

Executive

The minutes of the meeting held on Wednesday 5 April 2017 at the Town Hall, Royal Leamington Spa, at 6.00 pm.

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

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

Apologies for absence were received from Councillors Coker and Grainger.

115. **Declarations of Interest**

There were no declarations of interest.

116. **Minutes**

The minutes of the meeting held on 8 March 2017 had not been circulated for consideration.

Part 1

(Items on which a decision by Council is required)

117. **Housing Appeals and Review Panel**

The Executive considered a report from Housing & Property Services which sought a recommendation to Council to establish a streamlined process to complete reviews of decisions undertaken in Housing Services. This was proposed to be a combination of the end of formal review mechanisms for some decisions and others, where a statutory duty to undertake reviews exists, to move away from Member involvement in these review decisions.

The recommended changes brought forward better processes for the undertaking of reviews and appeals against decisions of Housing Services. It was expected that this would bring a level of consistency of approach and a better delineation of responsibilities between Councillors and officers.

Recent cases heard by the Housing Appeals and Review Panel (HARP) had highlighted issues with the operation and detail of the Council's procedures in this area. This led to a review of the procedures that were in place.

Legal advice from the County Council had made a number of suggestions to change the processes. This had led to a reflection on the best way of proceeding as Officers were aware of a gradual move away from Member involvement in decision making on individual cases, to a more strategic management role.

Checks had been made with all the other authorities in the Warwickshire area and this had confirmed that none of these involved councillors in the review mechanisms. All had robust procedures ensuring they met the statutory obligations to undertake reviews.

If these changes were agreed, officers were confident that effective mechanisms would be put in place for undertaking reviews and appeals. This would ensure that officers undertaking any reviews or appeals would have the necessary independence; they would not have been involved in the management of the case prior to the review; they would be more senior and hence not encumbered from reversing decisions if this was deemed necessary.

The change in processes would allow reviews to proceed more quickly and efficiently. There was inevitably more work and potential delay in constituting the current arrangement of a Councillor panel, than would be necessary with an officer led review.

Over the past few years, there had been on average only two cases a year, where the matter was considered by a Housing Appeal Review Panel. There was associated time and cost of providing training and briefings for Councillors to ensure that they could undertake these reviews competently. While some training would be required for officers, those involved would have the technical knowledge and skills to undertake the role as part of their day to day work. There would also be a saving as there would not be a need to involve a Warwickshire County Council solicitor or a Committee Services Officer to support a Panel.

Officers were already undertaking reviews in other areas within Housing Services without Councillor involvement most notably the review arrangements for homelessness decisions and decisions relating to housing allocations. These arrangements were working well. The majority of reviews undertaken by Housing Services fell into this category and the changes recommended bringing other areas in line with this approach.

It was suggested that procedures currently in use for HARP, would be amended and put in place for Officer led reviews. It was envisaged that, in all cases, the review would involve an officer reviewing the case that would not have been involved with the management of the case and would be more senior than the officer who had agreed the original decision. These procedures would be in place following the approval of Council for this change.

As part of this change of processes, it was intended that the Council stop formal review mechanisms for certain decisions. These decisions were anyway subject to a complaint and review by a manager and so did not warrant a more formal procedure. Other decisions were more serious and there was a statutory requirement to carry out a formal review of the decision. In these cases, a formal officer led review mechanism would be required. The following table summarised the current and proposed arrangements:

Current appeals that can be heard at HARP	Proposed future actions
Appeals against intention to request eviction warrants (rent arrears).	No formal review mechanism required
Appeals against service of Notice of Seeking Possession in respect to Nuisance or Conditions of Tenancy (excepting rent arrears).	No formal review mechanism required
Appeals against refusal of permissions under Conditions of Tenancy, e.g.:- <ul style="list-style-type: none"> • Running a business • Erecting structures etc. 	No formal review mechanism required
Appeals against refusals to carry out disabled adaptations to a Council property.	No formal review mechanism required
Appeals against the service of a Notice of Proceedings for Possession in respect of an Introductory Tenancy	Statutory right of appeal, HARP will be replaced with officer led appeal process
Appeals against the service of a Notice to extend an Introductory Tenancy.	Statutory right of appeal, HARP will be replaced with officer led appeal process
Appeals against the service of a Notice to Seek Possession of a Demoted Tenancy.	Statutory right of appeal, HARP will be replaced with officer led appeal process
Appeals against a decision not to award the Resettlement Service.	No formal review mechanism required
Appeals against the service of a Notice of Seeking Possession under the Anti-Social Behaviour, Crime and Policing Act 2014	Statutory right of appeal, HARP will be replaced with officer led appeal process

Council tenants that were subject to an appeal still had statutory rights to the courts; and to judicial review where the Council had either acted irrationally, unlawfully or not in accordance with the procedure provided by law or the Council's own policy and procedures. These were safeguards that were currently in place and would not be affected by the changes proposed.

Alternatively, the Executive could recommend that Council continue with the current function of the Housing Appeals and Review Panels. This was considered as not best practice and not the most effective use of resources.

The Overview & Scrutiny Committee noted the report and informed the Executive that they had added a report to their Work Programme, in 12 months, to understand the number and type of housing appeals being made and the outcomes of these.

The Executive thanked the Overview & Scrutiny Committee and in recognising the concerns that were raised, the Portfolio Holder for

Housing & Property Services proposed the recommendations with a minor amendment to recommendation 2.2 of the report to include reference to ensure that Ward Councillors were consulted on officer led appeals.

Recommended that Council:

- (1) the following changes to the Constitution:
 - (i) cessation of the Housing Appeals and Review Panels, as set out in Appendix 1
 - (ii) revised delegation to the Head of Housing to “determine reviews or appeals made in relation to decisions of Housing Services where the Council either has a statutory duty to provide such a review or appeal or where we have set out a non statutory review or appeal process in our policies or procedures”.
- (2) subject to approval of (1), the Deputy Chief Executive (BH), in consultation with the Housing Portfolio Holder, be authorised to approve the appropriate procedures for handling these cases; but the procedures for cases defined as “officer led appeals process” include consultation with Ward Councillors; and
- (3) subject to approval of (1), the Deputy Chief Executive (BH), in consultation with the Housing Portfolio Holder, be authorised to approve any minor amendments to other housing policies to remove reference to Housing Advice and Review Panels.

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan reference number 840

118. **Code of Procurement Practice Update**

The Executive considered a report from Finance that proposed amendments to the Code of Procurement Practice (CoPP) and the introduction of Equality in Procurement Policy, Small to Medium Enterprise (SME) Procurement Policy, Small Business Friendly Procurement Charter – Declaration of Support, Corporate Responsible Procurement Policy and Contract Management Framework. The Equality in Procurement Policy, SME Procurement Policy, Small Business Friendly Procurement Charter – Declaration of Support, Corporate Responsible Procurement Policy and Contract Management Framework were fundamental elements of the Council’s policy framework. Its purpose was to support the ability of the Council to demonstrate that it was achieving value for money from its expenditure and that its contracts and services were being managed in an open and transparent manner, in line with the Council’s Core Values.

The Council was committed to procurement practices and procedures in line with the National Procurement Strategy for Local Government 2014, ensuring that goods and services were procured in an efficient, fair, equitable, safe and responsible manner and that contracts/tenders were managed effectively, efficiently and achieved value for money.

The Council's Procurement Code of Practice had been redrafted to reflect current best practice and allowed for flexibility in order to enable officers to obtain best value whilst observing high standards and relevant legislation and protocols. The developments in best practice, legislation and government guidance, combined with the need to be responsive, made it important to accept that the Procurement Policy documents were living documents and would require review and amendment. It was intended that the Code of Procurement Practice was in a style and format which was comprehensive, straightforward and accessible to all users.

The changes were required because of the introduction of new legislation, in particular, the Public Contract Regulations 2015, the Small Business, Enterprise and Employment Act 2015 and the Local Government (Transparency Requirements) (England) 2015. Further information on the changes was provided and summarised below:

All tenders over £25,000 in value must be advertised on the UK Government's Contracts Finder website. This website had been designed as a national single information resource where suppliers registered free of charge to receive details of any public sector business opportunity within their particular area of interest. Previously the Council could choose where to advertise its tenders, required only to ensure adequate competition. The rules for advertising higher value EU tenders remained unchanged.

Details of all tenders advertised and all contracts awarded by the Council with a value of £5,000 or more had to be published on the Council website. Previously, the Council was only obliged to formally publish details of all EU tender awards and maintain a basic Contracts Register.

The Code of Procurement Practice had been refreshed, in harmony with other Councils' methods in order to:

- a) Provide easy-to-read and to follow instructions on the procurement process. The Procurement Code was supported by the procurement toolkit which provided practical and more detailed advice about how to undertake a procurement exercise, including access to a suite of template documentation.
- b) Ensure that procurement tools and techniques were better directed to run procurement exercises faster with less red tape, and more focus on getting the right supplier and the best price.
- c) The new Procurement Code provided officers with more information and guidance on areas of best examples include:
 - Stakeholder and Early Market engagement – information about the steps which could be taken in consulting with

services users and providers to better shape the service specification before going out to tender;

- Use of Framework Agreements – information on the potential benefits of using framework agreements and some of the legal considerations; and
- Contract management, Contract variations and extensions – information on managing contracts and contractors effectively to ensure maximum benefit was provided to the Council and/or service users; details of the formal processes which must be followed regarding contract variations and extensions.

Training and ad hoc surgeries would be provided to all Managers, Officers and Staff involved in the procurement process and launch, promote and embed the Code of Procurement Practice 2017 and Procurement Strategy 2017 - 2019. The programme would include monthly procurement surgeries and targeted training workshops.

The amended documents set out how the District Council's Procurement arrangements should operate so as to comply with best practice and current legislation. The updated Code should, therefore, be accepted in its entirety.

The Finance & Audit Scrutiny Committee supported the recommendation subject to the following amendments:

- A reference to Social Value should be made in the Stage Closure Questions on page 21;
- The second bullet point relating to paragraph 5.2 of the report should be amended to read "showing all procurement opportunities **each of which has** a total value above £25,000";
- Paragraph 14.5.1, page 24/25, be amended to include wording to allow the tenderer to be given the choice to confirm **or amend** the tender figure;
- The risks detailed in the report at section 6, should contain reference to the potential impact on residents should a contract not be fulfilled;
- Section 5.5 of the Code, Requests for Information, should contain a warning to officers of the consequences of not supplying information when asked.
- In addition, officers should consider using an Information Release schedule to manage that risk.

The Overview & Scrutiny Committee asked the Executive to:

1. investigate; if there were any potential issues that could come from officers asking the same three companies for three quotes for the same service each time; if there were how could this be mitigated in potentially small market environment; and how to improve the advertising of the opportunity of the smaller contracts where only three quotes were required; and
2. look at the process for voluntary sector commission work, the majority of which would fall within the requirement for formal

tendering process defined in the revised code, to reduce the burden on volunteers who would be delivering an enhanced service for the Council at a reduced cost; and consider if an exemption could be approved in advance.

The Finance Portfolio Holder, took the opportunity to thank the Procurement Manager for the work on the revised policies which were robust and detailed. He thanked the Finance & Audit Scrutiny Committee for their consideration of this matter which had demonstrated their expertise and knowledge in this area and welcomed their suggested amendments.

The Executive noted the comments from the Overview & Scrutiny Committee and explained that while the Council was keen to support local business there was a need to operate within regulations. There was recognition of the voluntary sector concern but Members did not believe this was an area that could be taken forward. That said, they were confident officers would be mindful of these concerns.

Recommended that subject to the amendments from Finance & Audit Scrutiny, above, the Council adopts the updated Code of Procurement Practice and the documents, itemised below, as circulated with the Executive agenda of 5 April 2017;

- Equality in Procurement Policy
- SME Procurement Policy
- Small Business Friendly Procurement Charter – Declaration of Support
- Corporate Responsible Procurement Policy
- Contract Management Framework

(The Portfolio Holder for this item was Councillor Whiting)
Forward Plan reference 805

Part Two **(Items for which a decision by Council is not required)**

119. Local Plan Modifications Consultation

The Executive considered a report that detailed the key modifications to the Local Plan proposed by the Inspector and which asked Members to consider whether they wished any comments to be made in response during the consultation period.

The Inspector published his Main Modifications on 17 March 2017. The consultation on these modifications would run until 5 May 2017. They set out the changes to the Plan that the Inspector considered were necessary to make the Plan sound. Whilst the modifications were extensive, this was because they showed all the changes between the Plan as submitted in 2015 and the current position. The Main Modifications therefore included the majority of the modifications proposed by the Council in 2016, particularly those to increase the housing supply to contribute towards Coventry's unmet housing need. It did however include a number of modifications that had not been put

forward by the Council. Many of these related to the specific wording of policies, but the following key modifications were worthy of particular note:

- a) 6 proposed housing allocations had been removed:
 - Red House Farm (H04)
 - North of Milverton (H44)
 - Wasperton Lane, Barford (H47)
 - East of Cubbington (H50)
 - Spring Lane, Radford (H52)
 - Brownley Green Lane, Hatton Park (H53)
- b) There were no additional new housing allocations proposed, although the estimated site capacity from a number of sites had been amended (notably Land North of Birmingham Road, Hatton Park – now estimated at 150 dwellings, in comparison with 80 dwellings in the Publication Draft)
- c) This reduced the overall housing supply by 740 dwellings meaning the total supply of dwellings was now 17,139 against a housing requirement of 16,776 (providing flexibility of 363 dwellings)
- d) The safeguarded land north of Milverton was removed (retained as Green Belt)
- e) A “staggered” approach to the five year housing land supply was proposed whereby the annual requirement was 600 dwellings until March 2017 and 1098 dwelling per annum for the remainder of the Plan period. This provided sufficient dwellings across the plan period to deliver 16,776 dwellings whilst enabling a five year supply to be maintained (assuming the housing comes forward in line with the trajectory which had been tested through the Examination)

It was worth noting that a number of key Local Plan proposals were not subject to modification and were therefore retained within the plan, including

- a) the overall housing requirement was unchanged at 16776 dwellings (or 932 dwellings per annum). This was made up of 600 dwellings per annum to meet the District’s need and 332 dwellings per annum to contribute towards Coventry’s unmet need
- b) land allocated for housing at Kings Hill, Westwood Heath and East of Kenilworth
- c) land allocated for the relocation of Kenilworth school to Southcrest Farm
- d) the allocation of land for the sub-regional employment site

At this stage the Inspector had only identified the Main Modifications he wished to make. He had not provided the reasons for these modifications.

There could be a number of the Main Modifications that the Council would not support. Theoretically, it would be possible for the Council to raise objections to these Modifications. However, in considering whether to do this or not, the following points should be taken in to account:

- Issues relating to each of the modification (including changes to the site allocations) had been rigorously examined during the Examination in Public hearings. The Council had the opportunity to put forward its views during these hearings and there was therefore no value in simply repeating arguments that had already been aired.
- If the Council wanted to raise new arguments or proposals, this would open up the risk that the Inspector would need to give these proposals consideration which in turn could require him to reopen the hearings and/or to undertake further consultation. Clearly this had implications for the timing of the adoption of the Local Plan.

In this context, it was recommended that the Council did not make any representations regarding the modifications.

The report detailed potential risks associated with the recommendations and the alternatives to these. In particular, two aspects of the Main Modifications could be subject to objections.

Firstly, with regard to the Red House Farm Housing Allocation the Council could raise objections to the Modification to remove the allocation. However, for the reasons set out in the report, this was unlikely to be worthwhile. A further alternative would be to propose a different approach whereby the land at Red House Farm was removed from the Green Belt and was safeguarded from development until a Local Plan review was undertaken. Potentially this would enable the Council to draw up regeneration proposals for Lillington and, if these proposals were reliant on releasing the land at Red House Farm for Housing development, the Plan could be reviewed relatively quickly.

Secondly, with regard to the level of flexibility the Council could raise objections to the risks this posed to the Plan. However, this was unlikely to be worthwhile because the issue regarding site delivery and suitability had been thoroughly examined through the Examination in Public and the Inspector had reached a view that the trajectory and reduced level of flexibility provided a reasonable basis for the Plan. In this context, there were unlikely to be any points the Council could raise that had not already been fully considered.

Therefore, for the reasons set out in the report, it was considered that the risks associated with these alternative options outweighed the potential benefits arising from them, particularly as there were other mitigation strategies which were available to help manage risks as set out in the report.

Resolved that

- (1) the Main Modifications proposed by the Inspector to make the Local Plan sounds, be noted; and
- (2) no response be made to the Main Modifications Consultation for Warwick District Council.

(The Portfolio Holder for this item was Councillor Cross)
Forward Plan Reference Number 832

120. **Housing Revenue Account Business Plan Review**

The Executive considered a report from Housing & Property Services which presented a fundamental review of the Housing Revenue Account (HRA) Business Plan (BP).

The HRA BP covered a rolling 50 year period. This latest review had looked at all the underpinning assumptions and considered any updates required to reflect past performance. This work had confirmed that the revised HRA BP for the period 2017/18 – 2061/62 remained viable, allowing the Council to manage and maintain its housing stock, service the debt created by the HRA becoming self-financing and provided financial headroom to re-model the existing stock or build/acquire new homes.

The HRA BP would be reviewed on a regular basis as the underpinning assumptions could require further revisions when the provisions contained within the Housing and Planning Act 2016, which had the potential to significantly alter the existing financial regime that existed for publically-owned housing, were finalised for implementation. Unfortunately, there was still significant uncertainty as to when these changes would be implemented, the breadth of their scope and their likely impact.

In April 2012, the national Housing Revenue Account Subsidy System (HRASS) was replaced and Council's operating a HRA were required to do so on a 'self-financing' basis. This required each such council to make a payment to Government to secure release from the HRASS, each individually calculated and based on an assessment of the assumed payments that would otherwise have been made into the HRASS had it continued to operate for a further 30 years. In WDC's case this required a one-off payment of £136.2m which was loan financed. On 6 March 2012 Executive approved a HRA BP for the period 2012/13 – 2061/62 which, based on the assumptions made at the time, ensured the Council would have a viable Plan that provided for the loan to be repaid under the terms arranged, for the investment and management needs of the housing stock to be met and which provided financial headroom, through the accumulation of revenue surpluses that could be used to secure additional HRA homes.

The performance of the HRA BP was closely monitored and annual reports had been submitted to Executive since 2012. As part of the Housing Futures project, and in recognition of the staffing changes within the former Housing & Property Services' and the Finance service areas, a more fundamental review of the HRA BP and all of its underpinning assumptions had now been undertaken and was presented in this report.

The underpinning assumptions were set out at Appendix One to the report, with exploratory notes documenting all changes from the

previous iteration of the HRA BP. These changes had then applied to the HRA BP which had been revised from the start of the current financial year through to 2061/62. The revised Plan was set out at Appendix Two to the report. A summary of the changes between the previously approved 2016/17 iteration of the HRA BP and the revised Plan for 2017/18 was set out at Appendix Three to the report.

The HRA BP remained robust, resilient and viable even with the adjustments required by the 1% annual rent reduction for HRA tenancies, imposed by Government for the four year period 2016/17 to 2019/20, and the impact of projected increases in Right to Buy sales. The revised HRA BP provided for a minimum balance of £1.4m, increased annually for inflation, to be maintained on the HRA and for a revenue surplus to be achieved annually for transfer to the Capital Investment Reserve (CIR). Appendix Two to the report outlined that the balance of the CIR at the start of the current financial year was £20.7m and, based on current projections, this would be capable of being increased annually until 2051/52 when a peak CIR balance of £194.2m was projected. For a period of ten years between 2052/53 and 2061/62 the CIR balance would be reduced annually to facilitate the repayment of the £136.2m loan financed debt but, even allowing for the reductions, projections demonstrated that there would be a healthy balance of £117.1m in the CIR at the end of this period, by which time the debt would be cleared in full.

The projected CIR surplus of £117.1m at the end of the current HRA BP period had reduced by £72m as a result of the revised assumptions. However, even with the reduction the revised HRA BP demonstrated that the Council would be able to maintain existing service provision, fully meet the responsive and cyclical repair needs of the HRA stock and continue to invest in refurbishment and improvement work to maintain the Decent Homes Standard. In addition, the projected surpluses in the CIR also ensured that the Council's ability to invest in new homes was retained.

Assuming that the £117m surplus was invested prior to the end of the HRA BP period, and the Council supplemented this source of capital funding with judicious use of the 'one-for-one' receipts from Right to Buy sales, the latest projections demonstrated that the Council could build a minimum of c570 new homes.

However, an increase in new homes at this level would still be insufficient to offset the projected reduction in the HRA stock resulting from the revised assumption of increased Right to Buy (RTB) sales.

The next phase of Housing Futures would be to examine the financing, and undertake a cost/benefit analysis, of a range of potential options to eliminate this projected reduction in the HRA stock. During the coming year officers would examine a range of options including:

- Acquisition of existing homes
- Acquisition of s106 affordable homes
- Redevelopment of existing HRA homes (as was done at Featherstone Court to create the new Sayer Court development)
- New build on Council owned land, including garage sites

- New build on acquired land
- Joint venture options
- Council owned Housing Company

A significantly increased level of confidence in the revised HRA BP projections could be derived from the improvements made to the HRA stock condition information during the last financial year. As part of the Housing Futures Project 2 separate stock condition surveys were commissioned with a specialist housing consultancy, Michael Dyson Associates Ltd. The first, completed in the third quarter of 2016/17, provided information of the main elements, known as stock attributes, of every HRA home. This new survey information complemented existing legacy information and information from the Council's in-house team of surveyors, had enabled the Council to build up a comprehensive picture of the current state of, and consequently the future investment needs, of a range of stock attributes such as kitchens, bathrooms, roof coverings, windows, doors, rainwater goods, etc.

The headline outcome of this first survey was that the overall stock was in a better condition than could have been expected, having benefitted from prudent and timely investment over a period of years. Stock condition surveys of this nature generally showed that c20% of any given stock attribute was in poor condition at any given time but the position for the WDC stock was c12%. Detailed analysis of the survey results was now underway and this would inform a full revision of the profile of the future Housing Investment Programme (HIP) to ensure that all the poor condition attributes were remedied as quickly as possible and a tailored investment programme was put in place to replace items on a timely basis. The revised programme would be reported to Executive as part of the 2018/19 HRA base budget setting process. In the meantime, the existing 2017/18 HIP budget allocation would be directed to meet the most pressing needs.

The second survey, completed in the final quarter of 2016/17, was a structural survey of the multi-storey blocks and those homes of 'non-traditional' construction. Again, the headline outcome was that there were no blocks or types of homes that were in poor condition or problematic. Detailed analysis of this survey was now also underway and would inform future investment priorities.

The surveys undertaken to date allowed the Council to fix a baseline position for the entire HRA stock which, in turn, allowed for the maintenance needs to be costed for the lifetime of the revised HRA BP. This baseline would continue to be refined in coming years through a combination of in-house surveying and data analysis and, where appropriate, further specialist surveys e.g. for lifts or fire detection systems. Current projections were that the Council needed to invest an average of £2.9m per annum in the stock throughout the HRA BP period, slightly increased from the previous projection of c£2.2m per annum.

This long term maintenance programme was funded by the Major Repairs Reserve (MRR), which was forecast to have an opening balance of £4.6m at the start of the current financial year. The balance of the

MRR was increased annually by the amount of the annual depreciation charge to the HRA stock, which for 2017/18 was an estimated £6.4m. This provided considerable headroom to accommodate the proposed £2.9m annual expenditure, albeit the surplus on the MRR would reduce slightly from £13.8m to 11.7m at the end of 2020/21. In simple terms the level of depreciation was such that the balance of the MRR would remain sufficient to fund the required level of improvements necessary to offset the reduction in the value of the stock, were the improvements not to be undertaken. The stock itself was re-valued annually and further confidence in the viability of the HRA BP could be derived from the current valuation (£283.2m based on the Existing Use Valuation methodology for social housing or £826.5m based on an unrestricted use valuation) being significantly higher than the outstanding self-financing debt.

The HRA BP would continue to be carefully monitored, the stock condition information maintained and improved and an annual review of the underpinning assumptions undertaken to allow any further revisions to be reported to Executive as part of the HRA budget setting process. However, Members were asked to note that there was still a considerable level of uncertainty in respect of the detail around certain provisions contained within the Housing and Planning Act 2016 and the timing of their implementation. The continuing absence of detailed regulations from the Government setting out how these proposals would be taken forward meant that, although they could have a significant impact on the HRA BP, it had not been possible to make definitive assumptions about the scale of that impact. These issues were explored further in section 6 but, at this stage, the only option was to monitor development closely and, if necessary, undertake and report on an in-year review of the current HRA BP.

The assumptions underpinning the HRA BP could be left unchanged from those that had underpinned the version approved by Executive in 2016. This had been rejected as it would result in the BP not reflecting the most up to date policies, strategies and research on the conditions of the local housing and land markets. Changes to the forecast number of RTB's, and the 1% rent reduction for Designated, Sheltered and Very Sheltered dwellings were significant changes and should be reflected within the HRA BP. The plan would therefore not be able to deliver services in a way that was viable, maintain services and service the debts taken on by the Council.

Alternatively, the Executive could choose to vary the assumptions within the HRA BP or agree alternative policies, service standards and investment options. If these alternative options were financially viable and deliverable, the HRA BP could be amended. However, officers considered that, given the uncertainties around what would ultimately emerge into legislation from the Housing and Planning Act, it would be prudent to retain the current assumptions and policy positions that underpin the HRA BP at this stage.

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

The Executive were mindful that the plan confirmed the loan would be paid back in full over its lifetime but current knowledge of 50 years time was very limited. Therefore, it was important to focus on the next three to five years when the Council could make more reasonable and accurate assumptions. The loan value was at half the current property value as affordable housing and minimal when compared to the open market value of £826 million. The Council should also be mindful that the loan was likely to be refinanced in the next five years and there had been a change in Housing Minister which could provide more direction on the future of the Housing & Planning Act.

Resolved that

- (1) the revised Housing Revenue Account Business Plan (HRA BP) assumptions, as set out at Appendix One, and the revised HRA BP for the period 2017/18 to 2061/62, based on these assumptions, as set out at Appendix Two to the report, be approved;
- (2) on current projections, the HRA BP will allow the surplus on the Capital Investment Reserve to be increased annually until 2051/52 allowing debt repayments to commence from 2052/53 and, by the end of 2061/62, for the £136.2m debt to have been cleared in and a surplus of £117.1m to remain;
- (3) investment of the projected closing surplus of £117.1m during the HRA BP period could enable c570 new homes to be provided, for which appropriate business cases will be brought forward to Executive to consider as opportunities arise;
- (4) the next phase of the Housing Futures programme will consist of a thorough financial and legal appraisal and a cost/benefit examination of a range of potential options, as set out at paragraph 3.8, to increase the HRA stock and that a further report on the outcome of this work will be presented to Executive later this financial year;
- (5) the significant improvements made to the quality of the stock condition information held by the Council and the headline outcome of the recent stock condition survey work that the HRA housing stock is in a relatively good condition and has benefitted from prudent investment that has ensured remains 'fit for purpose' and has maintained its value;

- (6) as part of the careful management and monitoring of the HRA BP, an annual review of the underpinning assumptions will be undertaken and any changes required to the Plan as a result, along with any divergences in income or expenditure, will be reported to Executive as part of the annual budget setting process; and
- (7) there are provisions within the Housing and Planning Act 2016 that have yet to be finalised or implemented by Government and that these may require an in-year review of the HRA BP assumptions and potentially the agreed Plan itself.

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan reference 775

121. **Service Area Plans for 2017/18 & Annual Performance Reports for 2016/17**

The Executive considered a report from the Deputy Chief Executive (AJ) which sought approval of the Council's Service Area Plans (SAP) for 2017/18; reported performance against Service Area Plans for 2016/17; and requested additional resources to enable the Council to better manage and report on performance.

The Council had seven Service Areas - Chief Executive's Office; Cultural Services; Development Services; Finance; Health & Community Protection; Housing Services; and Neighbourhood Services - each of which, following consultation with the respective Portfolio Holders, produced an annual SAP. The SAP comprised of five parts:

- Part 1 - Purpose of the Services Provided
- Part 2 - Managing Service Delivery
- Part 3 - Managing and Improving People
- Part 4 - Budget (Main budgetary pressures and changes)
- Part 5 - Managing Planned Changes, Major Work-streams and Projects

The individual plans sought to describe a Service Area's scope of services and projects, and how delivery would be managed through the respective Service Area's resources. In aggregate, the SAP's were the programme of work for the Council for the financial year in question.

The Executive was asked to agree the SAP's at Appendices A-G to the report, noting that performance was reported to Overview & Scrutiny Committee on a rolling basis and to Executive at the end of the municipal year.

Following Executive's agreement of the SAP's each year, Service Heads used them as a tool to manage performance. They were also used as the catalyst of discussion between individual Portfolio Holders and

Service Heads, as well as giving Overview & Scrutiny Committee (O&S) the opportunity to question the Portfolio Holders on their performance against their respective Plans on a rolling basis. At Appendices H to N of the report an annual performance report was provided for each of the Service Areas. The Executive was encouraged to identify any issues that it considered pertinent.

Historically, the Council had used a very comprehensive performance management framework to manage and report upon service delivery. Following the change of Government in 2010, Councils were encouraged to take a more streamlined approach. This Council embraced the new attitude dispensing with target-based approach to performance and instead using measures (not aiming for a specific output but seeking to continually improve) to understand and manage performance.

In tandem with this new approach, the practice of presenting Councillors with a myriad of performance figures also ended and instead, Heads of Service were encouraged to use narrative performance reports to describe to Councillors how their respective Service Areas were performing. It was officers' view that this had been successful in helping Councillors have a good understanding of how a Service was performing without getting bogged-down with why a particular target had not been achieved.

A consequence of this new approach and the need to make significant savings was that most of the back-office officer resource to gather, monitor and report on performance across the organisation disappeared. It was senior officers' view that to enable service issues to be addressed more readily, performance information needed to be available in a more timely fashion and that extra resource was necessary to gather and interpret this information. There was already a significant amount of information in circulation covering areas such as governance, services, assets (people, money, property, ICT), projects, and customers but this needed to be considered in a joined-up fashion.

There were a number of ways this resource could be brought into the organisation namely direct recruitment, procurement of professional services or shared services with another organisation for example and it was officers' intention to fully explore the options should the necessary resource be approved. It was anticipated that a budget of up to £60k over two years should be sufficient.

No alternative options to the recommendations in this report had been considered.

The Finance & Audit Scrutiny Committee supported recommendation 2.3 whilst noting that paragraph 3.34 stated "a budget of up to £60k over two years" which was not reflected in the recommendation.

The Executive agreed with the Finance & Audit Scrutiny Committee that recommendation 2.3 should be amended so that it read "up to £60,000 over two years".

Resolved that the

- (1) the Service Area Plans (SAP) at appendices A-G to the report be approved as the Council's programme of work for the financial year 2017/18;
- (2) the respective Service Area's Annual Performance Reports at Appendices H to N are noted, making any comments it considers appropriate;
- (3) the release of £60k from the Service Transformation Reserve (STR) is agreed to enable officers to procure or recruit resource to improve the Council's performance management arrangements.

(The Portfolio Holders for this item were Councillors; Butler, Coker, Cross, Grainger, Mobbs, Phillips, Shilton and Whiting)

Forward Plan reference number 837

122. **Response to the LGA Corporate Peer Challenge 2016**

The Executive considered a report from the Chief Executive that set out a response and action plan to the Peer Challenge process undertaken by the Local Government Association (LGA) in 2016.

The LGA offered a Peer Challenge that was free to all of its members as part of its commitment to support Sector-Led Improvement. It was one of a number of resources made available to help councils continuously improve. The peer challenge process involved a team of experienced elected members and officers who, as peers, provided practitioner perspective and critical friend challenge to help a council with its improvement and learning. It was a voluntary process and councils were encouraged to commission one every four to five years.

This Council had its first Peer Challenge in 2012 and a follow up visit in 2014. After a further two years it was felt appropriate to undergo another Peer Challenge as part of this Council's ongoing commitment to continuous improvement. The Peer Challenge was held in July 2016. The report prepared as the outcome of that review was attached as Appendix 1 to the report.

The peer team found many good things about the Council but that in some ways it was under performing in that it could be doing great things. The Review peer team made seven key recommendations. In response to these recommendations, an action plan had been prepared which was attached at Appendix 2 to the report. This followed the implementation of one of the actions which was to hold an away day.

It was considered that the proposed response to the Peer Challenge Report would help the Council to clarify and achieve its goals, expedite its key projects to delivery and achieve improved partnership working. This would require some internal focus for Senior Managers' and the Executive's time over the rest of the year.

Part of the commitment to undertaking a Peer Challenge was agreeing to a one day follow up visit by the peer team in which they helped the Council assess and demonstrate progress. It was proposed that this be undertaken in a year to 18 months' time.

Alternatively, the Council could decide not to agree the proposed action plan or indeed any action plan but this option had been rejected because the Council sought the review in the first place as part of its own commitment to continuous improvement and not to agree any actions to the recommendations would therefore be perverse.

The Council could also decide alternative actions in response to particular actions and whilst that was for the Council to consider what they might be, they were not easily to identify.

The Overview & Scrutiny Committee noted the report and informed the Executive that they would be watching the development of the action plan carefully as the proposed actions came forward.

The Leader informed the Executive that there had been a follow up meeting between the Peer Review Team, Corporate Management Team and Executive. He explained that while there was a desire to have big vision and delivering projects within Fit for the Future, the work which had been undertaken to keep the budget balanced was not a trivial task which had been achieved against a backdrop of significant budget cuts and limited resources available.

The Leader also explained that the Peer Review report had not been brought forward previously because it had taken time to reflect and develop the plan.

The Leader explained that Appendix 2 to the Peer Review report contained a proposed action plan. It was probable that action seven would not be brought forward until the new Council, but when it did it would be a report and not a Notice of Motion. This said the Council continued to monitor the Combined Authority, the landscape of devolution and there were the Joint Committee meetings across the sub-region.

The Leader recognised that while Portfolio Holders would continue to lead on their respective areas, they needed to lead on Fit for the Future which in itself needed to be seen as a driver to improvement.

The Leader recognised that the Council was beginning to work more closely with stakeholders by keeping people better informed through the Media Team with a view to telling everyone not just the press.

Resolved that

- (1) the LGA Peer Challenge report at Appendix 1 be noted;

- (2) the action plan at Appendix 2, developed in response to the key recommendations of the LGA Peer Challenge be approved;
- (3) a follow up visit by the peer team takes place in 12 to 18 months' time.

(The Portfolio Holder for this item was Councillor Mobbs)

123. **Corporate Property Repair and Planned Maintenance Programme 2017/18**

The Executive considered a report from the Assets Team which sought approval for £1.7m to be made available in 2017/18 to continue the Council's investment in its corporate property assets; and provided the rationale for the proposed allocation of works against the budget.

The overall budget allocation for the Council's Corporate Property Repair and Planned Maintenance Programme supported two areas: Firstly, a Planned Preventative Maintenance programme (PPM), informed by stock condition data that built an annual programme of managed works. This enabled the Council to proactively maintain all existing assets in a sound condition until future decisions were made in respect of the asset base as part of the Corporate Asset Strategy which was currently being worked on. Secondly, the remaining element of the budget supported front-line responsive or cyclical maintenance, delivered by the in-house Warwick Plant Maintenance team (until June 2017 when the team would transfer to the new leisure centre operator under the TUPE scheme) or external contractors.

The proposed budget allocation for 2017/18 was based on a review of the PPM data, by officers within the Assets Team in consultation with building managers from other service areas which held or operated specific assets.

The recurring base budget for Corporate Property Repair and Planned Maintenance was set at £988,400 for 2017/18 in the February budget setting report. However, subsequent evaluation of the PPM data had identified a number of works that should be brought into the 2017/18 financial year in order to enable the efficient packaging of works and to maintain operational capability of the assets. As such it was proposed that the base budget for the year be increased to £1,255,200 to accommodate these additional works.

Expenditure at this level would require the release of £266,800 from the Corporate Asset Reserve, in order to supplement the recurring base budget to the full amount required by the 2017/18 PPM. If these funds were not released from the Reserve, some works detailed within the PPM would need to be delayed to future financial years.

The slippage of works from 2016/17 PPM was the result of several factors, including the significant staffing changes within the former Housing & Property Services service area during the last financial year, adverse weather, the availability of suppliers, and in-year decisions to

defer works to future years in order to maximise programme and/or minimise service disruption.

Subject to approval of recommendations 2.1 to 2.3 of the report, the works would be procured in accordance with the Council's Code of Procurement Practice, with advice and input provided by the Procurement Manager as appropriate.

The cost of the proposed programme was an estimate at this stage based on the PPM and stock condition surveys undertaken to date. The allocations for each specific element of the programme, as set out in the appendices to the report, were therefore indicative only. Past experience was that these allocations were liable to change as the works were procured and/or progress on-site. In previous years it had been found that, rather than attempt to address this volatility by building a contingency into the budget, a more effective and flexible means of managing the programme was through the use of the delegated authority, proposed in recommendation 2.5 of the report. This allowed for the programme to be managed within the overall budget allocation for the year and, in addition to allowing changes to the indicative allowances to be managed, provided the flexibility needed to ensure that as service priorities evolved or new opportunities emerged during the course of the financial year, the programme could be re-profiled to ensure that the Council achieved the maximum value for money from its investment in its corporate assets.

Alternatively, the Corporate Property Repair and Planned Maintenance Programme could be reduced to a level that only supported necessary responsive repair works. However, it was considered that this approach would risk reducing the performance of the assets with the lack of a managed approach preventing underlying degradation of the building fabric to be proactively addressed. This would store up longer-term, potentially more costly maintenance liabilities that would need to be addressed in future budget setting.

In addition, the Executive could choose to recommend that only work covered by the recurring base budget should be undertaken, and to not take the additional money from the Corporate Asset Reserve to cover the full 2017/18 programme. However, officers considered that it would be prudent to fully fund the 2017/18 programme as this would ensure that the Council was undertaking preventative maintenance efficiently and that would reduce the risk of diminished building operational performance by making use of available budget within the Corporate Asset Reserve.

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

Resolved that:

- (1) the proposed budget allocation of £1,740,800 for the 2017/18 Corporate Property Repair and Planned Maintenance Programme, as set out in Table 1 in Section 5 of the report, be approved to fund the list of proposed works

set out at Appendices One and Two to the report;

- (2) up to a maximum of £266,800 be released from the Corporate Asset Reserve to support the 2017/18 programme;
- (3) the 2017/18 budget includes £485,600 for works previously included within the 2016/17 budget but which have been subject to slippage for the reasons set out in paragraph 3.5 of the report be noted;
- (4) the Assets Manager, in consultation with the Deputy Chief Executive (BH) and the Procurement Manager, be authorised to procure the works as per the Code of Procurement Practice;
- (5) the Deputy Chief Executive (BH) and the Head of Finance, be authorised, in consultation with the Finance Portfolio Holder and the Leader of the Council, to approve any amendments to the proposed programme of works listed at Appendix One or Appendix Two and/or revisions to the amount of budget allocated for specific schemes, provided these can be accommodated within the overall budget of £1,740,800.

(The Portfolio Holder for this item was Councillor Phillips)
Forward Plan reference 850

124. **Significant Business Risk Register**

The Executive considered a report that set out the latest version of the Council's Significant Business Risk Register for review by the Executive. The risk register had been drafted following a review by the Council's Senior Management Team and the Leader of the Council.

This report sought to assist members to fulfil their role in overseeing the organisation's risk management framework. In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission set out clearly the responsibilities of members and officers with regard to risk management.

Any movements in the risk scores over the last six months were shown on the risk matrices in Appendix 1 to the report.

More than six months ago there were three risks in the "red zone". Since then, as advised previously, following the introduction of additional controls and mitigations, two had come out of the red zone. On the other hand, the Risk of Sustained Quality Service Reduction') had moved into the red zone by virtue of the likelihood of it occurring

increasing. This remained in the red zone pending the full implementation of mitigations and controls. The other risk in the red zone was the Risk of Local Plan being unsound in the red zone. This had now come out of the red zone to reflect recent developments and had been re-titled 'Risk of Local Plan not adopted'.

In addition, to reflect the current IT risk environment a new risk entitled 'Risk of failure to protect information assets from a malicious cyber-attack had been added.

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

The Leader informed the Executive that there was a report with the Corporate Management Team regarding recruitment and retention. This report would be brought to the Executive in due course.

Resolved that the Significant Business Risk Register attached at Appendix 1, be noted along with the emerging potential and changing risks identified in section 6 of the report.

The Portfolio Holder for this item was Councillor Mobbs

125. **Local List of Heritage Assets**

The Executive considered a report from Development Services which sought authority to proceed with the design and launch of a Local List of Heritage Assets within Warwick District, in accordance with national guidance.

This would give increased protection to heritage assets that did not have the benefit of national statutory protection (i.e. those designated - listed, registered, and scheduled - by DCMS and Historic England) and would enable their historic, architectural, and archaeological importance to be given the appropriate weight in the planning process.

There was a well-established regime at national level for the identification and designation of assets that had architectural, archaeological, or historic merit sufficient to warrant legal protection. However, the government's definition of a heritage asset extended beyond those that were statutorily 'designated' in that way. Paragraph 135 of the National Planning Policy Framework stated, such assets, whether or not they were Listed, that were identified by the local authority as having heritage significance merit appropriate consideration in the planning process and weight should be given to the conservation and enhancement of their value to local communities.

Local listing increased community engagement and involvement in the proactive management and enjoyment of the historic environment. It had the potential to increase access to the historic environment, because assets included on the local list could be part of the annual heritage open days run nationwide in which sites normally closed to the public were opened. It also provided a sound, consistent, and accountable way of identifying local heritage assets to the benefit of

good strategic planning for the area, and to the benefit of owners and developers wishing to fully understand local development opportunities and constraints.

Local heritage listing did not trigger a separate consent regime, as exists for Listed Buildings by way of the need for Listed Building Consent. However, inclusion on a local list demonstrated that an asset had heritage significance, such that its conservation was a material consideration when determining a planning application. Inclusion on the list also brought the possibility of an additional individual article 4 direction, to remove permitted development rights for specific types of works to a structure, in order to protect the elements that contributed to the heritage significance of the asset, if that asset was at risk.

This issue was last brought to Executive in January and August 2013 by the Council's former Conservation Architect. However, as a result of staffing changes and other priorities, to date no formal list had been ratified and adopted, other than for locally-important parks and gardens. Given the renewed focus on the value of local listing in the Council's emerging Local Plan (policy HE5) the time was appropriate to launch the program by reviewing criteria, inviting submissions from local groups, developing and adopting an initial list, and setting up a permanent management process to administer, review, and add to this list in the future.

Another option for providing a level of protection to non-designated assets was serving an article 4 direction. However, article 4 directions and local listing should be seen as complementary rather than preferable to one another.

There was the option to do nothing. However, this left a large portion of the undesignated heritage of the District at risk of being subjected to inappropriate development as there was currently no proactive mechanism by which to identify and record information on unlisted buildings of heritage value - at the moment this was done reactively during planning applications.

Councillor Mobbs informed the Executive that he had declined a request from a member of the public to speak on this item because the subject of their concern was not material to the decision being taken.

Resolved that the launch of a Local List of Heritage Assets for Warwick District including the use of the proposed criteria identified in appendix A, to the report be approved.

Recommended that authority be delegated to the Head of Development Services to introduce and keep under review appropriate procedures and criteria for the operation of the Local List including the consideration of submissions for inclusion on the Local List.

The Portfolio Holder for this item was Councillor Cross

126. **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 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute Nos.	Para Nos.	Reason
127	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

127. **Leamington Spa Creative Quarter**

The Executive considered a report from Development Services which sought delegated authority to define the area to be covered within the creative quarter regeneration programme.

In November 2015, following a soft market testing initiative, Executive approved the undertaking of a procurement for a regeneration partner to assist the Council to deliver the Creative Quarter initiative. In doing so, it delegated authority to the Deputy Chief Executive (BH) and the Section 151 Officer, in consultation with the Leader, and the three Portfolio Holders for Development, Culture and Finance to finalise the Development and Marketing Brief, undertake the procurement process to select one preferred regeneration partner, and enter into the necessary legal agreements with that partner.

Since that time, officers had prepared the necessary procurement documents in accordance with OJEU requirements and had promoted the opportunity including by attending the MIPIM UK property event and advertising in the national property press. The procurement was launched on 7 November 2016 and the period for submitting tenders closed on 13 January 2017.

The procurement process that the Council was following for this initiative was termed "Competitive Dialogue". Under this process the Council:-

- (1) set out in its tender documents a broad brief for what it wished to achieve in a Creative Quarter,
- (2) invited initial outline tenders based on this,
- (3) following the closure of the tender period, evaluated any initial bids and then
- (4) embarked on a series of "dialogue meetings" with bidders. In these meetings, the Council had the opportunity (i) to refine its brief in the light of the ideas and proposals contained in the bids

received, and also (ii) to allow bidders to refine their proposals to respond to any changes in the brief.

The Council was currently undertaking the dialogue stage here in respect of this procurement. It was hoped to conclude this and to announce the Council's preferred partner by the end of May 2017.

In authorising the procurement process in November 2015, the Council identified an area for the Creative Quarter. This was the area shown in Appendix One. This was broadly the area that had been used in the previous soft market testing exercise. In setting this area, the Council recognised that it did not wish to stipulate the precise boundaries of the regeneration area or development site opportunities within it. It was also keen that a flexible approach should be taken when inviting proposals. The Development Brief (also approved in November 2015 as the basis for the procurement), stated that: "Prospective regeneration partners were encouraged to put forward comprehensive proposals that in their view best meet the Council's overall objectives for the creation of a new Creative Quarter."

The procurement documents issued in November 2016 contained the plan in Appendix One but invited bidders to consider whether a wider area should be defined for the Creative Quarter. Through the dialogue process that the Council was currently undertaking, early meetings indicated that it would be beneficial if the area was wider than that previously proposed in the Appendix One plan. This was because:-

- Aside from land and buildings currently under Council control there were relatively few significant development opportunities within the area previously identified.
- There were some potential opportunities beyond the identified area that could contribute towards the Creative Quarter ambitions.

It was appropriate that the dialogue process was the best place to determine the precise boundary of the Creative Quarter initiative. In view, however, of the plan that had previously been agreed, it was felt appropriate that there was formal approval that a wider area could now be considered. Delegated authority was therefore requested for the Deputy Chief Executive (BH) and the Section 151 Officer, in consultation with the Leader, and the three Portfolio Holders for Development, Culture and Finance to agree an appropriate area for the Creative Quarter. In doing so, officers and Councillors would at all times have in mind the objectives for the Creative Quarter set out in the November 2015 Executive report.

It should be noted that under the terms of the procurement, agreeing an area for any Creative Quarter initiative did not mean that the Council would necessarily be bound to support any projects put forward by the development partner within this area. Agreeing an area for the Creative Quarter simply defined an area within which further work would be done to explore possible projects. This work would include stakeholder and public consultation. There would also be a governance process in place to steer the work. Wherever Council support was needed for specific projects to support the Creative Quarter, these would need to come back to the Council for approval where appropriate.

Alternatively, the Council could opt to retain the boundary as set out in Appendix One and not accept any proposals outside of this.

Resolved that the

- (1) current situation regarding the procurement process for the Creative Quarter initiative, be noted; and
- (2) the Deputy Chief Executive (BH) and the Section 151 Officer, in consultation with the Leader, and the three Portfolio Holders for Development, Culture and Finance be delegated authority to agree through the procurement process an appropriate area for the Creative Quarter, recognising that this may be larger than that contained within Appendix One where this can be justified.

(The Portfolio Holders for this item were Councillors Mobbs, Cross, Coker and Whiting)

Forward plan reference number 866

(The meeting ended at 6.43pm)