Executive

Excerpt of the 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, Mobbs, Phillips, Rhead, Thompson and Whiting.

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.

(NB: the minute numbers included below are included to enable discussion and these would be amended before the minutes are presented to Executive for approval).

1. **Declarations of Interest**

A declaration of interest was made by Councillor Phillips in respect Minute 6 – 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.

Part 1

(Items on which a decision by Council was required)

2. **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 were 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)

3. **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

4. 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)5. **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, as set out below.

The Minutes for the following items would be detailed in the confidential minutes of the meeting.

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

Resolved that the confidential appendix be noted.

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

The Executive considered a 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 cannot be disclosed in the public minutes by virtue to of the exemption set out in minute 5.

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 Councillor Butler, Mobbs and Whiting).

(The meeting ended at 6.36pm)