreement and funding, there is potential for this study to be undertaken across the whole of south Warwickshire to inform a joint work programme.

3.2.2 Undertaking a high level feasibility study to assess the potential to invest in low carbon energy generation infrastructure in the District (or more widely across south Warwickshire) such as a hydrogen hub, solar farm and/or district heating. It is anticipated this could cost in the region of £40,000. Depending on the extent to which the study will encompass and benefit Stratford District, it is possible the costs to Warwick District Council will reduce if Stratford District Council are able to make a contribution to the study.

3.3. Recommendation 2.3: The programme of work set out in Appendix 1 is designed to maintain momentum until a more detailed and resourced Action Programme will be put forward. It is expected that this will be reported for consideration in the first quarter of 2021/22. However, in the event that the Action Programme is shared with Stratford District Council (see recommendation 2.4) the exact date for this will be dependent on agreeing timescales with Stratford District Council. This longer term action programme will draw on four key elements to ensure it is effective in delivering carbon reduction. Specifically, the Carbon Reduction pathway to 2030 for the District (and potentially, subject to the outcomes of recommendation 2.4 the whole of south Warwickshire) and the associated 2021 to 2025 Action Programme will respond to:

3.3.1 The level of resource that can be established through a Carbon Action Fund, including any funding directly agreed by the Council in its 2021/22 budget, funding that may be provided from Stratford District Council in the event that joint work arrangements for the Climate Emergency are agreed and any external funding such as grants and other funding mechanisms such as Community Municipal Investment Bond.

3.3.2 The recommendations of the SCATTER pathway study which will show the interventions which can most quickly and most effectively achieve carbon reduction in the District (and potentially south Warwickshire) to get a close as possible to zero carbon by 2030.

3.3.3 The recommendations of the People's Inquiry into Climate Change which will provide valuable insights into how people from across the District think climate change should be addressed.

3.3.4 The potential for joint working with Stratford District Council, providing opportunities to develop a south Warwickshire Climate Emergency Action Programme and to invest in projects which have an impact across the whole of south Warwickshire with the potential for improvements in economies of scale and funding opportunities.

3.4 Recommendation 2.4: It has been agreed in principle to explore closer working with Stratford District Council across a range services. There is potential to apply that principle to the work associated with the climate emergency declarations that both Councils have made. This recommendation proposes that the Programme Director for Climate Change is shared across the two Councils and that a joint strategic plan be developed to address climate change across the whole of south Warwickshire. Discussions with Stratford District Council have started and there is emerging agreement to the principle of this arrangement. This recommendation seeks to formalise that principle and Stratford District Council will be taking a report to their Cabinet in January 2021 seeking a similar agreement in principle. Having established the principle, more detailed work will be undertaken to put in place the financial and practical arrangements to enable this to happen. This will include arrangements to:

3.4.1 share the costs of the Programme Director role and any other costs that are agreed to be within the scope of the joint arrangements. It should be noted that discussions to date suggest Stratford District Council will be in a position to commit financial resources to the shared work, although the scale and nature of this will be the subject of the detailed discussions.

3.4.2 to coordinate how financial resources for the Climate Emergency (such as the Climate Action Fund) are utilised to achieve maximum benefits.

3.4.3 adopt a shared Climate Emergency strategy or action programme in line with recommendation 2.3.

3.4.4 put in place the political and management structures to support the delivery of the ambitions of both Councils in relation to climate change.

3.5 To enable momentum to be maintained, it is proposed that the detail of the arrangements set out in paragraph 3.4 be delegated to the Chief Executive, in consultation with the section 151 and the Leader of Council to agree. It should be noted that the shared arrangements may include a joint members advisory board, similar to that proposed for the South Warwickshire Local Plan. As a result of recommendation 2.4, the role and membership of the Climate Emergency PAB may need to change. At this stage, no other changes to the responsibilities and powers of formal Council committees are proposed. In addition, a meeting of the Employment Committee will be arranged in early 2021 to put in place the necessary employment arrangements.

3.6 Recommendation 2.5: The CEAP that was considered by Executive in February proposed that the Procurement Strategy and the Code of Procurement Practice should be updated to reflect the declaration of a Climate Emergency. These proposed amendments to these documents are shown in Appendices 2 and 3.

3.7 Recommendation 2.6: Proposals to develop a Climate Action Fund (CAF) will be brought forward as part of the 2021/22 budget setting report. The CAF will be used to support the delivery of priority initiatives proposed in the CEAP refresh. The scale of the proposed fund will be determined in the context of a full understanding of the budgetary position and other demands on the Council's finances. Given the inability to hold a Council Tax referendum in May 2020, the scale of the CAF is likely to be significantly smaller than had been anticipated when the CEAP was considered in February 2020. Therefore, as part of the CEAP refresh, proposals will be developed to utilise that CAF in a way that has the potential to lever additional sources of funding and/or generate an income that could enable the fund to be grown over time. Crucially, proposals will focus on projects that have the potential to deliver a significant carbon savings in line with the People's Inquiry recommendations and the preferred carbon reduction pathways. In the event that recommendation 2.4 is supported, discussions will take place with Stratford District Council regarding the potential for similar contributions to be made by them.

3.8 Recommendation 2.7: A national coalition of council organisations, environment groups and others has been formed to make a concerted push to secure more powers and resources for local authorities to deliver on climate change. This coalition has developed a blueprint for the changes needed, drawing on inputs from councillors and council officers gathered through conferences and seminars organised by the LGA and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) and through other networks. The blueprint is not intended to be the final word, but rather a starting point for constructive and meaningful discussion with government. Specifically, this coalition is asking Councils to indicate broad support for five priorities as a good basis to hold discussions with government about the role of local authorities and other local actors. The five priority recommendations are:

1. Invest in low-carbon and climate-resilient infrastructure including public transport, renewable energy and electric vehicle charging
2. Support reskilling, retraining and research to accelerate the move to a net-zero economy
3. Upgrade our homes to ensure they are fit for the future
4. Make it easy for people to walk, cycle, and work remotely
5. Accelerate tree planting, peatland restoration, green spaces and other green infrastructure

3.9 Recommendation 2.7 seeks agreement for the Council to formally support these.

4. Policy Framework

4.1. **Fit for the Future (FFF)**

4.1.1. "The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects."

4.1.2. The use of the highlighted part is dependent upon the report being about a key project.

4.1.3. All reports need to say how the proposition within it contributes to the overall FFF Strategy by completing the boxes below in relation to the intended outcomes. If there are none then say so; if they work in the opposite direction, then say so.

4.1.4. "The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy."

4.1.5. Under each heading below, you should use auto-numbering for your paragraphs, and they should look like below (4.2.1, 4.2.2 etc.)

4.2. **FFF Strands**

4.2.1 **External impacts of proposal(s)**

People - Health, Homes, Communities – by addressing Climate Change the proposals in this report have the potential to improve health outcomes and risks associated with weather and environmental emergencies. Climate change initiatives are likely to directly improve air quality, encourage active travel and reduce fuel poverty with associated health benefits

Services - Green, Clean, Safe – the proposals set out in this report relate directly to the Council's ambitions of becoming a net-zero carbon organisation by 2025 and of reducing total carbon emissions within Warwick District to as close to zero as possible by 2030.

Money- Infrastructure, Enterprise, Employment – The proposals in the report will provide the basis for the development of future plans to support and grow the green economy in the District at the same time as improving accessibility to town centres.

4.2.2. **Internal impacts of the proposal(s)**

People - **Effective Staff** – The CEAP will include proposals for communicating with staff so that each and every staff member can play their part in helping to achieve the Council climate change ambitions

Services - Maintain or Improve Services – The proposals for the People's Climate Inquiry will ensure that the development of the CEAP is undertaken in a way that takes account of the needs and suggestions of the Council's customers. Ongoing public engagement will enable changes to services to be carried out in a way that ensures customer outcomes are considered.

Money - Firm Financial Footing over the Longer Term – Proposals for a Climate Action Fund will be incorporated into budget proposals to be considered in February 2021. If agreed, the Climate Action Fund will be utilised in a way that maximizes its impact, including considering the potential to use to generate income and to attract other sources of funding.

4.3. **Supporting Strategies**

4.3.1. "Each strand of the FFF Strategy has several supporting strategies with the Climate Emergency Declaration and ambitions being particularly relevant to the proposals for a CEAP. As set out in paras 3.1, 3.2 and 3.3 this report sets out interim proposals for progressing work to achieve the Climate Emergency ambitions as well as the work that needs to be done to establish a longer term CEAP and carbon reduction plan during 2021.

4.4. **Changes to Existing Policies**

4.4.1. The CEAP that was considered by Executive in February 2020 was agreed subject to holding a successful Council Tax referendum. As the referendum was not able to take place, it has not been possible to fully establish the policies and approach set out in that report. This report provides a set of interim proposals which draw on a number of the more immediate proposals set out in that report as well as setting out how the CEAP will be fully refreshed in the first quarter of 2021/22.

4.5. **Impact Assessments**

4.5.1. The People's Climate Inquiry is an important part of the Council's approach to public engagement in relation to the development of the CEAP. Extensive work has been undertaken to ensure that the membership of the People's Inquiry reflects the District's population. In particular, efforts have been made to ensure the membership, as far as possible, mirrors the District's population in relation to age, gender, ethnicity, disability, geography and attitude to climate change.

5. Budgetary Framework

5.1. The £60k funding requested for the work detailed in paragraph 3.2 above, is proposed to come from the Contingency Budget which currently has an unallocated balance of £77,200.

5.2. Proposals to create a Climate Action Fund (CAF), will be included within the February 2021 Budget report when there will be more clarity over the Council's overall funding and priorities to be met from the 2021/22 Budget.

6. Risks

6.1. The Significant Business Risk Register SBBR) identifies "Failure to meet District's ambition to be carbon neutral within specified timeframes" as a significant risk. This risk is within the "red" rating for residual risk and the mitigation notes the need to review the CEAP in light of the postponed referendum. The proposals set out in this report are important in mitigating this risk and provide a way forward to enable progress to be made in respect of the Council's climate change ambitions.

6.2. In terms of the proposals set out in the report, there is a risk that the level of funding available through the 2021/22 budget will not be sufficient to deliver the Council's climate change ambitions or that the programme of work that is developed in 2021 will fall short of the ambitions. This risk will remain until such time that the programme of work has been established and the projects are being delivered. They can be mitigated through careful planning to ensure that any resources that are committed are used to maximum effect in line with the People's Inquiry recommendations and the outputs from the proposed detailed analysis of the SCATTER data.

6.3. A further risk is that the feasibility study into potential energy generation projects shows that none of the projects are feasible. To mitigate this risk, work is currently underway to understand both opportunities and potential barriers before the feasibility study is commissioned. This includes talking to providers, other Councils, connected projects and local experts to ensure that the brief for the feasibility is focused on projects that do have a reasonable prospect of success.

7. Alternative Option(s) considered

7.1. The possibility of not seeking agreement for an interim CEAP ahead of a full refresh was considered. However, this would mean that the Council's climate emergency work until June 2021 would be undertaken within an uncertain context. The proposals for an interim Action Plan to June 2021 provide clarity about the immediate way forward.

7.2. The possibility of not funding the studies proposed at paragraph 3.2 until the 2021/22 budget had been approved was considered. However, the studies proposed are considered necessary in the short term to enable the development of a full CEAP refresh in the first quarter of 2021/22. The proposal to fund this now, reflects the emergency that has been declared and will enable progress to be made more rapidly during 2021 and will also help the Council to position itself better should external funding opportunities become available over the coming months.

7.3. Whilst it is necessary to refresh the CEAP in 2021, it would be possible to delay the date of this to allow more time and indeed this may be necessary in the context of developing a joint approach with Stratford District Council. However, efforts will be made to avoid this as this would be inconsistent with the declaration of a Climate Emergency. It would also be possible to utilise inputs that are different from those detailed in paragraph 3.3 to inform the development of the CEAP. However, the commitment to place a strong emphasis on the People's Climate Inquiry is important as the CEAP needs to draw on a good understanding of the issues and barriers our residents face in changing behaviours associated with climate change. Further, the People's Inquiry is likely to generate valuable ideas and recommendations for the Council which will help to shape our plans. The CEAP refresh also needs to draw on a detailed understanding of data and the resources available to deliver it. For these reasons the inputs proposed in paragraph 3.3 are considered to be necessary for the development of an effective CEAP.

7.4. The Council could choose not to work jointly on the Climate Emergency with Stratford District. This would have the advantage of being able to focus efforts specifically on Warwick District. However, this is not recommended as the proposal for joint working brings significant potential benefits in sharing resources, looking more widely and strategically (recognising that climate change impacts do not stop at District boundaries), increasing opportunities to attract funding and using synergies to develop interventions which have a greater impact. Further, the joint approach proposed is entirely consistent with the already established ambitions of both Councils and in that context it is expected that in working up the details any issues around setting priorities can be managed.

Appendix 1

Climate Emergency Action Plan

Priorities December 2020 to June 2021

Work Package 1: Governance, Programme set up and Monitoring

Theme	Action Area	Key Milestones	Costs and Comments	Quick wins
Monitoring and mapping carbon reduction pathways	Council Carbon Emissions Year 1 Update: One Carbon World	Results Jan 2021	None	No
Monitoring and mapping carbon reduction pathways	District Carbon Emissions Year 1 Update: SCATTER Tool	Results Jan 2021	None	
Monitoring and mapping carbon reduction pathways	Based on updated SCATTER data, utilise Scatter Pathways tool to map cost effective ways to reduce carbon emissions over time	Report March 2021	£20,000 Full Scatter report including detailed, recommendations for each sector of carbon emissions	No
People's Climate Inquiry	Oversight Panel	Ongoing until 31 Dec	£35,000 Budget already agreed	Yes
People's Climate Inquiry	Inquiry Sessions	Nov 20 to Feb 21	Started 12th November	
People's Climate Inquiry	Reporting and Briefing	Briefing for Councillors - early Feb 21; Report of findings March 2021	Influence 20/21 budget setting. Report findings in full to Exec in May 21 as part of new CEAP Plan	
Other Stakeholder Engagement	Set up themed Climate Emergency Action Teams	From Jan 21	None	No
Other Stakeholder Engagement	Ongoing partnership work with key partners	Ongoing	None	No

Theme	Action Area	Key Milestones	Costs and Comments	Quick wins
	(UoW, SWFT, Police, WCC, etc)			
Other Stakeholder Engagement	Warwickshire Councils Coordination	Ongoing	Warwickshire Climate Change Officers Group: Exploring joint approach to baselining carbon impacts; exploring joint approach to tree planting	No
Establish a Climate Action Fund (CAF)	Subject to approval as part of the 21/22 budget setting process, establish a budget for a Climate Action Fund (CAF)	From April 21	TBC as part of 21/22 budget setting	No
Establish a Climate Action Fund (CAF)	Explore potential to supplement WDC's CAF through shared working with Stratford DC	From April 21	TBC	No
Establish a Climate Action Fund (CAF)	Explore private sector investment as a way of supplementing the CAF, including the potential for Community Municipal Investment Bonds	Decision May 21	TBC	No
Establish a Climate Action Fund (CAF)	Utilise grants schemes and other external funding options to supplement the CAF	Ad hoc	None	No
CEAP Review: Strategy and Action Plan for District Carbon Reduction	Develop 10 year pathway for carbon reduction combined with resourced year 2 to 5 Action Plan	Report to Executive in May 21	Cost TBC (dependent on 2021/22 budget setting) Key inputs to establish the Years 2 to 5 Action Plan: People's Climate Inquiry report and recommendations; SCATTER Pathways; Budget and specifically Climate Action Fund	

WORK PACKAGE 2: Reducing WDC's Carbon Footprint

Theme	Action Area	Key Milestones	Costs and Comments	Quick wins
Energy Efficiency / Carbon Reduction in WDC Buildings	Submit application to the Public Section Decarbonisation Fund - installing heat pumps to replace gas boilers	Nov 2020	Budget already agreed, supplemented by Salix grant	Yes
WDC New Building Projects	Kenilworth Leisure - ensure design of new buildings are as close to net zero carbon as possible	Ongoing	Within scope of agreed works Analysis of opportunities and associated costs included in RIBA 4 design work	No
WDC New Building Projects	Community Stadium - ensure new buildings are as close to net zero carbon as possible	Ongoing	Within scope of agreed works RIBA 2 design work getting underway. Aiming for building to be zero carbon in operation. Embodied carbon also to be considered, potentially as an additional cost	No
WDC New Building Projects	Spencer Yard - work with CDP to ensure new buildings are as close to net zero carbon as possible	Ongoing	Aiming for significant carbon reductions including potential for non-listed buildings to be zero carbon in operation	Yes
Renew-able and Low Emission Energy Genera-tion	Explore Solar Farm Feasibility - commission specialist advice to appraise options for practical and financial feasibility	Feb 21 to Apr 21	Estimate £40 (including solar farm, hydrogen hub and district heating) Explore link to Hydrogen Hub and District Heating system. Would like to progress quickly so that we have a shovel ready projects for when external funding opportunities arise.	No

Theme	Action Area	Key Milestones	Costs and Comments	Quick wins
Renew-able and Low Emission Energy Genera-tion	Explore Hydrogen Hub Feasibility - commission specialist advice to appraise options for practical and financial feasibility	Feb 21 to Apr 21	Part of above estimate. Explore link to Solar Farm and District Heating system. Would like to progress quickly so that we have a shovel ready projects for when external funding opportunities arise. See hydrogen vehicles below - needs to be looked at together.	No
Renew-able and Low Emission Energy Genera-tion	Explore District Heating Feasibility for Europa Way Area -commission specialist advice to appraise options for practical and financial feasibility	Feb 21 to Apr 21	Part of above estimate. Explore link to Solar Farm and Hydrogen Hub. Would like to progress quickly so that we have a shovel ready projects for when external funding opportunities arise.	No

Work Package 3: Reducing the District's Carbon Footprint

Theme	Action Area	Key Milestones	Costs and Comments	Quick wins
Transport Projects	Bike Share scheme	No specific timescales - shovel ready scheme for when funding becomes available	£700k capital. £300k p.a. revenue Revenue costs could be covered through scheme income and sponsorship. Possible sources of capital funding include, external grants, WCC CIF, or CMI	Subject to funding
Transport Projects	Hydrogen vehicles feasibility work: a) Asps Park and Ride; b) WDC municipal	Feb 21 to Apr 21	Include within estimate for renewable and low carbon fuels set out above	No

	vehicles; c) other options/partners		Link to waste contract specification. Link to Asps & Ride design (WCC have commission a report looking at feasibility and costs of hydrogen (and other fuels) for this	
Transport Projects	Bring forward options for Abbey Fields Cycle Route (including the option of "do nothing")	May-21	Options preparation: up to £5,000 (jointly funded with WCC	No
Transport Projects	Sustainable Transport Proposals for Leamington Station, Lower Ave and Bath St	Dec-20	Links with WCC proposals for the Station, Bath Street and low emission bus routes	No
Transport Projects	Asps Park and Ride a) layout car park to encourage low emissions bus and shuttle services and b) integration with other sustainable transport options	Ongoing	TBC - likely to need grant funding or commitment from CAF Potential link to hydrogen hub. Potential link to Lower Ave/Bath St/Leam Station area.	no
Transport Projects	EV Charging - implement the Chargemaster scheme in the District	Implemented by March 21	Grant funding in place	Yes
Transport Projects	EV Charging - Work with WCC to establish County EV charging Strategy (Cenex) and develop proposals for expansion of EV Charging in WDC car parks	Apr-21	None. Seek grant funding for further roll out	No
Domestic Energy Projects	Fuel poverty strategy refresh - see report on December Executive for further detail	Dec-20	None	Yes
Domestic Energy Projects	Green Homes Grant promotions and Explore funding options to potential to top up GHG	Ongoing	None	Yes

Domestic Energy Projects	East Kenilworth Developments - Influence developers Sustainability reports	from Nov 21	None	No
Business and Institu-tional Carbon Reduction Projects	Need to establish public sector Climate Action Group - see above	Jan-21	None	no
Business and Institu-tional Carbon Reduction Projects	Need to establish Business Climate Action Group - see above	Jan-21	None	No
Other Climate Emer-gency Projects	Sustainable Building DPD - approval for the consultation draft	Feb-20	None	No
Other Climate Emer-gency Projects	Trees Project - as set out in the agree project plan	Ongoing	Budget for first two planting seasons agreed	Yes
Other Climate Emer-gency Projects	Waste Contract - Establish opportunities for low emission vehicle fleet and participate in the negotiations with the preferred supplier	Nov-20	TBC	No
Other Climate Emer-gency Projects	Respond to consultation on the WCC Local Transport Plan and Work in partnership with WCC on area based plan for Warwick District to ensure active and low emission modes are prioritised	From Jan 21	None	No

Appendix 2

Proposed amendments to the Procurement Strategy are shown in **bold**

Warwick District Council

Procurement Strategy 2019-2023

1. Introduction

The Council spends approximately £35m each year on purchased goods, services and works. Spending this money wisely through effective procurement is fundamental to achieving organisational success for the Council, delivering our corporate priorities and securing good quality, affordable services that meet the needs of the citizens of Warwick District and the users of our services.

The Council recognises the wider impact that excellent procurement can have and the importance of balancing the cost and quality of the goods, services and works that it procures. The vision and objectives set out in this Strategy illustrate the contribution that effective procurement can make to a wide range of social and **environmental** agendas and the delivery of the Council's priorities.

2. The Legislative Framework within which we procure

The framework within which public sector procurement is undertaken is complicated, comprising of both EU and UK legislative requirements. Within the Council this is supplemented by local requirements contained within the Council's own Constitution.

To make the legislative framework workable for managers, summary requirements are detailed in the Procurement Code of Practice and Financial Code of Practice. These codes, together with procurement guidance issued by the Head of Finance from time to time, form the framework within which managers undertake procurement and contracting activity. All managers are required to observe the rules, regulations and guidance contained within the framework documents for any procurement they undertake and selective auditing of compliance is undertaken to ensure this.

3. What do we mean by procurement?

Procurement encompasses the whole process of acquiring goods, services and works; from the initial concept and definition of the business need, sourcing the right provider, management of the arrangements we put in place, and ultimately through to the end of the useful life of an asset or the end of the service.

4. Procurement Structure within the Council

The structure of procurement within the Council is designed to support the delivery of the Council's objectives and reflects the Council's financial strategy of delegated budgets and local management of services.

The Procurement Service (led by the Head of Finance) is at the centre of this structure and is responsible for:

- Advising members and officers on procurement related matters
- Establishing and implementing procurement policy, strategy and process
- Identifying procurement opportunities
- Leading the procurement on high value and/or high risk contracts
- Developing procurement skills and competence
- Supporting Services in their transformation and savings agendas
- Increasing the use of E procurement solutions throughout the Council

Lower value, lower risk procurement is undertaken locally by service managers within the 'framework' described in section 2.

In addition to its local arrangements, in April 2018, the Council entered into a procurement collaboration with Warwickshire County Council, the purpose of which is to be able to access strategic procurement support. Its aim is to deliver this procurement strategy and to enable access to additional procurement capacity providing resilience to the Council's small internal procurement team.

5. Our Vision

Our vision for procurement is to support the provision of good quality, affordable services to our customers in accordance with the Council's identified priorities through a strategic, systematic and proportionate approach to procurement.

6. Our Objectives for Procurement

To develop procurement in the council from an operational process to a strategic activity. We will do this by:

- Embedding the recently adopted Procurement Code of Practice across the Council
- Evaluating and if necessary refining our approach to contract management
- Refining our approach to major projects to ensure the early engagement of procurement
- Seeking out innovative procurement solutions to service delivery
- Developing and implementing a KPI framework for procurement across the council
- Continue to develop the strategic procurement relationship with Warwickshire County Council and maximise the opportunities from this

Through procurement, support the council to deliver its wider social priorities and objectives **and implement Corporate Social Responsibility (CSR) to support suppliers and supply chains to become net-zero carbon.** We will do this by:

• Reviewing and relaunching the Council's Corporate Responsible Procurement Policy

• Embedding the Council's policy aspirations in this area into procurement process and practice

• Supporting the Council to deliver its single use plastics policy

- **Undertake sustainable sourcing wherever possible**
- **Develop contracted suppliers and their supply chains to support them in becoming net zero carbon**
- **Introduce performance management measures for supplier and supply chain carbon emissions by utilising carbon monitoring tools and carbon action plans**

Ensuring that the council's officers and elected members have the necessary knowledge, skills, tools and support to undertake effective procurement. We will do this by:

• Developing and delivering a portfolio of training for officers and members

• Reviewing all procurement related documentation and guidance

Maximising procurement opportunities through effective collaboration. We will do this by:

• Effective networking with the right people at the right time

• Actively seeking collaborative opportunities both internally and externally to the Council

• Maximising the opportunities to work jointly with Warwickshire County Council and **Stratford District Council**.

Maximising the opportunities from effective contract management. We will do this by:

• Considering the council's current approach to contract management

• Ensuring effective contract management across the Council

• Ensuring all contracts have an appropriate set of indicators that drive performance

• Providing appropriate training and guidance for officers

Supporting the Council to meet its commercial and **environmental** objectives. We will do this by:

- Exploring new and innovative methods for providing services, goods and works

- Ensuring that specifications and contracts are written with a commercial and **environmental** slant

- Through effective contract management ensuring that value for money and outcomes are achieved and contract performance is high

Through procurement, seek to maximise the trading opportunities for local businesses and SME's and support a thriving voluntary and community sector. We will do this by:

- Being plugged into and aware of the relevant networks and forging effective relationships with them.

- Facilitating early engagement events and having constructive dialogue with the sectors

- Promoting the benefits of local supply and a thriving voluntary and community sector through procurement training and procurement guidance

- Simplification of the process of procurement

- Embedding the use of electronic tendering across the council

6. Continuous Improvement

The Council is committed to continuously reviewing and improving both practices and procedures, throughout the course of this strategy. We will seek to achieve best practice for procurement through networking and benchmarking. We will attempt to be responsive at all times and ensure that we simplify the complexities of council procurement for those that matter most – the end customer, service users and our suppliers.

7. Measuring Performance

A series of key measures and targets (KPIs) are being identified to measure the key themes of the strategy. These KPIs will be monitored and reviewed on a biannual basis in order to ensure that the performance against targets are delivered. The Procurement Board will have delegated authority to amend the KPIs to reflect any changes in the sector or the Council's corporate objectives. A bi-annual report will be presented detailing progress against the action plan.

8. Strategy Review

This Procurement Strategy has been developed based on the 'known' current climate and is achievable based on existing capacity.

Appendix 3

Proposed Amendments (**shown in bold**) to the Code of Procurement Practice

NB: For paragraphs of the Code of Procurement Practice that are not referenced in this, no changes are proposed.

PART 1

5. Responsibilities

5.2 Senior Management Team must in relation to their Service

- Declare any potential conflict of interest to the Head of Finance
- Be responsible for all procurement undertaken
- Ensure all Officers comply with this Code
- Ensure that any Officer delegated to undertake procurement is sufficiently skilled and competent and completes any required learning and development;
- Ensure that all procurement and delegated decision making is within approved budgetary limits and that there are effective systems in place to manage budgets on an on-going basis
- **Ensure the procurement process and contract management aligns with Council policy, including Climate Emergency and Corporate Social Responsibility policies**
- Ensure there are appropriate contract management arrangements in place for all contracts let
- Provide any information requested by the Head of Finance regarding their procurement and contracts.
- Ensure there is a comprehensive documentary record of all Quotation/Tender exercises which will include correspondence/documentation supporting the final award decision.
- Agree contract variations for their Service in consultation with the Procurement Service where required,
- Ensure that in any procurement process involving the transfer of staff into or out of the Council that all applicable statutory obligations regarding TUPE are complied with.
- Where a contract involves the transfer of staff between existing and new providers, for overseeing the TUPE process and supporting outgoing and incoming providers to ensure a smooth transition
- Ensure that all procurement and delegated decision making is within the Council's Scheme of Delegation.
- Consult with the Corporate Management Team as appropriate where any one of the following apply:
    - An innovative approach to procurement is proposed which is significantly different to current practice;
    - A proposed procurement is likely to have a significant impact on the Council's workforce;
    - A proposed contract exceeds the approved budget by £10,000 or more, exceeds the time for completion or is incurring significant risks not initially identified

- Maintain the master 'Contracts Register' on behalf of their Service which includes all live contracts with an aggregate value of £5,000 or above.
- When requested, provide the Head of Finance with details of all proposed contracts with an anticipated aggregate value of £25,000 or above

Part 2

1. Steps Prior to Purchase

1.1 Before commencing any procurement, Officers must
- Assess the need for the expenditure
- Define the objectives of the procurement
- Calculate the estimated Total Value of the contract
- Ensure that appropriate approval is in place to commence any procurement process
- Ensure there is sufficient budget available which covers the whole-life financial commitment being made (including any consultant's or other external charges or fees);
- Ensure the Council's requirements for IT system security and data security (GDPR) are satisfied where appropriate
- Ensure any necessary legal, procurement, finance, HR, ICT, risk management, technical support etc. is identified and engaged;
- Ensure resources with the necessary skills and capacity to manage the contract once it has been let;

1.2 For all contracts above the applicable EU threshold for Goods and Services (this includes any projects for 'Works' or projects covered by the 'Light Touch Regime') Officers must in addition to Section 2 point 1.1: -
- Comply with any legal requirements in the Public Contract Regulations or any replacement Regulations approved by the UK Government
- Comply with the Council's Procurement Gateway Procedure
- Consider any contract management information and lessons learned from the previous contract where this exists
- Consult with stakeholders, users and the supply market (in accordance with Section 2 point 5 of this Code) where appropriate
- When procuring 'Services', consider whether and how through the procurement, improvements to the economic, social and environmental wellbeing of the area might be achieved **and how the procurement can address the declared climate emergency** (Social Value)
- Carry out an options appraisal to decide the best way to achieve the Council's objectives, including internal or external sourcing, partnering, collaborative procurement with another public body, recycling, reuse etc.
- Produce a business case and have this approved by a member of the Senior Management Team
- Assess the potential risks and how to manage them
- Submit a fully completed PID for approval by the Head of Finance

- Agree the form of contract to be used and the terms and conditions that are to apply to the proposed contract
- Consider the need for a performance bond and/or parent company guarantee.

10. Inviting Quotations and Tenders (Contract Types 2 - 5)

10.1 All Invitations to Quote/Tender shall, as a minimum:

- Be conducted electronically using the Council's approved E-Procurement system or another E-Procurement system approved by the Procurement Service unless agreed otherwise by the Head of Finance
- Be advertised in accordance with the requirements of this Code
- Be issued to at least 3 potential suppliers unless: -
    - There are not 3 suppliers in the market or
    - Where required by the Public Contract Regulations to invite more than 3 suppliers
- Include clear instructions on how and where quotations/tenders are to be returned
- Include the date, time and process for the return
- Include appropriate terms and conditions
- Include a clear specification which describes the Council's requirements and expected levels of **quality including setting out how any social value can be achieved in line with the Council's policies, such as addressing climate change impacts, sustainability issues or other Corporate Social Responsibilities associated with the contract.**
- Specify the time limit (if any) for delivery;
- Describe the criteria and process that will be used to evaluate the bids including any question weightings and sub-criteria that apply **ensuring that the Council's preference towards 'quality' criteria always has a combined weighting higher than that of financial or 'price' criteria**
- **Include Corporate Social Responsibility (CSR) Criteria (including addressing Climate Change) at a combined weighting of 5-15% within the 'quality' criteria, for all contracts over £50,000**
- **Where relevant, consider whether an assessment of the foreseeable element of 'embedded carbon' contained within any tendered offer should be sought.**
- Include a robust and proportionate framework for managing the performance of the contract **to ensure contractors are** capable of evidencing that the contract is delivering the required business benefits/outcomes**, including performance in relation to carbon emissions**.
- Include any supplementary information required by potential bidders to enable them to submit clear and concise bids,
- Require the completion and return of a Form of Tender and certificates relating to canvassing and non-collusion.
- When establishing a framework agreement, a clearly defined process shall be included outlining how call off contracts are to be awarded see Section 2 Point 8 of this Code.

Agenda Item 8

Executive
10 December 2020

Title: Fuel Poverty Strategy
Lead Officer: Alice Ellis Sustainability Officer, Health & Community Protection.
Portfolio Holder: Cllr Alan Rhead
Public report Yes
Wards of the District directly affected: All

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: Yes
Included within the Forward Plan: Reference 1,103
Equality Impact Assessment Undertaken: Once the action plan is agreed then assessments may be needed for individual actions as part of their implementation.
Consultation & Community Engagement: The Strategy has received input from WCAVA (Warwickshire Community Action Volunteers), Warwickshire County Council, Public Health, Age UK, Citizens Advice and HEART Partnership. Following approval of the Strategy by Executive, there will need to be a public consultation. The Sustainability Officer Group and Health & Wellbeing Group at Warwick District Council have also been consulted.
Final Decision:
Accessibility checked: Yes

Officer/Councillor Approval

Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	16/11/2020	Chris Elliott
Head of Service	09/11/2020	Marianne Rolfe and Lisa Barker
CMT	16/11/2020	Chris Elliott, Andrew Jones, Bill Hunt, Dave Barber
Section 151 Officer	16/11/2020	Mike Snow
Monitoring Officer	16/11/2020	Andrew Jones
Finance	16/11/2020	Mike Snow
Portfolio Holder(s)	17/11/2020	Alan Rhead and Jan Matecki

1. Summary

1.1 This report presents the Fuel Poverty Strategy for consideration. It also outlines the Council's latest position in relation to fuel poverty and the next steps and Action Plan to deliver improvement in this area.

2. Recommendation

2.1. That Executive adopt the Fuel Poverty Strategy.

3. Reasons for the Recommendation

3.1 The Home Energy Conservation Act 1995 (HECA) requires local authorities to report on the energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area. The local authority is required to report on progress in this area to the Department for Business Energy and Industrial Strategy every two years by way of a 'HECA report' update. Warwick District Council last provided an update in 2019 and so the next update will be required in March 2021.

3.2 In 2014, the government introduced a fuel poverty legislative target for England to improve as many fuel poor homes as is reasonably practicable to a minimum energy efficiency rating of Band C, by the end of 2030. This is also proposed for the Council's own housing stock. This aligns with the Council's Climate Change ambitions to reduce carbon emissions from housing by enabling all houses in the District to attain this level. It had been hoped that investment in the reducing carbon emissions from the domestic energy would include a major contribution from the Climate Action Fund. However, in the absence of the Council Tax referendum taking place, alternative sources of funding will need to be explored unless and until it is possible to re-establish a CAF of sufficient scale to meet this requirement through grant funded opportunities. In the meantime, the focus will continue to be on promoting existing grant and loan schemes.

3.3 In addition, the Council's Strategic Approach to Sustainability, includes the action to develop a Fuel Poverty Strategy. Progress with the Strategic Approach to Sustainability is being brought forward in a separate report.

3.4 The Fuel Poverty Strategy as shown in Appendix 1 outlines what fuel poverty is, the factors causing it, the effects of it, national policy instruments, the programmes already in operation within the District and the need for further work along with supporting partners.

3.5 The local charity Act on Energy supports residents significantly with fuel poverty through the Warm & Well Warwickshire Scheme, the latter offers a Freephone advice line, grant funding to vulnerable residents for boiler and insulation measures and free advice.

3.6 There has previously been an additional contract with Act on Energy primarily aimed at promoting the free help available within the community. Although drop-in energy sessions and other promotion work has been undertaken, this has not reached a significantly large number of people. Therefore, a decision was made to progress this internally and link to the community partnership team programme to help vulnerable residents in need of financial and well-being support.

3.7 However, it should be noted the freephone advice line offered by Act on Energy continues for all residents as part of the funded Warm & Well Service for the next two years along with all available grant funding for our most vulnerable residents including through ECO and ECO (Flex). The Council's two Community Development Workers will also be supporting and promoting Act on Energy through outreach work. In addition, Officers continue to be able to attend the regional consortium meetings organised by Act on Energy to keep updated with local and national policy updates along with other events and seminars promoting this area of work.

3.8 For information, recent progress includes a joint bid being developed with Stratford District Council to apply for funding from the Green Homes Grant Local Authority Delivery Scheme targeted to help residents on low incomes. The application will include external wall insulation measures for home owners and air source heat pumps and external wall insulation in social properties that are off the gas network.

4. Policy Framework

4.1. **Fit for the Future (FFF)**

4.1.1. These are the words to use:

4.1.2. The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects for 'Green, Clean and Safe.'

4.1.3. The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

4.2. **FFF Strands**

4.2.1 **External impacts of proposal(s)**

People - Health, Homes, Communities - This report provides an update on progress relating to fuel poverty. Homes that are warmer and more energy efficient directly improve the health and wellbeing of residents

Services - Green, Clean, Safe - This report provides an update that supports making the Council carbon neutral by 2025 and the District as close to zero carbon as possible by 2030. Home energy efficiency also helps to improve local air quality be reducing NOx as well as carbon emissions.

Money - Infrastructure, Enterprise, Employment – N/A

4.2.2. **Internal impacts of the proposal(s)**

People - **Effective Staff** – The Action Plan of the Strategy outlines training opportunities to raise awareness and knowledge of fuel poverty within the authority to maximise the support that can be provided to our communities.

Services - Maintain or Improve Services – N/A

Money - Firm Financial Footing over the Longer Term – N/A

4.3. **Supporting Strategies**

4.3.1. Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are the Climate Emergency Action Programme Sustainability Approach.

4.4. **Changes to Existing Policies**

4.4.1. This report proposes the adoption of a new Strategy.

4.5. **Impact Assessments**

4.5.1. N/A

5. Budgetary Framework

5.1 There are no budget implications associated with the public consultation.

5.3 If a Climate Action Fund is established as part of the 2021/22 budget, it is possible that this (at least in part) could be used to support reduction of carbon emissions from the domestic energy section, particularly if it can help to lever in other sources of funding. The potential for this will be considered within the CEAP Review to be developed in the spring of 2021.

6. Risks

6.1 The Home Energy Conservation Act, 1995 requires local authorities to report on action that is being taken on keeping homes warmer and tackling causes and effects of fuel poverty.

6.2 By not tackling the causes of fuel poverty, the well-being of local residents will not be improved which will have adverse effects on the health of local residents. In addition, domestic emissions will remain the same, if not increase, contributing to global warming, and poor local air quality.

6.3 Where particular projects require investment, financial risks will be identified and approval sought through the appropriate channels.

7. Alternative Option(s) considered

7.1. Paragraph 3.1 outlines the legal requirement under the HECA 1995 for the Council to reduce levels of fuel poverty in the District and this report presents a Strategy and an Action Plan to achieve this.

Appendix 1

Warwick District Council

Fuel Poverty Strategy

2021 to 2026

Executive Summary

Fuel poverty is a significant issue nationally and in Warwick District over 10% of households are living in fuel poverty. Fuel poverty is complex to understand and solutions for making homes more energy efficient are in themselves not always easy. The way people choose to live in their homes is very personal but also linked to wider poverty issues and social circumstances. Some homes are 'hard to treat' meaning that straightforward energy efficiency measures are not always possible. This Strategy aims to provide some clarity on the issues of fuel poverty, outline the work that has already been happening and introduces an action plan of practical actions to take along with partners with a focus on helping our most vulnerable residents to keep warmer in their own homes along with reducing carbon emissions.

About Fuel Poverty

Fuel poverty occurs when a household cannot keep its home warm, well-lit and with hot water at an acceptable cost. In 2013, the government adopted the new definition of fuel poverty, with the "Low Income High Costs" (LIHC) indicator, that categorises a household as fuel poor when it has:

- An income below the poverty line (including if meeting its required energy bill would push it below the poverty line); and
- Higher than typical energy costs (higher than the median).

Being on the poverty line, refers to household income below 60% of the average. Also, in terms of the median energy costs, according to Ofgem, the average dual fuel variable tariff is approximately £105 per month or £1,254 a year (as of April 2019).

The current indicator presents two challenges. Firstly, that households move in and out of fuel poverty with no change to their own circumstances. And secondly, that there will always be a roughly similar proportion of households within the indicator irrespective of progress against the target and milestones.

These challenges make it difficult to assess whether adequate progress is made, or if the level of effort is adequate. The Department for Business, Energy and Industrial Strategy (BEIS) propose a new indicator, looking at the level of income and the energy efficiency of properties, whereby a household would be fuel poor if they: a) have an income below the poverty line and; b) are living in a property with an energy efficiency rating of Bands D, E, F or G as determined by the most up-to-date Fuel Poverty Energy Efficiency Rating Methodology (FPEER).

The energy efficiency part of this new indicator removes some of the relativeness of the indicator and means that as progress is made against the fuel poverty target, the number of households in fuel poverty would decrease. BEIS also considered using Energy Performance Certificate (EPC) as the energy efficiency measure instead of FPEER but judged that "Factoring in the Warm Home Discount enables a more flexible approach to measuring progress against the fuel poverty target".

The recent data shows that in 2018, 10.3% of all households in the UK lived in fuel poverty, according to the Annual Fuel Poverty Statistics report 2018. Meaning that more than 2million people cannot afford to heat their homes to recommended standards, leaving many living in homes that are damp and cold. In Warwickshire, the percentage of households in fuel poverty has reduced from 12.0% in 2012 to 9.5% in 2018. This pattern is the same for all districts and boroughs in Warwickshire, although the proportion of households in fuel poverty varies across Warwickshire.

Fuel Poverty Risk Factors

Understanding fuel poverty is really important – it is very complex and can be caused by a number of factors operating together including but not limited to the following.

- **Energy Performance Certificate rating**. Homes rated Energy Performance Certificate (EPC) D, E, F or G (with a poor energy rating) are more difficult to heat and keep warm at an affordable cost. There is a much higher proportion of fuel poor households in poor energy rated homes than non-fuel poor households. Households with no boiler or a non-condensing boiler have higher levels of fuel poverty compared to those with condensing boilers. The level and depth of fuel poverty is also greater for households not connected to the gas network.

- **Property type**. Linked to the EPC of the property is the property type as those constructed with solid walls have a higher prevalence of fuel poverty compared to those with cavity walls. Inadequate insulation where there are some types of properties that prove difficult to insulate are termed as 'hard to treat' properties. Furthermore, older and larger buildings also see higher levels of fuel poverty compared to new builds and smaller dwellings. The size of property and under-occupancy has an impact, as large properties need a higher level of energy spending to heat and they also tend to have some rooms unheated.

- **Low income households**. Households with low incomes coupled with children and people with disabilities or with unemployed occupants are at a higher risk.

- **The price of energy**. The typical spikes in energy prices may also push a household into fuel poverty. Energy suppliers also influence fuel poverty and the larger energy organisations, referred to as 'the Big Six', have had a tendency of setting higher tariffs than independent suppliers and this particularly affects households that have never switched to an alternative energy supplier in order to reduce their fuel bill.

- **Location**. A much higher proportion of households are located in rural areas than urban areas and these are most often not connected to the gas grid and therefore rely on more expensive heating fuels such as electric only, LPG and oil thus having a higher level and depth of fuel poverty.

Fuel Poverty Effects

The effects of fuel poverty mostly result in cold, damp homes and reduced income and lifestyle choices. However, fuel poverty has a significant impact on people's health. Every year, health related issues resulting from cold and damp homes are estimated to cost the NHS around £1.36 billion. In addition, excess winter deaths, calculated as the ratio of excess winter deaths to average non-winter deaths, can have a significant impact but is less clear, because often other factors are involved such as those already at risk of health issues including older people and those with poor health and/or reduced mobility. Due to these conflicting issues, these excess winter deaths can be overlooked, as a result. In 2017/18, there were 80 excess winter deaths in Warwick District – this is the highest since 2010/11 (also 80 deaths). There were, however, just 30 excess winter deaths in the previous year (2016/17).

Excess Winter Deaths. Around a third of excess winter deaths are caused by respiratory illness. Cold homes lower resistance to respiratory infections and for every 1°C drop in temperature below 5°C, GP consultations for respiratory illness in older people increase by 19%. People with Chronic Obstructive Pulmonary Disease (COPD) are four times more likely to be admitted to hospital with respiratory problems over the winter and increases in mould, which is associated with cold homes, can increase prevalence of asthma. Cold housing increases the level of minor illnesses such as colds and flu and exacerbates existing conditions such as arthritis and rheumatism.

Children and Young People. Children who are exposed to cold, damp homes for an extended time are twice as likely to suffer from respiratory problems and aggravated asthma symptoms. Health-related absences from school and deterioration of the mental health environment of the family due to stress from dealing with fuel poverty may even have a negative effect on the educational attainment of children. More generally, fuel poverty reduces the disposable income of a family, which may lead to deficient diets, decreased involvement in the community and overall lower quality of life.

Mental Health. Mental health is negatively affected by fuel poverty and cold housing for any age group. More than 1 in 4 adolescents living in cold housing are at risk of multiple mental health problems compared to 1 in 20 adolescents who have always lived in warm housing.

Older People. Older people are at greater risk of circulatory and respiratory problems, as well as an increased likelihood of falls due to reduced mobility caused by a cold environment. Cold homes affect mobility and increase falls and non-intentional injuries. In addition, symptoms of arthritis become worse and strength and dexterity decreases, increasing the risk of falls in older people. While excess winter deaths occur in both cold and warm housing, there is greater risk of death in colder housing, especially for people aged 75 and over.

Health Impacts. The health effects from cold homes are significant and there is a strong relationship between cold temperatures, cardio-vascular and respiratory diseases amongst all ages. In addition, the level of minor illnesses such as colds and flu can be exacerbated along with conditions such as arthritis and rheumatisms.

Climate Change. Inefficient homes are not only more expensive to heat, but they result in more carbon emissions being released. According to the Department for Business, Energy and Industrial Strategy (BEIS), from 2012 to 2018, domestic emissions decreased by 28% in Warwick District which is on par with a national decrease of 29%. Increased energy efficiency with domestic appliances, combined with renewable energy technology, would also improve air pollution in addition to reducing carbon emissions.

The National Context

The Home Energy Conservation Act 1995 (HECA). HECA requires local authorities to report on the energy conservation measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area. The local authority is required to report on progress in this area to the Department for Business Energy and Industrial Strategy every two years. Warwick District Council last provided an update in 2019 and so the next update will be required in March 2021.

The Fuel Poverty Strategy 2015. The Government's 2015 fuel poverty strategy, "Cutting the Cost of Keeping Warm," set out the Government's plan to improve as many fuel poor homes to a minimum energy efficiency rating, by the end of 2030. The Strategy set a fuel poverty target to ensure that as many fuel poor homes 'as is reasonably practicable' achieve a minimum energy efficiency rating of Band C by 2030. This includes two interim milestones of Band E by 2020 and Band D by 2025. This phased approach aims to prioritise assistance to those in the deepest levels of fuel poverty.

The Committee on Fuel Poverty. The Committee regularly produce reports to update progress and make recommendations to ensure that the Government's fuel poverty target and milestones can be met. The Committee's October 2018 report highlighted the following progress in tackling fuel poverty and what still needs to be done.

Energy Company Obligation (ECO). The Energy Company Obligation (ECO) is an obligation that government has placed on the larger energy suppliers to reduce the UK's energy consumption and support those living in fuel poverty. Energy suppliers are required to provide households with energy efficiency improvements. It is available in three parts:

- Carbon Emissions Reduction Obligation (CERO): obligated suppliers must promote 'primary measures', including roof and wall insulation and connections to district heating systems.

- Home Heating Cost Reduction Obligation (HHCRO): obligated suppliers must promote measures which improve the ability of low income and vulnerable household to heat their homes. This includes actions that result in heating savings, such as the replacement or repair of a boiler. ECO "flexible eligibility", local authorities can declare certain households that meet the eligibility criteria for a measure under the Affordable Warmth (i.e. HHCRO) element of ECO. Flexible eligibility is being piloted in the current ECO programme. It is currently capped at 10% and participation by suppliers or local authorities is not mandatory. It is intended to help two groups of households:

    1. Fuel poor households, especially those that are not in receipt of ECO eligible benefits; and
    2. Low income households that are vulnerable to the effects of living in a cold home.

The Energy Company Obligation Flex (ECO Flex). Since October 2018, Warwick District Council has signed-up to ECO Flex which offers more help to vulnerable residents that may not be in receipt of benefits to help with boiler installs and insulation measures. Residents that made be eligible include those that have a health condition such as diabetes, cancer, heart conditions or other health conditions, severe learning difficulties, small children (under 5 years) living in the property, expecting a baby, a low income (below the District average), a property that is ex social housing, a pre-payment meter, in receipt of disabled facilities grant and over the age of 60.

Smart Meters. The government target for all households to have SMART meters by 2020 has been extended to 2024, however, suppliers are expected to provide SMART meters in all new homes. It is acknowledged that it is for the consumer to decide whether they want this type of meter and it is understood that the 'smart' element of the meter can be disabled should a consumer not wish to have the technology activated.

Housing Health Safety Rating System (HHSRS) and Minimum Energy Efficiency Standards (MEES).
In many parts of England, the rapid growth of private rented homes in recent years is welcomed but also raises concern that many properties are not of suitable quality. Since April 2018, private landlords have not been allowed to re-let existing rented homes rated EPC F or G, unless they have applied for exemption. Local authorities will have a key role in enforcing the regulations. From 1st April 2020, minimum energy efficiency standards (MEES) will be enforced in respect of all properties let on assured shorthold tenancies which are required to hold an EPC where the EPC fails to meet a minimum energy rating of 'E' and where an

exemption has not been registered. HHSRS is a tool that can be used to deal with excess cold, and this can positively combat fuel poverty. We will have due regard to excess cold hazards whenever inspecting private sector dwellings, and make use of enforcement under Part 1 Housing Act 2004 whenever appropriate.

Town and Country Planning Act 1990 – Section 106 (S106)
Local authorities can use S106 to fund or co-fund improvements to housing. A local planning authority can use S106 to enter into a legally binding agreement or planning obligation with a landowner or developer over a related planning issue, which may include funding. The Public Health Outcomes Framework directly puts a duty on upper tier local authorities to tackle fuel poverty and reduce Excess Winter Deaths.

The Planning Act 2008 – Community Infrastructure Levy (CIL)
The Planning Act 2008 introduced powers for local authorities to charge a community infrastructure levy on all developments over 100 square metres, or one or more dwellings. The levy can be used to finance a range of physical, social or green infrastructure arising from increased development in an area.

Cold Weather Plan for England
The Cold Weather Plan for England helps prevent the major avoidable effects on health during periods of cold weather in England and is produced by the Department of Health, Public Health England and NHS England. It recommends a series of steps for the NHS, local authorities, social care and other public agencies, professionals working with those at risk, individuals, local communities and voluntary groups to prevent harm to health during periods of cold weather.

Future Homes Standard
BEIS have announced an intention to significantly reduce the carbon emissions from new homes by 2025 including banning fossil fuelled heating in new homes. As a stepping stone towards this, they are consulting on new building regulations that will be implemented as of next year. To do this, they propose two options: A 20% reduction in carbon emissions compared to the current standard for an average home. Its anticipated this could be delivered by very high fabric standards typically with triple glazing and minimal heat loss from walls, ceilings and roofs. The standard sets to achieve a 31% reduction in carbon emissions compared to the current standard and it is expected this could be delivered based on the installation of carbon-saving technology such as photovoltaic solar panels and better fabric standards.

Green Homes Grant Fund
The green homes grant fund enables homeowners and landlords in England to apply for a voucher towards the cost of installing energy efficient and low-carbon heating improvements to homes, which could help save money on energy bills. The government will provide a voucher to help cover up to two thirds of the cost of qualifying improvements. A higher level of subsidy is available if you are a member of the household receives one of the qualifying means-tested benefits.

The Green Homes Grant – Local Area Delivery (LAD) Fund is aimed at helping low income vulnerable households with installing non-fossil fuel measures in both private and social properties.

Profile of Warwick District

Warwick District is a very attractive location for tourism and residency purposes. However, this has led to higher housing prices and as a result, to a higher proportion of rented accommodation. Tenants do not have as much incentive to upgrade their homes with energy efficient measures, so an increase of rented housing carries the risk of delays in implementation. This and other factors enable the persistence of pockets of deprivation in a relatively affluent area: The median annual gross income for full-time employees in 2019 was £33,649, higher than the national average (£30,661), consequently, it stands as one of the 20% least deprived districts or local authorities in the country.

Nonetheless, there are certain areas that face important levels of deprivation that the Warwick District is keen to address. In 2018/19, 12.1% of children under 16 lived in relatively low income families, while in the 2011 census, 17% households reported that they were deprived in more than one way, a smaller figure than 27% regionally and 24% nationally. This degree of deprivation, in convergence with the general trend of an increase in energy prices, has led many local authorities in the UK to identify fuel poverty as a pressing issue. In the last assessment:

- 11% of households lived in unsuitable housing
- 20% lived in fuel poverty
- 21% of housing was still under category F or G – the two lowest ratings – in Energy Performance Certificates (EPCs), and
- 10% of private houses failed the Decent Homes Standard because they were hard to keep warm

The breakdown of housing tenures in the district was last measured in the Census of 2011 when the figures were as follows:

Owner Occupation	67%
Private Rented	18%
Social Rented	13%
Shared Ownership	1%
Other	1%

In June 2019, the authority declared a 'Climate Emergency' with the aim of facilitating as close to zero emissions by 2030. The current figures show that in 2018, 218 kilo tonnes of carbon emissions (CO2e) came from the domestic sector. The Council's Climate Emergency Action Programme outlines plans to reduce the carbon emissions from the District.

Appendix 1 shows the overall levels of fuel poverty in both Warwickshire as a comparison against our neighbouring authorities in Warwickshire.

Warwick District has six LSOAs in the top ten LSOAs within Warwickshire with the highest percentage of households in fuel poverty. The LSOAs were: Brunswick North East, Leamington Old Town North West, Brunswick North West & Foundry, Stoneleigh, Brunswick South West & Kingsway, and Brunswick South East – the majority of these are located in the Leamington area. Appendix 2 shows the overall concentrations of fuel poverty which unexpectedly coincide with the most deprived areas of the District.

The groups most likely to be in fuel poverty were Mosaic groups 'Renting Rooms' and 'Learners and Earners', younger age groups (18-30), living in rented accommodation, with no children and relatively low incomes.
According to the latest 2018 figures, 8.6% of households are in fuel poverty in Warwick District which is a larger than average decrease on the previous year (previously 10%) compared to other Warwickshire Councils.

The Role of Warwick District Council

Understanding Fuel poverty. Addressing fuel poverty and cold homes has multiple benefits, both for the household receiving support and for local communities. This includes better standards of living and conditions for people with low incomes, improved and more energy efficient houses, fewer avoidable winter deaths and reduce costs for the health, wellbeing and care services. Fuel poverty and its contribution to social and health inequalities is recognised as avoidable. The links between poor housing and health have been established for some time. Fuel poverty occurs when a household cannot afford to keep their home adequately warm at a reasonable cost, meaning that people living within the home are often cold, or if they choose to heat their house, don't have enough money for pay for food or other services. This can often lead to poor physical and mental health for members of that household.

Health and Wellbeing Boards. Responsibility to improve the health of their populations and reduce excess winter deaths. The 1848 Public Health Act was one of the first Acts to link population health and housing. Health and Wellbeing Boards have a critical role to focus and lead affordable warmth and fuel poverty strategies. They embed a preventative and social determinants approach within the working practices of the local authority, NHS, and social care commissioners and providers. Local Authorities can use their leadership role and bring together it's services with health, voluntary and community partners and local residents to tackle fuel poverty and cold homes.

Public Health. The overall aim is to improve healthy life expectancy of the population they serve. Reducing fuel poverty and improving warmth is an important element of improving life chances and closing that gap.

Health and social care. The Council has a strategic role to improve health and wellbeing, reduce health inequalities, reduce fuel poverty, save lives and deliver public health, NHS and social care national outcome frameworks, reduce pressure on the health and care system and support climate change mitigation and adaptation.

Planning. Use S106 to fund improvements to housing and Community Infrastructure Levy on large developments to fund physical, social or green improvements.

Environmental Health. Enforcement powers to tackle hazards and improve housing conditions that can improve health and housing in homes, particularly in the private rented sector.

Benefits and grants promotion. By working together, the local authority can use discretionary funds to help people stay warmer for less. The use of welfare funds such as help with Council Tax and Discretionary Housing Payments can help to increase income. Other options could include social services, concessionary fares or blue badge schemes to raise awareness or target those customers to help.

Bid for capital and revenue funds. Supporting other partners to bid for funds to invest in energy efficiency.

Addressing the energy performance of the housing stock. Ensuring that existing homes and new homes reach the highest energy performance levels possible.

Recent Progress

In order to join up resources and expertise to help our residents in the most efficient manner, WDC has formed several partnerships, the most important of which are with Act on Energy and the "Warm and Well in Warwickshire" Partnership. WDC has also undertaken several projects of its own to make the district more energy efficient. It has facilitated access to residents to available funding schemes for energy upgrades: ECO (Energy Company Obligation) a combination of programmes with the aim of saving carbon and acquiring more efficient boilers and insulation; FITs (Feed-in-Tariffs) a subsidy available to those who install and generate surplus electricity from a renewable or low carbon technology source; and finally, RHI (Renewable Heat Incentive) which gives quarterly payments during a seven year period for those who produce a certain amount of energy from renewable sources.

Act on Energy - Act on Energy is a charity procured by Warwickshire County Council to provide the Warm and Well fuel poverty service for Warwickshire that works with local businesses and organisations and provides a wide range of services to the public.

Warwickshire's Warm and Well Service - provided by Act on Energy, aims to reduce fuel poverty in Warwickshire and protect those who are most vulnerable to the health effects of living in cold homes. The service has two overarching functions:

- Provision of information advice and guidance (delivered in a variety of ways, including through provision of a freephone advice line, through direct referrals from partners/self-referral, and through outreach work (including advice surgeries, events and home visits as appropriate)), with the aim of supporting vulnerable individuals and families to keep their homes warm in an affordable manner. A free-phone energy advice line. Through Council awareness campaigns and referral network at clinics, food banks and dementia cafes, residents are referred to Act on Energy so they can receive personalised advice on reducing energy bills, switching supplier via a lowest bid system, and informing people of funding available.

- Co-ordination and management of the provision of physical interventions including boiler/heating system repairs and boiler replacements (with carbon monoxide detector provision), loft and cavity wall insulation, provision of energy meters, referrals to damp and mould removal services, and provision of an emergency heater service. Home visits. Offering attentive advice to the most vulnerable households. "Warm and Well in Warwickshire" Partnership is a collaboration between the five district/borough councils, Warwickshire County Council, Act on Energy, Age UK, Warwickshire Welfare Rights, Citizens Advice South Warwickshire and Warwickshire Public Health. During the period 2017 – 2019, this partnership allowed WDC to receive £50,000 additional funding, which enabled the installation of new heating systems for 12 residents and as a result, improved EPC and SAP ratings.

ECO Flex - During the period of 2017 to 2019, there have been almost 100 measures installed with a breakdown as follows: 50 heating measures, 16 loft installs and 30 cavity wall installs.

Warwickshire Switch and Save - Provides a countywide fuel switching campaign, commissioned by Warwickshire County Council. Further details can be found here: www.warwickshire.gov.uk/switchandsave

Landlord project - Under new legislation that came into effect 1 April 2018, properties with an EPC of F or G cannot be relet without an exemption. The Council is currently assessing whether there are any breaches. Previously, WDC informed landlords through the landlord forum and via mailings on energy advice, encouraging them to contact Act on Energy and install more energy efficient equipment, but received only 11% take up. More enforcement measures will be carried out in the future for non-compliant landlords, now that the landlords expenditure limit of £3,500 has been set for the works required to meet the minimum energy rating of E.

Social Housing Retrofit and New Build Properties - The Council has or is currently in the process of upgrading its own housing properties, and so far has installed 393 new boilers and upgraded Sayer Court (social housing) and void properties. Additionally, some thermal improvements have been carried out as follows:

1. Upgrading of roof insulation to part L of building regulations where properties have inadequate loft insulation.
2. Upgrading of wall insulation to properties on the roofing programme where vertical tile hanging has been replaced.
3. Upgrading of wall insulation to flats, upgrading of ceiling insulation to will be having air source heat pumps fitted.
4. Upgrading the roof at Pickard Street community centre with a warm roof, thus improving its insulation capabilities.

There are currently a number of actions in relation to our housing stock and this work is being commissioned as follows.

- A review all Council homes to identify current standards and provide funding to expand the property retrofit programme needed to bring councils homes to the required EPC level 'C' by 2030.
- Examine the business case and other benefits of going beyond the EPC requirements on all the Council's residential portfolio i.e. achieving EPC 'B' or higher.
- The installation of solar PV on council owned homes following a roof and energy usage survey.

In addition, a net zero carbon specification is being developed for new affordable housing for the future programme. Different construction methods for housing on garage sites and monitoring performance against the net zero carbon specification against the cost of provision to inform future housing provision.

Renewable sources - Similarly, WDC has installed solar PV panels and biomass boilers for social housing properties. Furthermore, with the support of Act on Energy's advice, between 2014 and June 2018, there were 136 installations of renewable technologies for domestic users under the RHI scheme. These technologies are biomass boilers, solar water heating and certain heat pumps. As for the FIT scheme, up to March 2018 there were 1,726 installations of domestic solar photovoltaics, 1 of wind technology and 1 of hydro technology.

Housing Services have led in developing a financial inclusion partnership county plan recognising that fuel poverty amongst our tenants and the wider community can lead to financial stress and failure to maintain tenancies.

Climate Change Development Plan Document (DPD) – At the time of writing a climate change DPD is being produced that will set high energy efficiency standards for new build developments. It is expected for the DPD to go beyond building regulations standards and put requirements on developers within planning.

HEART (Home Environment Assessment and Response Team) is a partnership venture by all Warwickshire District and Borough Councils

- Provide advice and assistance to deliver disabled adaptations and home improvements

- Have a range of central heating and external insulation projects across the County (using Disability Facility Grant funding)
- A number of enquiries received per week related to energy efficiency

During 2017-19, the HEART Partnership has achieved over 30 installs in Warwick District of a combination of boiler repairs, heating installations and other referrals for category 21 hazards for excess cold.

Age UK offer a care Navigators project funded by North and South Warwickshire CCG and Warwickshire County Council. The navigators work with all GP practices throughout Warwickshire. The Hospital Social Prescribers scheme works out of Warwick hospital. Information and Advice is an internally funded service, supporting anyone aged 50+ with benefits, housing or social care advice.

Citizens Advice South Warwickshire (CASW) provides support across Stratford and Warwick Districts as follows.

- Making Every Contact Count offers training for frontline workers (any and all workers who may come across people in need of support) to recognise signs and triggers and seek the appropriate channels for help.

- Back on Track offers Money Advice in the community. This includes Financial inclusion work within Lillington ward in Leamington. Two full time caseworkers carrying out community outreach and home visits and support for people to manage their bills, reduce their energy costs, maximise their income and access hardship grants. This is funded by Warwickshire County Council.

- Hardship and crisis grants administer a variety of external grants on behalf of external agencies - particularly in Warwick to external grant providers. Grants go towards: white goods, beds, carpets to emergency electricity payments or winter coats.

- Home visiting projects for those in crisis or vulnerabilities that limit them from accessing services outside of the home (Reach Out and Help (ROAH), Reach Out to Older People (ROOP) and Reach out to Warwick Town) offer support on mental health issues, rural and social isolation, health and social care needs, disabilities as well as fuel poverty, hardship and adequate housing needs.

Next Steps – Further Work

The following details an Action Plan which brings together the partnerships and work already in operation and aims to build further on new opportunities to help reduce fuel poverty levels in the District. The responsibilities have been identified although the target dates would need to be determined to link to service plans for 2021/22

Fuel Poverty Action Plan

Ref.	Actions	Measures	Responsibilities
1.0	**Increase the energy efficiency of the Districts' Council housing stock**		
1.1	**Continue investment into the council's own housing stock** through available grant funding and the HRA capital programme in line with the HRA Asset Management Strategy • Review all Council homes to identify current standards and provide funding to expand the property retrofit programme needed to bring councils homes to the required EPC level 'C'. • Examine the business case and other benefits of going beyond the EPC requirements on all the Council's residential portfolio i.e. achieving EPC 'B' or higher. • The installation of solar PV on council owned homes following a roof and energy usage survey. • For all Council homes to be heated by non-fossil fuels by 2030.	Number of properties with EPC of at least C. Number of properties that have moved up from D or below over the period.	Housing Strategy & Development Manager

Ref.	Actions	Measures	Responsibilities
1.2	**New-build scheme** Develop a net zero carbon specification for new affordable housing for the future programme.	Net zero carbon specification in place.	Housing Strategy & Development Manager
2.0	**Increase the energy efficiency of the private housing stock**		
2.1	**Work with registered housing providers, private landlords, letting agents and tenants** to improve the energy efficiency of homes and to ensure compliance with Minimum Energy Efficiency Standards guiding the energy efficiency of private rented homes Housing Team (e.g. Housing Health and Safety Rating System, Houses of Multiple Occupation Standards), work with landlords to ensure quality housing in the private rented sector.	Monitor and report on the number of improvements made as a result of enforcement interventions. Develop a target to have percentage of private rented sector improved energy efficiency.	Private Sector Housing team
2.2	**Ensure standards in new developments support households to achieve affordable warmth**.	Climate Change DPD to include high energy efficiency requirements for new build properties.	Development Services
2.3	**Explore programmes of behaviour change** aimed to reduce energy bills and keep warm affordably through energy saving advice. To be considered as part of the Climate Emergency Action Programme review for Spring 2021.	Number of properties moving from a Band D to a Band C based on EPC registrations and measures undertaken through grants, including ECO, ECO Flex, HEART,	Climate Change Strategic Director and Sustainability Officer

Ref.	Actions	Measures	Responsibilities
		Warm & Well and Climate Action Fund.	
3.0	**Support households struggling to pay their energy bills**		
3.1	**Tenants**. **Advise tenants of the average energy cost for homes at the point of sign up of tenancy**, pass referral to Financial inclusion team and/or an Act on Energy if issues of affordability are raised. Work with local advice agencies to ensure residents have access to advice on housing, benefits, money and energy.	All new tenants receive information about energy efficiency at home and affordability check completed.	Business Administration Manager (Housing)
3.2	**Tenants**. **Complete home visits for vulnerable people where appropriate**, advise on winter fuel payments, cold weather payments and other support. Explore effective methods to assess heating needs of those most at risk who use primary health and home care services.	Number of visits undertaken.	Business Administration Manager and Community Development Officers
3.3	**Tenants. Automatic fuel switching.** Investigate opportunities for council tenants through existing or new arrangements.	Partnership with an energy firm to deliver to customers.	Business Administration Manager and Sustainability Officer
3.4	**Tenant Assessment Tool**. Continue to develop a more in-depth assessment tool for our new tenants to include the cost of	Assessment tool implemented.	Landlord Services Manager

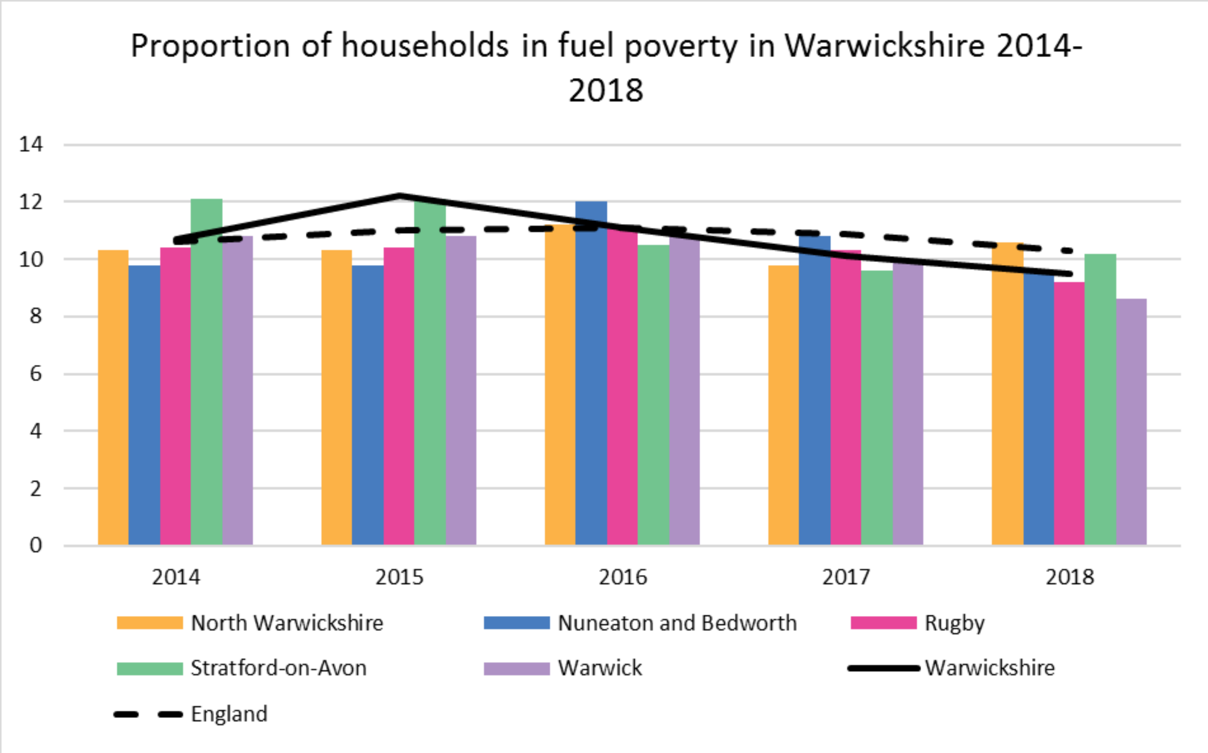
Ref.	Actions	Measures	Responsibilities
	energy and the impact on the household budget, so that this is taken into account to ensure that our customers can manage their home well.	Number of assessments undertaken.	
3.5	**Private Sector**. **Using areas of highest fuel poverty, define 'warm zones'**. Area based schemes to target delivery of various energy efficiency services.	Number of households referred for help. Number of households with measures completed. EPC assessment from D, E and F to C.	Private Sector Housing Manager and Sustainability Officer
3.6	**Private Sector**. **Continue to promote the ongoing freephone advice line single point of contact referral system**. Ensure information is easily available. Ensure every household knows where to get help on home energy efficiency. Target younger families who tend to have a lower uptake of help and support available. Raise awareness through community wide newsletters and social media.	Number of queries through the Freephone advice line. Number of referrals and installations Number of social media posts.	Private Sector Housing Manager and Sustainability Officer
3.7	**Private Sector**. **Promote the collective Energy 'Switch & Save' scheme**	Number of 'drop in' sessions for energy support to promote the 'Switch & Save' scheme.	Sustainability Officer
3.8	**Renewable Heat Incentive (RHI) scheme.** This provides payments over a	Number of RHI registered installations	Sustainability Officer

Ref.	Actions	Measures	Responsibilities
	seven-year period where heat pumps are retro fitted to replace fossil fuel boilers.		
3.9	**Retrofit and Planning.** Maximise development management and building control support for external wall insulation installations and renewable technologies.	Number of external wall insulation installs. Number of micro-renewable energy installs.	Sustainability Officer
4.0	**Smart Meters**		
4.1	**Assess, learn lessons and determine if Smart Meters could benefit residents**. Explore funding opportunities to support if recommended to pursue.	Recommendations report to be developed.	Landlord Services Manager and Sustainability Officer
5.0	**Improve our awareness and understanding of fuel poverty**		
5.1	**Undertake further work and analysis of population groups in Warwick District most likely to experience fuel poverty** to better target those groups. Complete a focused piece of work between WDC, Insight service and existing home energy providers to establish robust forms of targeting to younger groups and any other groups deemed to be appropriate.	Analysis completed and further actions identified.	Sustainability Officer and Insight Team at WCC

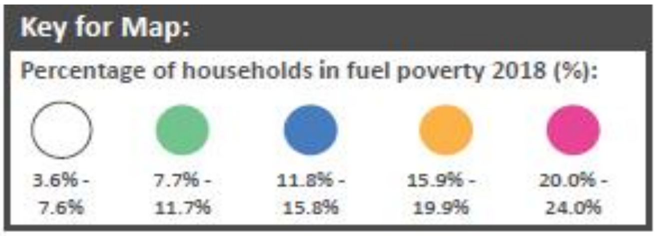
Ref.	Actions	Measures	Responsibilities
5.2	**Ensure appropriate individuals understand fuel poverty.** Councillors, Officers and key partners to attend training and offer training to the voluntary sector and partners. Provide easy to understand and accessible information to professionals, front line workers and volunteers to support and refer people in fuel poverty and living in cold homes	Number of persons trained. Number of organisations information provided to.	Sustainability Officer
5.3	**Annually monitor the take-up of measures in the District** through ECO, ECO flex, HEART and other schemes for reporting purposes.	Number of ECO and ECO flex installations. Number of cold related measures through HEART Number of Warm & Well measures Number of collective energy switch registrations Others measures in relation to other funding	Sustainability Officer
6.0	**Work together to tackle fuel poverty through partnership and learning**		

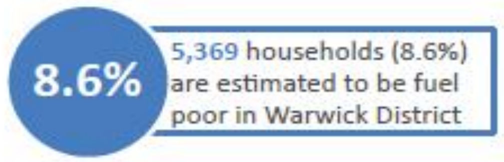
Ref.	Actions	Measures	Responsibilities
6.1	Through the Health & Wellbeing Board, explore how the actions related to this strategy can work with and complement other programmes aimed at improving the health and wellbeing of local people	Number of programmes linked into through the Health & Wellbeing Board.	WDC Health & Wellbeing Board
6.2	Explore opportunities to promote support available through the Communities Together Network, the Poverty Forum, WCAVA CAF and Community Forums	Number of Forums and Networks supported.	Community Partnership Manager and Sustainability Officer
6.3	Explore opportunities to work together with Housing Associations to support their Tenants. Develop and deliver appropriate partnership actions.	Partnership arrangement in place, actions developed and delivered.	Community Partnership Manager and Sustainability Officer
7.0	**To maximise resources and opportunities for tackling the causes fuel poverty**		
7.1	Through a partnership approach and steering group, coordinate bids and business cases for additional funding to support work in this area. e.g. Warm Homes Fund.	Number of external bids applied for.	All
7.2	Embed within the contracts for the commissioning of voluntary and community sector services.	Include within revised contract specifications and service level agreements the requirement to support delivery of the Council's Fuel Poverty Strategy	Community Partnership Manager

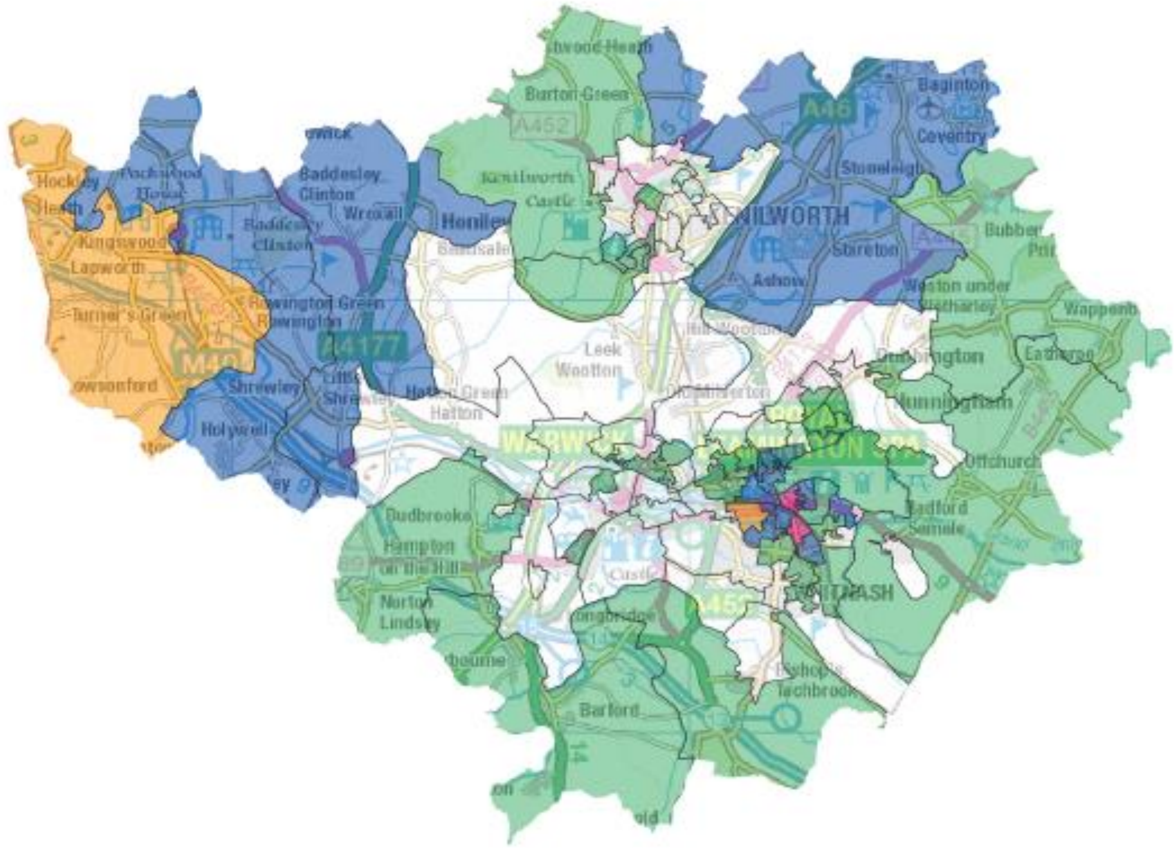
Appendix 1 - Proportion of Households in Fuel Poverty in Warwickshire 2014-2018



Appendix 2 - Proportion of Households in Fuel Poverty in Warwick District Council 2018







Agenda Item 9

EXECUTIVE
10 December 2020

Title: Contract Extension to VCS
Lead Officer: Marianne Rolfe
Portfolio Holder: Cllr Judy Falp
Public report
Wards of the District directly affected:

Contrary to the policy framework: No
Contrary to the budgetary framework: No
Key Decision: Yes
Included within the Forward Plan: Yes
Equality Impact Assessment Undertaken: Yes
Consultation & Community Engagement: No
Final Decision: Yes
Accessibility checked: Yes

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	11/11/20	Andy Jones
Head of Service	11/11/20	Marianne Rolfe
CMT	11/11/20	
Section 151 Officer	11/11/20	
Monitoring Officer	11/11/20	
Finance	11/11/20	
Portfolio Holder(s)	11/11/20	Cllr Judy Falp

1. Summary

1.1 The purpose of the report is to request the Executive to agree to an extension to the current Voluntary and Community Sector (VCS) Contracts for the period of one year.

2. Recommendation

2.1 That the Executive Committee agree to extend the contracts with the voluntary and Community sector from 1st April 2021 until 31st March 2022.

2.2 That the Executive agree that as part of the arrangements to the contract extensions that the current outcomes in the Service Agreements are reviewed to include any additional areas which are a result of COVID or the pandemic response.

3. Reasons for the Recommendation

3.1 **Existing Contracts:**

3.2 Warwick District Council has made a longstanding commitment to helping its most vulnerable residents to improve their lives and circumstances. Following on from its Sustainable Community Strategy, the Council has reaffirmed this commitment in its Corporate Strategy 'Fit for the Future'. Although there is no statutory requirement to provide this type of support, the Council's clear rationale is that, in addition to improving the quality of life of its residents, investment in social and financial inclusion services can improve the capacity and resilience of communities and helps to reduce the pressure on other public services provided by the Council and its partners, not least by expanding the capacity of VCS organisations and improving the wellbeing and self-reliance of individuals

3.3 In 2018, the Council continued its investment in the Voluntary and Community Sector commissioning to the value of £1,050,000 (annual expenditure over the three-year period is no greater than £350,000).

3.4 Appendix 1 attached provides a summary of the contracts and a brief outline of the good work being delivered under the contracts.

3.5 **Extension & Outcome Review:**

3.6 The current VCS contracts are due to end of 31st March 2021, however, as a result of the impact of COVID it has not been possible as per the Health and Community Protection Service Plan to review the commissioning arrangements in order to provide a recommendation in regards to an extension or a re-procurement exercise for the existing contracts. It is envisaged that this review will now occur in 2021/22 subject to the agreement to extend until 31st March 2022.

3.7 The pandemic has had a significant impact on the ability of our voluntary and community sector contract holders to deliver the terms of their service level agreements.

3.8 Over the period June to August, our VCS Contract holders have been developing and implementing their recovery approaches and plans. It is proposed that in both the review of these and the current service level agreements, a set of revised outcomes for each of the contracts is established to ensure that the Council's investment continues to make a measurable improvement.

3.9 It is proposed that the Health and Community Protection Project Advisory Board review and agree the amended outcomes in relation to Covid for the extended contracts.

4. Policy Framework

4.1. Fit for the Future (FFF)

4.1.1. The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

4.2. FFF Strands

4.2.1 External impacts of proposal(s)

People - Health, Homes, Communities – The recommendations seek to deliver interventions that will have a positive impact on outcomes relating to Improved health for all and cohesive and active communities.

Services - Green, Clean, Safe – None identified

Money- Infrastructure, Enterprise, Employment – The recommendations seek to deliver interventions that support that will have a positive impact on our local economy and deliver outcomes which support the needs of our communities including returning to the work environment.

4.2.2. Internal impacts of the proposal(s)

People - **Effective Staff** – None identified

Services - Maintain or Improve Services - The recommendations seek to ensure that contracted voluntary support service are targeted in the correct manner to ensure that they are fit for the demands of those whom they support and who may require access to them.

Money - Firm Financial Footing over the Longer Term - The recommendations seek to ensure that the VCs contracts are robustly evaluated to ensure the ongoing value of the investment.

4.3. **Supporting Strategies**

4.3.1 Each strand of the FFF Strategy has several supporting approaches; the relevant ones for this proposal include Health and Wellbeing and Sustainability. The proposals are in line with the Council's approaches and seek to underpin the Council's commitment as outlined in the FFF.

4.4. **Changes to Existing Policies**

There are no proposed changes to existing policies.

4.5. **Impact Assessments**

4.5.1. An Equality Impact Assessments has been undertaken and no negative impacts have been identified.

5. Budgetary Framework

5.1 The proposals that were agreed in February 2018. The existing contracts are due to expire on 31 March 2021.

5.2 If the contracts are extended for the suggested period this would cost £282,000.

6. Risks

6.1 Without a review of the outcomes required by the contracts there is a risk that vulnerable residents' changing needs are not addressed by the service provision. In the development of the contract specifications the needs were carefully considered through research and consultation. The contracts provide flexibility to enable service providers to tailor provision to the needs of their clients. The proposed approach ensures that there is sufficient flexibility and outcome measures to tackle the additional Covid impacts experienced by clients.

6.2 In not extending the contracts there is a risk that the reduced support for vulnerable communities at this current time attracts unfavourable comments and damages the Council's reputation. Care has been taken to ensure that the contracts focus resources where they are most needed, including addressing issues that were increasing in importance. With the COVID pandemic service providers have continued to focus their resources to support the areas of greatest need.

6.3 Service providers as part of the contracts provide evidence of the positive impact they achieve for residents and as with the review of outcomes the council can be reassured of evidenced positive impacts in the current climate.

7. Alternative Option(s) considered

7.1 The contracts could be allowed to cease. However, this does not allow the council to provide services to the deprived communities which have been identified as council priorities.

Executive VCS contracts extension report - Appendix 1

Appendix 1

CONTRACT	DELIVERERS	TOTAL	BRIEF SUMMMARY OF POSTIVE SERVICE DELIVERY
Financial Inclusion	Citizens Advice South Warwickshire	£80,000	The workload of the CA has increased ten-fold and with a significant number of their volunteers having to shield. They have moved to delivering their service on-line and supporting clients, particularly those new to applying for universal credit
Social Inclusion (4 Community Hubs)	Brunswick Hub	£40,000	Although unable to open their community café at this particular time. They have been running a food scheme which is aimed at enhancing those clients in receipt of foodbank parcels by providing fresh food such as milk, eggs etc
	Crown Routes	£25,000	Crown Routes have been engaging with their client groups on a regular basis both on-line and by telephone. They are delivering a project around interviewing their older service users and capturing their life stories that they are going to produce in a book about Lillington
	Sydni Centre	£27,000	The Sydni Centre up until lockdown has open the Community Café in a socially distanced way. They were offering café voucher which could be exchanged for a meal or a 'veggie bag' for those struggling financially. Plus a befriending service
	The Gap at the Packmores Centre	£30,000	The Gap who run the Packmores Centre have offered support to their residents initially in the pandemic online/ by telephone. More recently started up community activities and launched a 'men's shed' project to engage with males in the area that are under-represented in their service group.
Employment Support	Brunswick Hub	£30,000	The Centre has reopened their job club in a socially distanced way and people now have to book to use the service. Given the current levels of unemployment in the area have seen a significant increase in people using the service.

CONTRACT	DELIVERERS	TOTAL	BRIEF SUMMMARY OF POSTIVE SERVICE DELIVERY
Infrastructure Support	Warwickshire Community and Voluntary Action	£40,000	WCAVA although they have moved their service online have been open throughout the pandemic. They have been on hand to provide support and guidance to struggling VCS organisations signposting them to WDC CERF and other funding opportunities
Rural Community Capacity Building Pilot	Warwickshire Community and Voluntary Action	£10,000	The focus of this pilot project has been to test ways of building capacity in VCS organisations/ groups to enable them to run activities. The activities are aimed at helping vulnerable residents in rural areas feel less isolated.