

Pre-Scrutiny questions and answers on reports being considered by Cabinet on 10 March 2022

(This forms part of the considerations at Group meetings before a decision is made on which Cabinet reports will be called-in for scrutiny by the Overview & Scrutiny and the Finance & Audit Scrutiny Committees)

5. Treasury Management Strategy 2022/23

Questions asked by Councillor R Dickson

The capital gain of £405K on the timely sale of the equity funds held in fossil-fuel related investments is very welcome (paragraph 4.2.6). Well done to all those involved in making this decision.

With regards to the Minimum Revenue Provision, it's noted (Appendix C Paragraph 2.3) that Option 3, repayment over the useful life of the asset with the annuity method, is recommended. Who determines what is the useful life of the asset (or assets) and can this term be varied?

[Response from Andrew Rollins, Strategic Finance Manager](#)

The independent Charter Surveyor, Carter Jonas, will typically determine the useful life of the asset, in consultation with the Council, specifically the Capital & Treasury Accountant and the Estate Management Surveyor. The useful lives will be prepared in accordance with the appropriate sections of the current RICS Professional Standards (PS) and RICS Global Valuation Technical and Performance Standards (VPS) contained in the RICS Valuation – Professional Standards 2017 incorporating the IVSC International Valuation Standards (the 'Red Book').

These can be varied subject to agreement, usually on the provision of updated information relating to the assets in question.

Questions asked by Councillor Syson

Thank you for this extremely detailed report with potentially bad news on the horizon with respect to MRP.

In the much shorter term I was going to ask how much of the 'wisdom' on interest rates and market outlook is now valid given the events of the last 10 days?

In fairness I note you do say in 5.23 on page 14 "As there are so many variables at this time caution must be exercised in respect of all interest rate forecasts."

Response from Andrew Rollins, Strategic Finance Manager

Our Council's appointed Treasury Management advisor, the Link Group, will continue to provide regular updates in order for us to continue to update and mitigate our exposure to risk, particularly to events within the External Market alongside the challenges already being faced. The expectation is that Interest rates will continue to rise during 2022, with inflation already at significant levels before the events of the last 11 days. The note around exercising caution therefore holds greater significance at this time.

6. Trees for our Future

Questions asked by Councillor Davison

1. Is the Council's ambition of 160,000 trees by 2030 for them to have been planted by WDC or anyone?
 - a. If anyone, how are the numbers being collated?
2. Can there be at least one place in each town for memorial trees? (Recommendation 2)
3. How can the local plan be used to increase tree planting as part of biodiversity net gain?
 - a. Can this be added to section 4.2?
4. Can the "woodland opportunity mapping" showing biodiversity corridors etc be shared with councillors and the public? (Section 1.2)

Response from Andrew McGwinn, Project Manager

1. In order for trees to count towards the Council's target of 160,000 planted by 2030 the Council will need to be involved in some way. This could include: -
 - a. Trees planted on our land
 - b. Trees planted as part of partnerships we develop
 - c. Trees part funded by Warwick District Council
 - d. Trees planted as part of planning requirements imposed by the CouncilThere are other tree planting initiatives taking place across the District. For example, Warwickshire County Council intends to plant a tree for every resident across the county. However, unless Warwick District Council is involved in planting trees, they will not count towards the 160,000 target.
2. Having one place in each town for memorial trees would present a number of challenges. For example, this would require at least four sites of sufficient size and suitability to accommodate both trees and access to the sites. It

would also require significant planning and funding to deliver the sites. However, the current paper does not provide specific detail on the memorial site as this will require additional research to find a suitable site so the benefits and concerns of this approach could be reviewed in more detail in future.

3. The local plan can potentially help in two ways. First, by building on the existing local plan policy (which requires no net loss of biodiversity) to ensure that any developments leave the natural environment in a measurably better state than it was beforehand. This could include tree planting, but it is about all kinds of habitats. This links to section 3.9 of the paper and the importance of 'right tree, right place'. Trees are a critical part of our environment and ecosystems, but each development needs to be considered on its own merits to determine the appropriate mixture of flourishing habitats that will be of most benefit to the district. The second is providing the framework for a local carbon offsetting market which is being developed. Point 5 in paragraph 4.2 refers to the carbon offset market, but this could be amended to state: "Working with Warwickshire County Council and through the South Warwickshire Local Plan to deliver biodiversity net gains and to establish and utilise a local carbon offsetting market which seeks to offset carbon by delivering local tree planting."
4. The woodland opportunity mapping shows where improvements could be made to deliver the greatest benefit, but this doesn't consider land ownership. As such, this data can be used to provide an indication of where planting would ideally be focused but there is no certainty around this. It may be used to inform initial landowner conversations but sharing it publicly may cause unnecessary concern.

Questions asked by Councillor J Dearing

The report with essential details of opportunities and costs of tree planting is welcomed. Clearly there are challenges to planting 160000 trees on WDC land by 2030 and significant costs if land is bought for the purpose. The question must be whether greater C emissions could be achieved by spending the funds (e.g., £4.1M for 74000 trees- appendix 2) on a different action. Therefore, has a simple cost-benefit analysis of carbon emissions been undertaken to evaluate projected costs of planting against spending funds on other climate action plans?

2. Have there been discussions with SDC in line with the shared CCAP about tree planting across South Warwickshire?

3. It's proposed to plant 480 trees in 'Finham Road/Dalehouse Lane' in Kenilworth 2022/23. Spare open land along these streets is not obvious (unless it refers to Knowle Hill Nature Reserve) so where is the intended plantation?

Response from Andrew McGwinn, Project Manager

1. The general rule of thumb in the industry is 1 tonne CO₂ per tree. This is supported by Carbon Footprint Ltd who plant one tree (in the UK) for each tCO₂e to be offset, verified to the Verified Carbon Standard (VCS). A typical tree can absorb around 21 kilograms of carbon dioxide (CO₂) per year; however, this figure is only achieved when the tree is fully grown – saplings will absorb significantly less than this. Over a lifetime of 100 years, one tree could absorb around a tonne of CO₂. Therefore, 160,000 trees will absorb 160,000 tonnes over a lifetime of 100 years. The 80,277 trees needed to bridge the forecast gap will absorb 80,277 tonnes over a lifetime of 100 years at a cost of £4.19m (plus ongoing maintenance). This equates to £52.16 per tonne of CO₂. However, the purpose of this tree planting ambition is not primarily to sequester CO₂. Within the Climate Change Action Programme, the tree planting initiative is contained within the section about climate change adaptation (rather than carbon reduction). As such, the location of any large-scale tree planting initiatives is critical to ensure they deliver benefits such as improved habitat connectivity, flood alleviation and reduction of soil erosion, as well as visual enhancement of landscapes and benefits to physical and mental wellbeing.
2. Conversations are ongoing with colleagues at Stratford District Council, and they are one of the Partners included in the application to the National Lottery Heritage Fund's 'Trees Call to Action' Fund. A set of proposals for the Stratford District is being developed and will be brought to Stratford District Council's Cabinet in the next few months. While it may not commit to a specific figure by 2030, it will set out a very similar strategy for delivering large scale tree planting as that proposed for Warwick.
3. The area being considered is Dalehouse Flats. An initial review has suggested this area could be suitable for hedging (made up of tree species) but this needs a more detailed analysis in order to develop a robust and feasible plan.

Questions asked by Councillor R Dickson

It's noted that the target of planting 160,000 trees by the extended deadline of 2030 looks increasingly challenging. In Appendix 4 there's acknowledgement that there are natural losses as part of the ecosystem response. Based on experience elsewhere with large scale tree planting programmes and making prudent assumptions about growing conditions, how likely is it that these losses could be less than 5%, 5-10% or more than 10%? Also, if the merger with SDC goes ahead, how will progress towards this target be monitored? Does SDC have a similar tree planting target?

Response from Andrew McGwinn, Project Manager

1. The Heart of England Forest have advised that the general industry standard is to expect a survival rate of 70%, with losses of between 5% and 30% being the historic norm. Warwick District Council's Green Spaces team have stated they expect around 10% of newly planted trees will not survive. Both have highlighted how unusual weather can significantly increase losses and force majeure events in recent years (with very wet or hot and dry conditions) have reduced the survival rate to as low as 30%. Unfortunately, one of the things we can do to help combat climate change is much harder to deliver with confidence because of it. The survival of trees will vary between sites and can be impacted by: -
 - a. Trees that don't survive the first 12 months
 - b. Animal damage (rabbits, deer etc.) – this will be controlled as much as possible by effective planning and management
 - c. Human damage/extreme weather events
 - d. Deliberate reduction due to woodland management. Typically, at 15-20 years the planting needs to be thinned to ensure the woodland thrives and trees can grow healthily and with a strong understorey and habitat mix around them.

2. Conversations are ongoing with colleagues at Stratford District Council, and they are one of the Partners included in the application to the National Lottery Heritage Fund's 'Trees Call to Action' Fund. A set of proposals for the Stratford District is being developed and will be brought to Stratford District Council's Cabinet in the next few months. While it may not commit to a specific figure by 2030, it will set out a very similar strategy for delivering large scale tree planting as that proposed for Warwick. Progress towards the target will be monitored through regular meetings with colleagues, as well as monitoring of volumes planted at specific sites.

Questions asked by Councillor Milton

- Could you please confirm the overall cost - I think it's £4m ish but s2.4 has a figure with an extra zero which I assume is an error.
- Could you also help me understand the relative costs in terms of the amount of carbon saved? It would be helpful to have a figure of £ per tonne CO2 saved if that's possible and also how this would compare with other initiatives (e.g., decarbonising our assets.)

- Could you also provide some more information regarding the recommendation in 4.3 to create a single location for memorial trees? How will the council ensure that this is easily accessible to all residents of the district, preferably by active travel means.

Response from Andrew McGwinn, Project Manager

1. The total cost of planting 80,277 trees by 2030 is currently forecast to be £4.19m. The figure in section 2.4 does have an extra zero which is incorrect and will be amended in the final paper. There are also ongoing maintenance costs which total an additional £35.6k.
2. The general rule of thumb in the industry is 1 tonne CO₂ per tree. This is supported by Carbon Footprint Ltd who plant one tree (in the UK) for each tCO₂e to be offset, verified to the Verified Carbon Standard (VCS). A typical tree can absorb around 21 kilograms of carbon dioxide (CO₂) per year; however, this figure is only achieved when the tree is fully grown – saplings will absorb significantly less than this. Over a lifetime of 100 years, one tree could absorb around a tonne of CO₂. Therefore, 160,000 trees will absorb 160,000 tonnes over a lifetime of 100 years. The 80,277 trees needed to bridge the forecast gap will absorb 80,277 tonnes over a lifetime of 100 years at a cost of £4.19m (plus ongoing maintenance). This equates to £52.16 per tonne of CO₂. However, the purpose of this tree planting ambition is not primarily to sequester CO₂. Within the Climate Change Action Programme, the tree planting initiative is contained within the section about climate change adaptation (rather than carbon reduction). As such, the location of any large-scale tree planting initiatives is critical to ensure they deliver benefits such as improved habitat connectivity, flood alleviation and reduction of soil erosion, as well as visual enhancement of landscapes and benefits to physical and mental wellbeing.
3. The current paper does not provide specific detail on the memorial site as this will require additional research to find a suitable site. The benefits and concerns of any options will be reviewed by the project as things progress and it is agreed that any site should be easily accessible to all residents of the district, preferably by active travel means.

Questions asked by Councillor Syson

Do the trees we plant have to be within the District?

Could we 'offload' to the National Forest?

Is our one tree per person in addition to the County Council's aim to plant one per person?

Does this mean we're in competition with the County Council for available land?

Response from Andrew McGwinn, Project Manager

1. The aim of the trees for our future project is to plant 160,000 trees within the District by 2030.
2. This means we are unable to plant trees elsewhere or pay for trees to be planted in another location and have them count towards the 160,000 target.
3. Warwickshire County Council also have a target to plant one tree per person. While this is a separate target we would expect a significant number of (but not all) trees to count towards both targets. This is because both Councils count trees which they "enable". In some cases, such as where trees are planted by the County as a result of offsetting through the planning system, both Council's will have been involved in the "enabling" of those trees. In order for trees to count towards the Council's target of 160,000 planted by 2030 the Council will need to be involved in some way. This could include: -
 - a. Trees planted on our land
 - b. Trees planted as part of partnerships we develop
 - c. Trees part funded by Warwick District Council
 - d. Trees planted as part of planning requirements imposed by the Council
4. The County Council will be developing its own plans, for example it is likely to plant a significant amount on land it already owns, and it currently has the Green Shoots Community Climate Change Fund which organisations can utilise to help with tree planting. Without knowing their plans in more detail, it is difficult to be sure, although in the main we would not expect there to be many (if any) instances where we are in competition with WCC.

7. Community Infrastructure Levy (CIL) Projects List for 2022/23

Questions asked by Councillor Davison

Can you describe the risks and benefits of adding (say) £1million to the Proposed 22/23 column in Table 5 to enable more of the projects to have some funding this year?

Note that I asked Mike Snow something related which I'll forward to you, but we'd like to hear your views and think it's worth all councillors considering this issue.

Response from Philip Clarke, Policy & Projects Manager

As the report indicates, we are anticipating having £4.465m CIL income available to spend on projects in 2022/23. The report recommends £4.391m of potential spending, and so we are recommending allocating almost all the projected income for next year. It needs to be remembered that CIL income for 2022/23 is a projection based on anticipated starts on site by developers. As such, it is therefore outside the Council's control. The Council has always been cautious in committing all projected income given the uncertainties of these projections. Furthermore, it should be noted that within this projection, the money will be received during the year – i.e., it will not all be available on 1st April 2022 and indeed we would not expect to have received it all until the end of the year (by March 23).

The risks of adding further CIL expenditure to 2022/23 is that there will not be sufficient income to meet these obligations. As I indicate above, this risk is very real. There is no provision within Council budgets to make any shortfall in CIL income up from other sources and so the risk is that projects could not proceed or that they would have (possibly at short notice) to find funding from other sources. There are therefore both financial and reputational risks to the Council arising from this.

It should also be noted that the Lillington Heath Hub project is scheduled to receive £1m in 22/23 however the report recommends that in the event of any other CIL funding being available during the year, this project is prioritised for receipt of that CIL funding. We have been informed by the South Warwickshire Foundation Trust that given the projected timetable for the project, it would welcome the CIL contributions from the Council at the earliest opportunity.

Questions asked by Councillor Milton

Would you be able to provide an idea of the likely roadmap for spending on the Wardens relocation please given that has, if I understand correctly, zero spend in both 2021/22 and 2022/23.

Response from Philip Clarke, Policy & Projects Manager

It has always been intended that the £2.5m CIL contribution to support the relocation of the Wardens would be required in 2023/24, and not before this date. Currently, there is projected to be sufficient CIL income in 23/24 to allow this contribution to be made. I am advised by the lead officers (Andy Jones and Wendy Thompson) that the scheme is progressing well albeit with many milestones to achieve and that a planning application at the Castle Farm site is anticipated this summer. If you have any detailed questions about this project, please ask these officers.

8. Annual Review of Regulation of Investigatory Powers Act (RIPA) Policy

Questions asked by Councillor Kohler

The IPCO's report says that WDC are 'limited users of its surveillance powers', whereas the 1.6 of the report states 'RIPA has not been used ... for a number of years'. Could you clarify how often the powers addressed by the policy are used? For example:

- How many applications were made under the RIPA policy over the last 12 months (or whatever is the most relevant recent period)?
- How many of those applications were approved?

1.6 of the report also states that 'Elected members ... should also consider internal reports on use of the 1997 Act and the 2000 Act on a regular basis'. Could you clarify how often those internal reports on use of the Acts are prepared and how they are reviewed by elected members?

Response from Ian Davy, Principal Internal Auditor

I am not exactly sure what the IPCO report means by the Council being a limited user of its surveillance powers. However (as far as I am aware, in Richard's absence), there have not been any applications made since the responsibility passed to Internal Audit back in November 2019. The previous IPCO report (2018) also highlighted that no applications had been made since the previous inspection (2015).

In terms of Elected Members reviewing reports on use of the Acts, these would only be relevant when use of the Acts is actually made.