

Cabinet

Minutes of the meeting held on Wednesday 5 June 2024 in Shire Hall, Warwick at 6.00pm.

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

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

141. Apologies for Absence

There were no apologies for absence.

142. Declarations of Interest

Minute Number 154 - Court Street/Althorpe Street, Royal Leamington Spa

Councillor Day, although not a member of Cabinet, declared an interest as his wife was a trustee of helping hands and left the meeting during this item.

Councillor Boad declared an interest as he helped raise money for Helping Hands during his time as Mayor of Leamington Town Council.

143. Minutes

The minutes of the meeting held on 10 April 2024 were taken as read and signed by the Chair as a correct record.

Part 1

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

144. West Midlands Investment Zone

The Cabinet considered a report from the Chief Executive which provided an update after the decision of Cabinet and Council in November 2023 about the establishment of the West Midlands Investment Zone (WMIZ) and the Council's involvement with it. Further discussions and negotiations had been underway since then and some were, to a degree outstanding, but a conclusion was within reach and the report sought support to proceed to completion of agreements. The report addressed:

The progress since the last report in November 2023:

- The benefits of participation.
- The challenge.
- The solution.
- Making the WMIZ happen.

On 15 November 2023, both the Cabinet and the Council considered a report on the proposed West Midlands Investment Zone (WMIZ). A

recommendation to Council was subsequently agreed and Cabinet resolutions were also agreed. Hyper-links were contained in the report for reference which linked to the 15 November 2023 Cabinet report and 15 November Council minutes. Those decisions were set out in Table 1 to the report along with progress/position set out against each one and which indicated appropriate agreement to the points/caveats made by the Council except for the without detriment issue.

To get the WMIZ proposal overall to the stage of being implemented from 1 April 2024, five gateways had had to be negotiated with the government. Appendix 1 to the report set out background information on the WMIZ proposal and where the scheme had currently got to in overall terms to date. The government had laid the appropriate orders relating to the business rates retention areas and the tax incentive areas for the West Midlands Investment Zone, including the Coventry and Warwick Giga Park.

Benefits of Participation

The WMIZ proposal was a regional/local implementation of a national government policy. This policy proposal aimed to boost key economic sectors in particular localities by offering some financial aid up front and offering the opportunity of future business rates to be retained 100% locally for 25 years. Such business rates could be reinvested in the sites to be redeveloped/regenerated and in the chosen economic sector more generally in that locality. The government expected such proposals to have strong ties with local Universities. So far only the eight mayoral Combined Authorities had been offered this opportunity. WDC was the only District Council in the country directly involved with an Investment Zone proposal that was not also a Constituent Council of a Combined Authority.

In respect of the West Midlands Combined Authority's (WMCA) Investment Zone proposal, the identified sector was Advanced Manufacturing though this had been widened to allow for intersections with some other economic sectors. More specifically, the sites identified to help this sector develop, (in this case the Wolverhampton Green Innovation Corridor; the Birmingham Knowledge Quarter; and the Coventry and Warwick Giga Park) were to benefit from the upfront investment available from the government (all three) and business rates retention (Birmingham Knowledge Quarter and Coventry and Warwick Giga Park only).

This meant that the four sites around and including Coventry Airfield were proposed to be included with emphasis on delivering the Gigafactory for battery production and enhancing the economic sector around energy and green industries. Internationally such facilities were only being built with respective government financial support. An international investor had advised in writing that, should the Coventry Airfield site be confirmed with in the Investment Zone, that this was their chosen site for a Gigafactory. Therefore, whilst the IZ designation did not offer a guarantee of securing the implementation of a Gigafactory, it did significantly increase its chances of happening.

Such an investment was anticipated to be significant, estimated by the WMCA of being more than £1billion, and generating thousands of jobs directly and more indirectly through expansion of the supply chain. The expectation would be that securing such an investment would attract other

investors to that sector and location. It would help to create a cluster of advanced manufacturing companies around Coventry Airfield and develop links to the two local Universities.

As well as the economic benefits, helping to deliver a Gigafactory was important as part of the process of decarbonisation of the economy. Transport was one of the largest contributors to CO2 emissions and being able to transfer vehicles to another fuel base would be very a significant benefit to offsetting/mitigating Climate Change impacts. In these broad terms the proposal would support the Council's own strategy for Climate Change and of moving to a low carbon-based economy and way of life.

The Challenge

The focus of effort in the intervening time since November 2023 had been one of ensuring an appropriate balance between the Council's strategic ambitions with its fiduciary duty to its residents and businesses, i.e.:

- Supporting the principle of the WMIZ and especially the prospect of a Gigafactory on the Coventry Airfield site.
- Not severely disadvantaging the work of the Council in respect of business rates because of the implementation of the retention of 100% business rates element under the WMIZ scheme.

The scheme as intended by the government would enable the West Midlands Combined Authority (WMCA) to retain all the business rates growth generated from the agreed sites for a period of 25 years. That growth was then ringfenced so that the funds could be reinvested in:

- Bringing the various Investment Zone sites forward.
- Subsequently for other investments within the WMCA and Warwick District Council (WDC) area, i.e. the West Midlands Investment Zone, into the priority economic sector, (Advanced Manufacturing with its various intersections).

This issue was of particular significance and potential detriment to the work of the Council. Plan A showed the proposed designation for the Coventry and Warwick Giga Park. Of the sites that made up the Coventry and Warwick Giga Park component of the WMIZ proposed to be included in the designated area for tax site incentives and business rates retention purposes, two of those four sites (Whitley South and Segro Park) were already allocated as employment sites in this Council's Local Plan and had planning permission. Indeed, they already had the infrastructure in place and some development was already underway on the Segro Park scheme.

Ordinarily these sites would result in a yield to the Council of 40% of any business rate growth (and WCC 10%) above the agreed baseline until there was a reset and then 40% (and WCC 10%) of any further growth in the business rates above any new reset baseline. The discussions/negotiations since November 2023 on the "without detriment" issue had been how the Council could retain that 40% (and WCC its 10% share) from those two sites share as if the IZ proposal had not been implemented. Whilst the principle of without detriment had been agreed in November 2023, what that meant and how it would work was not.

Of the other two sites in the Coventry and Warwick Giga Park, one was Whitley East which was in the Coventry City Council area and the other was Coventry Airfield in the WDC area. It was recognised that to bring forward the airfield site as a Gigafactory it would require public sector financial assistance. The Gigafactory was the “prize” for the local, regional, and national economy. It would represent a multi-billion-pound investment in the District and would be of a scale able to create thousands of jobs directly and indirectly through the supply chain. The intention of the wider area being designated was to encourage the co-location of a cluster of companies involved in that sector who would also benefit from the connections with the two local Universities. The airfield was not currently a Local Plan allocated site, though it did have planning permission for a Gigafactory. The site would require public sector financial input for the Gigafactory to come forward, so the Council had not sought the 40% of the business rates growth from that site. This alone arguably left the Council at considerable potential financial detriment.

Discussion had focused on trying to agree principles that would address the “without detriment” issue in more detail. The discussions/negotiations initially sought that WDC and WCC would continue to retain their current share of the business rates growth originating from the Whitley South and Segro Park sites. This was a negotiated proposed exemption from the national scheme and would need to be incorporated within a Memorandum of Understanding that was necessary to allow for the movement of business rates. However, the proposed exemption initially also required that this business rate income should be reinvested in locally agreed growth initiatives up until a business rates reset and then after that, in the main economic sector – Advanced Manufacturing with its various intersections. What constitutes a local growth initiative was to be determined by the Council and examples could be Abbey Fields Swimming Pool, or the Fusiliers Way Community Stadium or Housing Retro fit, or all three, or others. However, as examples it could not be used to: directly address the Council’s underlying financial deficit; to go into reserves; or to support a future Council Tax policy.

Under this exemption, the Council could choose to use the business rates income to borrow against. However, this Council had sought to negotiate that that borrowing would be protected from a reset. That was, that any borrowing incurred would continue to be funded after a business rates reset towards the costs of those agreed capital schemes. This would be better than in the scenario of what would happen if the IZ did not take place. In this scenario, the Council would have had the opportunity to maximise the potential of its 40% share over a longer period by being within the Investment Zone than would be the case if it were not part of the Investment Zone proposition.

However, clarification from the WMCA, in March 2024, had made it clear that this was not on offer. It was this position that created the issue for this Council. In the scenario of not being within an Investment Zone then the Council could use the yield from its share of business rates growth towards any legitimate Council expenditure including supporting the general fund revenue position. As it would not be exempt from a business rates reset it was an unreliable revenue stream to use for any significant borrowing purposes. A business rates reset effectively would change the baseline above which any business rates growth was calculated and so it

materially affected whether there was anything of which to have a 40% share. Nor was it known how a reset would work in terms of when it might happen or the degree of change in the baseline or whether there would be any transitional arrangements. Given this national framework, WDC prudently used such revenue to support short term non-recurrent activity and not for borrowing over a longer-term period given its uncertainty.

The Investment Zone designation mitigated that risk by exempting the designated areas from a reset for 25 years. That meant business rates growth became a more reliable revenue source upon which to borrow longer term; hence using it to reinvest in regeneration or developing sites or other forms of investment. This opportunity was not to be offered to the Council in respect of the use of its 40% share from the two sites that it would still receive, as if it were outside of the IZ. This meant that revenue was still prejudiced from longer term use because a reset would apply.

This scenario put the Council in a cleft stick position. In the case of being within the WMIZ, the proposal would have still given the Council its 40% share of the business rates from the two sites (Whitley South and Segro Park). However, it would have prevented the revenue generated from being used as the Council choose. It equally only allowed the Council to use such revenue to invest in local growth initiatives. Yet, it could not realistically borrow for them without creating a significant financial risk to the Council. This was an exemption that was not practical for the Council to use and so was not beneficial. The consequence therefore was that in this scenario participation in the WMIZ was not without detriment to the Council.

In contrast, being outside of the WMIZ, would give the Council the freedom to spend the business rates income effectively as it chose but it would still be subject to a reset and so not able to invest such revenue over a longer-term period. In addition, the Gigafactory was much less likely to occur without the investment from the WMIZ proposal. This impact though might be mitigated if the airfield site remained within the IZ proposal. It was uncertain that the WMIZ remained a viable proposition if the WMCA lost its share of business rates from the Whitley South and Segro Park sites.

The Solution

The resolution to this conundrum was what had been the focus of discussion over the period since mid-March when reports were deferred and then withdrawn as a conclusion had not been reached.

WDC would agree to the following key points:

- £90.2m of the business rates generated from the Segro Park and Whitley South sites would be available for WDC to call upon to invest in local growth initiatives in the WDC area.
- WDC would need to outline its chosen projects by end of March 2026, and provide indicative financial profiles within the agreed financial envelope. WDC would have flexibility on the projects selected.

The compromise here was a trade between certainty and volume. This proposal did not guarantee the same volume of funds as might occur outside of the WMIZ, though it was also the case that it might receive more. This uncertainty arose because of the possibility of a business rates reset but not knowing when or how it would arise. This proposed arrangement effectively gave the Council protection against a reset and so gave certainty to both this Council and indeed to the WMCA. This was valuable as it enabled the Council to borrow against business rates receipts for local growth initiatives with certainty. Likewise, for the WMCA it knew the limit of its liability to WDC for its financial planning purposes.

Taking account of the progress on all of the other points identified in the November 2023 report and bearing in mind the conclusion reached regarding the without detriment issue it was proposed that the Council could now confirm its involvement in the WMIZ and the WMIZ Board and other arrangements provided that the following provisos were in place:

- the agreed financial envelope in the Memorandum of Understanding (MoU) was £90.2m.
- that the definition of what constitutes a “local growth initiative”, was for WDC to decide.
- The MoU was acceptable in all other respects.
- the other parties (WMCA, CCC, WCC) also agreed the MoU on the above basis.

WCC officers had delegated authority to approve the MoU for its purposes and Coventry City Council (CCC) had also agreed its elements. The WMCA would formally consider the matter at its Board meeting on 14 June 2024. There was therefore a risk that the envelope of £90.2m might not be agreed. This would inevitably delay the commencement of the WMIZ in practice.

Making the WMIZ happen

To realise the ambition of the WMIZ several other steps would need to be taken if Cabinet agreed to proceed with the WMIZ. These were as follows:

1. Agreement to a Memorandum of Understanding with the WMCA. CCC and WCC would also have to be signatories for their elements of the MoU as they also have roles in business rates for the Coventry and Warwick Giga Park. A draft had been received and discussed and was still in more detailed negotiation. If agreed in time would have been brought as an Addendum to this report – as confidential Appendix 2 to the report. However, it was likely as not that it would require further work, so it was proposed to delegate authority for completing this MoU to the Chief Executive in consultation with the LCG and Heads of Finance and Governance.
2. An agreement would be needed to turn the MoU then into a legal agreement, so the terms of the MoU are binding.
3. To enter a Collaboration Agreement regarding the wider work of the WMIZ. The Collaboration Agreement set out the grant conditions and procedural steps to be taken in relation to grants received from WMCA. It would set out information requirements and monitoring requirements and would pass on to grant recipients the grant conditions which DLUHC impose on WMCA. The proposal was that

WMCA would follow the example of the Enterprise Zones and had one Collaboration Agreement with all the participating Authorities rather than requiring a new grant agreement in relation to every project.

4. There were no new obligations in relation to BRR sites or tax sites and the Collaboration Agreement would only be required in relation to grants from the IZ to WDC. It was also proposed to delegate completion of this to the Chief Executive in consultation with the LCG and Heads of Finance and Governance.
5. Given the scale and importance of this initiative there was a proposed governance framework with a specific Board being set up upon which WDC would have a place. The terms of reference for that Board were set out at Appendix 3 to the report which had been negotiated and were ready to be agreed. It was also proposed that the Leader of the Council, Councillor Davison, be nominated as WDC's representative on both the overall WMCA Board, as WDC was now a non-constituent member, and on the WMIZ Board.
6. Local delivery arrangements had been set up to help ensure the proposals for the Coventry and Warwick Giga Park were enacted effectively. These arrangements involved officers from the three local authorities, the WMCA and the two Universities. The terms of reference were attached at Appendix 4 to the report. These were already in play but needed formal sign off.
7. The WMIZ would have an Annual Delivery Plan backed up by an overall Investment Plan. Progress on these and anything more specifically to do with the Coventry and Warwick Giga Park should be reported as necessary to the Council, but in any case, at least once a year, to allow for effective report on performance and scrutiny. For information purposes a Tax Site Management Policy had been devised and would be required by the local delivery arm to oversee. This was attached at Appendix 5 to the report. As the major business rates collector for the Coventry and Warwick Giga Park, WDC would have to register (already registered to do so) the incidence of incentives given on business rates relief above £100,000 per organization.
8. It was also proposed that should any decisions arise that needed to be taken in respect of the WMIZ at the Board meetings but that could not wait for a Cabinet decision, that they be delegated to the Chief Executive in consultation with the Leader of the Council.
9. WDC would need to outline its chosen projects by end of March 2026, and provide indicative financial profiles within the agreed financial envelope. WDC would have flexibility on the projects selected.
10. The Council should update its MTFs at its next iteration to incorporate the financial implications of the proposal as this Council was now prepared to accept.

The Council had considered several possible options. In short these were as follows:

- Accept the proposition where the without detriment position continued the Council's 40% share of business rates on the Segro Park and Whitley South sites but offered no protection from business rates resets.

- Agree a modified proposition, which if this was agreed to, WDC would agree to sign up in full to the WMIZ proposal. The modified proposition was as now set out in the report.
- Continue to support the Gigafactory on the airfield site but that the Segro Park and Whitley South sites be completely withdrawn from the IZ proposal.
- Walk away completely from the WMIZ.

Of these options, the first was considered not to sufficiently resolve the Council's conundrum set out earlier in this report. The third and fourth options were not felt to enable the strategic outcome of helping to deliver the Gigafactory to be achieved. Option two was pursued and although what was now at the point of a conclusion was a compromised position between WDC and WMCA.

The Overview & Scrutiny Committee explored questions around Governance and were reassured that the transparency required was present.

The Committee were keen for the Council to retain the right to define what constituted a "Local Growth Initiative".

The Committee supported the proposal as set out in the report and thanked officers for their hard work.

The Cabinet recommended that the Chair of the Overview and Scrutiny Committee (for the municipal year 2024/2025, Councillor Andrew Milton) be added to the List of Consultees at LCG and Cabinet.

Councillor Davison proposed the report as laid out, including the amended recommendation from the Overview & Scrutiny Committee to recommendations 3, 4 and 5 to include that the Chair of Overview & Scrutiny be included as one of the consultees.

Recommended to Council

- (1) participation in the Coventry & Warwickshire WMIZ Board, as set out in the terms of reference included in Appendix 3, and includes it within its Constitution as a Joint Committee, subject to clarification from WMCA that:
 - (a) a representative of the Overview & Scrutiny Committee of Warwick District Council can attend and speak at the meetings if they so wish;
 - (b) a nominated representative of each political Group at Warwick District Council may attend each meeting and with agreement of the Chair of the meeting address it directly;
 - (c) the WMCA providing clarity on the process of the call in process of the decisions taken by the Board in the

Terms of Reference.

- (2)
 - (a) that as the Council has been accepted as a non-constituent member of the WMCA, that Councillor Davison be appointed as the Council's representative on the WMCA Board; and
 - (b) Cabinet appoints Councillor Davison as its representative to the WMIZ Board.

Resolved that

- (1) the progress made thus far on the recommendations to Council and resolutions agreed in November 2023 as set out in this report and in Table 1 as well as progress more generally on the West Midlands Investment Zone scheme as set out in Appendix 1, to the report, be noted;
- (2) the confirmation of the Council's involvement in the West Midlands Investment Zone (WMIZ) and the principle of completing a Memorandum of Understanding (MoU) with the West Midlands Combined Authority (WMCA), Coventry City Council (CCC) and Warwickshire County Council (WCC), be agreed, provided that
 - (a) the agreed financial envelope of business rates to be retained in the MoU is £90.2m;
 - (b) the definition of what constitutes a "local growth initiative", is for WDC to decide;
 - (c) following review by this Council the MoU is acceptable in all other respects;
 - (d) the other parties also agree the MoU on the above basis;
- (3) authority be delegated to the Chief Executive, in consultation with the Head of Finance, Head of Governance, and the Leadership Co-ordinating Group (i.e. Cabinet and Group Leaders), and Chair of Overview & Scrutiny Committee, following the advice from Trowers, to agree and sign off the proposed MoU in respect of business rates retention;
- (4) authority be delegated to the Chief Executive, in consultation with the Head of Finance, Head of Governance, and the Leadership Co-ordinating Group (i.e. Cabinet and Group Leaders), and Chair of Overview & Scrutiny Committee, to agree and sign off the subsequent legal agreement that will embody

the MoU in respect of business rates retention;

- (5) authority be delegated to the Chief Executive, in consultation with the Head of Finance, Head of Governance, and the Leadership Co-ordinating Group (i.e. Cabinet and Group Leaders), and Chair of Overview & Scrutiny Committee, to agree and sign off the proposed Collaboration Agreement relating to the work on the West Midlands Investment Zone as a whole;
- (6) the officer arrangements at the local partnership delivery vehicle for the Coventry and Warwick Giga Park as set out at Appendix 4 to the report, be supported;
- (7) further reports will be received on progress of the WMIZ where necessary, but at least annually, and relevant for decision making purposes on the implications of the Investment Plan and Annual Delivery Plan and any of its components that require the consent of this Council including the site management of tax incentives and planning;
- (8) authority be delegated to the Chief Executive in consultation with the Leader of the Council on any issue that might arise from the Investment Zone Annual Delivery Plan or other issue arising from the West Midlands Investment Zone Board's business that requires a decision/response from this Council that cannot wait until a Cabinet meeting. Any such decisions will be reported back to the next available Cabinet meeting;
- (9) a further report will be brought forward as soon as possible on the local growth initiatives the Council should pursue under the auspices of this MoU and legal agreement; and
- (10) the estimated financial implications of the MoU on business rates retention and that these are incorporated into the next iteration of the Council's MTFS, be noted.

(The Portfolio Holder for this item was Councillor Davison)

Part 2

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

145. Earmarked Reserves

The Cabinet considered a report from Finance which requested that a limited number of budgets that underspent in 2023/24 were carried forward into 2024/25 as earmarked reserve budget. These budgets related to ongoing expenditure, not included in the original budget setting report approved in February 2024.

All budgets had been accessed by the Strategic Finance Manager and Head of Finance and were underspends within the 2023/24 financial year. EMR Budgets and a full annual forecast of these would be included in the Quarterly Budget Monitoring report throughout the year.

As part of the Final Accounts process, requests had been approved under delegated authority by the Head of Finance for Revenue Earmarked Reserves. These were for previously agreed projects where it had not been possible to complete as budgeted within 2023/24 and would therefore need to carry forward budget to 2024/25.

These totalled £1.881m for the General Fund and £0.193m for the HRA and were outlined in detail in Appendix 1 to the report. Requests were considered against budget outturn within the specific projects and services, with requests approved only where there was sufficient budget available.

These were considerable sums. Key Earmarked approvals for the General Fund included the demolition of Covent Garden MSCP, contributions to the cost of Barford Youth Centre and the Join South Warwickshire Local Plan. For the HRA the main approval was for delayed major repairs relating to the Housing Investment Programme (HIP), and consultancy budget to support ongoing housing development projects and the continuation of stock condition surveys.

It was recommended that the Cabinet noted the position on Revenue slippage. As in previous years, expenditure against these Budgets would be regularly monitored and reported to the Cabinet as part of the Budget Review Process.

Initial Outturn projection for 2023/24 was shown in the table in 2.1 in the report.

The current outturn position might change as work was continuing for the closure of accounts 2023/24. At the time of the report, some technical adjustments were outstanding including Depreciation and IAS19 Pension adjustments.

2023/24 Outturn showed a favourable position within the General fund of £0.931m, of which £0.459m had been allocated to approved reserves including Woodland Creation Reserve (previously Trees for Future), and under and overspends from Warwick Building Control, Climate Control, Working for Warwick, and other Reserve funded budgets within 2023/24.

After reserves adjustments, this showed a revised favourable position of £0.472m. Once Earmarked Reserves had been applied, this changed to an adverse position for the General Fund of £1.409m.

The Outturn position showed an increase in adverse position of £0.159m compared to Quarter Three Budget Report (Q3). The estimated General Fund position in Q3 was adverse £1.250m.

A full breakdown of variances to the final outturn position for 2023/24 would be provided to a future Cabinet meeting within the Outturn 2023/24 report.

HRA Outturn was currently being completed. All EMR's would be funded from HRA Reserves.

In terms of alternative options, if these were not approved, activity across many previously approved workstreams would either have to cease or become unfunded.

Councillor Chilvers proposed the report as laid out.

Resolved that the Earmarked Reserve (EMR) requests of £1.881m General Fund and £0.193m HRA (Appendix 1 to the report), with the requests having been reviewed under delegated authority by the Head of Finance.

(The Portfolio Holder for this item was Councillor Chilvers).
Forward Plan Reference 1,456

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

The Cabinet considered a report from the Head of Governance & Monitoring Officer which sought approval for procurement exercises in line with agreed procurement code of practice, with details set out in the Confidential Appendix to the report.

The report brought forward a number of proposed procurement exercises which formed key decisions as they were over £150,000. As explained in the report to Cabinet in March 2024, a gap was identified within procurement practice at WDC which was clarified by Cabinet and Council to confirm that any procurement activity above £150,000 needed to be considered by Cabinet.

These exercises were set out in the Confidential Appendix (due to the values associated and the Council not wanting to declare the anticipated budget) to the report for consideration. These items and the reason for their procurement were set out within the confidential Appendix to the report, so as not to disclose the Council's position in respect of the anticipated cost. It should have been noted that these exercises were early stages of procurement.

In terms of alternative options, in respect of recommendation the Cabinet could decide not to approve some or all of the proposed activities. However, some of these had been identified at advanced stages and to pause or stop at this stage would significantly delay some of these activities were new contracts were required.

Councillor Chilvers proposed the report as laid out.

Resolved that the procurement of the following, in line with the Confidential Appendix 1 to the report, for the items listed below:

- i. Estate Agency Framework
- ii. Pay by Phone Parking
- iii. Digital Upgrade of Equipment for Lifeline services
- iv. Photo-Voltaic panels for leisure centres

(The Portfolio Holders for this item were Councillors Chilvers & Davison).
Forward Plan Reference 1,458

147. Update on Local Visitor Economy Partnership for Coventry & Warwickshire: Governance Structure

The Cabinet considered a report from Place, Arts & Economy which provided an update of the activity that had taken place with other local authorities in Warwickshire and Coventry, together with the two Destination Management Organisations (DMOs) in the sub-region, to create a new Local Visitor Economy Partnership (LVEP). It also sought to agree the proposed interim governance arrangements for the LVEP. The purpose of the interim structure was to enable effective discussions to continue over the next 12 months and to ensure that Warwick District was represented in discussions about the future direction and activities of the Local Visitor Economy Partnership (LVEP).

Cabinet had received two reports relating to the creation of Local Visitor Economy Partnerships (LVEPs). In July 2023, Cabinet agreed to support, in principle, an Expression of Interest from Shakespeare's England (SE), the DMO covering Warwick and Stratford-on-Avon Districts, to become part of a wider Local Visitor Economy Partnership (LVEP) covering Coventry & Warwickshire. In September 2023, Cabinet received an update report on discussions including in relation to any partnership agreement that was being prepared for how the LVEP discussions would be taken forward.

The July 2023 Cabinet report contained background information relating to the creation on LVEPs. In summary, LVEPs were part of a new model from Visit England, with the support of the Department of Culture, Media & Sport (DCMS), for delivering leadership and governance for tourism destinations across the Country. At the top of this structure were Destination Development Partnerships (DDPs) and below this were a network of Local Visitor Economy Partnerships (LVEPs). For Coventry and Warwickshire, it had been agreed that the creation of a single new "Coventry & Warwickshire LVEP" was the most appropriate response to strategically deliver a destination management service.

LVEPs were proposed as collaborative initiatives involving local government, tourism organisations, businesses, and other stakeholders within a specific geographic area. The primary goal of LVEPs was to promote and develop the local visitor economy, which encompassed tourism, hospitality, recreation, and related sectors over a wider structural geography compared to the previous Destination Management Organisations (DMOS). LVEPs were seen as having a crucial role in driving

economic growth, job creation, and community development within the sub region and for Warwick District to leverage the District's tourism potential.

The government had made clear that DDPs and LVEPs were to be the vehicle by which funds and initiatives to support the visitor economy would be distributed. As an example, Visit England had established a Green Accreditation Scheme for local tourism businesses which would be delivered through the West Midlands DDP.

The Coventry and Warwickshire LVEP offered numerous benefits for WDC and the whole of Warwickshire. The ambitions of the LVEP were driven by various factors that contributed to the development and promotion of the local visitor economy.

The LVEP would strengthen the collaboration between a range of stakeholders including local government, tourism boards, businesses, community organisations, and residents. Working together allowed for shared resources, expertise, and decision-making. It would focus on ensuring Coventry and Warwickshire had a competitive compelling visitor economy to support its world class offer, to continue to attract and capture visitor spend whilst ensuring this was underpinned and supported by a resilient and skilled economy with sustainable actions.

The LVEP would be well placed to engage with current and future government policies, funding initiatives, and strategic plans at the local, regional, and national levels, to ensure the aims and objectives of Warwickshire were represented and to secure potential resources.

The report provided an update on the work that had been undertaken to develop the proposed governance structure and approach for the next 12 months.

LVEP Growth Plan

A key feature of the Coventry and Warwickshire LVEP would be the submission of a Growth Plan. This was a requirement of the LVEP and would focus on a range of areas related to supporting, enhancing and building resilience in the sub regions visitor economy, that included:

- Promoting Tourism – the aim to attract visitors through marketing campaigns, events, and promotional activities.
- Supporting Local Businesses – to provide support and resources to local businesses in the tourism and hospitality sectors to help them thrive and grow.
- Enhancing Infrastructure and Service – to improve infrastructure such as transportation, accommodation and recreational facilities that will enhance the visitor experience.
- Sustainable Development – to focus on sustainable tourism practise to minimise environmental impact and supporting the long – term viability of the local visitor economy.

The South Warwickshire Economic Strategy recognised tourism and the visitor economy as one of the Council's strengths and a core sector to support. Having an active part in the emerging LVEP would ensure

maximise opportunities for Warwick District.

Governance structure

An interim governance structure had been developed to provide a framework for the LVEP to begin to operate over the next 12 months. This structure needed to reflect both the requirements of the two existing DMOs in Coventry and Warwickshire and the desire to begin to draw all local authorities in to discussions about how the tourism potential of the sub-region might best be achieved. This interim structure was predicated on the two current DMOs operating as separate organisations, but with a single officer team to work across both. Areas currently not being covered by the DMOS were represented by their corresponding local authorities through the stakeholder group.

In developing this governance structure, three things needed to be kept in mind.

Firstly, active participation and engagement of local communities, businesses, and residents would be critical drivers for the success of LVEPs. The proposed governance structure needed to provide a route to connect a range of stakeholders and interested parties to ensure that initiatives were aligned with community values, needs, and aspirations. Although local authorities would have a major role to play, LVEPs needed to be a true partnership with partnership with local businesses.

Secondly, it should be remembered that – certainly for the time being – both SE and DC would remain as separate legal entities. The opportunity created by the LVEP would be to enable these DMOs to work more closely together, acting more strategically and benefitting from economies of scale to deliver a tourist and visitor offer more efficiently and effectively. The governance structure needed to reflect this situation.

Thirdly, the governance structure needed to be a way of bringing in those local authorities that had historically had less direct engagement with the visitor economy through formal membership of either Shakespeare’s England or Destination Coventry.

Following several meetings with Districts and Boroughs, Warwickshire County Council, Shakespeare’s England (SE) Coventry City Council (CCC) and Destination Coventry (DC) a proposed structure setting out the governance to oversee this work had been shaped. This would be led through the establishment of an LVEP Board with links to three stakeholder Advisory Groups.

Appendix 1 to the report set out this proposed LVEP Governance Structure.

LVEP Advisory Board

- It was proposed that the Board would comprise of nine Board members. There would be two Board members each from SE and DC; four local authority members (two of whom would be from Coventry City Council and Warwickshire County Council). Finally, there would be one representative from Visit England/visit Britain.

- The SE Board would decide who would represent them on the LVEP Advisory Board. Warwick District Council would have a voice into the LVEP Advisory Board through its seat as a voting member of the SE Board. WDC could also, potentially, be one of the Local Authority Stakeholder representatives on the Board.

LVEP Advisory Groups

- Sitting below the Advisory Board would be three Advisory Groups. Two of these would be the Boards of SE and DC. The third would be a new Local Authority Stakeholder Advisory Group made up of representatives from all seven local authorities in the Coventry & Warwickshire area. Warwick District Council would have two seats on this Stakeholder Advisory Group.
- The governance arrangements for the Advisory Groups were still being finalised, however the current scope was as set out in appendix 1 to the report. It should have been noted that as the Local Authority Stakeholder Advisory Group would be a newly formed group, it would need more specific Terms of Reference. These were currently being prepared.
- This group would have a direct link in to the LVEP Advisory Board via the Board members representing the Group, ensuring a clear line of communication with all partners and help build a connection with emerging actions and objectives into and from the LVEP Advisory Board.
- Members from all three Advisory Groups would also be offered the opportunity to attend the LVEP Boards as an observer if they wished.
- It was proposed that the Local Authority Stakeholder Advisory Board will be an officer group. It was also proposed that a separate Member Reference Group would be formed. The frequency of these meetings was yet to be agreed, but the Local Authority Stakeholder Advisory Group would convene meetings of this Member Group to provide a platform for ensuring there was member engagement and understanding of the LVEP. This would be particularly important for those local authorities which were not currently part of SE or DC.

The report sought agreement for the Council to support the governance structure. With regards to the Member Reference Group, Cabinet was asked to recommend to Council that the appointment of a Councillor(s) on that group was a decision of the Leader.

There were several alternative options open to the Council. Firstly, it could decide not to support further work on the LVEP and not be part of any Advisory Group. For the reasons set out in the report, including the ability to improve the efficiency and effectiveness of delivering a service to support the visitor economy, this option was not supported. Warwick District Council would not, in any event, be able to use its seat on the Board of Shakespeare's England to prevent the Board supporting the LVEP.

Secondly, it could support the principle of the LVEP governance structure but seek amendments as to how this was constituted. It should have been noted that minor amendments to this structure, including the Terms of Reference, were envisaged as the governance structure was finalised, and Members were asked to delegate authority to the Head of Place, Arts &

Economy in consultation with the Portfolio Holder for Arts & Economy, to agree these. More fundamental changes were not supported in the report. For the reasons outlined in the report, any emerging governance structure needed to have the support from local authorities across Coventry and Warwickshire. The structure which was contained in Appendix 1 to the report was currently also being discussed by all other local authorities, and the model which was being proposed reflected those discussions and the need to balance different aspirations and priorities of different Councils.

A third option would be to support the recommendation but additionally recommend that a new LVEP for Coventry & Warwickshire was created immediately as a single new organisation whereby SE and DC were disbanded and formally merged into a new organisation. This approach was not supported by the two DMOs immediately, however both had committed to keeping this under active review as the new interim structure and governance arrangements take place. Warwick District Council would have plenty of opportunity to ensure this was kept under review moving forward using its influence as a member of the SE Board and on the Stakeholder Advisory Group.

Councillor Billiald proposed the report as laid out.

Resolved that

- (1) the work that has been undertaken over the last few months to create a Local Visitor Economy Partnership for Coventry and Warwickshire, be noted;
- (2) the proposed governance structure and Warwick District Council's role within this as set out in the report and in Appendix 1 to the report, be agreed, and in doing so, agrees for Warwick District Council to become a member of the Local Authority Advisory Group;
- (3) authority be delegated to the Head of Place, Arts & Economy and Head of Governance in consultation with the portfolio holder for Arts & Economy, to agree any minor further changes to the governance structure as discussions on this continue with local authorities and partners across Coventry & Warwickshire;
- (4) the appointment of a Councillor to be a member of the Member Reference Group will be a Portfolio Holder who the Leader will confirm in due course, be noted.

(The Portfolio Holder for this item was Councillor Billiald).
Forward Plan Reference 1,449

148. **Packmores Community Centre**

The Cabinet considered a report from Housing which sought approval of the business case for the proposed new community centre for the Packmores area of Warwick and for the implementation of the new steps of the scheme.

In 2007, a repurposed space in the basement of Sussex Court flats owned by Warwick District Council (WDC) opened to provide residents with access to community support services. This was initially supported by the Council's Community Development team. However, in 2015, the Council Commissioned Warwick Percy Estate Community Projects Limited (known as The Gap) to deliver support services for residents living in the Packmores and Cape area of Warwick. The target groups were primarily older people, young people not in education, employment, or training (NEETs), and disadvantaged families.

The Gap had been responsible for delivering services within the Warwick West Area (including the Packmores) for the last eight years and the long-term purpose for the community hub was to develop a sustainable facility that supported the local community whilst also having the capacity to support those living further afield. This approach included providing access to local services, facilitating social connections, reducing isolation, and promoting wellbeing.

The existing centre was much, much smaller than other Community Centres elsewhere in the District. However, despite the current size limitations, it had and continued to provide essential support services for the local community. There was, however, a need to develop new provision due to the following challenges:

- Issues re: space and capacity.
- Building was no longer fit for purposes due to increased demand for local community support.
- A need for outdoor space (particularly in post pandemic world and relevance of how use of green space improves wellbeing).
- Facilities did not align with level of need in the area, particularly in comparison to newer services in other new local communities.
- Covid recovery had the potential to increase demand for local services and adapt to new and emerging needs.

At its September 2023 meeting the Cabinet agreed the following:

- (1) the Packmores Project be supported in principle, and a business case will be produced for further consideration by Cabinet;
- (2) as part of the production of the Business Case, the work to identify match funding for the project, be supported;
- (3) the proposed partnership and governance arrangements for the project outlined in Appendix 1 to the report, be approved;
- (4) exploration work be undertaken, including technical surveys to assess the suitability of a site identified within or adjacent to Priory Pools Park (shown on Appendix 2 to the report) as a potential location for a new Centre for the Packmores area in Warwick; and

- (5) up to £25,000 by way of a grant to The Gap, funded from the Councils New Homes Bonus Allocations, be agreed, to carry out exploratory survey work including: Geointegrity, CCTV, drainage & condition, arboriculture, ecological appraisal, Landscape Architect, topographical, site infrastructure and utilities and tree surveys.

That report also set out the next steps for the projects as being:

Completion of the surveys.

Completion of the Business Case.

Agreement to a funding strategy.

Agreement to how the facility would be managed going forward.

At its meeting on 8 February 2024, Cabinet agreed that:

1. the general location for a new centre for the Packmores area of Warwick as shown at plan 1, Appendix 1 to the report, be agreed;
2. the creation of a Charitable Interest Organisation (CIO), be agreed, and that in principle a lease is provided on a peppercorn basis for a period of 199 years for the site illustrated on plan 1 at Appendix 1 to the report, subject to the submission of, a full business case and plan;
3. the existing Service Level Agreement with the Gap is extended from July 2026 until June 2029 subject to the submission and agreement to a full business case and plan, be agreed:
4. £48,344 (+VAT) is provided as a grant for the Gap, funded from the Council's New Homes Bonus Allocation to progress the proposed Scheme to Royal Institute of British Architects (RIBA) stage 3, be agreed; and
5. the high-level draft timetable at Appendix 4 to the report for progressing the scheme, be noted.

All the above steps, plus public consultation, would need to be undertaken before an application for planning permission could be made and before WDC was able to give formal consent as a landlord and to drawdown the rest of the allotted funds for this scheme. However, to achieve these next steps a number of issues needed a steer for and support from the Council. The February report provided that steer and support.

Since the February 2024 Cabinet meeting, there had been a focus on developing the business case, undertaking community consultation, and undertaking the other allied work necessary to enable a planning application to be submitted. The CIO that had been set up for the new centre was now registered with the Charity Commission.

The business case was attached for Cabinet's approval at Appendix 1 to the report. This had been scrutinised by the Project Board and by WDC officers. It offered a robust and creditable case for the new Centre and how it would be run. It also set out the basic proposition upon which a planning application would be submitted. It was proposed that it be accepted and therefore that recommendations 2 and 3 of the February 24 Cabinet report could now be implemented.

The business case also had an updated timetable, to be noted but it was suggested that a progress report be presented at the start of the third stage of the fundraising section.

In terms of alternative options, Cabinet could decide against any or, all the recommendations. To do so would hinder the progression of the community facility for the Packmores community which had been waiting for many years.

An addendum circulated prior to the meeting advised of the following amendments:

Amended Recommendation 3

- (3) That up to £90,000 plus VAT be made available to the new Community Interest Organisation (CIO) for the Centre from the agreed budget to take the proposal forward to RIBA Stage 4. This to be paid in arrears upon receipt of invoices.

Additional Recommendation

- (4) A progress report be presented at the beginning of the 3rd stage of the scheme as set out in the Fundraising section of the business case.

Amendment to Paragraph 4.1

The contents of this specific report have no direct financial implications for the Council. As a matter of record £25k had been allocated in the 2023/24 budget to enable the development of the Packmores Community Scheme. Further provision has been made in the Community Projects Reserve for another £225k in 24/25. The £25k for 23/24 has already been drawn down as has the additional £48,344 (+VAT) needed to finance the immediate next stages of the scheme. This was funded from the £225k allocated for 2024/25. A further £90k plus VAT has now been requested and is proposed. If agreed this would leave £86,656 available. Officers have made it clear that there is no further allocation available.

Councillor Sinnott proposed the report as laid out.

Resolved that

- (1) the business case for the proposed new community centre to serve the Packmores area of Warwick as set out at Appendix 1 to the report, be supported;
- (2) in providing such support recommendations 2 and 3 of the February 24 Cabinet report can now be implemented; and
- (3) up to £90,000 plus VAT be made available to the new Community Interest Organisation (CIO) for the Centre from the agreed budget to take the proposal forward to RIBA Stage 4,

be agreed. This to be paid in arrears upon receipt of invoice; and

- (4) a progress report be presented at the beginning of the third stage of the scheme as set out in the Fundraising section of the business case.

(The Portfolio Holder for this item was Councillor Sinnott).

149. Procurement of a contract to facilitate demolition works at multiple sites

The Cabinet considered a report from Housing which sought consent to procure an overarching demolition contract, from which the Council could draw down individual demolition projects as and when required.

It was expected that by having an overarching contract, the Council could secure best value and minimise procurement time and costs by allowing draw down for multiple projects rather than through individual tenders.

The Council had several buildings, both in the HRA and General Fund, some of which already had consent granted for demolition and others that were currently being investigated that might in the future require demolition.

The decision to demolish Covent Garden car park was approved by Cabinet at its meeting on 9 February 2023 and Cabined agreed to make provision for the estimated sum of up to £1.2 million within the budget for 2023/24. This provision had been carried forward into subsequent years and was available for the cost of demolition.

In relation to Christine Ledger Square, Cabinet also on 9 February 2023, approved a delegation of authority to the Head of Housing in consultation with Group Leaders and Portfolio Holders for Housing and Finance to make a final decision on future of the building following the period of consultation, taking into consideration the views of residents and all other relevant factors. In the event of a decision to demolish, it also approved a budget of £1,500,000 to cover demolition costs. The Head of Housing subsequently made the decision to demolish, following consultation as set out above.

Sites included Christine Ledger Square, Kenilworth School, and Linen Street car park from a housing perspective and Covent Garden Car Park from within the General Fund. Other sites that were as yet unidentified might be called down during the life of the contract.

The proposed contract would be for an overarching agreement with a chosen supplier to meet all WDC demolition needs for the next four years. The contract would give the appointed contractor a known work programme to enable efficient deployment of resources and enable the call-off of any additional required demolition during the contract period. The proposed contract would be procured via mini competition through a national framework and would result in the Council entering into a Deed of Appointment (DoA) to allow call-off of individual demolition projects on a

site-by-site basis.

The DoA would be zero sum with no formal commitment to spend for the duration of the contract, however, in accordance with PCR2015, a contract value maximum estimate would be provided based on the current demolition estimates obtained from consultants appointed to investigate the sites.

The call-off of demolition services for each site would be subject to approval of individual project recommendation reports to ensure appropriate funding and delegations were in place.

Due to the current shortfall in internal Procurement resources created by vacancies, the procurement was to be managed through an outsourced procurement specialist, at an estimated cost of £10,000 to 15,000 to be allocated to both HRA and General Fund project budgets pro-rata to estimated contract value. This could be met from within the existing approved demolition budgets for Covent Garden and Christine Ledger Square as set out earlier in this report, on an equal share basis. Recommendation 2 and 3 were included to provide assurance to the Cabinet, due to the significant value of the contract, that schemes would not be further progressed without explicit Cabinet, and if necessary for funding Council, approval of each scheme.

To procure individual contracts for each project was an option, but this would require significant procurement time for each project and might not have represented best value as compared to a call off contract.

An addendum circulated prior to the meeting advised that following publication of the report further advice on the procurement had been received. For this reason, it was proposed that recommendation 3 should be revised. This would provide WDC with the ability to then modify the contract, following any future internal approvals. Without this, the Council would have to look at whether the contract could lawfully be modified in future, with no guarantee that it could. Councillor Wightman as Portfolio Holder was in agreement with this change and officers were content as well.

The proposal was to change the words from:

"(3) That a further report is brought to Cabinet for the use of this contract for use at any other site, setting out the cost/budget requirements, risks and proposals for approval."

To:

"(3) That the contract includes the option for use at the Linen Street Car Park Site in Warwick and the Leyes Lane and Rouncil Lane School sites in Kenilworth subject to, a further report(s) being brought to Cabinet prior to taking up the option for the use of this contract at any of those, setting out the cost/budget requirements, risks and proposals for approval".

Councillor Wightman proposed the report as laid out, subject to the amendment to recommendation 3 as detailed above and in the addendum.

Resolved that

- (1) consent is given to procure a demolition contract to enable draw down when required for demolition of a number of sites, both General Fund and Housing Revenue Account, subject to (2) and (3) below;
- (2) the contract can be used for Covent Garden and Christine Ledger Square agreed proposals so long as the works for these sites are within the 5% tolerance of proposed contract value (as set out in Constitution Article 13) and so long as they are within the agreed budgets;
- (3) the contract includes the option for use at the Linen Street Car Park Site in Warwick and the Leyes Lane and Rouncil Lane School sites in Kenilworth subject to, a further report(s) being brought to Cabinet prior to taking up the option for the use of this contract at any of those, setting out the cost/budget requirements, risks and proposals for approval.

(The Portfolio Holder for this item was Councillor Wightman).
Forward Plan Reference 1,457

151. **Public and Press**

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

Minutes Numbers	Paragraph Numbers	Reason
151,152, 153,154, 155	3	Information relating to the financial or business affairs of any particular person (including the authority

Part 1

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

152. **Local Authority Housing Fund Award Round 3 and Purchase of 3 further properties at The Priors, Warwick**

The recommendations in the report were approved.

Part 2

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

153. **Amendment to Contract of Sale for Riverside House**

The recommendations in the report were approved.

154. **Court Street/Althorpe Street, Royal Leamington Spa**

The recommendations in the report were approved.

155. **Confidential Appendix to Minute Number 146 – Procurement Exercises over £150,000**

The confidential appendix was noted.

156. **Minutes**

The confidential minutes of 6 March 2024 Cabinet meeting were taken as read and signed by the Chairman as a correct record.

(The meeting ended at 7.05pm)

CHAIR
10 July 2024