Executive

Minutes of the meeting held on Thursday 30 August 2018 at the Town Hall, Royal Leamington Spa, at 6.00 pm.

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

Apologies for absence were received from Councillors Butler and Grainger?

Also present: Councillors: Ashford; Boad (Liberal Democrat Group Observer); Naimo (Labour Group Observer and representing Overview & Scrutiny Committee); Quinney (Chair of Finance & Audit Scrutiny Committee); and Wright.

47. Declarations of Interest

Minute 56 – Bid for Local Authority Housing Programme – Confidential Appendix

Councillor Phillips informed the Executive that his wife was a member of one of the sites discussed in the Appendix but having taken advice, at this stage it did not cause a conflict of interest and therefore he could participate in this matter.

48. Minutes

The minutes of the meeting held on 25 July 2018 were not available for consideration.

49. Stock Condition Survey

The Executive considered a report from Housing that updated the Housing Investment Programme (HIP) as a result of the Stock Condition Survey. This was to enable building components that were considered to be in a less than satisfactory condition to be renewed by March 2020, and set out the financial implications of undertaking the proposed works and improvements.

The report provided details on each component of the survey including both the condition and the age of each element, details of the energy performance of the stock and the proposals for making improvements.

The report was a follow-up to the presentation of the findings of the Stock Condition Survey and the proposals to address them, made to a Joint Scrutiny meeting on 24 July 2018.

A stock condition survey had been undertaken across all the Council's housing stock in 2016/17, supplemented by subsequent specialist surveys (e.g. for lifts). This identified the condition of a range of building components, enabling a targeted, data and intelligence led approach to be formulated for future improvement work programmes. Whilst the majority of the stock was of a good standard, some of the attributes on properties were not of a satisfactory standard and were in need of renewal.

The process had enabled consideration of the thermal capacity of the stock and for the energy performance of properties to be reviewed.

Each year a Housing Investment Programme (HIP) was set, outlining the budget and funding requirements for these works to be undertaken. The stock condition survey enabled more accurate budget setting to assist with maintaining the stock to a decent standard.

The HIP budgets had been reviewed in light of the proposed works and improvements to deal with the very poor and poor attributes first. Further detail relating to the condition and age of attributes could be found in section 8 of the report. Analysis of the costs of dealing with the very poor and poor attributes had determined that some additional budget allocation was required in order to undertake the works within the desired timeframe.

Alternatively, the Council could decide not to undertake the works. However, this would impact on the value of the property and could, in some instances, for example roofs, lead to more costly works being required over time.

The Council could decide only to renew attributes that were considered to be in a very poor condition; however, this would not achieve the standard of property condition that is desired.

There were reputational risks for the Council in not proceeding with the works to address features that are in a poor or very poor condition. Tenants could lose faith in the Council as a decent landlord and could raise concerns through the press or with the Housing Regulator.

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

The Executive thanked the Scrutiny Committee for their endorsement of the report.

Resolved that

(1) the principle of continuing to meet the Decent Homes Standard and completing work to remedy those building components identified in the stock condition survey as being in a very poor or poor condition by March 2020, be approved;

(2) the commitment by the Housing and Property Services Portfolio Holder, at Council in April 2018, to ensure all Council homes are to be

improved such that they achieve an EPC rating of at least D wherever possible. Funding for this can be delivered within the revised HIP and existing HRA revenue budgets, be noted;

(3) a further report be presented at a later date to the Executive which considers in detail the desired approach to properties that are in satisfactory condition but are over their cyclical date and to examine the possibility of meeting an EPC rating of 'C';

(4) the budgets for works funded through the Housing Revenue Account (HRA) do not require adjustment as there is sufficient budget availability for this to be incorporated into existing programmes of work.

Recommended that

(1) the Housing Investment Programme be amended, providing £3,113,700 plus 5% contingency of additional funding during the period up to 31 March 2020, summarised below with further details set out at Appendix 1 to the minutes;

Priority	**Current HIP Budget 2018/2020**	**Proposed Expenditure 2018/2020**	**Additional Funding Requirement**
Roof coverings	£295,400	£1,750,200	£1,454,800
Windows / Doors	£746,800	£1,217,800	£471,000
Kitchens / Bathrooms	£1,616,200	£2,238,500,00	£622,300
Thermal Improvement	£282,600	£848,200	£565,600
Total	£2,941,000	£6,054,700	£3,113,700
Contingency			£155,685
Grand Total			£3,269,385

(2) the additional funding is financed from the Major Repairs Reserve as shown at Appendix 2 to the minutes, with the use of the further 5% contingency subject to the agreement of the Heads of Housing and Finance, in

consultation with the respective portfolio holders.

The Portfolio Holder for this item was Councillor Phillips
(Forward Plan reference number 952)

50. **Budget Review to 30 June 2018**

The Executive considered a report from Finance that updated them on expenditure against the approved budget for the Council, set out the latest financial position for both 2018/19 and in the medium term to 2022/23 and included a revised medium term financial strategy.

The Accountancy team had worked with Budget Managers and a number of variations had been identified for budgets to be amended accordingly. The report included a table that showed the major variations reported during Quarter One and overall had a favourable variance of £39,800.

Appendix A to the report detailed the allocations made from the 2018/19 Contingency Budget. The unallocated balance at the end of Quarter One was £245,800, although a further £22,000 was allocated as a result of the July Executive meeting leaving £223,800 for the rest of the year. There were reports elsewhere on the agenda seeking further allocations from this budget.

The other contingency budgets had the following unallocated balances:-

Salaries – pay award	£132,300
National Living Wage	£48,000
Apprenticeships	£100,000
Price Inflation	£50,000

Only 1% was built into the 2018/19 detailed service area budgets for the pay award but the national award was subsequently agreed at 2%. It was planned that the £132,300 salary contingency would be fully reallocated to service budgets by October. The £100,000 budget for Apprenticeships was planned to be fully utilised in 2018/19.

There were a number of potential staffing cost pressures that had emerged since the end of Quarter One, the impact of which was being assessed. The potential impact of the Assets Team re-design was considered elsewhere on this agenda and additional costs could materialise for the Accountancy Team within the Finance service area as a result of the engagement of temporary staff to deal with the closure of accounts. If appropriate, adjustments would be made to the budget at a later date and reported to members though a subsequent Budget Monitoring report.

Appendix B to the report showed details of the Council’s major income budgets. The first three months’ actuals had been profiled to project the potential out-turn for 2018/19, based upon the prior year income levels for the same period. Where appropriate, the budget manager’s projections were shown. Members were asked to note that with it being only three months into the new financial year, these projections were likely to change as the various factors, potentially impacting on income, could fluctuate throughout the year.

The planning income budget was increased by 20%, compared to last financial year, following the increased flexibility announced by the Government earlier in the year. This would be closely monitored during the years and updated accordingly as part of the Budget Review process.

The HRA Revenue budget was currently forecast to be underspent by £49,700.

Earmarked Reserve Requests were approved under delegated authority by the Head of Finance in conjunction with the Finance Portfolio Holder as part of the 2017/18 Closure of Accounts process. These would be monitored and regularly reported during 2018/19. Appendix C to the report detailed the approved Earmarked Reserves and the expenditure against them during Quarter One. To date, this expenditure equated to just over 20% of the total Earmarked Reserve budget. It was expected that the rate of spend would increase over the next few months.

Changes to the Capital Budget had been identified, at Castle Farm Sports Pitch, Kenilworth, St John’s Brook, Warwick and ICT Infrastructure.

The proposed change for Castle Farm Sports Pitch, Kenilworth was a slippage of £73,000 to 2019/20. The Playing Pitch upgrade to improve the drainage of the existing Council owned grass pitches would be deferred to fit in with the main Leisure Centre development works under Phase Two of the Leisure Development Programme.

The proposed change for St John’s Brook, Warwick was a slippage of £100,000 to 2019/20. Officers were awaiting responses to the proposed flood alleviation scheme from the Environment Agency and it was now considered to be unlikely that the scheme would start during the current financial year.

The proposed change to ICT Infrastructure was a saving of £12,500. This was an assumed slippage from 2017/18 but should not have been made as the equipment concerned remained fit for purpose.

In June 2018 the Medium Term Financial Strategy (MTFS) showed that a further £471,000 of savings/ income was needed for delivery by 2022/23 to enable the Council to balance the Budget. Since then a £39,000 requirement for additional of savings/additional income had been identified and was summarised in the report.

Taking these changes into account, the MTFS forecast a savings/additional income requirement of £510,000. The MTFS was shown at Appendix D to the report.

Whilst the future financial prospects looked reasonable, the Council would face further future challenges and it should be as prudent as possible.

There were a number of asset related budgets that were not fully funded for the whole of the MTFS period and further work was required on how these and the Council's ambitious programme of projects would be funded in the medium to long term, which would be the subject of future reports. In addition, there were a number of issues that could yet emerge post-Brexit that could potentially impact on the Council's finances.

Taking these factors into account, it was possible that new sources of income and/or the adoption of different ways of working would be needed to ensure the current £510k savings target was met.

The Licensing & Regulatory Committee in April recommended an additional one-off sum of £30,000 to be allocated to aid the administration of the proposed boundary changes in the run-up to the May 2019 elections. It was proposed that this was funded from the Contingency budget which currently had an unallocated balance of £223,800.

Neighbourhood Services was planning to upgrade the pay and display machines at all off-street car parks across the District during the current financial year. The upgraded machines provided a number of enhancements compared to the current machines which benefited both the customer and the organisation. These included flexible payment options (chip and pin, contactless card payments, Apple Pay), the latest security features to protect against theft and vandalism and improved environmental credentials.

It was estimated that the cost of purchasing and installing new pay and display equipment would be circa £325k and it was proposed that this was funded from the Car Park Repair and Maintenance reserve. It was proposed that installation of the new machines would be completed by the end of the financial year 2018/19, with installation phased as required in order to minimise disruption to customers during busy shopping periods. Currently there was no other expenditure committed from this reserve.

Monitoring expenditure and income and maintaining financial projections was good financial management and part of good governance. Accordingly, to propose otherwise was not considered.

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

Resolved

(1) the latest variances for the General Fund budget, the projected outturn on budget and approves the budget changes detailed in section 3.2 of the report, be noted;

(2) the latest variances for the Housing Revenue Account (HRA), the projected outturn and approves the budget changes detailed in section 3.3 of the report, be noted;

(3) the expenditure to date on Earmarked Reserves brought forward from 2017/18, detailed in section 3.4 of the report, be noted;

(4) the following changes to the Capital Programme, be approved

a) Castle Farm Sports Pitch, Kenilworth-- £73,000 slippage to 2019/20;
b) St John's Brook, Warwick - £100,000 slippage to 2019/20;
c) ICT Infrastructure - £12,500 saving;

(5) the latest savings/ income required as shown within the Medium Term Financial Strategy, detailed in section 3.6 of the report, be noted;

(6) an additional one-off sum of £30,000, be approved from the Contingency Budget to aid the administration of the proposed changes in the run-up to the May 2019 elections; and

(7) the use of the Car Park Repairs & Maintenance Reserve to fund the upgrading of the off-street parking equipment as detailed in section 3.8 of the report be approved.

The Portfolio Holder for this item was Councillor Whiting
Forward Plan Reference Number 949

51. **Council Tax Reduction Scheme 2019/20**

The Executive considered a report from Finance that proposed changes to the Local Council Tax Reduction Scheme (LCTRS) from April 2019.

Warwick District Council was required to consult with the major precepting authorities and the public in respect of any changes made to the LCTRS. Since 2013/14, local authorities had been responsible for determining their own scheme; this replaced the former Department for Work and Pensions (DWP) Council Tax Benefit Scheme. Any changes must be approved by Council before implementation.

Universal Credit was being introduced across the country. It replaced a number of means tested benefits which included Housing Benefit and would be administered by the DWP. This provided the Council with the opportunity to review the current LCTRS, most claimants claimed help towards their rent and therefore claims were assessed jointly with Housing Benefit and broadly follow the same rules. Administration subsidy was received from the Government to assist authorities in the cost of administering Housing Benefit and the LCTRS, however, over time this was reducing as Housing Benefit claims reduced. Eventually, all working age Housing Benefit claimants would be in receipt of Universal Credit instead, and so would only be applying to the Council for LCTR.

The scheme was currently complex to administer, the application process was cumbersome, evidence was required of the income and capital of all members of the household and this was prescribed by the regulations. In order to pay Universal Credit, the DWP would need to obtain this information. In future, the majority of customers who claim LCTR would be in receipt of Universal Credit and the DWP would notify the Council of the income and capital details of customers who had claimed Universal Credit. Therefore, it would be sensible for the Council to use this information to determine entitlement to LCTR, rather than the Council independently seeking the supporting information.

The provision of Universal Credit information to the Council meant that it was possible to continue with the current LCTRS. However, Universal Credit was assessed on a monthly basis using real time information, this meant for many customers, that their income changed on a monthly basis. Under the current scheme, LCTR must be re-assessed resulting in some customers receiving revised council tax bills on a monthly basis which was likely to result in confusion over what they must pay. Under a banded scheme, a customer would receive a percentage discount and this would remain the same whilst the calculated income remained within a certain tolerance. Many of the complexities in administration would be removed which made the scheme both easier to administer and be clearer for the customer when claiming.

Locally, Universal Credit for new customers would begin in October 2018 and for customers who had a relevant change of circumstance. All other customers would gradually be required to claim Universal Credit, but as yet DWP had not issued any guidance about how the migration would be managed. Based on the experience of other local authorities, officers expected over half of our current caseload to transfer during 2019 and, therefore, were proposing that all customers who claimed LCTR and were in receipt of Universal Credit be paid under the new banded scheme from April 2019, with the remaining customers transferring in April 2020. Gradually moving customers to the new scheme would enable the Council to closely monitor the impacts, particularly for those who needed to claim discretionary help.

The specific changes proposed to the scheme were considered in detail within the Appendix 1, the proposed consultation document. Some examples of the difference between the old and new scheme were attached at Appendix 2, however, it was noted that LCTR was assessed based on individual circumstances and due to changes in the scheme, their circumstances may be treated differently depending on when they applied.

Alternatively, the scheme could remain in its current format but it was felt this offered no opportunity to improve the efficiency of the scheme nor the customer experience.

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

The Overview & Scrutiny Committee supported the recommendations in the report but was concerned at the level of complexity of the questionnaire and the effect this might have on the response rate.

The Executive noted the comments of the Committee but were mindful that there was a requirement to provide all the information in order to enable full consideration of the proposals.

Resolved that consultation, with the public and major precepting authorities, in respect of proposed changes to the Local Council Tax Reduction Scheme (LCTRS) from April 2019 detailed in Appendix 1 of the report, be approved.

The Portfolio Holder for this item was Councillor Whiting
Forward Plan Reference Number 948

52. **Adoption of Leamington Spa Art Gallery & Museums Collections Management Framework 2018-2023**

The Executive considered a report from Cultural Services that sought approval of the updated Collections Management Framework 2018 – 2023 in order for Leamington Spa Art Gallery & Museum (LSAG&M) to apply for the renewal of its membership of the Arts Council of England (ACE) Accreditation Scheme.

The Accreditation Scheme was managed by ACE and set nationally agreed standards and best practice for museums in the UK. There were currently more than 1,700 museums participating in the scheme across the UK, including LSAG&M which was owned and operated by Warwick District Council.

The Accreditation Scheme helped assure governing bodies, users, partners and potential donors that member museums meet national standards for the sector. It indicates that members provided good quality services for visitors and well cared for and accessible collections for the benefit of the public.

It was normally necessary for a museum to have accredited status in order to borrow exhibits from other museums or art galleries, or to create formal partnerships with them. Accredited status was recognised beyond the sector, and was a major asset when seeking funds provided by public bodies such as ACE and the Heritage Lottery Fund, or from charitable bodies such as the Wellcome Trust or the Contemporary Arts Society.

It was therefore vital that to renew Accreditation in order to maintain the quality of its collections, exhibitions and events programmes, continue its work with other museums and galleries, and to raise external funds.

LSAG&M last successfully gained ‘accredited’ status in 2012. The accreditation was valid for up to three years. Once a museum had been awarded ’accredited’ status, it must prove that it continued to meet the requirements of the scheme by completing an Accreditation Return every two to three years, as required. In the meantime ACE launched a review of the scheme and so it was mutually agreed to defer the LSAG&M return. ACE had now provided LSAG&M with a deadline of September 2018 by which it must submit its Accreditation return or risk losing accredited status.

The Accreditation return required a varied range of detailed information and supporting documentation, including the LSAG&M Collections Management Framework. LSAG&M’s Collections Management Framework comprises of four complementary policies: Collections Development Policy; Collections Care and Conservation Policy; Collections Access Policy; and Collections Documentation Policy.

Up to date versions of all four policies were set out as Appendices to the report.

The previous Collections Management Framework (2012 -2017) was last considered by Executive in May 2012 when it was adopted. The Framework had been reviewed and there had been no significant changes made to these policies since they were first adopted, other than to update their layout and format. Given their overarching nature, it was unlikely that further substantial changes would be made to these polices. However, ACE stipulated that the Framework’s policies must all be formally reviewed at least once every five years.

It was a requirement of the Accreditation process that the latest version of the Collections Management Framework always be formally adopted by the museum’s ‘governing body’ and that evidence of this be provided as part of the submission.

Provided that there were no significant changes to the substance of the Framework’s policies it was proposed that the Head of Cultural Services, in consultation with the Portfolio Holder for Culture, should be allowed to authorise its ongoing renewal on behalf of Council for the purposes of Accreditation. Officers believed that it was unnecessary to seek approval from Executive if nothing within the policies has changed since it was last considered. It was suggested that the Head of Cultural Services, was best placed to use their judgement to decide whether changes to the Framework are significant enough to bring them to the attention of Executive for re-approval.

The Collections Management Framework was a key part of the Accreditation return and Leamington Spa Art Gallery & Museum’s submission would not be considered by ACE without it being formally adopted by the Council’s ‘governing body’.

There were no alternatives to Accreditation as this was the only nationally recognised accreditation scheme for museums in the United Kingdom.

Failure to achieve Accreditation would significantly undermine confidence in LSAG&M within the museums sector. It would have a direct impact on LSAG&M's exhibitions and events programme because it would become very difficult to borrow exhibits or partner with other art galleries and museums.

Failure to achieve Accreditation would also impair LSAG&M's ability to raise external funds to supplement the council's own funding of the exhibitions, events and conservation programmes.

Resolved that

(1) the Collections Management Framework 2018 – 2023, attached as Appendices A- D to the report, be adopted;

(2) authority be delegated to the Head of Cultural Services, in consultation with the Portfolio Holder for Culture, to authorise future renewals of the Collections Management Framework on behalf of the Council, for the purposes of ACE Accreditation renewal and provided that no significant changes are made to the individual policies.

Recommended that Council updates the scheme of delegation so that it records the delegated authority to the Head of Cultural Services, in consultation with the Portfolio Holder for Culture, to authorise future renewals of the Collections Management Framework on behalf of the Council, for the purposes of ACE Accreditation renewal and provided that no significant changes are made to the individual policies.

(The Portfolio Holder for this item was Councillor Coker)
Forward Plan reference number 947

53. **Assets Redesign – Additional Budget Requirement**

The Executive considered a report that set out the budgetary implications of the proposed re-design of the Assets Team within the Chief Executive's Office.

A consultation exercise with staff and the recognised Trades Union commenced in May 2018 and was completed in August 2018, allowing the Job Descriptions for proposed new or significantly revised posts to be considered by the HAY Panel on 7 August 2018. The outcome of the HAY Panel decisions enabled the potential cost implications of the new structure to be finalised and these were presented in the report, together with proposals as to how the additional costs could be funded.

The Assets Team was moved into the Chief Executive's Office following the decision to disband the former Housing & Property Services service area. This decision, and the team's new designation as an internal service team, was consistent with the other teams within the Chief Executive's Office - HR and Media, ICT and Democratic Services Members & Elections - which also provided services to a range of internal clients.

Senior Officers and Councillors had, for some time, held the view that the existing structure of the Assets Team was not sufficiently delivering the expectations of service areas and elected members in the context of changing business needs. However, there was firm recognition of the hard work that all staff put in to their current roles, their achievements and the outputs from that work and the difficulties caused by changes and vacancies in the team's management.

In particular, the current structure had not proved flexible enough in resourcing, or delivering the following objectives to the desired, highest efficiency standards:

- The delivery of the Corporate Responsive & Cyclical Maintenance and Planned and Preventative Maintenance (PPM) Programmes with £485,600 (38%) of slippage at the end of 2016/17 and £595,000 (36%) of slippage last financial year.
- The aspirations of the Council to adopt a more commercial approach to the non-operational estate.
- The maintenance and updating stock condition information for the HRA homes and corporate homes.
- The use of technology and up to date data to drive efficiencies within the planning and delivery of the Housing Investment Programme and corporate PPM programme.
- The collation and dissemination of comprehensive information to demonstrate that the Council was compliant with all health and safety responsibilities.
- The specialist technical input required by high profile corporate projects.
- The resilience required to deal with vacancies or long-term sickness.

It was determined that a re-design of the team was required, based on a business case of devising and implementing a structure that could deliver all the work that was undertaken, build on that work, deliver those issues that current resourcing levels prevented being done and provided the resilience and capacity to deal with new issues that emerged.

The current structure of the team was shown at Appendix One to the report. To deliver these desired outcomes it was proposed to increase both management and building surveying capacity within the team and, following a consultation process, a proposed new structure was shown at Appendix Two to the report. This structure and the establishment changes required to implement it was presented to Employment Committee on 12 September for approval.

Although the number of posts in the proposed new structure was unchanged, the change in the balance of posts within the team resulted in marginally higher establishment costs. The potential maximum additional cost of the new establishment was £37,472 per annum. Details of this requirement were shown in confidential (as it allowed individuals to be identified) Appendix Three to the report. However, this was a notional maximum based on the potential costs payable if every person in post was to be paid at the top point of their salary grade. Three of the posts in the proposed new structure were two year temporary positions so it was possible costs would reduce if these posts were not renewed at the end of this period.

Subject to Employment Committee approval of the new structure shown at Appendix Three, implementation would commence on 13 September. However, it was unlikely that recruitment to new or vacant posts would be completed for some months following that date.

The staffing budget provision for 2018/19 would be closely monitored as it was possible that part-year costs could be met from the existing staffing budget. However, it was recommended that any additional budget requirement was funded through the use of the Contingency Budget.

Any future additional funding requirements from 2019/20 onwards would be addressed through the budget setting process and built into the Base Budget.

To not approve the recommendation could lead to the risk highlighted in the report materialising.

The Finance & Audit Scrutiny Committee supported the recommendations in the report and recognised the positive contribution this was intended to make to reduce slippage in work programmes. The Committee also took the opportunity to highlight to Employment that an Engineer post was to be deleted, that these roles had disappeared across the Council and to question if this could be a false economy.

The Executive noted the comments to Employment Committee, but were mindful that the post had been vacant for over two years.

Resolved that

(1) subject to Employment Committee approval of the proposed new structure and establishment for the Assets Team, an additional staffing budget of up to £37,472 per annum, with up to £22,483 to be funded from the Housing Revenue Account and £14,989 from the General Fund, be approved;

(2) the use of the Contingency Budget if additional staffing budget requirement is required for the current financial year, be approved; and

(3) the full year costs of the additional budget from 2019/20 onwards be built into the base budget through the Council’s budget setting process.

The Portfolio Holder for this item was Councillor Phillips

54. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

55. **Assets Redesign – Additional Budget Requirement – Confidential Appendix 3**

Resolved that the confidential appendix be noted.

56. **Bid for Local Authority Housing Programme**

The Executive considered a report from Housing that set out an opportunity to bid to the Ministry of Housing, Communities and Local Government (MHCLG) for additional borrowing headroom for the Housing Revenue Account (HRA).

It provided details of the financial, resource and reputational implications related to bidding and highlighted the potential housing opportunities that the bid could assist to deliver.

If successful, it was estimated that up to c400 homes could potentially be provided on various sites across the district.

Since the reform of the council housing finance system, with the introduction of the self-financing settlement in April 2012, local authorities had the freedom and flexibility to develop new homes within their Housing Revenue Account (HRA). At that time, limits were placed on the amount of borrowing that each local authority could undertake for housing expenditure. The government was inviting local authorities to bid for additional borrowing headroom to finance the building of new council housing or to replace homes sold under the right to buy.

The Government was making available up to £1bn additional borrowing headroom from 2019/20 to 2021/22 to councils that were ready to start building new homes in areas of high affordability pressure. A bidding prospectus had been issued with a closing date of 7 September 2018.

The available borrowing had been apportioned between London boroughs and local authorities in the rest of the country on a 50/50 basis with the allocation profile for outside London authorities being: 2019/20 -£200m, 2020/21 - £150m, 2021/22 - £150m.

Within this scheme, local authorities could combine the additional borrowing secured through the programme with other funding sources such as retained capital receipts from the sale of council homes sold under the Right to Buy.

The Government was targeting funds to local authorities in areas of high affordability pressure which was defined as where there was a difference of £50+ per week between average social and private rents. Government produced a list of authorities where the affordability criteria applies and had invited those to bid, which included Warwick District.

The evaluation criteria for the programme includes: value for money and deliverability of the bids. There were other schemes which had been identified across the district which could qualify for the additional headroom under the governments bid criteria. These were detailed in confidential appendices one and three. This was confidential as it contained details of sites not currently in the Council's ownership where confidentiality was necessary to ensure any negotiations were not compromised. All but five of the sites comprised of land which was already owned by the HRA (garage sites). Government considered that developments on council owned land had the potential to offer better value for money. Sites were included which were deliverable within the three year timeframe of the programme. This would enable the Council to demonstrate deliverability and for the Council to develop a clear track record.

If the bid was successful, the additional borrowing headroom would support the build costs on 13 HRA owned garage sites, shown on the site plans in non-confidential Appendix Two, producing around 64 new homes of which 100% were proposed to be affordable. These sites provided the greatest level of confidence as they were already within the Council's ownership. Two other sites, not currently in the Council's ownership (listed as numbers Site 1 and Site 2 in the confidential appendix) had been progressed to a good level of certainty of delivery. Together, these were estimated as capable of producing a further 94 affordable homes. A further 3 sites (numbered 16-18 on the appendix) were also being considered but were at an earlier stage of the development process and as a consequence there was a lesser degree of surety for deliverability and costs. Nevertheless, these sites could deliver a further estimated 240 new homes, of which an estimated 180 would be affordable. If all sites were progressed then c400 new homes could be developed with the additional HRA borrowing headroom used to bring forward c340 of them as affordable homes.

Results of the bidding would be announced in the autumn with local authorities able to draw down on additional borrowing from April 2019 onwards.

The largest potential development site (numbered 17 on the confidential appendix) required further work to determine if it was feasible to develop the whole site as affordable housing. It was currently assumed that circa 40% of this site would be developed for market housing. Further discussion would be required with MHCLG to understand if they would permit the purchase of the whole site within the HRA in such circumstances. It was probable that a site with a mix of both affordable and market housing would not be capable of being wholly funded through the additional headroom.

In the event that MHCLG would limit HRA financial support to affordable housing development costs, there was the potential to purchase the market housing element of the site (40%) through the use of General Fund reserves or borrowing, so site 17 was still considered to be a viable option for the proposed bid.

Given the timeline set by the Government, it had not been possible to finalise the proposed bids sufficiently for them to be considered in full by Executive. Although the proposals were in an advanced state, some of the detail was yet to be finalised with some questions posed to MHCLG outstanding at the time of writing. It was possible that some relatively minor amendments could be required up until the date of submission. The proposal for delegated authority to finalise the detail of the bid enabled last minute revisions to proposals to be included.

Following the announcement of successful schemes in the autumn, a further report would be presented to the Executive confirming the overall financing arrangements required to deliver the schemes, and proposing recommendations to Council appropriate amendments to the Housing Investment Programme and Housing Revenue Account Business Plan to fund those requirements.

It was not known if the Government would support any or all of the schemes, or if they will fully fund those supported. The Executive could ask for these schemes to be taken forward even if Government funding was not forthcoming in full or part. There was currently sufficient funding available in the Capital Investment Reserve to support the delivery of these schemes, but its use had an opportunity cost that has yet to be analysed. The confirmed financing arrangements for the scheme would be presented to members once the outcome of the bid is known.

The proposed delegated authority would aid efficiency and timeliness in the delivery of schemes if the Head of Housing Services has the delegated authority to submit outline planning applications to establish the principle of development on individual sites. This applies as much to other sites as to those listed in appendix one and so a general delegation is proposed. Fully costed schemes would then be brought to Executive once both the initial planning outcomes and financial arrangements were clarified.

Delivery of these sites required additional capacity and skills currently not available and therefore it was proposed that external consultancy services were sought to support the process and project management for these schemes. It should be noted that costs for professional services in relation to these developments are included within the overall scheme development costs.

Homes England provided grant funding for the development of affordable housing. Whilst it was not proposed to seek Homes England funding for the schemes in Appendix 1 to the report, it might be a useful funding source for other future developments that the Executive would wish to deliver.

Grants could be sought to complement local authority investment. The homes that Homes England fund include affordable homes for rent and sale, and homes for rent or sale at market prices and are therefore wider than the Housing Revenue Account Borrowing Programme.

The Council could decide not to apply for additional headroom; however, this would constrain the numbers of new homes that the Council could afford to build.

The Council could decide to submit a bid to MHCLG for the entire cost requirement rather than to apply to Homes England for grant. This option would increase the debt repayment requirement and presents a risk of not being viewed as being value for money at the point of assessment.

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

Resolved that

(1) a bid is made to MHCLG for additional borrowing headroom to fund the delivery of up to c340 new Local Authority affordable homes in Warwick District and note that the bid would need to be submitted by 7 September 2018, be noted;

(2) to explore in principle the purchase of the sites, listed in confidential Appendix One with site plans shown in confidential Appendix Three, that are not currently in the Council's ownership;

(3) authority be delegated to the Head of Housing Services in consultation with the Portfolio Holder for Housing and Property Services to finalise the bid including the detail of the individual sites to be included and their delivery proposals;

(4) if the bid is successful a report be presented to a future meeting confirming the overall financing arrangements required and

recommend to Council appropriate amendments to the Housing Investment Programme and Housing Revenue Account Business Plan to fund those requirements;

(5) approve in principle, the use of Capital Improvement Reserve to fund any or all of the agreed affordable housing schemes which are not wholly funded by government borrowing approval;

(6) authority is delegated to the Head of Housing Services, in consultation with the Portfolio Holder for Housing and Property Services, to develop and submit outline planning applications for housing sites and any other statutory consents necessary. Executive are asked to note that any fully costed schemes would be presented to Executive for approval following outline planning permission being granted;

(7) the allocation of an annual budget, from the Capital Investment Reserve, of up to £60,000 for consultancy services to provide support for the process and project management for these schemes, be approved;

(8) this Council registers with Homes England and agrees in principle for bids to be made to them for grant assistance to fund the development of affordable housing where it is deemed prudent to do so.

Recommended that Council updates the scheme of delegation so that it recognises the delegated authority from the Executive to the Head of Housing Services in consultation with the Portfolio Holder for Housing and Property Services, to develop and submit outline planning applications for housing sites and any other statutory consents necessary. Executive are asked to note that any fully costed schemes would be presented to Executive for approval following outline planning permission being granted

The Portfolio Holder for this item was Councillor Phillips
(Forward Plan reference number 954)

57. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

58 **Bid for Local Authority Housing Programme – Confidential Appendix.**

Resolved that the confidential appendix be noted.

59. **Rural and Urban Capital Improvement Scheme (RUCIS) application**

The Executive considered a report that sought approval of a Rural/Urban Capital Improvement Scheme grant application from Playbox Theatre Limited to upgrade their technical infrastructure.

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 provided funding to help the projects progress.

The project contributed to the Council's Fit for the Future Strategy; without Playbox Theatre Limited there would be fewer opportunities for the community to enjoy and participate in arts activities which could potentially result in an increase in anti-social behaviour, an increase in obesity (including in children) and disengage and weaken the community. The project provided new modern video and digital equipment which added significant value to Playbox members' skills base and broadened the range of courses that could be offered, it modernised the quality of experience expected from families and audiences; this increased the opportunities for the community to participate and enjoy arts activities which in turn helped to further reduce anti-social behaviour and obesity including within children. Playbox Theatre Limited was recognised as a Key Client of the Council (Key Clients made up a small portfolio of professional arts organisations which were recognised as important to the sustainability & long term viability of the arts infrastructure in Warwick District).

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

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

Resolved a Rural/Urban Capital Improvement Grant from the urban cost centre budget for Playbox Theatre Limited of 50% of the total project costs, be approved, to upgrade their technical infrastructure which includes new lighting, sound and AV equipment, as detailed within paragraphs 1.1, 3.2 and 8, up to a maximum of £29,406 excluding vat subject to receipt of the following, written confirmation from Warwick Town Council (or an alternative grant provider) to approve a capital grant of £1,960, as supported by appendix 1 to the report.

The Portfolio Holder for this item was Councillor Whiting

60. **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 two items by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The full minutes of the following two items will be detailed in the confidential minutes for this meeting.

61. **Creative Quarter Growth Deal, Update report**

The Executive considered an urgent report from the Deputy Chief Executive (BH) which advised Members of an opportunities grant funding to help drive forward the Council’s aspirations to develop the Creative Quarter in the Old Town area of south Leamington.

The report also sought approval for the allocation of funding to support the delivery of an alternative submission to the Coventry & Warwickshire Local Enterprise Partnership’s (CWLEP) call for Growth Deal funding bids.

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

In a majority decision, (five for, three against, and one abstention), the Overview & Scrutiny Committee voted to support the recommendations in the report. It also asked the Executive a question which could not be disclosed in the public minutes by virtue of section 100A of the Local Government Act 1972 by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

The Executive noted the comments of the Scrutiny Committee in relation to the proposed significant investment in South Leamington, noting that this was not the final decision and there would be further opportunity for Member input. This would include a briefing for all Councillors on the draft Creative Quarter Plan in due course.

The recommendations in the report were approved, with recommendation 2.3 being recommended to Council for consideration on 19 September 2018.

(The Portfolio Holders for this item were Councillors Butler, Mobbs and Whiting).

The Leader had agreed for this matter to be considered as an urgent item because of the deadline to apply for the relevant grant funding.

62. **Europa Way - Update**

The Executive considered a report that sought approval to agree delegated authority to conclude the proposals previously agreed in principle for an option agreement on a specific parcel of land.

The recommendation in the report was approved.

The Portfolio Holder for this item was Councillor Phillips
Forward Plan Reference Number 954

63. **Confidential Minutes**

The confidential minutes of 25 July 2018 were not available for consideration.

(The meeting ended at 6.36pm)