Executive

Minutes of the meeting held on Wednesday 10 February 2016 at the Town Hall, Royal Leamington Spa following the conclusion of Council, at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Coker, Cross, Mrs Gallagher, Mrs Grainger, Phillips Shilton and Whiting.

Also present: Councillor Barrott (Chair Finance & Audit Scrutiny Committee), and Councillor Boad (Chair of Overview & Scrutiny Committee & Liberal Democrat Group Observer).

100. Declarations of Interest

There were no declarations of interest.

101. Minutes

The minutes of the meeting held on 13 January 2016 were agreed as written and signed by the Chairman as a correct record.

Part 1

(Items on which a decision by Council is required)

102. Election of Chairman and Vice Chairman of the Council 2016/17

Recommended that

(1) Councillor Mrs Knight be appointed as Chairman of the Council for 2016/17; and

(2) Councillor Boad be appointed as Vice-Chairman of the Council for 2016/17

(This is a recommendation to Council on 18 May 2016)

103. Waste Container Charging

The Executive considered a report, from Neighbourhood Services, that brought forward proposals to charge households for wheeled bins, red boxes, recycling bags and food caddies

Warwick District Council provided the majority of waste containers wheeled bins, red boxes, recycling bags and food caddies free of charge to households.

A budget of £120,000 had been allocated each year to cover the cost of replacement receptacles. In recent years this cost had risen to approximately £165,000 per annum. Therefore, the Council needed to consider introducing a charge to households for the provision of waste containers to reduce the budgetary pressure.

The original capital budget for the supply and delivery of waste containers was set in 2013 at £600,000 for 5 years (April 2013 – March 2018). However, the cost of waste container provision had increased since this time and there was now a significant projected budget shortfall.

The cost of waste container provision was likely to increase in future years because the current waste containers had come to the end of their lifespan and needed to be replaced. It was estimated that the cost of replacing the containers could be in excess of £2.3million over the next 10 years (inclusive of current annual expenditure on waste containers).

The provision of waste containers to new homes, as identified in the local plan, would increase these costs further.

The Council received requests for approx. 6,500 red boxes, 6,500 recycling bags and 2,000 green wheeled bins every year, yet recycling levels remained static. The Council also received requests for over 1,000 grey wheeled bins every year.

A number of local authorities had introduced charges and had seen reductions in the number of waste containers requested. Once a charge was introduced households tended to look after their waste containers to a greater extent.

There are a number of alternative options for waste container charging which included; a charge for each waste container but no delivery charge; a charge of £34 for each individual green bin and a £5 delivery charge for all containers; A charge of £5 for the delivery of recycling containers and £15 for the delivery of wheeled bins; No charges are introduced. These options were not recommended because either did not generate the same level of income that would reduce the cost burden on the Council or would not raise income at all.

The Finance and Audit Scrutiny Committee supported the recommendations in the report although there were concerns that the introduction of charging may only recover 50% of the costs incurred by the Council. In addition, it was felt that further work was needed to educate the operatives on acceptable service delivery but it was noted that the contractor could also be charged for any damage to the containers.

The Overview and Scrutiny Committee supported the recommendations in the report but requested that monitoring take place on information such as the number of bins/boxes bought, number supplied; and whether recycling has increased/decreased. The Committee will be requiring a review in 12 months' time on the service.

In response to the comments from the Scrutiny Committees it was explained that the charging scheme would only recover around 50% of the costs to the Council and therefore a budgeted was required to fund the remaining 50%.

The Portfolio Holder agreed that further work needed to be done to train operatives to ensure boxes were not damaged and returned correctly to households. That said this work was ongoing and improvements had already been made due to the robust working relationship that the Council had with Sita. He welcomed the report back to Overview & Scrutiny Committee in 12 months and informed the Executive that he would be providing them with regular updates.

Recommended to Council that it approves;

(1) the introduction, from June 2016, a charge to the household for any new, replacement or additional waste containers requested and for the delivery of them to their property
;

(2) the following charges are introduced

Wheeled bin (grey and green)	£25.00
Recycling box with lid	£5.00
Lid only (for recycling box)	£1.50
Recycling bag	£2.50
Food caddy	No charge (funded by Warwickshire County Council)
Delivery Cost Per Order	£5.00

(3) a one off £5 delivery charge per order irrespective of the number of containers requested (e.g. the same charge applies to the delivery of just 1 red box as it would to the delivery of 2 red boxes and 2 recycling bags); and

(4) no concessions will be offered as experience has shown that it is difficult to prove whether a household may or may not be entitled to a concessionary rate.

(The Portfolio Holder for this item was Councillor Shilton)
(Forward Plan Reference number 731)

104. Budget 2016/17 and Council Tax – General Fund Revenue and Capital

The Executive considered a report, from Finance, that set out the Council’s financial position, bringing together the latest and original Budgets for 2015/16 and 2016/17, plus the Medium Term Forecasts until 2020/21. In doing so it advised upon the net deficit from 2017/18 and the savings required to balance future years’ Budgets.

The report sought approval of the; Latest Budget 2015/16; Original 2016/17 Budget; This Council's Band D Council Tax charge for 2016/17; 5 Year Capital Programme; Prudential Indicators for 2016/17; while noting the latest Reserves and Schedules, approving the relevant transfers.

The decision on this report would be presented to Council, on 24 February 2016 alongside a separate report recommending the overall Council Tax Charges 2016/17 for Warwick District Council.

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

It was prudent to consider the medium term rather than just the next financial year, taking into account the longer term implications of decisions in respect of 2016/17. Therefore the 5 year financial strategy, Capital Programme and Reserves Schedule were also detailed in the report.

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

The Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves; and this was set out in Appendix 10 to the report.

Within the report and the recommendations, the following funding allocations were proposed:-

	2016/17 New Homes Bonus £	**2015/16 Surplus £**	**2015/16 Contingencies £**	**2016/17 allocations £**	**Total £**
Waterloo Housing Association	178,500				178,500
St Georges Playing Field, Barford	71,000				71,000
Corporate Assets Reserve	486,000				486,000
Leisure Options Reserve	625,000				625,000
Business Rate Retention Volatility Reserve	750,000				750,000
Early	147,064				147,064

Retirement Reserve					
Equipment Renewals Reserve		76,300	123,700		200,000
Contingency		75,400		124,600	200,000
Service Transformation Reserve (from 2016/17 surplus)				23,100	23,100
Total	**2,257,564**	**151,700**	**123,700**	**147,700**	

In addition the Capital Programme included the following new schemes and budget allocations:

- Royal Spa Centre Operational Works – Motors and Stage Lighting Dimmers £350,000
- St Johns Warwick Flood Alleviation Scheme £100,000
- Rural and Urban Initiatives Grants – extension from 2018/19 £150,000 per annum
- Recycling and Refuse Containers - £165,000 per annum

Appendix 1, to the report, summarised the latest 2015/16 Budgets. These were reported to the Executive in December 2015 showing net expenditure of £14.42m and a surplus of £189,800.

The following changes were now proposed to the 2015/16 Budget.

Increased expenditure:

- Increased Leisure Centre salary costs +£50,000;
- Business Rates consultant's fees +£25,000;
- Digital Transformation setup costs (net of reserve funding) +£9,500;

Reduced expenditure:

- Environmental Health & Community Protection staff vacancies -£28,100;
- Earmarked Reserves no longer required -£18,300.

Within the 2015/16 budgets there were still various unallocated contingencies totalling £123,700:

- Office Cleaning Contract £51,000;
- General Contingency Budget £38,800;
- Price Inflation £17,000;
- National Living Wage £16,900.

These budgets were not likely to be used within 2015/16 and so £123,700 was proposed to be appropriated to the Equipment Renewals Reserve.

Taking into account the above budget changes, the 2015/16 Budgets showed a projected surplus of £151,700. It was proposed that this surplus was allocated £76,300 to the Equipment Renewals Reserve (giving a total contribution to this reserve of £200,000) and £75,400 ring-fenced for the 2016/17 Contingency Budget.

The 2016/17 Base Budgets was agreed in December 2015 and since then, further recurrent changes had been identified. Inclusion in next year's Budgets at this point ensured both the 2016/17 Budget and Financial Projections would contain the most realistic figures as at the beginning of April 2016. These changes were:

- Customer Service Centre Review/Digital by Default;
- Announcement of the Government Settlement;
- Updated Business Rates income based upon the January NNDR1 return;
- Latest Investment Interest Income forecasts;

Specific changes to 2016/17 budgets had been allowed for within service expenditure estimates that were agreed in December, these included energy supplies, civic support, travel tokens, waste containers, Local Enterprise Partnership and employment initiatives.

Within the Fit For the Future savings agreed in September 2015 was £320,000 phased in over 2017/18 and 2018/19 from the re-procurement of gas and electricity. The gas contract had now been re-procured to come into force in April 2016, generating savings of 28.62%, this being ahead of the dates previously reported. Similar savings were expected for electricity from October 2016. Together, these would present savings of £136,000 for 2016/17, with the full year effect of the electricity contract providing an additional £83,000 savings in 2017/18, with annual savings of £219,000.

Whilst these savings were being generated earlier (so benefiting the 2016/17 Budget), the level of these savings was estimated to be lower than earlier anticipated so presenting an additional £100,000 to be included in the Council's Medium Term Financial Strategy. The fuel market could be volatile, with oil prices currently being very low. When the contracts were to be re-procured in two years, the market could be very different with the Council having to fund additional costs for fuel above that currently being budgeted.

The Fit For the Future report included £20,000 savings related to changes to the Civic Support in respect of the Chairman. The Corporate Management Team had given this further consideration and had concluded that these savings would not be achievable without significantly altering the role of the Chairman, which was not considered appropriate at this time.

It had been custom and practice for the last 15 years that any remaining money on the "Chairman's allowance" budget (cost code 2280 4650) to be transferred to the Chairman's account for them to donate to their charities. This had varied from £500 to over £10,000 in recent years. It was recommended that this should not continue due to the financial pressures on the Council. It was highlighted that this made up a significant proportion of the Chairman's Charity donations each year and therefore any future donations, by the Chairman, to charities were likely to be significantly lower. This budget was also used to pay for the Chairman to attend events and costs associated with events the Chairman hosts. Therefore revised budgeting arrangements would be put in place to clearly define what costs were being incurred by the Chairman of the Council. This would be achieved by reallocating this money across appropriate budget lines.

The Council operated a transport scheme which enabled qualifying individuals to use Council-issued travel tokens when travelling by train, taxi or (flexi) bus if the relevant transport operator agreed to accept the tokens in lieu of cash.

Following payment of a £5.00 administration charge, those eligible individuals would receive either £25.00 or £50.00 in tokens. The purpose behind the scheme is to enable elderly (in the rural areas) and disabled residents, who may not have easy access to bus services, to access transport, predominantly through the use of taxis. The allocations involved were so small that, as the table below demonstrated, a limited number of journeys can be made:

Using the calculator for Hackney Carriage Vehicles and deducting the £5 administration charge, residents were able to travel the follow distances:

	Tariff 1	**Tariff 2**	**Tariff 3**
	4 or less passengers (Day*)	4 or less passengers (evening**) 5+ passengers (day*)	5+ passengers (evening**)
£45	21 & 5/10th miles	13 miles	9 & 2/10th miles
£20	9 miles	5 & 7/10th miles	4 miles

Whilst it is the case that a resident may be able to achieve better value through private hire, the table gives Members a sense of the poor value the Council is receiving for its investment in the service. For example, using the calculator above, a resident travelling five miles into Leamington from a rural area would be able to make two return journeys over the course of 52 weeks.

Given the unprecedented financial position the Council is facing, officers do not consider that the scheme offers value for money, however, although this is a discretionary scheme it is recommended that a six week public consultation is undertaken to determine whether there would be any adverse equality impacts and if there are for these to be considered by the Leader and Deputy Leader.

As discussed in Minute 103 it had been recommended to Council to introduce a proposed to charge for waste containers. The anticipated net additional income of £78,000 per annum had been factored in to the proposed 2016/17 Budget. The Medium Term Financial Strategy and Capital Programme had also been altered to reflect this income and the additional on-going cost of the containers.

As part of agreeing the 2015/16 Budget members agreed a contribution to the Local Enterprise Partnership (LEP) of £20,000. Further discussions with the LEP had confirmed that funding was required from the local authorities within the LEP on an on-going basis. Accordingly, £20,000 per annum had been included in the 2016/17 Budget and the Medium Term Financial Strategy.

£50,000 was agreed as part of the 2014/15 Budget a one off sum of £50,000 for Employment Initiatives, of which £26,900 remains. The balance of this funding was proposed to be used as matched funding over the three years (from 16/17 financial year onwards) to support the Coventry and Warwickshire SME Growth Programme of the European Skills Initiative Funding (ESIF). The Chief Executive, using his powers, had previously agreed this re-allocation, and this would ensure a consistent delivery of business support start up advice, business readiness assistance across Warwick District as matched funding in a £3.35m three year programme for Coventry and Warwickshire. There was a shortfall in funding for the third and final year and this would be filled utilising additional monies raised through the Local Labour Agreements over that three year period.

The 2016/17 Budget proposed allowed for the creation of a Contingency Budget to the total of £200,000, including the £75,400 ring-fenced from 2015/16. In recent years the use of a Contingency Budget had been invaluable to allow the Council to deal with un-budgeted demands. These demands were agreed by the Executive or delegations as allowed for within the Code of Financial Practice. Full details of the use of the Contingency were reported to members.

The projected Collection Fund Balance, 2015/16, was calculated to be in surplus by £501,574 on 31 March 2016. Warwickshire County Council and the Warwickshire Police and Crime Commissioner were duly notified of their shares on the 15 January 2016. This Council's share was £55,000. This had been factored into the 2016/17 Budgets presented in this Report.

When the 2015/16 Government Grant Settlement was announced in December 2014 and January of 2015, the Government had not provided indicative settlement figures for future years. Hence the Medium Term Financial Strategy was prudently based upon the latest intelligence (Chancellor's Budget Statements, LGFutures, the Economy). The Government had now provided the proposed Settlement Funding Assessment (SFA) for 2016/17 alongside indicative amounts for the subsequent 3 years. Whilst the Financial Strategy had been based upon Revenue Support Grant for 2016/17 estimated at £1.835 million, the actual amount announced by Government was £1.586 million, a reduction of some £0.25m (and a reduction of over £900k from the 2015/16 £2.5m RSG) . This reduced funding with implications for the future years discussed of the Medium Term Financial Strategy.

The SFA for 2016/17 introduced the concept of Core Spending Power. This comprised of Revenue Support Grant, New Homes Bonus and projected Council Tax and business rates income. In coming to the projection of Council Tax income, the Government had assumed increases in the Council Tax base and that local authorities would increase their council tax up to the referendum limits. Based on these assumptions, the Government figures showed that the Council's Spending Power would decrease by 0.4% for 2016/17.

A response had been issued to the Grant Consultation from the Council, which had stressed the inequity of the Council Tax increase limitation facing the Council.

The final Grant Settlement was expected in early February and updated figures would be provided to Council when available. Any change in the Revenue Support Grant was proposed to be compensated by the use of the Service Transformation Reserve.

The Council was required to agree its Business Rates estimates by the end of January (the form "NNDR1"). The Head of Finance had delegated authority to agree this. In estimating the business rates, account needed to be taken of prior year adjustments in respect of the net amounts estimated to be received.

As reported previously, there were still many business rates appeals outstanding for which a provision was required. This had the impact of dampening the Retained Business Rates for 2016/17. Funds had previously been set aside for this in the Business Rates Volatility Reserve, the use of which had been factored into the proposed 2016/7 Budget. For 2016/17, it was currently estimated that the Council would retain business rates of £3.6m, but this was reduced by a prior year adjustment of £2.7m, of which £2.5m was being met using the balance on the Business Rate Volatility Reserve.

In recent weeks, case law had agreed that NHS Foundation Trusts had acceptable charitable status to enable them to qualify for mandatory business rate relief. Whilst the Council had not had any applications for this relief, any applications received could be able to be backdated to 2010. The Council's share of this backdated relief could be approaching £1m, with £150,000 recurrent cost. This had not been factored into the proposed Budget. This was a risk facing the Council, although due to the significance of the implications facing many local authorities, this was something that would need to be addressed at a national level.

Whilst the potential cost of mandatory business rate relief for foundation trusts had not been factored into the budget, the Council should seek to ensure it had some provision to meet this potential cost. Hence within the allocation of the 2016/17 New Homes Bonus, £750,000 was proposed to be allocated to the Business Rate Retention Volatility Reserve.

If there was any variance between the business rates retention included within the proposed Budget and the figures within the NNDR1 for 2016/17, it was proposed that the difference should be accommodated with appropriate transfers to/from the Business Rate Retention Volatility Reserve.

In setting these Budgets, Council needed to be aware of the impact on their local Council Tax Payers. 2016/17 was the first time in five years that this Council had increased its share of the Council Tax. The recent zero tax increases had been partially compensated by a Council Tax freeze grant from central government.

The Council Tax referendum limit remained at 2%. Whilst a referendum would have one-off costs relating to its administration, if the electorate agreed to an increase above 2%, this would help to protect the Council's funding and services into the future.

The provisional Grant Settlement, referendum principles were:

- A 2% limit on all Council Tax increases;
- Authorities with responsibility for social care may increase their Council Tax by an additional 2% for adult social;
- District Councils whose' current band D council tax in in the bottom quartile may increase their Council Tax by up to £5; and
- No referendum principles had been proposed for parish or town councils.

Warwick District Council was just outside the bottom quartile for its level of Council Tax (57 out of 201 district councils). Accordingly it was limited to the 2% council tax increase, with the proposed increase being 1.99% to ensure of not being within the referendum parameters. The 1.99% proposed increase was the equivalent of an extra £2.92 at Band D and would generate an additional £151,000. This was well below the £5 that authorities in the bottom quartile could raise their tax. A £5 increase in tax would generate a further £108,000 in Council Tax income. By being just outside the bottom quartile, Warwick District Council was limited to one of the lowest increases in Council Tax, in cash and real terms, nationally.

The Council Tax Base was calculated in November of last year, with the Council's preceptors being notified accordingly. The Tax Base for 2016/17 was 51,879.20 Band D Equivalents, an increase of 534 above that previously projected in the Strategy and built into the 2016/17 Base Budget reported to Executive in December.

The Council's element of the Council Tax was calculated by taking its total budget requirement, subtracting the total funding from Central Government in respect of Revenue Support Grant (RSG) and Retained Business Rates and the collection fund balance of £55,000. This figure was divided by the 2016/17 tax base to derive the District Council Band D Council Tax Charge.

The recommendations within this report produce a Band D Council Tax for Warwick District (excluding parish/town council precepts) for 2016/17 of £149.78, this being a 1.99% increase on that of 2015/16. Based on this increase the Council Tax levels for each of the respective bands would be:

Band	**£**
A	99.85
B	116.50
C	133.14
D	149.78
E	183.06
F	216.35
G	249.63
H	299.56

Parish and town councils throughout the district were asked to submit their precepts for 2016/17 when informed of their Tax Bases. At the time of writing this report, not all precepts had been confirmed. It was estimated that the precepts would total around £1,300,000 based on prior years. This figure did not take into account the Grants that this Council would award in respect of the Council Tax Support adjustments to the Tax Base (as detailed within the December 2013 Base Budget report).

At the time of writing the report, neither the County Council nor the Police and Crime Commissioner had set their 2016/17 budgets and element of the Council Tax. The meeting of the County Council was scheduled for the 23 February 20162016 and the Police & Crime Commissioner was due to seek approval from their Panel on the morning of 3 February 2016. Should the Commissioner's proposal be rejected, there would be a subsequent submission on the 17 February 2016.

The Council Tax was set by aggregating the Council Tax levels calculated by the major precepting authorities (the County Council and the Police and Crime Commissioner) and the parish/town councils for their purposes with those for this Council. The report to the Council Meeting on the 24 February, 2016 would provide all the required details. This would be e-mailed to Council as soon as possible following the County Council Meeting on the 23 February 2016. This Council would then be in a position to:

(a) consider the recommendations from the Executive as to the council tax for district purposes; and
(b) formally to set the amount of the council tax for each parish/town, and within those areas for each tax band, under Section 30 of the 1992 Local Government Finance Act

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

If any Councillor wished to propose additions or reductions to the budget, on which no information was given in this, they must present sufficient information on the justification for and consequences of their proposals to enable the Executive (or the Council) to arrive at a reasonable decision. This report sets out relevant consideration during deliberations, including the statement at Appendix 10, to the report, from the Chief Financial Officer.

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

This Council's provisional New Homes Bonus allocation for 2016/17 was £2,257,564. This represented £576,000 for its overall increase in new properties over the last 12 months, a further £350 per new affordable home (£59,000), plus the previous 5 year's allocations (£1.623m).

At present, the funding was based upon a 6 year rolling programme whereby each year's allocation was funded for 6 years. However, in December 2015 the Government issued a consultation paper alongside announcing the 2016/17 provisional allocations. This suggested that from 2017/18 the allocations could reduce to a 4 year period.

This consultation paper sought views on the existing method of calculating the award on Band D equivalents and restricting the award to authorities with a local plan in place. It invited a response on proposals to exclude houses allowed under appeal and those that could be built irrespective of any incentive from New Homes Bonus. Responses were due by the 10 March 2016. It was proposed that the Head of Finance and Head of Development Services send a suitable response, following consultation with the relevant Portfolio Holders.

Of the £2,257,564 allocation for 2016/17 it was proposed this was allocated as follows:

- The Waterloo Housing joint venture, £178,500; in line with the amount of affordable housing delivered from the partnership with the Council, as previously agreed by the Members;
- Corporate Assets Reserve £486,000;
- Business Rate Retention Volatility Reserve £750,000;
- King George Playing Fields in Barford (capital) £71,000 as agreed by Executive in July 2015;
- Creation of a new Leisure Options Reserve with £625,000 transferring to it. This provision is to manage the net reduction in income during the Leisure Centre refurbishment project and initial debt repayments, as detailed in the report to November 2015 Executive;
- Early Retirement Reserve £147,064. Further demands upon this reserve are expected in future years.

Whilst the Government had stated that New Homes Bonus would remain for future years, it was clear that the allocations were likely to reduce. Knowing the uncertain nature of NHB, the Council had sought not to rely on this funding to sustain mainstream service provision, unlike many authorities. This had enabled the Council to use this funding towards other projects. Potential projects expected to come forward for 2017/18 include the Whitnash Community Hub. However, any commitment to this or any other project should not be agreed until there was more certainty over the future levels of NHB, and other potential demands for the use of this funding.

In 2014 the Council agreed all of its employees should receive at least the National Living Wage. Each year the Council needed to review its commitment to paying the National Living Wage from the subsequent April of each year as part of the Budget process.

For 2015/16 this was being paid at the rate of £7.85 per hour. The rate determined by the National Living Wage Foundation for the new year was £8.25.

In July 2015 the Chancellor of the Exchequer announced that the UK Government would introduce a compulsory minimum wage premium for all staff over 25 years of age, and referred to it as the 'national living wage' (NLW). The government rate was separate to the Living Wage rate calculated by the Living Wage Foundation. The government rate was based on median earnings while the Living Wage Foundation rate was calculated according to the cost of living. The government Living Wage was to be introduced from April 2016 at the rate of £7.20 per hour. This was due to increase to £9 by 2020.

The government's Living Wage increases would in due course impact not only on more of the Council's employees, but also on the wage bill of contractors. It was expected that as contracts were re-tendered in future years, the cost of the Living Wage would be reflected in higher contract prices. £50,000 has been factored into the Medium Term Financial Strategy for the additional cost of the NLW falling on the Council for its own employees from 2019/20. No allowance had been factored in for the costs falling on contractors; these were not expected to be a cost for the Council until the major contracts were retendered until after 2021.

From April 2016 it was proposed that the Council would continue to pay the National Living Wage Foundations rate of £8.25.

Taking into account all the budget changes and proposals detailed above, the 2016/17 budget would present a surplus of £23,100. It was proposed that this surplus was transferred to the Service Transformation Reserve.

The Strategy presented to Members in February 2015, when the 2015/16 Budgets were approved, forecast that there would be a £980,000 deficit by 2019/20 unless ongoing savings were identified and delivered within the same period.

The July Budget Review Report indicated that this had now gone up to £1.087 million. This increased primarily due to the Strategy being updated to incorporate a further 5th financial year.

In September 2015 the latest Fit For the Future Programme Report to the Executive, identified various savings, which if achieved would enable the Council to meet the shortfall of £1.087m. These savings totalled a recurrent £1.735 million net of appropriations to Reserves. In addition, the savings would be sufficient to enable annual contributions in respect of:-

- Rural and Urban Capital Initiatives Scheme £150,000 from 2018/19.
- Historic Building Grants £50,000 from 2017/18. However, following the agreement of the Executive in January, this scheme and budget will cease from April 2017, with the funding retuning to the General Fund.
- ICT Reserve £250,000 from 2019/20.
- Equipment Renewals Reserve £100,000 from 2019/20. Recent consideration of forthcoming demands upon this reserve has highlighted a need for a further one-off contribution to this reserve to ensure the commitments over the next five years can be met. Accordingly, within paragraphs 3.2.3 and 3.2.4, additional one off contributions totalling £200,000 have been proposed.

Other significant changes to the Financial Strategy are detailed below:-

- Additional Income above that previously factored into the Financial Strategy, £67,000, as reported in the Fees and Charges Report of September 2015.
- Investment Income has been updated to reflect latest interest rate forecasts informed by Capita, the Council's Treasury Management consultants and changes in the levels of Reserves. Investment Interest is forecast to increase to £1,760,000, of which £760,000 will benefit the General Fund. Whilst the General Fund Balances have diminished over this 5 year Period, interest returns themselves are forecast to increase from 0.7% to 2.02%.
- Reductions in projected Revenue Support Grant (RSG). As discussed in section 3.4.above, the lower level of Government Support continues into future years, falling to just below £800,000 in 2017/18, £300,000 the following year, after which, from 2019/20 there will not be any Revenue Support Grant at all. The Council's main sources of income will be Business Rates, Council Tax and any monies the Council can raise from its own Fees and Charges. It should also be noted that from 2019/20, this Authority's Business Rates Baseline has been deflated by a "Tariff adjustment" of some £240,000. This effectively represents negative RSG in that as the Council is no longer receiving any RSG, it cannot be reduced further.
- Revisions to Business Rates forecasts, £431,000 decrease, as discussed in section 3.5.
- When the Council Tax Base was calculated in November of last year, there was an increase in the numbers of 600 Band D Equivalents

above that previously forecast. The additional Band D's will see some £100,000 per annum in income by 2020/21.

- The Government announced that Public Sector Pay Awards are to be frozen at 1% for the next four years. This will save £555,000 on the previously assumed 2% per annum for that period.
- The National Living Wage will increase to a minimum payment of £9.00 per hour by 2020. Provision has been made for this of £50,000 from 2019/20 onwards. The NLW is discussed in more detail in section 3.8.1.
- It was expected that a further £50,000 needed to be added to the Inflation Contingency Budget for 2016/17. However, at present, this Budget is not being fully utilised and in light of low inflation factors, (RPI 1.10% and CPI 0.1% in November 2015), which is only expected to rise to averages of 2.6% and 1.6% respectively during 2016/17, the additional budget requirement has been removed. The general inflation provision remaining within the 2016/17 Budget is £24,500.
- 2014/15 was the first year of a deflation factor to be applied to Discretionary Expenditure Budgets (10% over a 4 year period, 2.5% per annum) Members subsequently agreed that year 4 (2017/18) of the reduction be brought forward to 2016/17 i.e. a total of 5% being factored into 2016/17. However, during the last 2 years, Managers have found it increasingly difficult to identify and then deliver these savings, alongside other changes being made during the same period. In finalising these budget reductions for 2016/17 the actual savings have proven £69,000 less than originally forecast within the strategy.
- In the Base Budget Report (December 2015), Members were informed that the new state pension arrangements remove the "opt-out" reduction in respect of employers' National Insurance contributions from April 2016. This is now estimated to cost £214,000 per annum, slightly more than the £200,000 that had previously been allowed for within the projections in respect of this.
- Responsibility for Benefits Fraud has transferred to the Department of Work and Pensions. This has resulted in a recurrent saving on the demand for Legal Services from Warwickshire County Council, which has now been factored into the 2015/16 and 2016/17 Budgets. (£58,000 per annum).
- Income at the Council's Leisure Centres has seen an increase (£61,000) as memberships have increased. It is believed this may have been in part due to some extra promotions, however, officers believe there is an underlying uptake anyway.
- The Apprenticeship Levy becomes payable from 2017/18 of 0.5% of the pay bill over £3m, costing an estimated £42,000.
- A £20,000 recurrent payment to the Local Enterprise Partnership, following on from the one-off sum agreed for 2015/16 as part of the February 2015 Budget report (see paragraph 3.3.2 v).
- Staffing Review – CMT. The Fit For the Future report included £70,000 savings from 2019 related to a future review of CMT. In discussion with the Executive, it is believed that with the significant challenges facing the Council over the forthcoming years, it would imprudent to assume that these savings will be achievable. Accordingly, this saving has been removed from the updated

Medium Term Financial Strategy, although it is still expected that a future senior management review will be necessary.

- A net recurrent transfer, £87,000 (after allowing for the anticipated income as discussed in section 3.3.2 iv) to Capital to fund the costs of Waste Containers. These are currently provided free of charge, with the exception of additional green bins. The original budget for the supply and delivery of waste containers was set at £120,000 pa for 5 years (April 2013 – March 2018). Due to an increase in demand, there is a budget shortfall of £93k for 2016/17. Levying a modest charge of £25.00 per bin will partly offset these costs.

Taking all of these changes, plus many minor ones into account, the Medium Term Financial Strategy now indicates that £591,000 of recurrent savings still need to be found outside of those built into the Strategy. This is replicated in the table below-

	£'000's
Ongoing 5 year Deficit February 2015 Executive	**980**
Addition of an extra Year	99
Fees and Charges	-67
Investment Interest	-273
Council Tax Base	-97
Allocations/Savings (September Fit for the Future Report)	-1,145
Adjusted Energy Savings from New Contracts	100
Pay Award	-555
National Living Wage	50
Inflation Provision	-50
Discretionary Savings Target Reduced to acual	69
Additional costs of one state pension (NI contributions)	214
Fraud Legal savings now under DWP	-58
Leisure Centre membership	-61
Apprenticeship Levy	51
Recycling Cannisters (net)	87
net other smaller adjustments	-15
Business Rates Updated	431
Government Grant reductions	833
Ongoing 5 year Deficit February 2016 Executive	**593**

The Table below breaks down these savings into financial years;-

	2017/18 £'000	**2018/19 £'000**	**2019/20 £'000**	**2020/21 £'000**
Cumulative ongoing Deficit/Savings Required(+)/Surplus(-)	225	217	607	591
In year Additional Savings(+)/Surplus(-)	225	-8	390	-16

Appendix 2, to the report, showed the Medium Term Financial Strategy in more detail. It would be noted, that despite the significant potential savings considered and included within the Medium Term Financial

Strategy, further savings were needed to enable the Council to continue to set a balanced budget within the projected level of financial resources.

The Medium Term Financial Strategy savings from several significant projects had been included. If these savings were not made, the Council would need to agree how further savings could be made. It should be noted, that in seeking to identify further savings, there was the possibility of further savings having to impact upon the level of service provided and service delivery. The saving from projects currently included in the Medium Term Financial Strategy were:-

- Office relocation - £300,000 from 2018/19.
- Staff Terms and Conditions - £145,000 from 2016/17
- Leisure Options - £500,000 from October 2018
- Town Hall Transfer - £85,000 from 2018/19
- Members Allowances - £80,000 from 2019/20.

Officers would continue to monitor and update the 5 year forecast during 2016/17, with Members regularly updated as part of the Budget Review process.

Council had agreed that a £1.5m should be the minimum level for the core General Fund Balance. This Reserve supported the Council for future unforeseen demands upon its resources. In order to consider a reasonable level of general reserves, a risk assessment had been done and was contained at Appendix 11, to the report. This showed the requirement for the General Fund balance of over £1.5 million against the risks identified above. It had been agreed that £1.5m should be the minimum level for the core General Fund Balance.

The General Fund had had many specific Earmarked Reserves. These were attached, at Appendix 3 to the report, showing the actual and projected balances from April 2015, along with the purposes for which each reserve was held. The Finance and Audit Scrutiny Committee had been asked to scrutinise this element and pass comment to Executive.

Those reserves which showed a significant change in the overall balance in the period 1 April 2015 to 31 March 2020 were detailed in Appendix 3 and summarised below.

A reduction of £2,652k, within the Business Rates Retention Volatility Reserve, allowing for a contribution of £750k from the New Homes Bonus. This reserve was used to smooth the retained income from the Business Rates retained income scheme, with some allowance towards the cost of future appeals.

A decrease of £2,196k in the balance of the Capital Investment Reserve mainly due to the use of the reserve in financing projected General Fund capital expenditure, offset by contributions from the General Fund in respect of previous capital expenditure financed by this reserve. The reserve would receive top ups of £150,000 per annum from 2018/19 in order to ensure the on-going funding of the RUCIS scheme. In the past the Council has had a policy of maintaining a minimum balance of £2m in this reserve for unforeseen demands. However, it had proven to be unrealistic to maintain this level of minimum balance. Also, with the reduced number of capital schemes within the Capital Programme, and the other reserves that the Council holds, it was believed to be acceptable for this nominal balance to be reduced to £1m. This was reflected within the Financial Strategy, as set out in Appendix 9 to the report.

An increase of £122,000, within the Car Parking Repairs and Maintenance Reserve, as a result of £40k per annum contributions being made from the General Fund arising from increased parking fees.

The Community Forums Reserve would make contributions of £136,000 to the General Fund in respect of financing Community Forum grants and would effectively be extinguished at the end of 2017/18, with the cost of these grants then needing to be funded from core General Fund funding.

An increase of £312,000, in the Corporate Assets Reserve, in the balance due to top ups of £570k and £486k from the 2015/16 and 2016/17 New Home Bonuses respectively. The reserve would make a contribution to the General Fund of £744k in 2015/16. The contribution to fund works in 2016/17 would be subject to a report to March Executive. However, it was anticipated that this reserve should now be sufficiently funded for the next three years, although this would be considered in more detail in the March report.

Mangers and Service Area Managers had been tasked with regularly reviewing their forecast future requirements from the Equipment Renewal Reserve and looking to see whether they could reduce their demands on this Reserve by providing services by an alternative method in a more cost effective manner. This was paramount, as if all the future demands on this Reserve were needed, the Reserve was scheduled to run out during 2018/19 even after allowing for a £174k top up from the 2015/16 New Homes Bonus. Additional annual top ups of £100,000 per annum from 2019/20 were scheduled, in addition to the £200,000 contribution to this reserve detailed elsewhere in this report. Councillors would receive further information later in the year as part of the budget review as to how the anticipated shortfall could be financed. The latest Schedule was attached at Appendix 4 to the report.

An increase of £189,000, in the General Fund Early Retirements Reserve, arising as a result of top ups of £100k and £147k from the 2015/16 and 2016/17 New Homes Bonuses respectively offset by contributions from the reserve to the General fund in 2015/16 to fund various redundancies and early retirement costs.

A decrease of £899,000, in the ICT Reserve, arising from the funding of ICT capital expenditure 2015/16 to 2019/20. The reserve would receive annual top ups of £250k from 2019/20, as detailed in Appendix 5.

The Leisure Options Reserve was to be a new reserve initially funded from £625k New Homes Bonus in 2016/17. This reserve had been created to manage the loss of income arising during the Leisure Centre refurbishment project and also pay for the first year and a half's debt charges.

A decrease of £491,000, in the Public Amenity Reserve, arising from the funding of play equipment capital expenditure in the 2015/16 to 2019/20 capital programme.

An increase of £398,000, in the Public Open Spaces Planning Gain Reserve, arising from S106 contributions received in 2015/16 for which there was, as yet, no planned expenditure.

A decrease of £1,549,000 from the Service Transformation Reserve mainly due to various approvals for Fit For the Future projects. Excluding those approved in previous years which were slipped to 2015/16. The reserve will receive a top up of £23k from the 2016/17 budget surplus.

For some years now, officers had undertaken Options Appraisal when procuring items from the Equipment Renewal Reserve. It was recommended this practice continued and was used for any purchase from a Reserve where this exercise might be appropriate and offer an alternative cost effective means of purchase, e.g. ICT Reserve and Capital Investment Reserve.

The latest programme for both the General Fund and the HRA capital programme were shown at Appendix 6, of the report, along with the proposed financing of these schemes

The General Fund Capital Programme shown in Appendix 6, to the report, included the additional projects listed below and detailed within the capital variations in Appendix 7, to the report. This appendix contained details of other movements in the capital programme e.g. slippage from 2015/16 to 2016/17 and savings.

Project	**Amount**	**Comments**
SCHEMES ALREADY APPROVED		
Voice Over IP Telephony System	£75,000	Approved November 2015 by Head of Finance in conjunction with ICT Services Manager under delegated authority and funded from ICT Reserve
King George's Playing Fields, Barford	£166,000	Approved July 2015 Executive and funded from S106 contributions and New Homes Bonus (see paragraph 3.7.6)
Racing Club Warwick – match funding towards ground improvements	£50,000	Approved December 2015 Executive and funded from Capital Investment Reserve
Leisure Options – works to progress to RIBA Stage 4	£550,000	Approved December 2015 Executive and funded by internal borrowing

Project	**Amount**	**Comments**
NEW SCHEMES REQUIRING APPROVAL		
Royal Spa Centre Operational Works – Motors and Stage Lighting Dimmers	£350,000	Schemes originally included in Equipment Reserve Renewal Schedule but now removed and to be funded from Capital Investment Reserve in 2016/17
St Johns Warwick Flood Alleviation Scheme	£100,000	New scheme identified and to be funded from Capital Investment Reserve in 2017/18
Rural and Urban Initiatives Grants – extension from 2018/19 (as agreed by Executive September 2015)	£150,000 per annum	Additional allocations re existing schemes to enable them to continue. Will be funded from Capital Investment Reserve using planned revenue savings
Recycling and Refuse Containers, subject to separate report to this Executive meeting	£165,000 per annum	Additional allocations re existing schemes to enable them to continue from 2017/18 onwards. Will be funded from Revenue Contributions

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

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

- Leisure Centre Investment
- Investment in replacement multi storey car parks
- Office relocation

Slippage items to 2016/17 in the Programme since last reported to were:

- St Mary’s Lands Business Strategy £50,000
- Bishops Tachbrook Community Centre £200,000
- 2nd Warwick Sea Scouts’ Headquarters £49,825
- Conservation Action Programme £40,409
- Play Area Improvement Programme £223,125

The latest Housing Investment Programme (HIP) was shown at Appendix6 to the report. Changes to the Programme since last reported were:

- Virement of £20,000 from the 2015/16 Kitchen Fittings and Sanitaryware Replacements programme to Structural improvements; and
- An examination of the salary costs relating to staff carrying out the Council’s programme of Disabled Facilities Grants has revealed a case for charging capital salaries to the Mandatory Disabled Facilities

Grants capital budget thus alleviating pressure on revenue resources. Accordingly, £35,000 had been added to the Mandatory Disabled Facilities Grants budget within the 2016/17 Housing Investment Programme which would be financed by usable capital receipts. 2017/18 onwards would be reviewed once the outcome of the South Housing Assessment Team joint project pilot was known.

The RUCIS scheme was now funded on an on-going basis at £150,000 per annum, financed from planned revenue savings (which were passed through the Capital investment Reserve). It should be noted from the regular RUCIS reports that in addition to the annual £150,000 budget, the scheme carried forward significant unspent balances. It was proposed that from the end of 2015/16, the practice of slipping the unallocated budget should cease.

The Council was required to determine an authorised borrowing limit in accordance with The Local Government Act 2004, Section 3, and to agree prudential indicators in accordance with the CIPFA Code for Capital Finance in Local Authorities. The Prudential Borrowing Indicators were shown at Appendix 8, to the report.

The Finance & Audit Scrutiny Committee supported the recommendations in the report. In addition, having received the late information contained in the addendum the Committee recommended that Warwick District Council could take advantage of the increased ability to raise Council Tax for 2016/17 by £5, to place the Council's finances in a stronger position.

The Leader of the Executive highlighted the addendum from officers that had been circulated prior to the meeting. This informed the Council that the Government had amended its position following the publication of the report to the Executive. This would enable all Shire Districts and Boroughs to increase Council Tax by the equivalent of £5 or 2%, depending on which was the higher increase per band D property.

Councillor Barrott outlined the comments from the Finance & Audit Scrutiny Committee and also highlighted concerns over the Chairman's budget and the need to review the accounting practice with a view to reducing the overall allocation to the Chairman's Allowance.

Councillor Boad welcomed the removal of the travel tokens scheme because of the minimal benefit it provided to residents.

Councillor Whiting responded agreeing with Councillor Barrotts concerns about the Chairman's budget and recognised these should be addressed as outlined in the report. On a positive note he thanked the Head of Finance and his team for navigating this Council through a jungle of regulations that the Council had to comply with and in doing ensured we had a robust budget. He reminded Councillors that while a balanced revenue budget was good there was still a need to finance the capital liabilities which the Council had and until these were met the Council did not have a truly balanced budget.

Councillor Whiting, proposed the recommendations as laid out subject to amending recommendation 2.7, 2.9 and 2.10 to incorporate a £5 increase in Council tax rather than a 1.99% increase, with the extra council tax income being allocated to the Service transformation Reserve in 2016/17. This was duly seconded and:

Recommended that Council

(1) the proposed changes to 2015/16 Budgets detailed in paragraphs 3.2.2 and 3.2.3, of the report, be approved;

(2) the revised 2015/16 Budget of Net Expenditure of £14,609,500, as set out at Appendix 1 to the report, after allocating a surplus of £151,700 be approved;

(3) the 2015/16 surplus is allocated as follows:
- £76,300 to the Equipment Renewals Reserve; and
- £75,400 to the General Fund ringfenced towards the 2016/17 Contingency Budget (para 3.2.4);

(4) the proposed changes to 2016/17 Base Budgets detailed in paragraphs 3.3.1 to 3.3.4 be approved;

(5) with effect from this financial year (2015/16) any money that remains within the cost code 2280 4650 (Chairman’s Allowance) at the end of the financial year is declared as an underspend and not transferred to the Chairman’s Charities accounts as set out in paragraph 3.3.2 ii of the report;

(6) approves ending the Council’s Travel Token Scheme with effect from 1 June 2016 noting that there will be a six week public consultation about the proposal to determine whether there would be any adverse equality impact and should this appear to be the case the matter would be considered by the Leader and Deputy Leader to determine next steps, as set out in paragraph 3.3.2.iii of the report;

(7) the proposed Budget for 2016/17 with Net Expenditure of £12,556,300 taking into

account the changes detailed in section 3.3 of the report and summarised at Appendix 1 and the additional the £107,000 from the increased council tax income is allocated to the Service Transformation Reserve be approved;

(8) note the Grant Settlement for 2016/17 as discussed in paragraph 3.4.1 of the report. Should there be any changes between the indicative Revenue Support Grant and the final amount, the changes will be managed through the Service Transformation Reserve as set out para graph 3.4.4 of the report, and any change in the Business Rate Retention figures is reflected in the use of the Business Rate Retention Volatility Reserve set out in paragraph 3.5.4 of the report;

(9) the Council Tax of a Band D property for Warwick District Council for 2016/17 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts is agreed at £151.86 representing a £5 increase on 2015/16 with a further £107,000 allocated to the Service Transformation Reserve;

(10) Subject to approval of the above Budget 2016/17, the Council Tax charges for Warwick District Council for 2016/17 before the addition of parish/town council, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band is agreed by Council as follows:

.

Band	**£**
A	101.24
B	118.11
C	134.99
D	151.86
E	185.61
F	219.35
G	253.10
H	303.72

(11) The 2016/17 proposed New Homes Bonus of £2,257,564, be noted and the allocation of

the 2016/17 monies as follows, be approved as detailed in paragraph 3.7.6 of the report

	£
Waterloo Housing Association	178,500
St Georges Playing Field, Barford	71,000
Corporate Assets Reserve	486,000
Leisure Options Reserve	625,000
Business Rate Retention Volatility Reserve	750,000
Early Retirement Reserve	147,064

(12) the Head of Finance and Head of Development Services respond to the consultation on New Homes Bonus, following consultation with the relevant portfolio holders as set out in paragraph 3.7.5 of the report;

(13) the Council should continue to pay the National Living Wage to its employees, with the rate increased to £8.25 from April 2016 as detailed in paragraph 3.8.1 of the report;

(14) the General Fund budgeted surplus of £23,100 be allocated to the Service Transformation Reserve as detailed in paragraph 3.8.2 of the report;

(15) approve the Medium Terms financial projections as shown in the Strategy at Appendix 2, to the report Note the underlying deficit approaching some £600,000 unless this can be addressed by savings of the same magnitude delivered by 2020/21 (paragraph 3.9.6 of the report. An update to the Fit For the Future programme to be brought forward which considers ways to deal with this underlying deficit.

(16) Approve the creation of a new reserve entitled “Leisure Options” in order to cover the reduced income expected during the refurbishment of two leisure centres and the initial debt charges on the prudential borrowing taken out to finance the refurbishments paragraph 3.10.3.ix of the report. The management and control of the reserve to be as stated in the Reserves schedule in Appendix 3, of the report.

(17) notes the Reserves Schedule as at 1 April 2017 and projected balances at Appendix 3 of the report and paragraph 3.10.2 of the report.

(18) the Equipment Renewal Schedule Appendix 4 and ICT Schedule Appendix 5 be financed by the respective reserves and note with concern that neither reserve is fully funded in the long term unless further sources of finance in addition to the recurrent allocations as approved in the September Fit for the Future Report as set out in paragraph 3.10.3 vi, viii of the report;

(19) the General Fund Capital Programme including the new schemes described in the table in paragraph 3.11.2, of the report, and the Housing Investment Programme, paragraph 3.11.7 of the report, and the funding of both programmes as detailed in Appendices 6 and 7, to the report;

(20) approve that the practice of slipping the unallocated RUCIS budget should cease from the end of 2015/16 as set out in para 3.11.8 of the report;

(21) approve the Prudential indicators as set out in paragraph 3.12 of the report and Appendix 8 to the report;

(22) Approve the Financial Strategy as set out in paragraph 4.2 of the report and Appendix 9 t the minutes; and

(23) notes the mitigations and controls in place to alleviate the financial risks as detailed in section 6 of the report..

(The Portfolio Holder for this item was Councillor Whiting)
(Forward Plan reference number 754)

105. Housing Revenue Account (HRA) Budget 2016/17 and Housing Rents

The Executive considered a report, from Finance, that presented to Members the latest Housing Revenue Account (HRA) budgets in respect of 2015/16 and 2016/17.

The reported provided the detailed reasoning that supported the recommendations to Council in respect of setting next year’s budgets, the proposed increases to council tenant housing rents, garage rents and other charges for 2016/17 and the rents to be set for the new homes being developed at Sayer Court in Leamington Spa. It did not include the impact any potential Housing Association "Right-to-buy" levy.

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

In the House of Lord s' debate on 27 January 2016 on the report stage of the Welfare Reform and Work Bill, Lord Freud (Minister of State for Welfare Reform) confirmed the intention to exempt: "all supporting housing" from the 1% rent reduction. Further details, detailing precisely which properties and tenancies would be included within the exemption, are expected in place by the start of the new financial year. However, it was expected that properties of a type provided in the Council's supported housing schemes were likely to be included. It was possible that the exemption may also include designated dwellings.

The exemption would allow the Council to continue to apply CPI plus 1% rent increase to any properties and tenancies defined by the Government in the relevant regulations and guidance. The proposed variation translated into a rent increase of 0.9% in 2016/17 for the Council's sheltered housing and would increase projected income from these properties by £34,000. If the regulations allow for the increase to apply to designated dwellings, a rent increase of 0.9% could be applied to these properties, increasing projected income from these properties.

For void properties, the Council was able to set the base rent as the Target Social Rent (also known as Formula Rent). This represented a small increase over the social rent charged by the Council to tenanted properties and would increase projected rental income by around £5,000 in 2016/17. However, this rent had to be subsequently reduced by 1% at the next annual rent review after the property was re-let to comply with July 2015's policy announcement included in the Welfare Reform and Work Bill 2015/16 (currently progressing through Parliament).

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

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

The shared ownership properties rent increases were not governed by the national Policy. Schedule 4 of the lease agreement allowed the Council to increase rents for shared ownership properties by RPI + 0.5% in April 2017.
Garage rent increases were not governed by national guidance. Any increase that reflected costs of the service, demand, market conditions and the potential for income generation can be considered. The HRA

Business Plan base assumption was that garage rents would increase in line with inflation. However, the Council did not have in place a formal policy for the setting of rents for garages.

There were waiting lists for a number of garage sites, whilst other sites had far lower demand; where appropriate these sites were being considered for future redevelopment as part of the overall garage strategy for the future. To date 88 garages had been demolished or disposed of to provide land for new affordable housing. A full review of the Council's role in the provision of garages was included in the Housing Futures project.

Market Research showed that in the private sector, garages were being marketed for around £80 per month.

With regard to these factors an increase of 5% had been recommended as the most appropriate increase, the additional income generated for the service would help to alleviate the loss of rental income from dwellings and ensure the continuous viability of the Housing Revenue Account Business plan.

This increases projected income for 2016/17 by £24,700 compared to 2015/16. For tenants, most garage rents will increase by 29p per week, from £5.82 to £6.11. Non-tenants also pay VAT on the charge, so it will increase by 35p per week, from £6.98 to £7.33.

As reported to Executive in January 2016 the funding the Council receives from WCC to provide housing related support services (formerly referred to as Supporting People services) would end on 31 July 2016.

Executive agreed that the Council would continue to provide the same level of housing related support and therefore would continue to keep the charges for this service at the current level. The level of service provided and the charges for providing this service would be reviewed during 2016/17.

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

The latest budgets, Appendix 3 to the report, were based on the budgets approved in January 2016 updated for any changes since that report and the recommendations.

The dwelling rents had been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers for 2015/16 and 2016/17. However, additional rental income was expected from October 2016 onwards when the new 81 build properties at Sayer Court are completed and let to tenants.

The garages rental income had been increased to take into account the 5% increase in charges for 2016/17.

The projected income for Sayer Court had increased by £46,000 to reflect the additional rental income from charging Warwick Affordable Rents.

The overall impact of the proposed changes on the Housing Revenue Account was favourable. The HRA working balance would increase by £103,400 to £1.5m.

Appendix 3, to the report, showed the recommended Housing Revenue Account budgets for 2015/16 and 2016/17, updated to show the latest position including the effect of the recommendations in this report.

The Housing Investment Programme was presented as part of the separate February 2016 report 'Budget 2016/17 and Council Tax – Revenue and Capital' a summary is included within Appendix 3 to the report.

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

In October 2016, the Council's new development of flats and bungalows at Sayer Court would be completed and ready for letting. The first show flat would be ready for marketing in March 2016. To make the marketing exercise a success, it would be necessary for prospective tenants to be advised on the rents charged for the various dwelling types within the scheme.

Because Sayer Court was a 100% affordable housing scheme, the Council had a degree of flexibility in rent setting for the tenure of these homes.

The Council's current policy for its own housing stock was for all existing properties to be let at current Rent and new tenancies at Target Social rent.

In the case of new build schemes such as Sayer Court, the Council had the option to either apply its current policy of Target Social Rent or to adopt another approach to rent setting.

Warwick Affordable Rent was the midway point between Target Social Rent and Affordable Rent. The Affordable rent was set nationally as 80% of the local market rent for similar properties. However, setting rents at this level would mean that the Council would not have consistent rent setting policy for all its properties and the scheme might not be as attractive to new and transferring tenants.

The new build properties at Sayer Court would have high energy efficiency ratings compared to existing homes and thus the opportunity for residents to have lower energy bills.

Warwick Affordable Rents were expected to fall within the limits currently set for housing benefit and total projected rental income for 2016-17 would be £251,000 as set out in Appendix 4 to the report.

In addition, the Council could maintain the attractiveness of the existing stock by charging higher rents for the Sayer Court properties

To set a precedent for rent setting for new build schemes and to generate additional rental income which could be used to fund capital investment in future years, setting rents at Warwick Affordable Rents was recommended for Sayer Court. As part of the Housing Futures project, there would be an opportunity to consider the Council's rent policy for its landlord service.

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

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

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

The Council has discretion over the setting of Garage rents and therefore could consider alternative rent values. Each 1% change in garage rents results in an increase or decrease of potential income of around £4,800 per year. It would be possible to set Garage rents higher than those proposed to maximise income; however significantly higher rents may made garages harder to let and so could reduce income. The review of the HRA Business Plan during 2016/17 would consider options for increasing the financial viability of providing garages.

Alternatively for Sayer Court the Council could adopt Target Social Rent would provide consistency of rents across all homes owned by the Council and made sure that rents charged remain within the limits that had been set for eligibility for housing benefit support for those with low incomes. The rents would be competitive against other housing options and would support the marketing of these properties to new and transferring tenants. The projected rental income for 2016/17 at Target Social Rent would be in the region of £206.000

The Finance & Audit Scrutiny Committee supported the recommendations although concerns were raised about the maintenance of safety measures being delayed by the Repairs Service. Whilst Members noted that this work was being brought up to date as quickly as possible, it was felt that the Executive should be aware of the high level of risk this posed to the Council.

Councillor Mobbs highlighted to the Executive the addendum to this item that had been circulated at the meeting. This explained that following the publication of the report further clarification had been received. Therefore the proposed variation translates into a rent increase of 0.9% in 2016/17 for the Councils Sheltered and Very Sheltered Dwellings and would increase projected income from these properties by £17,000 compared to 2015/16. If the regulations allow for the increase to apply to designated dwellings, a rent increase of 0.9% would be applied to these properties, increasing projected income from these properties by £37,000 compared to 2015/16. This resulted in the overall impact of the proposed changes on the Housing Revenue Account budget is favourable. The HRA Working Balance would increase by £173,400 to £1.5m.
As a result the proposed average weekly rent charges were amended to read as follows, for Appendix 1 and 2:

1 Bed £79.57 is now £80.53
2 Bed £87.50 is now £87.81
4 Bed £108.03 is now 108.07

Appendix3 would be amended so that Rents- Housing was amended from £25,453,000 to £25,603,000 and the HRA balance was amended from £23,400 to £173,400.

Councillor Phillips responded to the comments from the Finance & Audit Scrutiny Committee explaining that work was nearly completed on the corporate buildings and under way for all blocks of flats. Initial conclusions were beginning to arrive and a detailed report would be brought back in due course. He took the opportunity to thank the Head of Finance and his team for their work on this report.

Councillor Phillips proposed the recommendations as set out in the report subject to the amendments circulate din the addendum at the meeting.

Recommended to Council that the

(1) housing dwelling rents for 2016/17 be reduced by 1% for existing HRA dwelling tenants, except as in (2) below;

(2) rents for Designated, Sheltered and Very Sheltered dwellings be increased by CPI + 1%, subject to receipt of formal government guidance advising that such an option is permissible. Full Council will be notified accordingly of any updates and changes to national policy on rent setting for 2016/17 s detailed paragraph 3.1.2 and 3.1.3 of the report;

(3) HRA dwelling rents for 2016/17 for new tenancies are set at Target Social Rent;

(4) garage rents for 2016/17 be increased by 5%;

(5) 2016/17 Supporting People charges for housing tenants receiving housing related support should remain the same as 2015/16;

(6) latest 2015/16 and 2016/17 Housing Revenue Account (HRA) budgets, as set out in Appendix 3 to the report, be approved;

(7) rents for Sayer Court be set at Warwick Affordable Rents; and

(8) shared ownership properties rents remain the same as 2015/16 in accordance with the terms of the lease.

(The Portfolio Holder for this item was Councillor Phillips)
(Forward Plan reference number 664)

106. **Heating, Lighting and Water Charges 2016/17 – Council Tenants**

The Executive considered a report, from Finance, that set out the proposed recharges to Council housing tenants for the provision of communal heating, lighting and water supply during 2016/17.

Recharges were levied to recover costs of electricity, gas and water supply usage to individual properties within one of the sheltered and the 5 very sheltered housing schemes, which were provided as part of communal heating and water supplies. The costs of maintaining communal laundry facilities were also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.

The charges necessary to fully recover costs were calculated annually from average consumption over the past three years, updated for current costs and adjusted for one third of any over-recover or under-recovery in previous years. The charges for 2016/17 were calculated on the basis of average consumption for 2013/14, 2014/15 and 2015/16. The use of an average ensures that seasonal and yearly variations were reflected in the calculation.

For reference, in February 2013 the increase required to meet projected Heating & Lighting costs was deemed unaffordable for tenants, so it was agreed to implement a lower increase and aim to fully recover costs within a 5 year period. In 2015/2016 it was recommended that where the increase to fully recover costs was higher than 95p per week, the increases be constrained to 95p to ensure the increase was affordable for tenants and continue to move towards full recovery over future years.

For 2016/17, the Council was moving towards a policy of full recovery and to achieve this it was recommending that the charges be increased by the lower of, the full amount or an amount commensurate to the decrease in rent arising from the 1% reduction. This approach would phase in gradually the full costs recovery and would ensure that no excessive increases to the charges are made in one year.

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

The Gas and Electricity contracts for the authority were currently being renegotiated and reduction in costs was expected to materialise in 2016/17, with savings being passed on to tenants in future years.

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

For those Heating/Lighting charges which had been set below the level necessary to recover the full cost, a higher charge could be set to better reflect the cost. This would mean a number of tenants would be paying an increase in charges of up £3.40 per week (£176.8 per year), while other tenants would see a reduction in the charges they pay by up to 80 pence per week (£41 per Year).

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

The Leader of the Executive drew attention to the addendum circulated at the meeting about this item which provided further details and revised the weekly charges so that they were an equivalent to a 1% increase in average rent to tenants. This is a fair approach as it facilitates the council implementation of full costs recovery and it doesn’t make tenants worse off and was detailed in a revised Appendix 1 circulated at the meeting.

Councillor Phillips proposed the recommendations as set out in the report subject to the amendments circulate din the addendum at the meeting.

Recommended that the Council approves the revised recharges for Council tenants relating to heating, lighting, water and miscellaneous charges for the rent year commencing 4 April 2016, as set out in Appendix 1 and Appendix 2 to the minutes.

(The Portfolio Holder for this item was Councillor Phillips)
(Forward Plan reference number 755)

107. Treasury Management Strategy Plan for 2016/17

The Executive considered a report, Finance, that detailed the strategy for 2016/17 that the Council would follow in carrying out its Treasury Management activities including the Annual Investment Strategy and Minimum Revenue Provision (MRP)Policy Statement.

The report consisted of a number of Appendices; Appendix A Annual Treasury Management Strategy Plan 2016/17; Appendix B 2016/17 Annual Investment Strategy Including Annex 1; Appendix C Minimum Revenue Provision Policy Statement; Appendix D An Explanation of Credit Rating Terms; Appendix E Economic Background; and Appendix F Glossary of Terms
The Council was required to have an approved Treasury Management Strategy, including an Annual Investment Strategy and Minimum Revenue Provision Policy within which its Treasury Management operations can be carried out. The Council would be investing approximately £11.72 million in new capital in 2016/17 and would hold average investments of £57 million (2015/16 latest £62m). This level of investments arises from the Council's reserves and provisions, the General Fund and Housing Revenue Account balances, and accumulated capital receipts as well as cashflow.

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

This Council had regard to the Governments Guidance on Local Government Investments and CIPFA's updated Treasury Management in Public Services Code of Practice. The guidance stated that an Annual Investment Strategy must be produced in advance of the year to which it related and must be approved by the Council. The Strategy could be amended at any time and it must be made available to the public. The Annual Investment Strategy for 2016/17 was contained within Appendix B to the report and its Annex.

The current low interest rate environment was expected to continue for the foreseeable future as whilst interest rates were expected to start rising from the final quarter of 2016 it would be from a very low base and consequently investment returns would continue to be depressed for some time to come. The Council's requirement under the Fit For the Future agenda for an additional £50,000 investment income to be generated each year from 2016/17 for the General Fund and continuing high investment balances mean that it had become necessary once again to look at alternative investment vehicles in order to ensure that the Council could continue to invest its funds with the highest possible security whilst obtaining a reasonable rate of return. This meant that the Council could diversify its risk rather than just increasing the limits for existing counterparties. The change being recommended was described in more detail in Appendix B, to the report, but essentially involved the addition of Repo’s and Corporate Equity Funds for longer term investments. In addition, various changes to counterparty credit ratings and limits were proposed and again these are described in more detail in Appendix B to the report.

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

The Prudential Code for Capital Finance in local authorities which was revised in 2009 introduced new requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of an integrated treasury management strategy. The Prudential Code requires the Council to set a number of Prudential Indicators and this report does therefore incorporate within section 5 of Appendix A to the report the indicators to which regard should be given when determining the Council’s treasury management strategy for the next 3 financial years.

The approval of an annual Treasury Management Strategy was a requirement of the CIPFA Treasury Management in the Public Services Code of Practice, the latest version of which was adopted by the Council in 2011/12.

An alternative to the strategy being proposed for 2016/17 would be to not introduce the new investment vehicles or alter the current counterparty limits and minimum credit ratings but this would not achieve the increase in investment interest required by the Council.

The Finance & Audit Scrutiny Committee supported the recommendations in the report although Members were concerned that in order to increase return, the level of risk also had to increase.

Councillor Whiting explained that the increased level of risk was a concern but at the same time work was being taken to ensure this was mitigated. That said this small increased risk should provide greater rewards for the Council and help to provide a more robust budget for future years.

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

Recommended that Council that

(1) the Treasury Management Strategy for 2016/17 as outlined in paragraph 3.1 of the report and detailed in Appendix A be approved;

(2) the 2016/17 Annual Investment Strategy as outlined in paragraphs 3.3 and 3.4 of the report and detailed in Appendix B together with Annex 1, of the report are adopted including the following changes:-

   i) that as per paragraph 2.3 of Appendix B to the report, for banks and category A and B Building Societies, the minimum long term rating be reduced from A+ to A and for banks rated A, a counterparty limit of £3m be introduced;

   ii) that as per paragraph 2.4 of Appendix B to the report, the overall group limit of £6m for Variable Net Asset Value Money Market Funds be removed;

   iii) that as per paragraph 2.5 of Appendix B to the report the minimum credit rating for Category 1 & 3 Corporate and Covered Bonds and Floating Rate Notes be reduced from A+ to A;

   iv) as per paragraph 2.7 of Appendix B to the report; Repo's are added to the list of Specified investment vehicles and Corporate Equity Funds are added to the list of Non Specified investment vehicles that the Council can use;

   v) as per paragraph 2.9 of Appendix B, of the report, the relevant counterparty limit is increased by £3m where that additional £3m is represented by Repo Collateral with a credit rating higher than that of the counterparty offering the Repo;

   vi) as per paragraph 2.11 of Appendix B of the report, in the case of Corporate Bond/Equity and Property Funds a volatility reserve be established if necessary in order to manage the impact of capital valuation changes on the General Fund;

   vii) as per paragraph 2.12 of Appendix B of the report the individual counterparty limit for Corporate Equity Funds be £3m, £2m and £1m for Low, Medium and High risk funds respectively. In each case the limit to be subject to a 10% allowance for capital growth;

viii) as per paragraph 2.16 of Appendix B of the report the current long term investment limits of 60% of the core investments portfolio subject to a maximum of £15m be increased to 70% and £20m respectively and the current limit of £10m for Corporate Bond/Equity/Property Funds be increased to £15m to be included within the new proposed overall limit of £20m.

(3) the Minimum Revenue Provision Policy Statement as outlined in paragraph 3.5 of the report and contained in paragraphs 4.1 to 4.4 of Appendix C to the report are approved; and

(4) the Prudential Indicators as outlined paragraph 3.6 of the report and contained in paragraphs 5.1 to 5.5 of Appendix A of the report are approved.

(The Portfolio Holder for this item was Councillor Whiting)
(Forward Plan reference number 756)

108. Design Guide for the Strategic Urban Extension, South of Royal Leamington Spa and Warwick (February 2016)

The Executive considered a report, Development Services, that brought forward design guidance for the Strategic Urban Extension, south of Royal Leamington Spa and Warwick (February 2016).

The design guide had been prepared by White Young Green (WYG) on behalf of Warwick District Council. Its purpose was to ensure that new housing development, as designated in the Publication Draft Local Plan 2014, comes forward in accordance with the garden suburb ambitions for this area.

The guidance would support the preparation and determination of future planning applications. It provided a greater level of site specific detail than the earlier prospectus document; "Garden Towns, Villages and Suburbs: A prospectus for Warwick District Council, May 2012". It would help inform the development process and provided greater clarity on how a new garden suburb could look and perform.

This guidance would be a 'best practice' reference document for Warwick District Council and Warwickshire County Council; (the relevant organisations that were involved in the determination of planning applications within the Strategic Urban Extension area); the developers, house builders and designers who would be pursuing applications within the extension area; and interested parties, such as local residents and stakeholders.

The guidance document supported the Council's intention to adopt a proactive and coordinated approach to delivering housing growth and related infrastructure. As such, it would enable a positive contribution to be made towards the Council's 'Fit for the Future' policy, and specifically to accord with a strategic vision to make Warwick District a great place to live, work and visit.

Previously, the vision outlined in 'Garden Towns, Villages and Suburbs; A Prospectus for Warwick District Council' (May 2012), provided a basis for future development, illustrating the overarching principles of garden suburbs and neighbourhoods.

Given the scale of new housing growth to the south of Leamington Spa and Warwick more detailed guidance was required to actively steer forthcoming planning applications. This design guidance was intended to provide greater clarity as more detailed proposals were brought forward. It was important that there was flexibility built in to respond to changing needs of the community, market conditions or changes in policy over the lifetime of the document.

Arising from the public consultation event Council Officers and WYG assessed each representation related to the design guidance. It was Officer's opinion that no substantial changes were required. Where relevant 10 minor revisions had been made to the document dated November 2015. In addition, each person who completed a feedback form or submitted a response by email had been provided with a full reply.

The Overview & Scrutiny Committee agreed with the design guidance and considered it to be a good document. However, the Committee would like to see in practice higher housing densities where appropriate.

The Executive noted the comments from the Overview & Scrutiny Committee but highlighted that density of housing was not matter that could be considered as part of this document.

Recommended that Council endorses the design guidance for the Strategic Urban Extension, south of Royal Leamington Spa and Warwick (February 2016) as a 'best practice' document and acknowledges its supporting role in the future decision making process with regards to planning applications affecting the Strategic Urban Extension area.

(The Portfolio Holder for this item was Councillor Cross)
(Forward Plan reference number 757)

Part 2

(Items on which a decision by Council is not required)

109. Multi-Storey Car Parks Condition Survey

The Executive considered a report, from Neighbourhood Services that appraised them on the outcome of the structural condition surveys commissioned on the Council's three multi-storey car parks and set out the intended response to these. The report would have implications upon the forthcoming draft car park strategy which was due to be submitted to Council in March 2016.

Structural engineers, Pick Everard, were commissioned to undertake structural condition surveys for Covent Garden, St Peters and Linen Street MSCPs. Their surveys, summarised at Appendix One to the report, highlighted issues which required further specialist concrete testing which had also been undertaken.

The surveys had demonstrated that the St Peters MSCP was in reasonable condition and with some limited capital investment could continue to provide Leamington with nearly 400 car parking spaces for the next 20 years. However, in order to ensure its continued operation the survey concluded that remedial works of circa £120,000 were required.

It was recommended that essential remedial works including structural repairs, deck coating repairs, Health & Safety works to the split levels and drainage improvements are undertaken as soon as possible. This would put the MSCP into a state or repair that could be maintained through an on-going annual maintenance programme. The funding for these works would be made available through the Car Park Repairs and Maintenance Reserve.

The results of the survey of Linen Street MSCP were significantly different and indicate that it had reached the end of its design life. The car park required substantial concrete repairs and had steel reinforcement bar degradation throughout with unacceptable levels of section loss to the ramps to decks 8 & 9 and as a result these had been closed from public use. Due to age of construction there were sections of the car park that do not conform to modern health & safety requirements one example would be the timber slats between each parapet which were considered a fire risk. Vehicle impact protection was showing extensive corrosion. The estimated cost to deal with the immediate repairs needed was £439,000 which would only provide the car park with up to three years additional life. Any short term repair offered no value for money due to the limited extended life. In the next 12 months no repairs would be made to Linen Street but the car park would be structurally inspected on a monthly basis to assess its safety risk for ongoing public use. The cost to inspect was £18,000 per annum and was funded through existing budgets, it was anticipated that full closure of the car park would be phased in over the coming 12months, but would be dependent on the inspection results. The benefit of site inspection for next 12 months was that officers would be able to assess all of the possible options through a feasibility study.

Linen Street provided residential parking to 30 vehicles at Martinique Square and there was a serious financial and logistical impact in regards to the residents parking entitlement. There was a short term alternative parking arrangement planned to cope with the displacement of the Martinique Square vehicles when Linen Street closes. But the displacement created a knock on effect to income derived from other car parks, most notably West Rock. Long term closure of Linen Street could add considerable risk to the vitality of the local economy as loss of parking on this scale would create disproportional displacement of cars throughout the town centre and put further pressure on already well utilised parking locations. An internal options appraisal for Linen Street had identified that the most suitable area for rebuilding the car park was upon the existing footprint and financial modelling would be needed to assess the financial business case. Without design proposals there was no possibility of producing an accurate feasibility study for Council to consider. It was recommended that a procurement exercise be undertaken to appointment a suitable specialist.

The follow on report for Linen Street was necessary as it would take time to procure the necessary specialist companies and develop the options. The purpose of the report would be to give Council a clear understanding of the options and costs for future provision at Linen Street and would be submitted as soon as practically possible.

The results of the Covent Garden report highlighted a number of significant issues, the main concern being ASR (Alkali Silica Reaction) which required further investigative testing. The revised report had now been received and showed that ASR was present throughout the building but at a lower risk than first considered and could be managed in the short term. There were however, substantial costs associated with maintaining Covent Garden for any length of time. As this site was linked to Riverside House relocation it was proposed that Council note the issues from the survey at Covent Garden. A detailed report into the future of Covent Garden would form part of the Riverside House relocation report due later in 2016.

Current maintenance to all car parks was paid through the repairs and maintenance budget of £60k per annum. This fund is not sufficient to deal with the future challenges of the multi-stories or to keep them in a reasonable standard. It is recommended to Council that future contributions are made to the Car Park Repairs and Maintenance Reserve from any surplus income over the amounts budgeted to cover the future liabilities of any multi-storey car park. Conversely, shortfalls from car park income to the General Fund would also be financed from this reserve.
Alternatively the Council could decide not to fund remedial repairs and ongoing maintenance at St Peters car park. This had been discounted as the Council had funds in the car parks reserve and had made provision to maintain the fund through car park income.

Alternatively the Council could decide not to fund £20,000 for the feasibility study and allow Linen Street to close with no option to replace the car park in the future. This would leave the Council with no detailed plan as to how the Council could deal with the future of the Linen Street site as well as the obligation to supply car parking for Martinique Square and potentially the Print Works on this basis it had been discounted.

Alternatively the officers could bring forward a report detailing the work required at Covent Garden or options appraisal for the site. This had been discounted as there was a wider scheme in respect of the HQ relocation which would consider how best to assess the future of the Covent Garden car park.

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

Councillor Shilton provided assurance that a Working Party would be established to look at the future of Council car parks as a separate piece of work the Task & Finish Group looking at Car Parking Charges. He recognised the obligations this Council had in terms of residents and supporting the local economy and therefore consultation would be undertaken with relevant local Council's before any decisions were taken.

Resolved that

(1) the outcome of the specialist structural condition surveys of the multi-storey car parks (MSCP) set out at Appendix One to the report, be noted;

(2) the £120,000 essential remedial repairs to the St. Peters MSCP, Leamington, be funded from the Car Park Reserve;

(3) Linen Street MSCP, Warwick is nearing the end of its design life and as it continues to operate will need to be monitored through monthly structural surveys to mitigate the ongoing issues;

(4) a budget of £20,000 be approved to enable detailed feasibility work to be undertaken on options for future provision of appropriate levels of car parking in Warwick town centre to replace the current provision within the Linen Street MSCP. Funded from the Car Park Repairs and Maintenance Reserve;

(5) a further report detailing the business case for each option will be presented to Executive when this work has been undertaken;

(6) the position in respect of the Covent Garden MSCP, Leamington and that proposals to address the issues relating to this car park will be developed as part of the proposed wider

development of this area and reported through a future HQ Relocation report;

(7) the principle of reserving car park income surplus from the base budget to cover the future maintenance liabilities of MSCP, be approved.

(The Portfolio Holder for this item was Councillor Shilton)
(Forward Plan Reference 728)

110. **Rural/Urban Capital Improvement Scheme (RUCIS) Applications**

The Executive considered a report, from Finance, regarding the Rural/Urban Capital Improvement Scheme grant applications that had been received from Leamington Netball Club and Lapworth Cricket Club.

Leamington Netball Club had applied for funding to build and equip a purpose built courtside facility to provide disabled / wheelchair access, two toilets (one of which will be a disabled toilet), a social / mentoring / de-brief area and a kitchen / refreshment facility; as well as Raise the two perimeter fences that were not currently at full height to reduce anti-social behaviour when not in use, ensure that safety aspects were covered by reducing the number of occasions of netballs going over the fence onto either the car park or Leamington Rugby Club’s 3rd team pitch and support the club's safeguarding policy for young female players.

Lapworth Cricket Club had applied for funding to build a new patio area and walkway either side of the existing pavilion to resolve health & safety issues with the current uneven surface and to create an enlarged amenity and leisure area for the increasing number of players and spectators; and provide power to the equipment shed and score box to enable the club to carry out their own basic maintenance which would reduce costs, to enable an electronic scoring device to be installed and also enabled the use of power tools in that part of the ground, for example, leaf blowers and hedge cutters.

The Council operated a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended was in accordance with the Council’s agreed scheme and would provide funding to help the project progress. Both projects also contribute to the Council’s Sustainable Community Strategy.

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

Members may choose not to approve the grant funding, or to vary the amount awarded.

Resolved that

(1) Leamington Netball Club be awarded a Rural/Urban Capital Improvement Grant from the rural cost centre budget for Leamington Netball Club of 42% of the total project costs to build and equip a purpose built courtside facility and raise the height of two perimeter fences, as detailed within paragraphs 1.1, 3.2 and 8.1, up to a maximum of £30,000 including vat subject to receipt of a Written confirmation from BiffaAward (or an alternative grant provider) to approve a capital grant of £30,000, as supported by appendix 1 to the report.

(2) Lapworth Cricket Club be awarded a a Rural/Urban Capital Improvement Grant from the rural cost centre budget for Lapworth Cricket Club of 50% of the total project costs to build a new patio and walkway and to provide power to the equipment shed and score box, as detailed within paragraphs 1.1, 3.2 and 8.2, up to a maximum of £11,716 including vat. As supported by appendix 2.

(The Portfolio Holder for this item was Councillor Whiting)
(Forward Plan reference 758)

111. 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 three items by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute No.	Para Nos.	Reason
112	1	Information relating to an Individual
112	2	Information which is likely to reveal the identity of an individual

112. **Potential Redundancy Costs (Customer Service Centre)**

The Executive considered a report from Neighbourhood Services

The recommendations of report were agreed as printed and the full details will be included in the confidential minutes.

(The meeting ended at 6.55pm)

Heating, Lighting and Miscellaneous Charges

From 6th April 2016 charges covering heating, lighting and miscellaneous charges should be varied as follows:

Heating, Lighting and Miscellaneous Charges	**Current Charge per Week 2015/16 £**	**Charge To Fully Recover Costs 2016/17 £**	**Proposed Charge per Week 2016/17 £**	**Proposed Increase/ (Decrease) per Week 2016/17 £**	**Proposed Change 2016/17 %**
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa					
Nos. 1 - 12, 14 – 41	£10.55	£11.60	**£11.35**	+£0.80	+7.6%
Nos. 43, 44, 46 and 47 (Misc. Charge only)	£0.60	£0.60	**£0.60**	+£0.00	+0.0%
Tannery Court, Bertie Road, Kenilworth					
Nos. 1, 2, 4 – 6, 7a, 8 - 12, 22a, 14 - 40	£8.85	£8.35	**£8.35**	-£0.50	-5.6%
No. 3	£13.00	£12.25	**£12.25**	-£0.75	-5.8%
Yeomanry Close, Priory Road, Warwick					
Nos. 1 - 12, 14 – 32	£7.60	£10.10	**£8.38**	+£0.78	+10.3%
James Court, Weston Close, Warwick					
Nos. 1 - 12, 14 – 26	£9.35	£10.35	**£10.13**	+£0.78	+8.3%
Chandos Court, Chandos Street, Royal Leamington Spa					
Nos. 1 - 12, 11a, 25a, 14 – 46	£10.70	£11.20	**£11.49**	+£0.79	+7.4%
Radcliffe Gardens, Brunswick Street, Royal Leamington Spa					
Bedsits and 1 bedroom flats	£6.45	£8.40	**£7.13**	+£0.68	+10.5%
2 bedroom flats	£10.05	£13.45	**£10.84**	+£0.79	+7.9%

Minute 106 Appendix 2

Water Charges

From 4th April 2016 water charges should be varied as follows:

Water Charges	**Current Charge per Week 2015/16 £**	**Proposed Charge per Week 2016/17 £**	**Proposed Increase/ (Decrease) per Week 2016/17 £**	**Proposed Change 2016/17 %**
Acorn Court, Stockton Grove, Lillington, Royal Leamington Spa				
Nos. 1 - 12, 14 - 41, 43 – 47	£3.45	£3.70	+£0.25	+6.7%
Tannery Court, Bertie Road, Kenilworth				
Nos. 1, 2, 3, 4 - 6, 7a, 8 - 12, 22a, 14 - 40	£4.00	£4.10	+£0.10	+2.3%
Yeomanry Close, Priory Road, Warwick				
Nos. 1 - 12, 14 - 32, 33 and 34	£2.65	£2.65	+£0.00	+0.0%
James Court, Weston Close, Warwick				
Nos. 1 - 12, 14 – 28	£2.90	£2.90	+£0.00	+0.0%
Chandos Court, Chandos Street, Royal Leamington Spa				
Nos. 1 - 12, 11a, 25a, 14 - 46, 47	£3.10	£3.20	+£0.10	+3.2%